Company Registered Number 00908396

GUARDIAN NEWS AND MEDIA LIMITED

Report of the directors and financial statements
for the year ended 1 April 2012

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Guardian News and Media Limited
Registered no. 00908396

LIST OF DIRECTORS AND ADVISERS

Directors at 1 April 2012
J. Cornaby
S. Fitzsimons
A. Freeman
A. Miller
A. Rusbridger
D. Singer (appointed on 18 April 2011)
D. Gannon (resigned on 30 April 2012)

In addition, C. Hughes served as a director during the financial year until his resignation on 19 March 2012.

Secretary
J. Cornaby

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Solicitors
Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Bankers
The Royal Bank of Scotland Group plc
Division of Large Corporate Banking
280 Bishopsgate
London
EC2M 4RB

Registered Office
PO Box 68164
Kings Place
90 York Way
London
N1P 2AP

REPORT OF THE DIRECTORS
for the year ended 1 April 2012

The directors present their report and audited financial statements of Guardian News and Media Limited (the "Company") for the year ended 1 April 2012.

Principal activities

The Company's principal activities are the dissemination of news, information and advertising matter by way of print and digital media. There have not been any significant changes to the Company's principal activities during the year, nor are the directors aware at the date of this report of any major changes to the Company's activities during next year.

Business review

During 2011/12 The Guardian's online audience grew by 38% to 67.8 million unique monthly browsers, and in the same period digital revenues grew by 16% to £45.7 million. Growth in digital display and sponsorship revenues were particularly strong at £1.4 million and £1.9 million respectively year-on-year. Page impressions experienced growth of 23% to 420.1 million.

The increase in digital revenues offset the decline in print revenues, with the result that the Company's turnover was flat year-on-year at £195.1 million (2011: £196.5 million). We achieved our targeted cost savings for the year; however, in line with our budget, investment in the transformation plan led to an increased operating loss before exceptionals of £48.2 million (2011: £36.9 million).

Exceptional items in the year amount to £9.1 million (2011: £4.0 million) principally pertaining to organisational restructuring as part of the transformation plan.

Dividends

The directors are unable to recommend the payment of a dividend (2011: £nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Guardian Media Group plc, which include those of the Company, are discussed in the group's consolidated financial statements, copies of which are available from The Secretary, Guardian Media Group plc, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. During the year, the Company published its annual social, ethical and environmental audit that measures the impact of its corporate social responsibility programme.

Employees

There is regular contact between management and employees' representatives to ensure that employees are provided with information on matters of concern to them as employees and are aware of the financial and economic factors affecting the performance of the Company, such that their views can be taken into account when making decisions, which are likely to affect their interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Share issue

During the year, 42.4 million £1 ordinary shares were issued at par (2011: 30 million £1 ordinary shares).

Going concern

The Company's intermediate parent, Guardian Media Group plc, is owned 100% by The Scott Trust Limited, whose core purpose is to secure the financial and editorial independence of The Guardian in perpetuity. The directors believe that the Company has adequate resources to continue operations for the foreseeable future and confirmation has been received from Guardian Media Group plc, that it will provide financing facilities to enable the Company to carry on its business as a going concern. For this reason the going concern basis in preparing the financial statements continues to be appropriate.

Creditors' payment policy

The Company has implemented systems to ensure the prompt recognition of all identifiable liabilities to creditors and payments are made to these creditors in line with the Confederation of British Industry ("CBI") Prompt Payment Code. The creditor days figure for the year was 27 days (2011: 34 days).

Guardian News and Media Limited
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REPORT OF THE DIRECTORS (continued)
for the year ended 1 April 2012

Directors and their interests

The directors of the Company at 1 April 2012 are as listed on page 2. C. Hughes who was a director on 3 April 2011, resigned as a director during the year. D. Singer was appointed as a director on 18 April 2011. All other directors served throughout the year. D. Gannon resigned as a director on 30 April 2012.

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

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(1) to (4) of the Companies Act 2006.

Donations

Payments to charitable organisations during the year amounted to £33,449, of which £29,549 were to local and £3,900 to national organisations (2011: £130,065, of which £31,264 local and £98,801 national). No payments to political parties were made during the year (2011: £nil).

Auditors

In the absence of a notice proposing that the appointment be terminated, the auditors will be deemed to be re-appointed for the next financial year.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity, which is a qualifying third party indemnity provision as defined by s234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

BY ORDER OF THE BOARD

J. Cornaby
Director
29 June 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUARDIAN NEWS AND MEDIA LIMITED

We have audited the financial statements of Guardian News and Media Limited (the "Company") for the year ended 1 April 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the 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 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. In addition, we read all the financial and non-financial information in the report of the directors and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 April 2012 and of its loss for the year then ended;
- 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Sam Tomlinson

Sam Tomlinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2012

Guardian News and Media Limited
Registered no. 00908396

PROFIT AND LOSS ACCOUNT
for the year ended 1 April 2012

	Note	2012 £000	2011 £000
All continuing operations			
Revenue	2	**195,136**	196,463
Operating costs	4(c)	**(243,351)**	(233,407)
Operating loss before exceptional items		**(48,215)**	(36,944)
Exceptional items	4(b)	**(9,071)**	(4,037)
Operating loss		**(57,286)**	(40,981)
Loss on disposal of fixed assets		**(17)**	(67)
Interest receivable and similar income	5	**34**	60
Interest payable and similar charges	6	**(1,501)**	(1,603)
Loss on ordinary activities before taxation		**(58,770)**	(42,591)
Tax credit on loss on ordinary activities	7	**5,436**	44
Loss for the financial year	18	**(53,334)**	(42,547)

The Company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

The notes on page 8 to 16 form part of these financial statements.

Guardian News and Media Limited
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BALANCE SHEET
as at 1 April 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Intangible assets	8	-		-	
Tangible assets	9	29,179		37,783	
Investments	10	1,169		1,169	
			30,348		38,952
Current assets					
Stock	11	1,459		1,678	
Debtors *	12	96,913		74,851	
Cash at bank and in hand		4,271		6,193	
		102,643		82,722	
Creditors: amounts falling due within one year	13	(62,756)		(51,139)	
Net current assets			39,887		31,583
Total assets less current liabilities			70,235		70,535
Creditors: amounts falling due after more than one year	14		(36,553)		(41,115)
Provisions for liabilities and charges	16		(22,516)		(22,120)
Net assets			11,166		7,300
Capital and reserves					
Called up share capital	17		400,000		357,600
Profit and loss account	18		(388,834)		(350,300)
Total shareholder's funds	19		11,166		7,300

* Debtors includes an amount of £13,418,000 (2011: £13,637,000) relating to a deferred tax asset, which is expected to be realised after more than one year (see note 12).

The notes on page 8 to 16 form part of these financial statements.

The financial statements on pages 6 to 16 were approved by the Board of Directors on 29 June 2012 and signed on their behalf by:

J. Cornaby
Director

Guardian News and Media Limited
Registered no. 00908396

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 1 April 2012

1. Accounting policies

Accounting basis
The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. The financial statements have been prepared on the historical cost basis.

Confirmation has been received from Guardian Media Group plc that, with The Scott Trust Limited's core purpose being to secure the financial and editorial independence of The Guardian, it will provide additional financing facilities to enable the Company to carry on its business as a going concern.

The Company is exempt from the requirement to produce consolidated financial statements, under s400 of the Companies Act 2006, on the basis that it is a wholly owned subsidiary undertaking of Guardian Media Group plc.

The financial statements of the Company are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks ended 1 April 2012 and for the comparative period cover the 53 weeks ended 3 April 2011.

Cash flow statement
The Company is a wholly owned subsidiary undertaking of Guardian Media Group plc and the cash flows of the Company are included in the consolidated group cash flow statement of Guardian Media Group plc. Consequently, the Company is exempt from publishing a cash flow statement under FRS 1 (revised 1996).

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary undertaking at the date of acquisition and is written off to the profit and loss account over its estimated useful life or 20 years, whichever is the shorter.

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

Plant and vehicles	6.7% - 50%	Fixtures and fittings	10% - 33%

Assets in course of construction are not depreciated until they are completed and employed by the Company. Depreciation is charged on assets from the time they become operational, over their expected useful economic life.

Development costs relating to the creation of software are capitalised if it is probable that the expected future economic benefits attributable to the asset will flow to the Company and the costs can be reliably measured. Expenditure on research is expensed. Computer equipment and digital assets are included within plant and vehicles.

The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the value in use of expected future cash flows of the relevant income generating unit.

Investments
Investments are recorded at cost plus incidental expenses less any provision for impairment.

Stock
Stock is stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Taxation
The Company provides for corporate taxation on the results for the period at the normal rate applicable to that period and recognises group relief when made available.

Deferred tax 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The deferred tax assets and liabilities are not discounted.

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 the overall profitability of the group.

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; and
- additional tax which would arise if the profits of overseas subsidiary undertakings were distributed, in excess of those dividends that have been accrued.

Where the amount received for group relief is more than the tax value surrendered, the excess amount is recognised directly in the profit and loss account reserve. The receipt for the tax value of the loss surrendered is recognised in the tax credit for the year. The prior year comparatives have been re-presented in line with this policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 1 April 2012

1. Accounting policies (continued)

Revenue

Revenue represents the fair value of consideration received or receivable for circulation, advertisement and other ancillary services (net of VAT, trade discounts, rebates and anticipated returns). Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

Circulation revenue is recognised on publication. Returns are estimated based on historical experience and presented net of revenue in the profit and loss account and net of debtors on the balance sheet. Subscription revenue is recognised on a straight-line basis over the life of the subscription. Revenue allocated to voucher schemes is deferred based on estimated redemption rates and recognised as the vouchers are used or expire.

Print advertising revenue is recognised on publication net of sale discounts. Online advertising revenue is recognised as page impressions are served or evenly over the period, depending on the terms of the contract.

Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the asset and the present value of minimum lease payments. The equivalent liability is categorised under current and non-current liabilities. Assets under finance leases are depreciated over the shorter of the lease term and their estimated useful economic life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of return on the outstanding balance of the liability for each period.

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 profit and loss account on a straight line basis over the period of the lease.

The aggregate benefit of operating lease incentives is recognised as a reduction of rental expense. The benefit is allocated on a straight-line basis over the shorter of the lease term and the period ending on the date from which it is expected that prevailing market rental will be payable and recorded within other creditors.

Provisions

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, 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.

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.

Foreign currency transactions

Transactions denominated in foreign currencies during the period are translated at rates ruling at the dates of the transactions. Monetary assets and liabilities held in foreign currencies are stated in sterling at rates applicable at the balance sheet date. Differences arising on translation and on the conversion of foreign currency transactions during the year are taken to the profit and loss account.

Pension costs

The group operates defined contribution pension schemes. Contributions are made in accordance with the scheme rules, and charged to operating costs as incurred. Full details of the pension scheme are shown in the consolidated financial statements of Guardian Media Group plc.

2. Revenue

Sales are made substantially in the United Kingdom and relate to one class of business, being the dissemination of news, information and advertising matter by way of print and digital media. The Company has recognised revenue from barter transactions of £3,279,000 in the year (2011: £2,791,000).

3. Staff costs

	2012	2011
	£000	£000
(a) Staff costs during the year, including executive directors, comprise:		
Wages and salaries	**84,761**	80,013
Employer's social security costs	**8,700**	8,152
Employer's pension costs (see note 23)	**6,983**	6,788
	100,444	94,953

Included within staff costs are £6,802,000 (2011: £3,343,000) of exceptional items relating to organisational restructuring (see note 4(b)).

(b) Average number of persons employed during the year, including executive directors:	**Number**	Number
Production	**968**	901
Selling and distribution	**387**	372
Administration	**158**	222
	1,513	1,495

(c) Emoluments of directors	**2012**	2011
	£000	£000
Aggregate emoluments	**1,642**	1,934
Company pension contributions to money purchase schemes	**332**	401

As at 1 April 2012 retirement benefits are accruing to five directors under a money purchase scheme (2011: six directors). Aggregate emoluments excludes £261,000 in respect of compensation for loss of office (2011: £694,000). A. Miller and D. Singer were employed by another Guardian Media Group plc company during the year and no recharge is made for their services to the Company (2011: same).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 1 April 2012

3. Staff costs (continued)

(c) Emoluments of directors

	2012	2011
Highest paid director:	£000	£000
Aggregate emoluments	456	456
Company pension contributions to money purchase schemes	150	150

4. Operating loss

	2012	2011
	£000	£000
(a) The following amounts have been charged in arriving at the operating loss:		
Depreciation charge on tangible fixed assets:		
- Owned assets	13,053	9,868
- Under finance leases	243	372
Impairment charge on investments	-	125
Staff costs (see note 3)	100,444	94,953
Auditors' remuneration for audit of the Company's financial statements	125	122
Auditors' remuneration for tax services	232	99
Operating lease rentals:		
- Plant and machinery	126	110
- Buildings	3,601	3,994

Prior year amounts have been re-presented on a comparable basis with the current year.

(b) Also included in operating loss are the following exceptional costs:

	2012	2011
	£000	£000
Organisational restructuring	7,731	3,343
Impairment charge on investments	-	125
Bad debts	1,340	569
	9,071	4,037

(c) Operating costs comprise the following (less other operating income):

	2012	2011
	£000	£000
Raw materials and consumables	24,012	30,836
Other external charges	9,417	15,002
Staff costs (see note 3)	93,642	91,610
Depreciation on tangible fixed assets	13,296	10,240
Other operating expenses	103,481	85,970
Other operating income	(497)	(251)
	243,351	233,407

5. Interest receivable and similar income

	2012	2011
	£000	£000
Interest income	34	60

6. Interest payable and similar charges

	2012	2011
	£000	£000
Interest payable on finance leases	1,501	1,603

7. Tax credit on loss on ordinary activities

	2012	2011
(a) Analysis of credit in year	£000	£000
Current tax		
UK corporation tax on results for the year	(7,609)	(5,861)
Adjustments in respect of prior periods	1,890	2,422
Overseas tax	64	38
Total current tax	(5,655)	(3,401)
Deferred tax		
Origination and reversal of timing differences	(1,001)	2,133
Changes in tax rates or laws	1,220	1,224
Total deferred tax (see note 15)	219	3,357
Tax credit on loss on ordinary activities	(5,436)	(44)

7. Tax credit on loss on ordinary activities (continued)

	2012	2011
(b) Factors affecting the tax credit for the year	**£000**	£000
The tax for the period is higher (2011: higher) than the standard rate of corporation tax in the UK of 26% (2011: 28%)		
The differences are explained below.		
Loss on ordinary activities before tax	**(58,770)**	(42,591)
Loss on ordinary activities multiplied by standard corporation tax rate of 26% (2011: 28%)	**(15,280)**	(11,925)
Effects of:		
Non-deductible expenses	**1,051**	679
Depreciation in excess of capital allowances	**2,944**	2,415
Other timing differences	**(437)**	(1,058)
Current year tax losses not recognised	**4,113**	4,028
Adjustments in respect of prior periods	**1,890**	2,422
Overseas tax	**64**	38
Current tax credit for year	**(5,655)**	(3,401)

(c) Factors that may affect future tax charges

A change in the UK main corporation tax rate from 28% to 26% was substantially enacted on 29 March 2011, and was effective from 1 April 2011. In addition, following the March 2012 Budget a change in the main UK corporation tax rate from 26% to 24% from 1 April 2012 was substantially enacted on 26 March 2012. As a result, the relevant deferred tax balances have been remeasured to 24%.

Further reductions to the UK corporation tax rate were announced in the June 2010 and March 2012 Budgets, which propose to reduce the rate to 22% for the financial year commencing 1 April 2014. These further changes are expected to be enacted separately each year. However, these further changes had not been substantially enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

8. Intangible assets

	Goodwill
	£000
Cost	
At 1 April 2012 and 3 April 2011	14,354
Amortisation	
At 1 April 2012 and 3 April 2011	(14,354)
Net book value	
At 1 April 2012 and 3 April 2011	-

9. Tangible assets

	Land and buildings £000	Plant and vehicles £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost					
At 3 April 2011	13,209	92,959	26,878	1,812	134,858
Additions	-	2,210	23	2,784	5,017
Transfers from/(to) other asset classes	-	3,632	3	(3,635)	-
Disposals	-	(1,855)	(25)	(141)	(2,021)
At 1 April 2012	**13,209**	**96,946**	**26,879**	**820**	**137,854**
Accumulated depreciation					
At 3 April 2011	13,209	77,697	6,169	-	97,075
Depreciation charge for the year	-	10,267	3,029	-	13,296
Disposals	-	(1,694)	(2)	-	(1,696)
At 1 April 2012	**13,209**	**86,270**	**9,196**	-	**108,675**
Net book value at 1 April 2012	-	**10,676**	**17,683**	**820**	**29,179**
Net book value at 3 April 2011	-	15,262	20,709	1,812	37,783

Plant and vehicles include digital assets with a net book value of £9,006,000 (2011: £13,716,000).

Assets held under finance leases, capitalised and included in tangible fixed assets (see note 14) at the present value of minimum lease payments:

	2012 £000	2011 £000
Cost	**52,847**	52,847
Accumulated depreciation	**(10,600)**	(10,357)
Accumulated impairment charge	**(42,247)**	(42,247)
Net book value	**-**	243

10. Investments

	Investment in subsidiary undertakings £000	Loan £000	Total £000
Net book value at 3 April 2011	802	367	1,169
Additions	465	-	465
Disposals	(465)	-	(465)
Net book value at 1 April 2012	**802**	**367**	**1,169**

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The principal activities of the subsidiary undertakings are the dissemination of news, information and advertising matter by way of print and other media. The principal subsidiary undertakings are incorporated in Great Britain and registered in England and Wales, except where stated.

The Company is exempt from the requirement to produce consolidated financial statements, under s400 of the Companies Act 2006, on the basis that it is a wholly owned subsidiary of Guardian Media Group plc.

Guardian News and Media LLC was incorporated on 2 September 2011 in the United States of America and was a wholly owned subsidiary undertaking of the Company until 1 January 2012, when the Company transferred its 100% membership interest to ContentNext Media Inc, pursuant to an Assignment Agreement dated 21 December 2011.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 1 April 2012

10. Investments (continued)

Subsidiary undertakings	**Description of shares held by the Company**	**Equity holding**
ContentNext Media Inc.*	$0.001 ordinary shares	100%
	$0.001 preference shares	100%
Guardian Education Interactive Limited**	£1 ordinary shares	100%
Guardian Magazines Limited**	£1 ordinary shares	100%
Guardian News Service Limited**	£1 ordinary shares	100%
Guardian Press Centre Limited**	£1 ordinary shares	100%
Kable Limited**	£1 ordinary shares	100%
	£1 ordinary b shares	100%
Learnco Limited**	£1 ordinary shares	100%
Learnthings South Africa (Pty) Limited**/***	1 Rand ordinary shares	100%
Learnthings UK Limited**/***	£1 ordinary shares	100%
OG Enterprises Limited	£1 ordinary shares	100%
FSE World Limited**	£1 ordinary shares	100%
Guardian News and Media LLC****	100% membership interest	100%

* ContentNext Media Inc. is incorporated in the United States of America.

** These companies were dormant during the year under review.

*** These companies are wholly owned subsidiary undertakings of Guardian Education Interactive Limited. Learnthings South Africa (Pty) Limited is incorporated in South Africa.

**** This company is a wholly owned subsidiary undertaking of ContentNext Media Inc and is incorporated in the United States of America.

11. Stock	**2012**	2011
	£000	£000
Raw materials	**1,459**	1,678

12. Debtors	**2012**	2011
	£000	£000
Trade debtors	**22,640**	23,623
Amount owed by group undertakings	**126**	12,353
Amount owed by fellow subsidiary undertakings	**47,986**	16,452
Corporation tax receivable	**160**	-
Deferred tax asset (see note 15)	**13,418**	13,637
VAT receivable	**15**	383
Other debtors	**2,162**	998
Prepayments and accrued income	**10,406**	7,405
	96,913	74,851

The amounts owed by group undertakings and fellow subsidiary undertakings are unsecured, interest free, have no fixed payment date and are repayable on demand. Corporation tax receivable relates to group relief due from various group undertakings.

The deferred tax asset of £13,418,000 (2011: £13,637,000) is expected to be realised after more than one year.

13. Creditors: amounts falling due within one year	**2012**	2011
	£000	£000
Trade creditors	**6,927**	9,346
Amount owed to group undertakings	**10,875**	-
Amount owed to fellow subsidiary undertakings	**12,249**	11,427
Corporation tax payable	**-**	688
Taxation and social security	**3,309**	2,638
Other creditors (see note 14)	**1,223**	1,467
Accruals and deferred income	**24,833**	22,375
Finance leases (see note 14)	**3,340**	3,198
	62,756	51,139

The amounts owed to group undertakings and fellow subsidiary undertakings are unsecured, interest free, have no fixed payment date and are repayable on demand.

14. Creditors: amount falling due after more than one year

	2012	2011
	£000	£000
Finance leases	29,570	32,984
Other creditors	6,983	8,131
	36,553	41,115

Other creditors represent operating lease incentives of £8,120,000 (2011: £9,518,000), of which £1,137,000 (2011: £1,387,000) is due within one year (see note 13).

Finance leases

Reconciliation between minimum lease payments and their present value:	2012	2011
	£000	£000
Minimum lease payments	38,940	43,585
Future finance charges	(6,030)	(7,403)
Present value of finance lease liability	32,910	36,182

Of which £3,340,000 is payable within one year (2011: £3,198,000) (see note 13).

The lease payments under finance leases fall due as follows:	Minimum lease payments	Future finance charges	Present value of finance lease liability
2012	£000	£000	£000
Not later than one year	4,645	1,305	3,340
Later than one year but not more than five	18,579	3,671	14,908
More than five years	15,716	1,054	14,662
	38,940	6,030	32,910
2011			
Not later than one year	4,645	1,447	3,198
Later than one year but not more than five	18,579	4,304	14,275
More than five years	20,361	1,652	18,709
	43,585	7,403	36,182

Finance leases are predominantly in respect of printing machinery, the term of which is 18 years with an interest rate of 4.5% per annum.

15. Deferred tax

	2012	2011
	£000	£000
Accelerated capital allowances	10,676	8,567
Short term timing differences	2,742	5,070
Deferred tax asset	13,418	13,637
Movement in the year :		
At 3 April 2011	13,637	16,994
(Charge) to profit and loss account (see note 7)	(219)	(3,357)
At 1 April 2012	13,418	13,637

The deferred tax asset is expected to be recoverable after more than one year. The Company has an unprovided deferred tax asset of £17,213,000 (2011: £13,367,000) relating to carried forward trading losses (£13,205,000) (2011: (£10,397,000)) and short term timing differences (£4,008,000) (2011: (£2,970,000)). No deferred tax asset is recognised on these amounts as it is not regarded as more likely than not that there will be suitable taxable profits/gains, against which they can be deducted in the foreseeable future. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 1 April 2012

16. Provisions for liabilities and charges

	Printing contracts £000	Restructuring £000	Other £000	Total £000
At 3 April 2011	15,349	1,216	5,555	22,120
Additional provisions	-	4,607	2,417	7,024
Unused amounts reversed	(235)	-	(469)	(704)
Used during the year	(3,131)	(1,216)	(1,577)	(5,924)
At 1 April 2012	**11,983**	**4,607**	**5,926**	**22,516**

The Company has provided for onerous printing contracts, which are expected to be utilised over the life of the contracts of up to 15 years.

The Company is in the process of transformation from a predominantly UK focused print organisation into an internationally focused multimedia platform organisation. This has resulted in a number of changes within the business, including redundancies. The provision is expected to be fully utilised within one year.

The remaining provisions relate primarily to the Company's move from its previous premises and are expected to be utilised over the life of the lease of 15 years.

17. Called up share capital

	2012 £000	2011 £000
400,000,000 authorised ordinary shares (2011: 400,000,000) of £1 each	**400,000**	400,000
400,000,000 issued and fully paid ordinary shares (2011: 357,600,000) of £1 each	**400,000**	357,600

During the year, the Company issued 42,400,000 £1 ordinary shares, at par, to its immediate holding company, Guardian News and Media (Holdings) Limited.

18. Reserves

	Profit and loss account £000	Called up share capital £000	Total £000
At 3 April 2011	(350,300)	357,600	7,300
Loss for the financial year	(53,334)	-	(53,334)
Payments received for group relief in excess of the standard tax rate	14,800	-	14,800
Issue of share capital	-	42,400	42,400
At 1 April 2012	**(388,834)**	**400,000**	**11,166**

19. Reconciliation of movement of total shareholder's funds

	2012 £000	2011 £000
Loss for the financial year	**(53,334)**	(42,547)
Payments received for group relief in excess of the standard tax rate	**14,800**	16,126
Proceeds of issue of ordinary share capital	**42,400**	30,000
Net increase to equity shareholder's funds	**3,866**	3,579
Opening equity shareholder's funds	**7,300**	3,721
Closing equity shareholder's funds	**11,166**	7,300

20. Capital commitments authorised

Contracted capital expenditure as at 1 April 2012 amounted to £192,000 (2011: £72,000).

21. Operating lease and similar commitments

	2012 £000	2011 £000
Total annual amounts payable under non-cancellable leases are as follows:		
Land and buildings		
Expiring in less than one year	-	-
Expiring between two and five years	-	-
Expiring in over five years	**4,756**	4,754
	4,756	4,754
Other		
Expiring within one year	-	-
Expiring between two and five years	**97**	92
Expiring in over five years	-	-
	97	92

The Company has sublet one operating lease and the total annual amount expected to be receivable is £666,000 (2011: £666,000). Provisions have been recognised against those properties, which are vacant or where the sublet income is below the head lease commitment (see note 16).

22. Related party transactions

The directors regard Guardian Media Group plc as the controlling party by virtue of its 100% interest in the equity share capital of the Company. Transactions with fellow members of the 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 Company has traded on an arm's length basis with associates, joint ventures and other related undertakings, principally Trader Media Group Limited, Top Right Group Limited (formerly Emap International Limited) and Seven Publishing Group Limited. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below:

	2012	2011
	£000	£000
Revenue	**185**	125
Operating costs	**2,560**	1,232

At year end, debtor balances outstanding in relation to these transactions amounted to £20,811 (2011: £2,636), of which £20,790 (2011: £nil) related to Top Right Group Limited.

The Company paid three directors of The Scott Trust Limited, Will Hutton, Larry Elliott and Heather Stewart, £155,613 (2011: £149,090) for services rendered to the Company in the normal course of business and on an arm's length basis. The Company also paid £73,321 (2011: £265,042) to law firm Olswang, of which a director of The Scott Trust Limited is a partner, in the normal course of business and on an arm's length basis.

23. Pensions

The majority of the Company's employees are members of a defined contribution pension scheme operated by its intermediate holding company, Guardian Media Group plc. The Company's pension charge for the year is shown in note 3(a). Details of the group's pension scheme are shown in the consolidated financial statements of Guardian Media Group plc. No pension contributions are outstanding or prepaid at year end.

24. Post balance sheet events

There have been no significant events between the balance sheet date and the date of approval of these financial statements (2011: same).

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Guardian News and Media (Holdings) Limited.

The ultimate parent undertaking and controlling party is The Scott Trust Limited, a company incorporated in England and Wales.

The Scott Trust Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 1 April 2012. The consolidated financial statements of The Scott Trust Limited are available from The Secretary, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

Guardian Media Group plc is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Guardian Media Group plc can be obtained from The Secretary, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.