

Guardian Media Group plc
2013
Report of the Directors
and Financial Statements

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List of Directors and Advisers

Directors during the year and up until 31 March 2013

A. Fawcett DBE
N. Backhouse
N. Berkett
S. Fox (resigned 30 August 2012)
J. Gibbons
B. Hoberman
A. Miller
N. Morris (appointed 11 September 2012)
A. Rusbridger
D. Singer
S. Taylor (resigned 30 June 2012)

In addition, J. Paton and R. Dunne were appointed as directors on 14 May 2013.

Secretary

P. M. Tranter (appointed 30 June 2012)
P. E. Boardman (resigned 30 June 2012)

Independent auditors

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

Solicitors

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y 1HS

Bankers

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

Report of the directors

The directors present their report and the audited financial statements for the Group and Company for the year ended 31 March 2013.

Activities and business review

The principal activity of the Group is the dissemination of news, information and advertising material by way of digital and print media.

Guardian Media Group (GMG) is the parent company of Guardian News & Media (GNM), publisher of guardian.co.uk, one of the world's leading news websites, as well as guardiannews.com and the Guardian and Observer newspapers. The Group has a portfolio of investments which help to fund its journalism and secure its long-term future. These investments include a 50.1% share of Trader Media Group (TMG), a 32.9% equity accounted share of Top Right Group (TRG), GMG Property Services, which is wholly owned, and an externally managed investment fund.

GMG's sole shareholder is The Scott Trust Limited, whose core purpose is to secure the financial and editorial independence of the Guardian in perpetuity.

Further information on the activities and performance of the Group can be found on the Guardian Media Group website: www.gmgplc.co.uk.

Operating and financial performance

The results for the Group are set out in the consolidated income statement on page 8.

Revenue from continuing operations was flat at £206.8 million (2012 206.3 million). GNM divisional revenue increased slightly at £196.3 million (2012 £194.4 million) with the increase in digital and new product revenue more than offsetting the decline in print revenue. GNM divisional digital revenue for the year increased by 28.9% to £55.9m. In the key performance indicators in this report of the directors, GNM divisional total and digital revenue is restated to exclude Kable as the trade and assets of Kable were sold in the year.

EBITA from continuing operations before exceptional items and including share of joint ventures was £54.5 million (2012 £45.9 million). The total of GMG's results attributable to TMG, being share of post tax results plus interest receivable and similar income, is £38.3 million (2012 £37.1 million) and attributable to TRG, being share of post tax results plus interest receivable and similar income, is £35.0 million (2012 £12.6 million). The TRG year on year increase of £22.4 million is predominately driven by the share of profit of £29.5 million on the sale of the trade and assets of CAP Motor Research on 18 May 2012.

Operating loss from continuing operations before exceptional items decreased to £47.1 million (2012 £62.8 million).

Group profit before taxation for the year for continuing operations was £22.7 million (2012 loss £19.8 million). This includes exceptional restructuring costs and other one-off costs totalling £7.7 million (2012 operating exceptional costs £10.5 million).

Following the sale of GMG Radio on 24 June 2012, the results of GMG Radio are separately disclosed as discontinued operations. Group profit for the year attributable to discontinued operations was £10.6 million (2012 loss £51.7 million). This includes the reversal of deferred tax payable on GMG Radio intangibles of £13.1 million partially offset by one off costs of £2.0 million (2012 impairment of goodwill and intangibles £54.2 million). In the notes to the financial statements on pages 11 to 38, a number of the 2012 comparatives have been restated to exclude GMG Radio and are titled as restated.

On 27 May 2013, an Australian edition of the Guardian online was launched. The founding investment for the venture is from Australian entrepreneur Graeme Wood, founder of travel website wotif and chair of the news feature website The Global Mail. Graeme Wood is providing the funding to facilitate market entry but has an arms-length relationship, having no say in editorial matters or operational decisions.

Later this year GNM will be moving all digital content to a new global domain - theguardian.com.

Taxation

The tax charge for the year on the profit from continuing operations before exceptional items of £30.4 million is £2.1 million (2012 £1.3 million). The effective rate of tax on this profit (2012 loss) represents a lower tax charge (2012 higher) than the standard rate of 24% (2012 26%) principally due to dividend and other non-taxable income.

The deferred tax asset in the balance sheet of £14.8 million (2012 asset £16.1 million) includes an asset of £10.8 million (2012 asset £11.2 million) relating to fixed asset timing differences and £4.0 million (2012 £4.9 million) relating to other timing differences. The deferred tax liability of £0.4 million (2012 £14.2 million) relates to intangibles. The reduction to the liability of £13.8 million during the period includes a reversal of £13.1 million following the disposal of GMG Radio. The deferred tax asset not recognised has increased from £27.0 million to £28.1 million and represents short term timing differences of £6.5 million and unrelieved trading losses of £21.6 million carried forward at the year end. TMG and TRG are accounted for as joint ventures and therefore their post-taxation results are included in the income statement.

Cash flow

The Group generated cash of £44.3 million in the year (2012 £39.8 million). Cash used in operations was £47.1 million (2012 £55.0 million). Other inflows and outflows are detailed in the consolidated statement of cash flows on page 10.

Cash and investment fund

The combined value of the cash and investment fund increased from £225.8 million to £253.7 million reflecting the proceeds from the sale of GMG Radio partially offset by cash outflow to fund GNM's operations.

The total of GMG's results attributable to the investment fund, being all investment fund items in the income statement and statement of comprehensive income, was a gain of £12.3 million (2012 loss £1.1 million).

The portfolio of assets in the investment fund is designed to spread Group asset risk over a wider base than GMG's historical UK media sector focus. Investments are in a diversified range of assets, which are managed by a number of specialist fund managers, including global and emerging market equity, fixed income, real assets and hedge funds. The investments are denominated in Sterling and overseas currencies, principally the US Dollar.

The Board has approved a currency hedging policy for the investment fund which is reviewed on a regular basis and takes account of the investment performance of the portfolio. During 2013 a fair value loss of £1.9 million (2012 gain £0.1 million) arose on forward foreign exchange contracts. The hedging policy is designed to currency hedge 55% in value of the hedge fund component of the portfolio, reflecting a reduction in US Dollar denominated assets.

Report of the directors - continued

Balance sheet

The Group had net assets of £551.9 million at 31 March 2013 (2012 £511.9 million), an increase of £40.0 million.

Leasing facilities totalling £52.7 million (2012 £58.7 million) are in place, the majority of which relate to the GNM printing presses. All leases have a fixed interest rate for their entire life.

Key performance indicators

Key indicators of financial performance are:

	2013 £m	2012 £m	2011 £m
Group revenue ¹	206.8	206.3	208.0
GNM revenue ²	196.3	194.4	196.3
GNM digital revenue ²	55.9	43.4	37.4
EBITA ^{1,3}	54.5	45.9	48.7
PBT ¹	22.7	(19.8)	13.1
Cash and investment fund	253.7	225.8	197.4

¹ 2011 and 2012 have been restated to exclude Radio

² 2011, 2012 and 2013 have been restated to exclude Kable

³ Includes the Group's share of Trader Media Group and Top Right Group

On 20 March 2013, the Board declared a dividend of 22.2p (2012 22.2p) per share on the ordinary share capital amounting to £200,000 (2012 £200,000) which was paid to The Scott Trust Limited on 20 March 2013.

Principal risks and uncertainties

The Group operates in a challenging sector which is experiencing both structural and cyclical changes.

There is an accelerating rate of migration from print to online consumption of news, with resultant revenue implications for both print and digital business models. To mitigate this risk the Group has invested in a transformation programme to develop its portfolio of digital products and its international reach.

There is added risk that the UK economy continues to falter, with the Group already facing significantly reduced public sector advertising revenue, particularly in recruitment.

On 29 November 2012 Lord Justice Leveson published his report on Part 1 of the Leveson Inquiry on the future of press regulation and governance. Implementation of the recommendations in the report remain in discussion.

Further details, including strategic plans to mitigate these risks, are set out in the statements from the chair and the chief executive on the Guardian Media Group website: www.gmgplc.co.uk.

Land and buildings

The market value of land and buildings owned by the Group is estimated by the directors to be approximately £1.0 million greater than its consolidated balance sheet value of £7.5 million.

Employee involvement

There is regular contact between management and staff, and with 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 Group, so that their views can be taken into account in making decisions which are likely to affect their interests.

Employment of disabled persons

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 Group continues and the appropriate training is arranged. It is the policy of the Group 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.

Creditor payment policy

The Group 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 CBI's Prompt Payment Code. The creditor days figure for the Group for the year was 34 days (2012 27 days).

Donations

Charitable donations during the year totalled £440,572 (2012 £298,249), of which £419,195 (2012 £266,293) was paid to national charities, £21,377 (2012 £31,956) to local charities and £nil (2012 £nil) to overseas charities. Charitable donations includes £380,000 (2012 £260,000) paid to the Scott Trust Foundation, a related party of the Group. Further information on charitable giving can be found on The Scott Trust Foundation website: www.gmgplc.co.uk/the-scott-trust/the-guardian-foundation. There were no contributions to political organisations during the year (2012 £nil).

Report of the directors - continued

Ownership

Guardian Media Group plc is a public limited company incorporated in the United Kingdom and all the ordinary shares are owned by The Scott Trust Limited. The Company is domiciled in the United Kingdom and its registered address is PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.

Directors and directors' interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 3.

No director had any material transaction with the Group other than those set out in note 4 and note 30.

Corporate governance

The Group's statement on corporate governance can be found on the Guardian Media Group website: www.gmgplc.co.uk.

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 group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Company 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 Group and the Company and of the profit or loss of the group 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 IFRS as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out on the GMG website in the statements from the chair, the chief executive and the chair of The Scott Trust Limited. The financial position of the Group, its cash flows and liquidity position are described in the business review on pages 4 and 5.

In addition, note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

After making enquiries, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report of the directors and financial statements.

Events after the reporting year

Details of events after the reporting year are given in note 26 on page 33.

By Order of the Board

Darren Singer

Director
26 June 2013

Guardian Media Group plc
Registered in England and Wales No 94531

Independent auditors' report

To the members of Guardian Media Group plc

We have audited the group financial statements of Guardian Media Group plc for the year ended 31 March 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes relating to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 Group'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 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 financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; 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 group financial statements are prepared is consistent with the group 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:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Guardian Media Group plc for the year ended 31 March 2013.

John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2013

Consolidated income statement

For the year ended 31 March 2013

	Note	2013 Before exceptional items £m	2013 Exceptional items £m	2013 Total £m	Restated 2012 Before exceptional items £m	Restated 2012 Exceptional items £m	Restated 2012 Total £m
Continuing operations							
Revenue		206.8	-	206.8	206.3	-	206.3
Operating costs	3	(253.9)	(7.7)	(261.6)	(269.1)	(10.5)	(279.6)
Operating loss		(47.1)	(7.7)	(54.8)	(62.8)	(10.5)	(73.3)
Income from other financial assets	5	7.6	-	7.6	5.1	-	5.1
Finance costs	6(a)	(2.1)	-	(2.1)	(2.1)	-	(2.1)
Finance income	6(a)	81.8	-	81.8	72.8	-	72.8
Other financing (costs)/income	6(b)	(1.9)	-	(1.9)	0.1	-	0.1
Share of post-tax loss of joint ventures	12(a)	(7.9)	-	(7.9)	(22.7)	-	(22.7)
Share of post-tax profit of associates	12(b)	-	-	-	0.3	-	0.3
Profit/(loss) before taxation		30.4	(7.7)	22.7	(9.3)	(10.5)	(19.8)
Income tax (charge)/credit	7	(2.1)	2.0	(0.1)	(1.3)	1.2	(0.1)
Profit/(loss) for the year from continuing operations		28.3	(5.7)	22.6	(10.6)	(9.3)	(19.9)
Profit/(loss) for the year attributable to discontinued operations	22	12.6	(2.0)	10.6	2.5	(54.2)	(51.7)
Profit/(loss) attributable to equity shareholder		40.9	(7.7)	33.2	(8.1)	(63.5)	(71.6)

Consolidated statement of comprehensive income

For the year ended 31 March 2013

	Note	2013 £m	2012 £m
Profit/(loss) attributable to equity shareholder		33.2	(71.6)
Actuarial loss on post employment benefit obligations	27	(1.7)	(1.6)
Deferred taxation credit on actuarial loss	21	0.4	0.4
Foreign exchange translation differences		(0.3)	-
Derecognition of changes in fair value on disposals of investments	8	(9.4)	(5.6)
Fair value gain/(loss) - non-current other financial assets	8	17.8	(0.7)
Fair value gain - current other financial assets		0.2	0.3
Joint venture - share of movements on cash flow hedges and other items	12(a)	-	(1.1)
Other comprehensive income/(expense)		7.0	(8.3)
Total comprehensive income/(expense) for the year		40.2	(79.9)
Total comprehensive income/(expense) for the year arises from:			
- Continuing operations		29.6	(28.2)
- Discontinued operations	22	10.6	(51.7)
		40.2	(79.9)

The notes on pages 11 to 38 are an integral part of these financial statements.

Consolidated balance sheet

As at 31 March 2013

	Note	2013 £m	2012 £m
Assets			
Non-current assets			
Goodwill	9	14.1	14.1
Other intangible assets	10	5.1	69.0
Property, plant and equipment	11	24.0	33.1
Investments accounted for using the equity method - joint ventures	12(a)	322.9	249.6
Investments accounted for using the equity method - associates	12(b)	3.5	3.7
Deferred income tax assets	21	14.8	16.1
Other financial assets - available for sale	8	154.8	151.2
Other financial assets	12(c)	0.2	1.6
		539.4	538.4
Current assets			
Inventories	13	2.1	1.5
Trade and other receivables	14	42.5	49.6
Other financial assets - available for sale	8	-	20.0
Derivative financial instruments	8	-	0.6
Cash and cash equivalents	15	98.9	54.6
		143.5	126.3
Liabilities			
Current liabilities			
Financial liabilities	16	6.1	6.0
Trade and other payables	17	46.4	48.9
Current tax liabilities	18	0.4	0.4
Derivative financial instruments	8	1.4	-
Provision for other liabilities and charges	20	4.9	9.7
		59.2	65.0
Net current assets		84.3	61.3
Total assets less current liabilities		623.7	599.7
Non-current liabilities			
Financial liabilities	16	49.1	52.7
Retirement benefit liabilities	27	0.5	0.3
Other non-current liabilities	19	14.5	13.0
Deferred income tax liabilities	21	0.4	14.2
Provision for other liabilities and charges	20	7.3	7.6
		71.8	87.8
Net assets		551.9	511.9
Shareholder's equity			
Share capital	23(a)	0.9	0.9
Reserves		551.0	511.0
Total shareholder's equity		551.9	511.9

These financial statements were authorised for issue by the Board of directors on 26 June 2013 and signed on its behalf by:

Amelia Fawcett
Chair

Darren Singer
Chief financial officer

The notes on pages 11 to 38 are an integral part of these financial statements.

Guardian Media Group plc
Company Registration Number 94531

Consolidated statement of changes in equity

For the year ended 31 March 2013

	Share capital Note 23(a) £m	Revaluation reserve Note 23(b) £m	Non- distributable reserve Note 23(c) £m	Retained earnings £m	Total equity £m
At 3 April 2011	0.9	0.7	0.1	590.3	592.0
Transaction with owner - dividend paid (note 24)	-	-	-	(0.2)	(0.2)
Loss for the year	-	-	-	(71.6)	(71.6)
Loss recognised directly in the consolidated statement of comprehensive income	-	-	-	(8.3)	(8.3)
At 1 April 2012	0.9	0.7	0.1	510.2	511.9
Transaction with owner - dividend paid (note 24)	-	-	-	(0.2)	(0.2)
Profit for the year	-	-	-	33.2	33.2
Profit recognised directly in the consolidated statement of comprehensive income	-	-	-	7.0	7.0
At 31 March 2013	0.9	0.7	0.1	550.2	551.9

Consolidated statement of cash flows

For the year ended 31 March 2013

	Note	2013 £m	2012 £m
Cash flows from operating activities			
Cash used in operations	25	(47.1)	(55.0)
Income tax paid		(0.1)	(0.1)
Net cash used in operating activities		(47.2)	(55.1)
Cash flows from investing activities			
Purchase of other intangible assets	10	(2.3)	(4.3)
Repayment of terms deposits/loans		2.8	-
Proceeds from other non - current financial assets		1.3	-
Purchase of other non - current financial assets	8	(54.7)	(32.6)
Reclassification/net divestment from the investment fund to cash	8	30.6	10.6
Sale of other non - current financial assets	8	54.7	32.3
Proceeds from sale of property, plant and equipment	11	1.2	0.5
Purchase of property, plant and equipment	11	(1.5)	(3.1)
Proceeds from the sale of trade and assets		2.3	-
Interest received	6(a)	0.6	0.4
Dividends received from associates	12(b)	-	0.1
Dividends received from joint ventures	12(a)	-	81.8
Preference share redemption - joint venture	12(a)	-	18.3
Loan redemption - joint venture	12(a)	-	0.2
Dividends received from unlisted investments		0.4	-
Proceeds from the sale of subsidiaries	22	61.7	-
Net cash generated in investing activities		97.1	104.2
Cash flows from financing activities			
Finance lease principal payments		(6.0)	(6.2)
Drawdown of external borrowings	16	2.5	-
Interest paid	6(a)	(1.9)	(2.6)
Exchange loss		(0.2)	(0.5)
Net cash used in financing activities		(5.6)	(9.3)
Net increase in cash and cash equivalents		44.3	39.8
Cash and cash equivalents at beginning of the year		54.6	14.8
Cash and cash equivalents at end of the year	15	98.9	54.6

The presentation of the consolidated statement of cash flows for movements in non-current financial assets has been re-presented during the year. Certain balances in the prior year comparatives have been re-presented in line with this change.

The notes on pages 11 to 38 are an integral part of these financial statements.

Notes relating to the financial statements

1. Accounting policies

Accounting policies for the year ended 31 March 2013

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 consolidated financial statements on pages 8 to 38 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 consolidated 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 consolidated income statement. A summary of the more important Group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS 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.

Restatement of comparative results

During the year, the Group disposed of its Radio division and in accordance with IFRS 5, 'Non Current Assets Held for Sale and Discontinued Operations', the Group has restated its comparative consolidated income statement and relevant notes to reflect the reclassification of this division's results from continuing to discontinued operations.

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 standards for the year beginning 2 April 2012:

- * IFRS 1 (amendment), 'First time adoption of International Financial Reporting Standards'
- * IFRS 7 (amendment), 'Financial Instruments: disclosures - offsetting requirements'
- * IFRS 10, 'Consolidated financial statements'
- * IFRS 11, 'Joint arrangements'
- * IFRS 12, 'Disclosure of interests in other entities'
- * IFRS 13, 'Fair value measurement'
- * IAS 1 (amendment), 'Presentation of Financial Statements'
- * IAS 16 (revised), 'Property Plant & Equipment'
- * IAS 27 (revised), 'Separate Financial Statements'
- * IAS 28 (revised), 'Associates and joint ventures'
- * IAS 32, 'Financial Instruments: Presentation'

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 2 April 2012 and not early adopted

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting period beginning on 1 April 2013 or later periods, but the Group has not early adopted them and currently does not anticipate a significant impact on the Group:

- * IFRS 9, 'Financial instruments'
- * IAS 18, 'Revenue'
- * IAS 19 (revised), 'Employee benefits'
- * IAS 36 (amendment), 'Impairment of assets'

Notes relating to the financial statements - continued

1. Accounting policies - continued

Basis of consolidation

The Group has consolidated the financial statements of the Company and its subsidiary undertakings for the year ended 31 March 2013. The financial statements of the Group 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 31 March 2013 and for the comparative period cover the 52 weeks ended 1 April 2012, for all Group companies.

(a) Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the report of the directors and financial statements are prepared on a going concern basis.

(b) Subsidiaries

Subsidiaries are those entities over which the Group 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 consolidated 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.

(c) Joint ventures and associates

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 financial statements are adjusted, using information provided by management, to bring them into line with the Group's year-end date. Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If material, adjustments are made to align the accounting policies of joint ventures and associates to those adopted by the Group.

Investments in joint ventures and associates are tested for impairment when there is an indication of impairment and are carried at cost less accumulated impairment losses. Impairment losses are charged to the consolidated income statement. These impairment calculations require the use of estimates and significant management judgement. A description of the key assumptions and sensitivities is included in note 12.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the consolidated financial statements, are discussed in the relevant accounting policies under the following headings: Goodwill; Deferred income tax; and Joint ventures.

Business combinations

The acquisition 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 transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The costs directly attributable to the acquisition are included in the consolidated income statement as they are incurred. Identifiable assets, liabilities and contingent liabilities assumed in the acquisition are measured initially 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 consolidated income statement. The Group has a year from the date of acquisition to determine final fair values.

Notes relating to the financial statements - continued

1. Accounting policies - continued

Revenue recognition

Revenue represents the fair value of consideration received or receivable for circulation, advertisement and other revenue (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 Group.

Circulation revenue (net of returns) is recognised on publication in revenue in the consolidated income statement and in trade receivables on the consolidated balance sheet. Returns are estimated based on historical experience. Subscription revenue is recognised on a straight-line basis over the life of the subscription. Revenue associated with 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 and radio advertising revenue was recognised on broadcast. Online advertising is recognised as page impressions are served or evenly over the period, depending on the terms of the contract.

Subscription revenue from the provision of content via digital platforms is recognised gross of platform provider commission when the Group retains decisions over pricing and marketing strategy and is recognised net of platform provider commission when the Group does not retain these.

Maintenance contract and computer software licence revenues are recognised on a straight-line basis over the period to which they relate. Software development revenue is recognised on delivery.

Exceptional items

Items of income and expense are recognised as exceptional when their effect on the financial statements is so material that their nature or amount requires separate disclosure.

Finance income

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

Dividend income

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

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.

Land and 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 to the consolidated income statement on assets from the time they become operational. The principal annual rates used for depreciation are:

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

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 consolidated income statement.

Assets that are being constructed for future use are classified as assets in the course of construction until such time as they are brought into use by the Group. Assets in the course of construction includes all directly attributable expenditure including borrowing costs. Upon completion the assets are transferred to the appropriate category within property, plant and equipment. No depreciation is charge on these items until after they have been transferred.

Non-current assets held for sale

Non-current assets are held for sale when the carrying amount is to be recovered principally through a sales transaction and the Group has committed to the sale at the balance sheet date.

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 consolidated 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 functional and presentational currency of Guardian Media Group plc (the 'Company').

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; and
- differences arising on retranslation of overseas subsidiaries are recognised in other comprehensive income.

Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at rates of exchange ruling at the date of the balance sheet or at the related forward contract rate. Transactions in foreign currency are converted to Sterling at the rate ruling at the date of the transaction or, where forward foreign currency contracts have been taken out, at contractual rates.

Notes relating to the financial statements - continued

1. Accounting policies - continued

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 allocated to cash-generating units (CGUs) and 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 consolidated income statement. These impairment calculations require the use of estimates and significant management judgement. A description of the key assumptions and sensitivities is included in note 9.

Other 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. The assessment of the recoverability of other intangible assets and the determination of the amortisation profile involve a significant degree of judgement based on historical trends and management estimation of future potential economic benefits. An incorrect amortisation profile could result in excess amounts being carried forward as intangible assets that would otherwise have been written off to the consolidated income statement in an earlier period.

(a) Radio licences

Radio licences were 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. Radio licences had a finite useful life and were 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 digital assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Website and other digital 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 of two years. Where no asset can be recognised, development expenditure is charged to the consolidated income statement in the period in which it is incurred.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income together with any future tax planning strategies.

Notes relating to the financial statements - continued

1. Accounting policies - continued

Inventories

Inventories are stated 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.

Financial assets are recognised in the Group's consolidated 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 consolidated 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.

(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.

(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 consolidated 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. 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 consolidated income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Fair value estimation

With respect to the other financial assets - available for sale, also referred to as the investment fund, the Group discloses 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; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes relating to the financial statements - continued

1. Accounting policies - continued

Derivative financial instruments

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 consolidated income statement as they arise. During the year the Group has not applied hedge accounting.

The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date.

Trade receivables

Trade receivables are stated at fair value after provision for bad and doubtful debts (and anticipated returns). 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 on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown net of cash and cash equivalents where the Group have the right of net settlement.

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 consolidated 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 initially at fair value and subsequently measured at amortised cost.

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. 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 interest 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 consolidated income statement on a straight-line basis over the period of the lease. Incentives received are recorded as an accrual and spread over the term of the lease on a straight-line basis.

Notes relating to the financial statements - continued

1. Accounting policies - continued

Employee benefit costs

(a) Defined contribution schemes

All of the Group's employees are eligible for membership of a defined contribution pension scheme and of those eligible more than 99% are members of that scheme. The costs in respect of this scheme are charged to the consolidated 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 in the consolidated 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 consolidated 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 obligation.

(c) Variable compensation plans

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

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 55% (2012 55%) of the exposure to the US Dollars relating to the investments in hedge funds using US Dollar forward contracts.

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in hedge funds would have been approximately £3.6 million lower/higher; however, as the Group's policy is to hedge 55% (2012 55%) of the exposure, the risk would be reduced to £1.6 million.

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in US Dollar-denominated managed funds would have been approximately £1.0 million lower/higher.

(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 over the last 12 months, with all other variables held constant.

Consolidated statement of comprehensive income movement

Investment category	£m
Global equity	+/- 0.9
Fixed income	+/- 1.0
Emerging markets	+/- 0.3
Inflation sensitive	+/- 0.7
High yield bonds	+/- 0.3
Hedge funds	+/- 2.7

Notes relating to the financial statements - continued

2. Financial risk management - continued

(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 average annual interest rates had been 1% more during the year, interest receivable would have increased by £1.1 million (2012 £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 (2012 Aa3) 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.

(a) 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 Company 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.

(b) 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 use fund managers statements which are based on broker pricing or their own valuation techniques (note 8).

Notes relating to the financial statements - continued

3. Operating costs (continuing operations)

	2013	Restated 2012
	£m	£m
Raw materials and consumables	20.2	26.0
Staff costs (see note 4)	117.2	113.8
Depreciation of property, plant and equipment	6.2	6.0
Other expenses	118.0	133.8
	261.6	279.6

Other expenses includes exceptional items totalling £7.7 million (2012 £10.5 million) which relate to Guardian News & Media restructuring costs of £7.6 million (2012 £7.8 million) and other Group activities restructuring costs of £0.1 million (2012 £2.7 million).

	2013	Restated 2012
	£m	£m
The following items have been included in arriving at operating loss (continuing operations):		
Amortisation of other intangible assets	11.9	12.5
Profit on sale of property, plant and equipment	0.5	0.1
Reversal of impairment of other financial assets	(1.3)	-
Other operating lease rentals payable:		
- Plant and machinery	0.3	0.1
- Property	5.2	4.2
Repairs and maintenance expenditure on property, plant and equipment	1.2	1.0
Trade receivables impairment	-	0.5

Services provided by the Group's auditors

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

	2013	Restated 2012
	£m	£m
Fees payable to Company's auditors for the audit of the Company and the consolidated financial statements	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	0.2	0.2
Tax services:		
- Advisory services	0.6	0.6
Other services	0.2	0.2
	1.1	1.1

Notes relating to the financial statements - continued

4. Employees and directors

	Note	2013 £m	2012 £m
Staff costs for the Group during the year including executive and non-executive directors			
Wages and salaries		102.6	110.0
Employer's social security costs		10.5	11.7
Employer's pension costs - defined contribution scheme	27	7.4	8.5
		120.5	130.2
Continuing operations		117.2	113.8
Discontinued operations		3.3	16.4
		120.5	130.2

	No.	No.
Average monthly number of persons employed including executive and non-executive directors		
Production	942	1,050
Selling and distribution	528	742
Administration	247	365
	1,717	2,157

The employee numbers for the comparative year include 376 employees relating to discontinued operations.

	£m	£m
Key management compensation (continuing and discontinued operations)		
Salaries and short-term employee benefits	5.5	4.7
Post employment benefits	0.5	0.7
Termination benefits	1.4	0.4
	7.4	5.8

	£m	£m
Key management compensation (continuing operations)		
Salaries and short-term employee benefits	4.1	4.1
Post employment benefits	0.5	0.6
Termination benefits	0.9	0.4
	5.5	5.1

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

Directors' emoluments

	Base salary/fees £000	Performance related variable compensation £000	Benefits in kind £000	Employer's contribution to money purchase pension scheme £000	Total 2013 £000	Total 2012 £000
Amelia Fawcett ¹	100	-	-	-	100	120
Andrew Miller ²	613	101	1	54	769	739
Alan Rusbridger ³	395	-	21	75	491	607
Darren Singer ⁴ (*from 18 April 2011)	342	98	1	52	493	459
Stuart Taylor ⁵ (*to 30 June 2012)	97	710	-	17	824	498
Independent directors						
Nick Backhouse ⁶	44	-	-	-	44	44
Neil Berkett	34	-	-	-	34	34
Simon Fox ⁷ (*to 30 August 2012)	16	-	-	-	16	39
Judy Gibbons	34	-	-	-	34	34
Brent Hoberman	34	-	-	-	34	34
Nigel Morris (*from 30 June 2012)	20	-	-	-	20	-
Former director						
Jerry Fowden ⁸ (*to 13 April 2007)	-	-	-	11	11	11
Compensation for loss of office ⁵	1,729	909	23	209	2,870	2,619
					509	-
					3,379	2,619

* Date of appointment, resignation or other changes to directorships.

¹ Amelia Fawcett took a voluntary pay cut of 20% of her director's fees with effect from 2 April 2012.

² Andrew Miller was awarded a bonus of £202,000 but has elected to waive 50% of this amount. This is in addition to bonuses totalling £284,000 that were waived in the previous two years. With effect from 2 April 2012, Andrew also took a voluntary pay cut of 10% of his base salary. With effect from 2 April 2012, Andrew's company pension contributions were restricted to the annual tax-approvable limit of £50,000; the balance, between 30% of base salary and £50,000, was treated as salary and subject to PAYE; the balance is excluded from any variable compensation calculations.

³ Alan Rusbridger took a voluntary pay cut of 10% of his base salary with effect from 2 April 2012. He also asked for the company to halve its contributions to his pension in 2012/13, to £75,000.

⁴ With effect from 2 April 2012, Darren Singer's company pension contributions were restricted to the annual tax-approvable limit of £50,000; the balance, between 30% of base salary and £50,000, was treated as salary and subject to PAYE; the balance is excluded from any variable compensation calculations.

⁵ Stuart Taylor resigned as managing director of GMG Radio and as a director of Guardian Media Group on 30 June 2012, following the sale of GMG Radio. Stuart received £710,000 as a transaction bonus on the sale of GMG Radio and £509,000 for loss of office. Both of these payments were contractual obligations. The level of the transaction bonus was directly linked to the actual sale price achieved.

⁶ Nick Backhouse's remuneration includes a fee for acting as senior independent director.

⁷ Simon Fox's remuneration includes a fee for chairing the audit committee to August 2012.

⁸ Jerry Fowden stepped down as chief executive of Trader Media Group and resigned as a director of Guardian Media Group on 13 April 2007. £10,631 was credited to Jerry Fowden's EFRBS (Employer Financial Retirement Benefit Scheme) account with the Company in the year ended 31 March 2013.

Notes relating to the financial statements - continued

5. Income from other financial assets

	2013 £m	2012 £m
Profit on disposal of other financial assets:		
- Non-current	5.8	5.1
Interest from term deposits/ loans	1.4	-
Dividend from unlisted investments	0.4	-
	7.6	5.1

6(a). Finance income and costs

	2013 £m	2012 £m
Finance costs		
Other interest payable	(0.2)	-
Interest payable on finance leases	(1.9)	(2.1)
	(2.1)	(2.1)
Finance income		
Interest receivable on cash and cash equivalents	0.6	0.4
Interest receivable and similar income from joint ventures	81.2	72.4
	81.8	72.8
Finance income - net	79.7	70.7

6(b). Other financing (costs)/ income

	2013 £m	2012 £m
Fair value (loss)/gain on forward exchange contracts	(1.9)	0.1

7. Income tax (continuing operations)

Analysis of charge in year	Note	2013 £m	Restated 2012 £m
Current tax			
Current tax charge on income for the period		0.1	(0.1)
Deferred taxation			
Origination and reversal of timing differences	21	-	0.2
Income tax charge		0.1	0.1

The £0.1 million tax charge in year includes a £2.0 million credit on the estimated tax value of exceptional items and a £2.1 million charge before exceptional items.

Tax on items charged to the consolidated statement of comprehensive income

Deferred tax credit on actuarial loss	(0.4)	(0.4)
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Factors affecting tax credit for the year

The tax charge for the year is lower (2012 tax charge higher) than the standard rate of corporation tax in the UK of 24% (2012 26%).

The differences are explained below:

Profit/(loss) before tax	22.7	(19.8)
Profit/(loss) before taxation multiplied by standard rate of corporation tax of 24% (2012 26%)	5.4	(5.1)
Effects of:		
Expenses not deductible for tax purposes	1.9	3.4
Income not taxable	(13.2)	(12.7)
Foreign taxes	0.1	0.1
Adjustment to tax charge in respect of joint ventures and associates	1.9	5.8
Adjustment to tax charge in respect of previous periods	-	-
Current year losses not recognised	1.7	7.0
Deferred taxation - rate adjustment	0.7	1.2
Deferred taxation - asset impairment	2.3	0.8
Deferred taxation - adjustment on acquired intangible assets	(0.7)	(0.4)
Total taxation	0.1	0.1

Factors that may affect future tax charges

A change in the UK main Corporation tax rate from 26% to 24% was substantively enacted on 26 March 2012 and was effective from 1 April 2012. In addition following the 2012 budget, a reduction in the main UK Corporation tax rate from 24% to 23% from 1 April 2013 was substantially enacted on 3 July 2012. As a result deferred tax balances have been re-measured to 23%.

A further reduction to the UK Corporation tax rate was announced in the 2012 Budget statement which proposed to reduce the rate to 22% for the financial year ended commencing 1 April 2014 and following the Autumn Statement 2012 by an additional 1 per cent reduction to 21%. Additionally, the 2013 Budget proposed to reduce the rate to 20% from 1 April 2015. However, these further changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Notes relating to the financial statements - continued

8. Other financial assets - available for sale

	2013	2012
	£m	£m
At 2 April 2012	171.2	182.6
Additions at cost	54.7	34.0
Reclassification/net divestment to cash and cash equivalents	(30.6)	(10.6)
Disposals at fair value	(54.7)	(33.6)
	140.6	172.4
Net gain on disposals - consolidated income statement	5.8	5.1
Derecognition of changes in fair value on disposals - previously recognised directly in equity	(9.4)	(5.6)
Fair value gain/(loss) - consolidated statement of comprehensive income	17.8	(0.7)
At 31 March 2013	154.8	171.2
Other financial assets include the following:		
Hedge funds	71.5	60.7
Managed funds	76.5	75.0
	148.0	135.7
Short-term funds held for reinvestment	6.8	35.5
	154.8	171.2

The short-term funds held for reinvestment broadly represent highly liquid investments in money market deposit accounts and money market funds with a maturity date of three months or less.

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 15.

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
As at 31 March 2013				
Financial assets - available for sale - asset	62.2	78.5	7.3	148.0
Derivative financial instruments - liability	-	(1.4)	-	(1.4)
As at 1 April 2012				
Financial assets - available for sale - asset	50.2	81.1	4.4	135.7
Derivative financial instruments - asset	-	0.6	-	0.6

The following table shows a summary of the changes in the fair value of the Group's Level 3 financial assets - available for sale during the year:

	Level 3
	£m
At 2 April 2012	4.4
Disposals	(0.9)
Transfers in to Level 3	4.5
Transfers out of Level 3	(0.7)
At 31 March 2013	7.3

There have been no significant transfers between Level 1 and Level 2 during the year.

The fair value of fund assets held in Level 1 is based on their current bid prices in an active market.

Notes relating to the financial statements - continued

8. Other financial assets - available for sale - continued

Other financial assets are denominated in the following currencies:	2013	2012
	£m	£m
Sterling	62.9	89.3
Euro	-	0.1
US Dollar	91.9	81.8
	154.8	171.2

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is 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:	2013	2012
	£m	£m
Current	-	20.0
Non-current	154.8	151.2
	154.8	171.2

9. Goodwill

	2013	2012
	£m	£m
Cost		
At 2 April 2012	155.7	155.7
Disposal - Radio division	(127.1)	-
At 31 March 2013	28.6	155.7
Accumulated impairment		
At 2 April 2012	141.6	92.7
Disposal - Radio division	(127.1)	-
Impairment	-	48.9
At 31 March 2013	14.5	141.6
Net book value at 31 March 2013	14.1	14.1

The net book value of goodwill relates to the GMG Property Services division.

During the year ended 31 March 2013, all CGUs were tested for impairment in accordance with IAS 36 'Impairment of assets' and none were found to be impaired. The recoverable amount of each CGU was determined based on the higher of fair value less costs to sell and value-in-use. The value-in-use calculation used pre-tax cash flow projections based on the financial budgets approved by the Board for 2013/14 and formal business plans for a further two years. Cash flows beyond the three-year period were extrapolated using estimated growth rates. Management determines 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. The discount rate used was 13.0% (2012 range 10.5% to 13.0%) and were benchmarked against comparable peers. In the prior year, an impairment charge of £48.9 million arose against GMG Radio division goodwill and £5.3 million against GMG Radio division licences from these tests for impairment.

Notes relating to the financial statements - continued

10. Other intangible assets

	Radio licences £m	Other £m	Total £m
Cost			
At 2 April 2012	107.1	76.5	183.6
Additions at cost	-	2.3	2.3
Disposals	(107.1)	(32.3)	(139.4)
At 31 March 2013	-	46.5	46.5
Accumulated amortisation and impairment			
At 2 April 2012	52.9	61.7	114.6
Charge for period	0.9	11.9	12.8
Disposals	(53.8)	(32.2)	(86.0)
At 31 March 2013	-	41.4	41.4
Net book value at 31 March 2013	-	5.1	5.1

Other intangible assets mainly comprises computer software and digital assets which are 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 consolidated income statement.

Other includes digital assets with a net book value of £1.9 million (2012 £9.0 million).

	Radio licences £m	Other £m	Total £m
Cost			
At 4 April 2011	107.1	73.6	180.7
Additions at cost	-	4.3	4.3
Disposals	-	(1.5)	(1.5)
Reclassifications from property, plant and equipment	-	0.1	0.1
At 1 April 2012	107.1	76.5	183.6
Accumulated amortisation and impairment			
At 4 April 2011	43.5	50.3	93.8
Charge for period	4.1	12.5	16.6
Disposals	-	(1.3)	(1.3)
Impairment (note 9)	5.3	-	5.3
Reclassifications from property, plant and equipment	-	0.2	0.2
At 1 April 2012	52.9	61.7	114.6
Net book value at 1 April 2012	54.2	14.8	69.0

Notes relating to the financial statements - continued

11. Property, plant and equipment

	Land and buildings £m	Plant and vehicles £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
At 2 April 2012	42.4	97.0	34.0	0.7	174.1
Additions at cost	-	1.4	0.1	-	1.5
Reclassification	-	0.7	-	(0.7)	-
Disposals - Radio division	-	(12.9)	(5.0)	-	(17.9)
At 31 March 2013	42.4	86.2	29.1	-	157.7
Accumulated depreciation and impairment					
At 2 April 2012	34.4	92.4	14.2	-	141.0
Charge for the year	0.5	2.7	3.2	-	6.4
Disposals - Radio division	-	(10.3)	(3.4)	-	(13.7)
At 31 March 2013	34.9	84.8	14.0	-	133.7
Net book value at 31 March 2013	7.5	1.4	15.1	-	24.0

	Land and buildings £m	Plant and vehicles £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
At 4 April 2011	45.5	117.8	34.7	0.2	198.2
Additions at cost	-	1.8	0.4	0.9	3.1
Reclassification	-	0.5	-	(0.5)	-
Reclassification (to)/from intangibles	-	(0.2)	-	0.1	(0.1)
Disposals	(3.1)	(22.9)	(1.1)	-	(27.1)
At 1 April 2012	42.4	97.0	34.0	0.7	174.1
Accumulated depreciation and impairment					
At 4 April 2011	36.7	112.2	11.8	-	160.7
Charge for the year	0.5	3.2	3.5	-	7.2
Reclassification (to) intangibles	-	(0.2)	-	-	(0.2)
Disposals	(2.8)	(22.8)	(1.1)	-	(26.7)
At 1 April 2012	34.4	92.4	14.2	-	141.0
Net book value at 1 April 2012	8.0	4.6	19.8	0.7	33.1

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

	2013 £m	Restated 2012 £m
Cost	100.9	100.9
Accumulated depreciation	(100.9)	(100.9)
Net book value	-	-

Details of material finance lease arrangements are given in note 16.

All Group land and buildings with a net book value in excess of £20,000 were supported by independent third party valuations as at 31 December 2011.

Notes relating to the financial statements - continued

12. Investments

(a) Interests in joint ventures

	Trader Media Group £m	Top Right Group £m	Total £m
At 2 April 2012			
- Net liabilities	(340.2)	(64.3)	(404.5)
- Preference shares and accrued dividends	88.8	183.0	271.8
- Loans and accrued interest	256.5	125.8	382.3
	5.1	244.5	249.6
Interest on loans and preference shares	27.6	53.6	81.2
Consolidated income statement	10.6	(18.5)	(7.9)
Consolidated statement of comprehensive income	(0.2)	0.2	-
At 31 March 2013			
- Net liabilities	(329.8)	(82.4)	(412.2)
- Preference shares and accrued dividends	88.9	217.0	305.9
- Loans and accrued interest	284.0	145.2	429.2
Interests in joint ventures	43.1	279.8	322.9

During the year ended 31 March 2013 the Group received £nil (2012 £100.1 million) from Trader Media Group in cash in respect of dividends and preference share redemptions. The details of the prior year receipts are shown in the table on page 27.

During the year ended 31 March 2013, the investment in Top Right Group was tested for impairment in accordance with IAS 36 'Impairment of assets' and was found not to be impaired. The recoverable amount of the investment was determined based on a value-in-use calculation. The value-in-use calculation used pre-tax cash flow projections based on the financial budgets approved by the Board for 2013/14 and formal business plans for a further two years. Cash flows beyond the three-year period were extrapolated using estimated growth rates. Management determines budgets and business plans based on past performance and its expectations of market development. The discount rates and terminal growth rates used were benchmarked against comparable peers.

For the interest in Top Right Group, the value in use exceeds the carrying value by approximately £58.5 million. The impairment review of Top Right Group is sensitive to a change in the key assumptions used, most notably the discount rate, the terminal growth rate and projected operating cash flows. The recoverable amount exceeds the carrying value unless any of the assumptions are changed as follows:

- an increase in the discount rate from the 10.75% assumption to 11.91%; or
- a reduction in the terminal growth rate from the 2.00% assumption to 0.36%; or
- a reduction in the projected operating cash flows of 12.7% in each of the next five years.

Notes relating to the financial statements - continued

12. Investments - continued

The Group's share of amounts relating to joint ventures for the year ended 31 March 2013

	Trader Media Group £m	Top Right Group £m	Total £m
Non-current assets	489.3	393.4	882.7
Current assets	73.7	34.8	108.5
Current liabilities	(46.5)	(68.1)	(114.6)
Non-current liabilities	(846.3)	(442.5)	(1,288.8)
Net liabilities	(329.8)	(82.4)	(412.2)
Revenue	126.1	81.7	207.8
Operating profit before exceptional items, restructuring costs and amortisation of intangible assets	71.0	18.7	89.7
Operating profit after exceptional items, restructuring costs and amortisation of intangible assets ¹	59.4	33.8	93.2
Net finance costs (excluding gain on debt buy-back)	(43.4)	(56.8)	(100.2)
Gain on debt buy-back and other movements	0.1	-	0.1
Profit/(loss) before taxation	16.1	(23.0)	(6.9)
Taxation	(5.5)	4.5	(1.0)
Share of post-tax results from joint ventures	10.6	(18.5)	(7.9)

¹ Operating profit after exceptional items, restructuring costs and amortisation of intangible assets in Top Right Group includes the Group's share of the gain on disposal of the sale of trade and assets of CAP Motor Research.

The Group's share of joint ventures capital commitments are included in note 29 on page 37.

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

	Trader Media Group £m	Top Right Group £m	Total £m
At 4 April 2011			
- Net liabilities	(307.1)	(28.5)	(335.6)
- Preference shares and accrued dividends	143.9	151.7	295.6
- Loans and accrued interest	232.3	109.0	341.3
	69.1	232.2	301.3
Interest on loans and preference shares	24.3	48.1	72.4
Consolidated income statement	12.8	(35.5)	(22.7)
Consolidated statement of comprehensive income	(0.8)	(0.3)	(1.1)
Dividends received - ordinary shares	(45.2)	-	(45.2)
Dividends received - preference shares	(36.6)	-	(36.6)
Preference shares redemptions	(18.3)	-	(18.3)
Loans redemptions	(0.2)	-	(0.2)
At 1 April 2012			
- Net liabilities	(340.2)	(64.3)	(404.5)
- Preference shares and accrued dividends	88.8	183.0	271.8
- Loans and accrued interest	256.5	125.8	382.3
Interests in joint ventures	5.1	244.5	249.6

Notes relating to the financial statements - continued

12. Investments - continued

The Group's share of amounts relating to joint ventures for the year ended 1 April 2012

	Trader Media Group £m	Top Right Group £m	Total £m
Non-current assets	486.8	416.3	903.1
Current assets	42.3	34.5	76.8
Current liabilities	(41.1)	(70.3)	(111.4)
Non-current liabilities	(828.2)	(444.8)	(1,273.0)
Net liabilities	(340.2)	(64.3)	(404.5)
Revenue	128.8	83.5	212.3
Operating profit before exceptional items, restructuring costs and amortisation of intangible assets	70.3	25.9	96.2
Operating profit after exceptional items, restructuring costs and amortisation of intangible assets	62.2	8.7	70.9
Net finance costs (excluding gain on debt buy-back)	(44.4)	(51.8)	(96.2)
Gain on debt buy-back and other movements	2.3	(2.4)	(0.1)
Profit/(loss) before taxation	20.1	(45.5)	(25.4)
Taxation	(7.3)	10.0	2.7
Share of post-tax results from joint ventures	12.8	(35.5)	(22.7)

(b) Interests in associates

	2013 £m	2012 £m
At 2 April 2012		
- Net assets excluding goodwill	3.7	3.5
Disposals	(0.2)	-
Share of profit in the year	-	0.3
Dividends	-	(0.1)
At 31 March 2013		
- Net assets excluding goodwill	3.5	3.7

The Group's share of amounts relating to associates

	2013 £m	2012 £m
Total assets	7.0	8.1
Total liabilities	(3.5)	(4.4)
Revenue	11.1	14.1
Share of post-tax profit of associates before exceptional items	-	0.3

A list of principal subsidiary undertakings, joint ventures and associates is given in note 32. 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

	2013 £m	2012 £m
Net book value	0.2	1.6
Other financial assets comprise the following:		
Unlisted shares	0.2	0.2
Term deposits/loans	-	1.4
	0.2	1.6

Notes relating to the financial statements - continued

13. Inventories

	2013 £m	2012 £m
Raw materials and consumables	2.1	1.5

The Group consumed £20.2 million (2012 £26.0 million) of inventories during the year (note 3).

14. Trade and other receivables

	2013 £m	2012 £m
Amounts falling due within one year:		
Trade receivables	29.6	35.0
Less: Provision for impairment of receivables	(0.6)	(1.3)
Trade receivables - net	29.0	33.7
Other receivables	3.2	2.4
Prepayments and accrued income	10.3	13.5
	42.5	49.6

As at 31 March 2013, trade receivables of £0.6 million (2012 £1.3 million) were impaired. The ageing of these receivables is as follows:

	2013 £m	2012 £m
Up to 3 months	-	0.4
3 to 6 months	0.1	0.4
Over 6 months	0.5	0.5
	0.6	1.3

As at 31 March 2013, trade receivables of £4.3 million (2012 £10.8 million) were past due but not impaired. The ageing of these trade receivables is as follows:

	2013 £m	2012 £m
Up to 3 months	3.7	9.2
3 to 6 months	0.5	0.7
Over 6 months	0.1	0.9
	4.3	10.8

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

	2013 £m	2012 £m
At 2 April 2012	1.3	0.9
Disposals - Radio division	(0.3)	-
Provision for receivables impairment	-	0.9
Receivables written off during the year as uncollectible	(0.4)	(0.3)
Unused amounts reversed	-	(0.2)
Net book value	0.6	1.3

The creation and release of provision for impaired receivables is included in operating costs in the consolidated income statement (note 3).

15. Cash and cash equivalents

	2013 £m	2012 £m
Cash at bank and in hand	7.6	2.3
Short-term bank deposits	91.3	52.3
	98.9	54.6

Notes relating to the financial statements - continued

16. Financial liabilities - borrowings

	2013	2012
	£m	£m
Current		
Due within one year or on demand:		
Finance lease obligations	6.1	6.0

	2013	2012
	£m	£m
Non-current		
External borrowings	2.5	-
Finance lease obligations	46.6	52.7
	49.1	52.7

The total value of obligations under finance leases repayable by instalments:

- between one to two years	6.4	6.1
- between two to five years	20.6	19.8
- over five years	19.6	26.8
	46.6	52.7

The present value of minimum lease payments are as follows:

- within one year	8.3	8.4
- greater than one year but less than five years	32.7	32.8
- after five years	20.8	29.0
Total minimum lease payments	61.8	70.2
Less future finance charges	(9.1)	(11.5)
Present value of minimum lease payments	52.7	58.7

The Group has received investment to finance the expansion of the Group's activities in Australia. Subject to certain performance conditions being met, these unsecured borrowings are expected to mature no earlier than 2018.

17. Trade and other payables - current

	2013	2012
	£m	£m
Trade payables	8.1	8.7
Social security and other taxes	4.6	4.8
Other payables	2.3	1.3
Accruals and deferred income	31.4	34.1
	46.4	48.9

18. Current tax

	2013	2012
	£m	£m
Current tax liability	0.4	0.4

19. Other non-current liabilities

	2013	2012
	£m	£m
Other payables	14.5	13.0

20. Provisions for other liabilities and charges

	£m
At 2 April 2012	17.3
Charged/(credited) to consolidated income statement:	
- Additional provisions	3.9
- Unused amounts reversed	(1.6)
Utilised in year	(7.4)
At 31 March 2013	12.2

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

Current	4.9
Non-current	7.3
	12.2

Provisions at 31 March 2013 relate primarily to onerous leases and restructuring costs.

Notes relating to the financial statements - continued

20. Provisions for other liabilities and charges - continued

	£m
At 4 April 2011	16.9
Charged/(credited) to consolidated income statement:	
- Additional provisions	7.8
- Unused amounts reversed	(1.5)
Utilised in year	(5.9)
At 1 April 2012	17.3

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

Current	9.7
Non-current	7.6
	17.3

21. Deferred taxation

Deferred tax is calculated in full on temporary timing differences under the liability method using a tax rate of 23% (2012 24%).

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

	2013 £m	2012 £m
At 2 April 2012	(1.9)	2.4
On disposal	1.0	-
Consolidated income statement (credit)/charge	-	(3.9)
Discontinued operations	(13.1)	-
Consolidated statement of comprehensive income credit	(0.4)	(0.4)
At 31 March 2013	(14.4)	(1.9)

	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 4 April 2011	-	-	-	18.9	18.9
Consolidated income statement credit	-	-	-	(4.7)	(4.7)
At 1 April 2012	-	-	-	14.2	14.2
Discontinued operations - GMG Radio division	-	-	-	(13.1)	(13.1)
Consolidated income statement credit	-	-	-	(0.7)	(0.7)
At 31 March 2013	-	-	-	0.4	0.4
Deferred taxation assets					
At 4 April 2011	(9.1)	(0.2)	(7.2)	-	(16.5)
Consolidated income statement (credit)/charge	(2.1)	0.2	2.7	-	0.8
Consolidated statement of comprehensive income credit	-	-	(0.4)	-	(0.4)
At 1 April 2012	(11.2)	-	(4.9)	-	(16.1)
Disposal - GMG Radio division	1.0	-	-	-	1.0
Consolidated income statement (credit)/charge	(0.6)	-	1.3	-	0.7
Consolidated statement of comprehensive income credit	-	-	(0.4)	-	(0.4)
At 31 March 2013	(10.8)	-	(4.0)	-	(14.8)

The Group has net deferred tax assets totalling £14.4 million (2012 £1.9 million) of which £0.9 million (2012 £nil) is due within one year and £13.5 million (2012 £1.9 million) is due after more than one year.

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 £28.1 million (2012 £27.0 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.

Notes relating to the financial statements - continued

22. Discontinued operations

On 24 June 2012, the Group disposed of its interests in the Radio division. Analysis of the results of this discontinued operation and the loss on its disposal is as follows:

	2013	2012
	£m	£m
Revenue	13.3	48.1
Expenses	(12.7)	(44.4)
Depreciation	(0.2)	(1.2)
Amortisation	(0.9)	(4.1)
Exceptional items ¹	-	(54.2)
Loss before tax of discontinued operations	(0.5)	(55.8)
Tax	13.1	4.1
Profit/(loss) after tax of discontinued operations	12.6	(51.7)
Loss on disposal of discontinued operations	(2.0)	-
Profit/(loss) from discontinued operations	10.6	(51.7)

¹ Exceptional items relate to the impairment of goodwill and other intangible assets

The cashflows relating to the discontinued operation are as follows:

Operating cash flows	0.8	0.5
Investing cash flows	-	0.1
Financing cash flows	-	-
Total cash flows	0.8	0.6

23(a). Share capital

	2013	2012
	£m	£m
Authorised, issued, called up and fully paid: 900,000 ordinary shares of £1 each	0.9	0.9

23(b). Revaluation reserve

	2013	2012
	£m	£m
Revaluation of previous interest on acquisition of remaining shares in a joint venture	0.7	0.7

23(c). Non-distributable reserve

	2013	2012
	£m	£m
Repayment of 4% cumulative preference shares	0.1	0.1

Notes relating to the financial statements - continued

24. Dividend paid

On 20 March 2013, the Board declared a dividend of 22.2p (2012 22.2p) per share on the ordinary share capital amounting to £200,000 (2012 £200,000) which was paid to The Scott Trust Limited on 20 March 2013.

25. Cash flows from operating activities

	Note	2013 £m	2012 £m
Profit/(loss) before income tax (continuing and discontinued operations)		22.2	(75.6)
Adjustments for:			
Depreciation	11	6.4	7.2
Reversal of impairment of other financial assets	3	(1.3)	-
(Profit)/loss on sale of trade and assets		(2.9)	0.7
(Profit) on disposal of property, plant and equipment	3	(0.5)	(0.1)
Impairment of goodwill	9	-	48.9
Amortisation of other intangible assets	10	12.8	16.6
Impairment of other intangible assets	10	-	5.3
Income from non-current financial assets	5	(7.6)	(5.1)
Finance costs	6(a)	2.1	2.1
Finance income	6(a)	(81.8)	(72.8)
Other financing costs/(income)	6(b)	1.9	(0.1)
Pensions	27	(1.6)	(1.9)
Share of loss of joint ventures after taxation	12	7.9	22.7
Share of profit of associates after taxation		-	(0.3)
(Decrease)/increase in provisions		(5.1)	0.4
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):			
(Increase)/decrease in inventories		(0.6)	0.3
Decrease in trade and other receivables		(3.3)	(4.5)
Increase in trade and other payables		4.3	1.2
Cash used in operations		(47.1)	(55.0)

26. Events after the reporting period

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

27. Pension commitments

Defined contribution schemes

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

Pension costs for defined contribution schemes are as follows:

	2013	2012
	£m	£m
Defined contribution schemes	7.4	8.5

Defined benefit schemes

The Group has two (2012 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 1 April 2012.

In July 2010 the UK Government announced that the statutory minimum level of revaluation would in future be calculated using the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI). In respect of the Surrey Advertiser Newspaper Holdings Pension & Life Assurance Scheme, revaluation of deferred pensions is in line with the statutory minimum, and therefore we have made an assumption about future rates of CPI in order to value deferred pensions. The assumption regarding future CPI rates is lower than for RPI rates.

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 2010.

The valuations for each of the schemes have been updated to 31 March 2013 by a qualified independent actuary. The principal assumptions made by the actuary were:

	2013	2012
Rate of increase for pensions in payment	3.65% pa	3.40% pa
Rate of increase in deferred pensions	3.65% pa	3.40% pa
Discount rate	4.40% pa	4.90% pa
Inflation rate	3.65% pa	3.40% pa
Expected return on plan assets:		
Equities	5.30% pa	5.30% pa
Real estate	5.30% pa	5.30% pa
Bonds	4.40% pa	4.90% pa
Gilts	3.30% pa	3.30% pa
Cash	3.30% pa	3.30% 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 2031 at age 65 will live on average a further 25 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 25 years if they are female.

The assumptions would have to change significantly to materially impact the financial statements.

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

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Fair value of plan assets	39.1	34.2	30.6	27.6	21.2
Present value of funded obligations - all fully or partly funded	(39.6)	(34.5)	(31.2)	(29.6)	(23.1)
Net liability recognised in the consolidated balance sheet	(0.5)	(0.3)	(0.6)	(2.0)	(1.9)

Notes relating to the financial statements - continued

27. Pension commitments - continued

The amounts recognised in the consolidated income statement are as follows:

	2013	2012
	£m	£m
Expected return on plan assets	1.5	1.7
Interest cost	(1.6)	(1.7)
Total pension cost recognised in the consolidated income statement	(0.1)	-

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

	2013	2012
	£m	£m
Actuarial loss on post employment benefit obligations	(1.7)	(1.6)

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

	2013	2012
	£m	£m
At 2 April 2012	34.2	30.6
Employer contributions	1.6	1.9
Expected return on plan assets	1.5	1.7
Actuarial gain	2.8	1.2
Benefits paid	(1.0)	(1.2)
At 31 March 2013	39.1	34.2

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

	2013	2012
	£m	£m
At 2 April 2012	(34.5)	(31.2)
Interest cost	(1.6)	(1.7)
Actuarial loss	(4.5)	(2.8)
Benefits paid	1.0	1.2
At 31 March 2013	(39.6)	(34.5)

The actual return on plan assets was a gain of £4.4 million (2012 £2.9 million).

The Group expects to contribute £1.6 million to the defined benefit pension schemes during the year ending 30 March 2014.

The major categories of schemes' assets are as follows:

	2013	2012
	£m	£m
Equities	12.2	10.3
Bonds	14.9	13.4
Gilts	11.1	9.6
Real Estate	0.8	0.8
Cash	0.1	0.1
	39.1	34.2

Notes relating to the financial statements - continued

27. Pension commitments - continued

Analysis of the movement in the consolidated balance sheet liability:

	2013	2012
	£m	£m
At 2 April 2012	(0.3)	(0.6)
Total expense recognised in the consolidated income statement	(0.1)	-
Contributions	1.6	1.9
Net actuarial loss recognised in the year	(1.7)	(1.6)
At 31 March 2013	(0.5)	(0.3)

Cumulative actuarial losses recognised in equity:

	2013	2012
	£m	£m
At 2 April 2012	(8.9)	(7.3)
Net actuarial loss recognised in the year	(1.7)	(1.6)

At 31 March 2013	(10.6)	(8.9)
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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.

The IASB issued a revised version of IAS19 on 16 June 2011 and this has now been endorsed by the EU with mandatory implementation for financial years commencing on or after 1 January 2013. The Group has not adopted early the revised requirements of the standard. The effects of the revisions on the Group's defined benefit schemes are considered to be immaterial.

28. Operating leases and similar commitments

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

	Land and buildings		Other	
	2013	2012	2013	2012
	£m	£m	£m	£m
Within one year	7.3	8.2	0.2	5.1
Between two and five years inclusive	28.4	31.3	0.2	8.9
Over five years	102.0	108.8	-	0.5
	137.7	148.3	0.4	14.5

The Group has sub-let two operating leases (2012 two) and the future aggregate minimum sublease amounts expected to be received amount to £4.1 million (2012 £4.7 million).

Provisions have been recognised against those properties which are vacant or where the sublease income is below the headlease commitment (note 20).

Notes relating to the financial statements - continued

29. Capital commitments authorised

Contracts entered into, but not provided for, for property, plant and equipment for the Group (including share of joint ventures) amounted to approximately £0.5 million (2012 £0.2 million).

30. 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, Top Right Group (formerly Emap) and Seven Publishing Group. The aggregated transactions which are considered to be material:

	2013	2012
	£m	£m
Sales	0.5	0.4
Purchases	1.8	3.7
Rent receivable	0.7	-
Loan redemptions	-	0.2
Dividends received	-	81.8
Preference share redemptions	-	18.3
Interest on loans and preference shares	81.2	72.4

At year-end, balances outstanding in relation to these related parties amounted to £898.7 million (2012 £817.5 million).

The Group has sublet an operating lease on an arm's length basis to Seven Publishing Group Limited, an associate of the Group, and the sublet income receivable is recognised over the period of the sublease. The total amount invoiced during the year was £0.7 million (2012 £nil) and this amount was offset against an onerous lease provision. The total debtor balance outstanding at the year end amounted to £200,000 (2012 nil).

The Group paid £380,000 (2012 £260,000) in charitable donations to the Scott Trust Foundation in which two of the Group's directors are trustees.

The Group paid £143,000 (2012 £155,163) 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 £8,634 (2012 £149,416) to a law firm of which a Scott Trust Limited director is a partner, on a normal arm's length basis.

31. Ultimate controlling party

The Group's parent company and ultimate controlling party is The Scott Trust Limited (incorporated in the United Kingdom), which owns 100% of the shares of Guardian Media Group plc.

The consolidated financial statements of The Scott Trust Limited and Guardian Media Group plc are available from the Company Secretary, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP and are available to download on the Group website www.gmgplc.co.uk.

Notes relating to the financial statements - continued

32. Principal subsidiaries, joint ventures and associates

The principal activity of the subsidiaries, joint ventures and associates is the dissemination of news, information and advertising material by way of digital and print media. The following information relates to those subsidiary undertakings which, in the opinion of the directors, principally affected the trading 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%
Guardian News and Media LLC ^{††}	Membership interest	100%
GNM Australia Pty Limited [‡]	AUD\$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	Description of total shares	Percentage holding
Trader Media Group Limited [†]	10p ordinary shares	50.1%
Eden 2 & Cie SCA [†]	30p ordinary shares	32.9%
(c) Associates	Description of total shares	Percentage holding
Seven Publishing Group Limited	£0.01 ordinary shares	41.9%
Development Hell Limited	10p ordinary shares	29.5%
(d) Subsidiaries and associates disposed of during the year		
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%
Real Radio XS Limited	£1 ordinary shares	100%
MXR Holdings Limited [†]	£1 ordinary shares	36.8%

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

^{††}Incorporated in the United States of America

[‡]Incorporated in Australia

^{††} Registered in Luxembourg, ultimate holding company of Top Right Group (formerly Emap International Limited). Guardian Media Group plc (GMG) holds a 37.5% shareholding in Eden 2 & Cie SCA however, together with its joint venture partner, Apax, it is committed to incentivising TRG management by granting them an equity share in the business after which GMG will reduce its stake to 32.9%. Consistent with the prior year, GMG has equity accounted for this lower share.

[†]Registered in Scotland

On 24 June 2012, the Group disposed of its interests in the GMG Radio division.

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

Guardian Media Group plc

2013

Company
Financial Statements

Report of the directors

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2013.

Activities and review of the business

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

Business review and future developments

On 20 March 2013, the Board declared a dividend of 22.2p (2012 22.2p) per share on the ordinary share capital amounting to £200,000 (2012 £200,000) which was paid to The Scott Trust Limited on 20 March 2013.

Creditor payment policy

The Company has implemented systems to ensure the prompt recognition of all identifiable liabilities to creditors. Payments are made to these creditors in line with the CBI's Prompt Payment Code. The creditor days figure for the Company for the year was 38 days (2012 29 days).

Directors and directors' interests

This information is shown in the Group section of the Report of the Directors and Financial Statements on page 20 and 37.

Financial risk management

This information is shown in the Group section of the Report of the Directors and Financial Statements on pages 17 and 18.

Tax status

The Company is a close company for tax purposes.

Statement of directors' responsibilities in respect of the report of the directors and the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

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

Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

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

Going concern

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

Events after the reporting period

This information is shown in the Group section of the Report of the Directors and Financial Statements on page 33.

Independent auditors

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

By Order of the Board

Darren Singer

Director
26 June 2013

Independent auditors' report

To the members of Guardian Media Group plc

We have audited the parent company financial statements of Guardian Media Group plc (the 'Company') for the year ended 31 March 2013 which comprise the Company balance sheet and notes relating to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 40, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

In our opinion the Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the Group financial statements of Guardian Media Group plc for the year ended 31 March 2013.

John Baker (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2013

Company balance sheet

As at 31 March 2013

	Note	2013 £m	2012 £m
Fixed assets			
Tangible assets	4	0.1	0.2
Investment fund	5	124.3	129.1
Investments in subsidiary undertakings	6	502.5	529.9
Investments in joint ventures	7	269.3	298.2
Investments in associates	8	3.1	3.1
Other investments	9	0.2	1.6
		899.5	962.1
Current assets			
Debtors	10	25.3	59.7
Investment fund	5	-	20.0
Cash at bank and in hand		91.5	47.9
		116.8	127.6
Creditors: amounts falling due within one year	11	352.8	211.4
Net current assets		(236.0)	(83.8)
Net assets excluding pension deficit		663.5	878.3
Pension deficit	14	-	-
Net assets including pension deficit		663.5	878.3
Capital and reserves			
Share capital	12	0.9	0.9
Non distributable reserve	13	0.1	0.1
Profit and loss reserve	13	662.5	877.3
Total shareholder's funds		663.5	878.3

These financial statements were approved by the Board of directors on 26 June 2013 and signed on its behalf by:

Amelia Fawcett
Chair

Darren Singer
Chief financial officer

The notes on pages 43 to 51 form part of these financial statements.

Guardian Media Group plc
Company Registration Number 94531

Notes relating to the financial statements

1. Accounting policies

Accounting basis

The financial statements on pages 42 to 51 have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (UK GAAP). Set out below is a summary of the more important accounting policies, which have been applied consistently throughout the year.

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

Deferred taxation

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

Deferred tax 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.

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

No timing differences are recognised in respect of:

- gains on the sale of assets where those gains have been rolled over into replacement assets; or
- additional tax which would arise if the profits of overseas subsidiary undertakings, joint ventures and associates were distributed, in excess of those dividends that have been accrued.

Deferred tax assets and liabilities are not discounted.

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.

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:

Fixtures and fittings	4% - 33%
Software	20%

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.

Assets under construction are not depreciated.

Investments

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

Contingent assets and liabilities

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.

Notes relating to the financial statements - continued

1. Accounting policies - continued

Pensions

(a) Defined contribution scheme

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

(b) Defined benefit scheme

The Company contributes to a closed defined benefit pension scheme, the assets of which are held separately from those of the Company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax. The Company is complying with FRS 17, 'Retirement Benefits'.

Investment income

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

2. Auditors' remuneration

	2013 £m	2012 £m
Audit services	0.1	0.1

3. Employees and directors

	2013 No.	2012 No.
Average monthly number of persons employed including executive and non-executive directors		
Administration	41	40

4. Tangible assets

	Software £m	Fixtures and fittings £m	Total £m
Cost			
At 2 April 2012	0.1	0.1	0.2
Additions	-	-	-
At 31 March 2013	0.1	0.1	0.2
Depreciation			
At 2 April 2012	-	-	-
Charge for the year	-	0.1	0.1
At 31 March 2013	-	0.1	0.1
Net book value			
At 31 March 2013	0.1	-	0.1
At 2 April 2012	0.1	0.1	0.2

Notes relating to the financial statements - continued

5. Investment fund

	2013	2012
	£m	£m
At 2 April 2012	149.1	154.2
Additions at cost	54.7	34.0
Reclassification/net divestment to cash and cash equivalents	(30.6)	(10.6)
Disposals	(48.9)	(28.5)
At 31 March 2013	124.3	149.1

Fixed asset investments comprise investments in hedge funds and other managed funds. The fair values of these investments are detailed in note 8 in the Group section of this report on pages 22 and 23.

The financial risk objectives and policies of the Company and exposure to risk is shown in the Group section of this report on pages 17 and 18.

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

	2013	2012
	£m	£m
Fixed assets	124.3	129.1
Current assets	-	20.0
	124.3	149.1

6. Investments in subsidiary undertakings

	Shares £m	Loans £m	Total £m
Cost			
At 2 April 2012	535.3	530.4	1,065.7
Additions	40.0	8.2	48.2
Reassigned	-	38.4	38.4
Disposal	(53.4)	-	(53.4)
At 31 March 2013	521.9	577.0	1,098.9
Amounts written off			
At 2 April 2012	462.0	73.8	535.8
Charge for the period	40.0	20.6	60.6
At 31 March 2013	502.0	94.4	596.4
Net book value at 31 March 2013	19.9	482.6	502.5
Net book value at 1 April 2012	73.3	456.6	529.9

The charge for the period includes the immediate write off of a recapitalisation of an intermediate holding company of £40.0 million (2012 £42.4 million).

On 24 June 2012, Guardian Media Group plc disposed of its interests in the Radio division. Intercompany loans with one of the Group's subsidiaries, GMG Property Services (Holdings) Ltd, were assigned as owing to Guardian Media Group plc during the year.

Details of the principal operating subsidiaries which are either wholly owned by the Company or its subsidiaries are shown in the Group section of this report on page 38.

7. Investments in joint ventures

	Ordinary shares £m	Loans and preference shares £m	Total £m
Cost			
At 2 April 2012	7.0	472.2	479.2
Interest	-	53.6	53.6
At 31 March 2013	7.0	525.8	532.8
Amounts written off			
At 2 April 2012	6.6	174.4	181.0
Charge for the period	-	82.5	82.5
At 31 March 2013	6.6	256.9	263.5
Net book value at 31 March 2013	0.4	268.9	269.3
Net book value at 1 April 2012	0.4	297.8	298.2

Details of the principal joint ventures are shown in the Group section of this report on page 38. The charge for the period is to bring the value of investments in the Company in line with the value on consolidation in the Group.

Notes relating to the financial statements - continued

8. Investments in associates

	Unlisted shares £m
Cost	
At 31 March 2013 and 2 April 2012	10.8
Amounts written off	
At 31 March 2013 and 2 April 2012	7.7
Net book value at 31 March 2013 and 1 April 2012	3.1

Details of the principal associates are shown in the Group section of this report on page 38.

9. Other investments

	Unlisted shares £m	Term deposits/ loans £m	Total £m
At 2 April 2012	0.2	1.4	1.6
Additions	-	-	-
Disposals	-	(1.4)	(1.4)
At 31 March 2013	0.2	-	0.2

10. Debtors

	2013 £m	2012 £m
Amounts owed by group undertakings	22.8	56.0
Corporation tax	0.3	1.3
Deferred tax	1.2	1.4
Taxation and social security	0.3	0.2
Other debtors	0.2	0.3
Prepayments and accrued income	0.5	0.5
	25.3	59.7

The amounts owed by Group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

The deferred tax asset of £1.2 million (2012 £1.4 million) broadly comprises short-term timing differences.

Deferred tax assets have not been recognised where they relate to losses where their future utilisation against profits cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £6.7 million (2012 £5.4 million).

11. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Trade creditors	0.6	0.6
Amounts owed to group undertakings	347.3	206.6
Other creditors	1.8	1.5
Accruals and deferred income	3.1	2.7
	352.8	211.4

The amounts owed to Group undertakings are unsecured, interest free, have no fixed repayment date and are payable on demand.

During the year, prior to the disposal of its Radio division (note 6), intercompany balances owed by the Radio division were assigned as owing by Guardian Media Group plc.

12. Share capital

	2013 £m	2012 £m
Authorised, issued, called up and fully paid: 900,000 ordinary shares of £1 each	0.9	0.9

Notes relating to the financial statements - continued

13. Reserves

	Note	Non distributable reserve £m	Profit and loss reserve £m
At 2 April 2012		0.1	877.3
Dividend paid	18	-	(0.2)
(Loss) for the year		-	(213.9)
Actuarial loss on defined benefit pension scheme		-	(0.4)
Deferred taxation credit on actuarial gain		-	0.1
Effect of surplus cap - defined benefit pension scheme		-	(0.4)
At 31 March 2013		0.1	662.5

The non-distributable reserve relates to the repayment of the 4% preference shares in June 2008.

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

14. Pensions

The company operated two main pension schemes during the year.

a) Defined contribution scheme

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

b) Defined benefit scheme

Effective from 8 February 2010, the Company became principal employer of The Surrey Advertiser Newspaper Holdings Ltd Pension & Life Assurance Scheme.

This Scheme was closed to future accrual with effect from 31 March 2006. The most recent actuarial valuation of this Scheme was performed on 31 March 2013.

In July 2010 the UK Government announced that the statutory minimum level of revaluation would in future be calculated using the Consumer Prices Index ('CPI'), rather than the Retail Prices Index ('RPI'). In respect of the Surrey Advertiser Newspaper Holdings Pension & Life Assurance Scheme, revaluation of deferred pensions is in line with the statutory minimum, and therefore we have made an assumption about future rates of CPI in order to value deferred pensions. Our assumption regarding future CPI rates is lower than for RPI rates. We estimate that the impact of this change is relatively small in reducing pension liabilities and the reduction in past service cost is not material to the Group.

The valuation for this Scheme has been updated to 31 March 2013 by a qualified independent actuary.

Notes relating to the financial statements - continued

14. Pensions - continued

	2013 £m	2012 £m
Change in the fair value of scheme assets		
At 2 April 2012	17.2	15.6
Expected return on plan assets	0.7	0.8
Actuarial gain	1.4	0.9
Employer contribution	0.8	0.8
Benefits paid	(0.9)	(0.9)
At 31 March 2013	19.2	17.2

	2013 £m	2012 £m
Change in the present value of the defined benefit obligation		
At 2 April 2012	(16.2)	(15.6)
Interest cost	(0.8)	(0.9)
Actuarial loss	(1.8)	(0.6)
Benefits paid	1.0	0.9
At 31 March 2013	(17.8)	(16.2)

Analysis of defined benefit obligation

Plans that are wholly or partly funded	(17.8)	(16.2)
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	2013 £m	2012 £m
Funded status	1.4	1.0
Effect of surplus cap	(1.4)	(1.0)
Fair value of reimbursement rights	-	-

	2013 £m	2012 £m
Analysis of the amount charged to profit or loss as follows:		
Interest cost	0.8	0.9
Expected return on plan assets	(0.7)	(0.8)
Total pension cost recognised in the P&L account	0.1	0.1

Actuarial (gains)/losses immediately recognised	0.4	0.3
Effect of surplus cap	0.4	(1.0)
Total pension cost recognised in reserves	0.8	(0.7)

Actuarial gains:

Cumulative amount of actuarial gains immediately recognised	0.4	0.3
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Plan assets

The weighted-average asset allocations at the end of the period were as follows:

Asset category	2013	2012
Equities	25%	25%
Bonds	36%	38%
Gilts	39%	37%
Cash	-	-
	100%	100%

Notes relating to the financial statements - continued

14. Pensions - continued

To develop the expected long-term rate of return on assets assumption, the company considered 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 on assets assumption for the portfolio. This resulted in the selection of the 4.30% assumption as at 31 March 2013.

	2013	2012
	£m	£m
Actual return on plan assets	2.1	1.7

Weighted average assumptions used to determine benefit obligations at:

	2013	2012	2011
Discount rate	4.40%	4.90%	5.80%
Rate of deferred revaluation	2.85%	2.60%	3.75%
Rate of pension increases in payment	3.65%	3.40%	3.75%

Weighted average assumptions used to determine net pension cost for period ended:

	2013	2012	2011
Discount rate	4.90%	4.90%	5.80%
Expected long-term return on plan assets	4.41%	5.32%	5.50%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	2013		2012	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.8	25.3	22.8	25.9
Member age 45 (life expectancy at age 65)	25.0	27.6	24.6	27.9

The assets in the scheme and the expected rates of return were:

	Long-term rate of return	Value at 2013	Long-term rate of return expected	Value at 2012
	%	£m	%	£m
Equities	5.3	4.8	5.3	4.2
Bond	4.4	6.9	4.9	6.6
Gilts	3.3	7.4	3.3	6.3
Cash	3.3	0.1	3.3	0.1
Total market value of assets		19.2		17.2
Present value of scheme liabilities		(17.8)		(16.2)
Surplus in scheme		1.4		1.0
Effect of surplus cap		(1.4)		(1.0)
Surplus/(deficit)		-		-

Notes relating to the financial statements - continued

14. Pensions - continued

Five year history

	2013	Financial period ending in			2009
		2012	2011	2010	
	£m	£m	£m	£m	£m
Fair value of plan assets at end of period	19.2	17.2	15.6	14.7	11.9
Benefit obligation at end of period	(17.8)	(16.2)	(15.6)	(15.0)	(13.2)
Surplus/(deficit)	1.4	1.0	-	(0.3)	(1.3)
Difference between expected and actual return on scheme assets:					
Amount (£m)	1.3	0.9	0.1	2.1	(2.1)
Percentage of scheme assets	7%	5%	1%	14%	-18%
Experience gains and losses on scheme liabilities:					
Amount (£m)	(0.5)	(0.1)	-	0.5	(0.2)
Percentage of scheme liabilities	-3%	0%	0%	3%	-2%

Contributions

The Company expects to contribute £0.8 million to its pension scheme in 2013/14.

15. Events after the reporting period

This information is shown in the Group section of the report of the directors on page 33.

16. Operating lease and similar commitments

Total annual amounts payable under non-cancellable leases are as follows:

	2013	2012
	£m	£m
Land and buildings		
Expiring in less than one year	-	-
Expiring between two and five years	-	-
Expiring in over five years	0.4	0.5
	0.4	0.5

17. Contingent liabilities and financial commitments

In the normal course of business the Company has given guarantees in respect of commercial transactions.

These include:

(a) the Company has given a guarantee to The Royal Bank of Scotland plc to secure the overdrafts of certain of its subsidiary companies.

(b) the Company has given a guarantee to Lloyds Bank PLC in respect of certain leasing obligations of certain subsidiary companies amounting to £52.7 million (2012 £58.7 million).

(c) the Company has given a guarantee to Guardian News and Media Limited to support the carrying value of certain fixed assets held in that subsidiary.

18. Dividends paid

On 20 March 2013, the Board declared a dividend of 22.2p per share (2012 22.2p) on the ordinary share capital amounting to £200,000 (2012 £200,000) which was paid to The Scott Trust Limited on 20 March 2013.

Notes relating to the financial statements - continued

19. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, 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 a joint venture, Top Right Group (formerly Emap). The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below:

	2013	2012
	£m	£m
Interest on loans and preference shares	53.6	48.1

At year end, balances outstanding in relation to these transactions amounted to £525.8 million (2012 £472.2 million).

The Company paid £380,000 (2012 £260,000) in charitable donations to the Scott Trust Foundation in which two of the Company's directors are trustees.

20. Ultimate controlling party

The ultimate parent undertaking and controlling party is The Scott Trust Limited, a company incorporated in the United Kingdom, which owns 100% of the Company's shares.

The Scott Trust Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2013. The consolidated financial statements of The Scott Trust Limited are available from Company 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 at 31 March 2013. The consolidated financial statements of Guardian Media Group plc can be obtained from Company Secretary, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

Both The Scott Trust Limited and Guardian Media Group plc consolidated financial statements are available to download on the Group website: www.gmgplc.co.uk.

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