Company Registered Number 00908396

GUARDIAN NEWS AND MEDIA LIMITED

Report of the directors and financial statements
for the year ended 31 March 2013

Guardian News and Media Limited
Registered no. 00908396

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Guardian News and Media Limited
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LIST OF DIRECTORS AND ADVISERS

Directors at 31 March 2013
J. Cornaby
S. Fitzsimons
A. Miller
A. Rusbridger
D. Singer

In addition, D. Gannon and A. Freeman served as directors during the financial year until their resignation on 8 June 2012 and 5 October 2012 respectively.

Secretary
J. Cornaby

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

Solicitors
Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

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

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

Guardian News and Media Limited
Registered no. 00908396

REPORT OF THE DIRECTORS
for the year ended 31 March 2013

The directors present their report and audited financial statements of Guardian News and Media Limited (the "Company") for the year ended 31 March 2013.

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

Business review
The results for the Company are set out in the profit and loss account on page 6.

Revenue from continuing operations was flat at £195,496,000 (2012: 195,136,000), with an increase in digital and new product revenue offsetting the decline in print revenue. The Company's digital revenue for the year increased by 23.0% to £56,200,000 (2012: £45,700,000).

On 27 May 2013, an Australian edition of The Guardian online was launched through a wholly owned subsidiary of the Company, GNM Australia Pty Ltd. 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 arm's length relationship, having no say in editorial matters or operational decisions.

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

Dividends
The directors are unable to recommend the payment of a dividend (2012: £nil).

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

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

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

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

Share issue
During the year, 40.0 million £1 ordinary shares were issued at par (2012: 42.4 million £1 ordinary shares).

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

Creditors' payment policy
The Company has implemented systems to ensure the prompt recognition of all identifiable liabilities to creditors and payments are made to these creditors in line with the Confederation of British Industry ("CBI") Prompt Payment Code. The creditor days figure for the year was 27 days (2012: 27 days).

Guardian News and Media Limited
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REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2013

Directors and their interests
The directors of the Company at 31 March 2013 are as listed on page 2. D. Gannon and A. Freeman resigned as directors on 8 June 2012 and 5 October 2012 respectively. All other directors served throughout the year.

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

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

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

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

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

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

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

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

Donations
Payments to charitable organisations during the year amounted to £17,472, of which £17,027 were to local and £445 to national organisations (2012: £33,449, of which £29,549 local and £3,900 national). No payments to political parties were made during the year (2012: £nil).

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

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

ON BEHALF OF THE BOARD

J. Cornaby
Director
26 June 2013

Guardian News and Media Limited
Registered no. 00908396

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

We have audited the financial statements of Guardian News and Media Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the directors and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Sam Tomlinson

Samuel Tomlinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2013

Guardian News and Media Limited
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PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2013

	Note	2013 £000	2012 £000
All continuing operations			
Revenue	2	**195,496**	195,136
Operating costs	4(c)	**(233,598)**	(243,351)
Operating loss before exceptional items		**(38,102)**	(48,215)
Exceptional items	4(b)	**(7,684)**	(9,071)
Operating loss	4	**(45,786)**	(57,286)
Profit on sale of business	5	**2,091**	-
Loss on disposal of fixed assets	11	**(655)**	(17)
Interest receivable and similar income	6	**301**	34
Interest payable and similar charges	7	**(1,307)**	(1,501)
Income from shares in subsidiary undertakings	8	**4,904**	-
Loss on ordinary activities before taxation		**(40,452)**	(58,770)
Tax credit on loss on ordinary activities	9	**9,166**	5,436
Loss for the financial year	20	**(31,286)**	(53,334)

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

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

The notes on page 8 to 17 form part of these financial statements.

Guardian News and Media Limited
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BALANCE SHEET
as at 31 March 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Intangible assets	10	-		-	
Tangible assets	11	17,290		29,179	
Investments	12	367		1,169	
			17,657		30,348
Current assets					
Stock	13	1,987		1,459	
Debtors *	14	122,823		96,913	
Cash at bank and in hand		5,240		4,271	
		130,050		102,643	
Creditors: amounts falling due within one year	15	(68,647)		(62,756)	
Net current assets			61,403		39,887
Total assets less current liabilities			79,060		70,235
Creditors: amounts falling due after more than one year	16		(33,501)		(36,553)
Provisions for liabilities and charges	18		(18,108)		(22,516)
Net assets			27,451		11,166
Capital and reserves					
Called up share capital	19		440,000		400,000
Profit and loss account	20		(412,549)		(388,834)
Total shareholder's funds	21		27,451		11,166

* Debtors includes an amount of £13,479,000 (2012: £13,418,000) relating to a deferred tax asset, which is expected to be realised after more than one year (see note 14).

The notes on page 8 to 17 form part of these financial statements.

The financial statements on pages 6 to 17 were approved by the Board of Directors on 26 June 2013 and signed on their behalf by:

J. Cornaby
Director

Guardian News and Media Limited
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

1. Accounting policies

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

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

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

The financial statements of the Company are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks ended 31 March 2013 and for the comparative period cover the 52 weeks ended 1 April 2012.

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

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

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

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

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

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

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

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

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

1. Accounting policies (continued)

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

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

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

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

No timing differences are recognised in respect of:

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

Where the amount received for group relief is more than the tax value surrendered, the excess amount is recognised directly in the profit and loss account reserve. The receipt for the tax value of the loss surrendered is recognised in the tax credit for the year.

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

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

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

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

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

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

Provisions
A provision is recognised in the financial statements when an obligation exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

1. Accounting policies (continued)

Foreign currency transactions

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

Pension costs

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

2. Revenue

Sales are made substantially in the United Kingdom and relate to one class of business, being the dissemination of news, information and advertising matter by way of print and digital media. The Company has recognised revenue from barter transactions of £2,761,000 in the year (2012: £3,279,000), and from royalty and general service agreements with subsidiary undertakings of £1,289,000 (2012: £999,000).

3. Staff costs

	2013 £000	2012 £000
(a) Staff costs during the year, including executive directors, comprise:		
Wages and salaries	**86,292**	84,761
Social security costs	**8,886**	8,700
Other pension costs (see note 25)	**6,796**	6,983
	101,974	100,444

Included within staff costs are £7,666,000 (2012: £6,802,000) of exceptional items relating to organisational restructuring (see note 4(b)).

(b) Average monthly number of persons employed during the year, including executive directors:	Number	Number
Production	**915**	968
Selling and distribution	**385**	387
Administration	**159**	158
	1,459	1,513

(c) Emoluments of directors	2013 £000	2012 £000
Aggregate emoluments	**1,144**	1,642
Company pension contributions to money purchase schemes	**209**	332

As at 31 March 2013 retirement benefits are accruing to three directors under a money purchase scheme (2012: five directors). Aggregate emoluments excludes £559,000 in respect of compensation for loss of office (2012: £261,000). A. Miller and D. Singer were employed by another Guardian Media Group plc company during the year and no recharge is made for their services to the Company (2012: same).

	2013 £000	2012 £000
Highest paid director:		
Aggregate emoluments	**416**	456
Company pension contributions to money purchase schemes	**75**	150

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

4. Operating loss

	2013 £000	2012 £000
(a) The following amounts have been charged in arriving at the operating loss:		
Depreciation charge on tangible fixed assets:		
- Owned assets	**14,105**	13,053
- Under finance leases	**-**	243
Staff costs (see note 3)	**101,974**	100,444
Auditors' remuneration for audit of the Company's financial statements	**132**	125
Auditors' remuneration for tax services	**88**	232
Operating lease rentals:		
- Plant and machinery	**83**	126
- Buildings	**3,665**	3,601

(b) Also included in operating loss are the following exceptional costs:	2013 £000	2012 £000
Organisational restructuring	**7,684**	7,731
Bad debts	**-**	1,340
	7,684	9,071

(c) Operating costs comprise the following (less other operating income):	2013 £000	2012 £000
Raw materials and consumables	**18,673**	24,012
Other external charges	**8,383**	9,417
Staff costs (see note 3)	**94,308**	93,642
Depreciation on tangible fixed assets	**14,105**	13,296
Other operating expenses	**98,829**	103,481
Other operating income	**(700)**	(497)
	233,598	243,351

5. Profit on sale of business

	2013 £000	2012 £000
During the year a business division of the Company was sold, as detailed below:		
Cash consideration	**2,300**	-
Non cash consideration	**593**	-
Write down of the carrying value of the investment (see note 12)	**(802)**	-
	2,091	-

6. Interest receivable and similar income

	2013 £000	2012 £000
Interest income	**40**	34
Interest on amounts owed from subsidiary undertakings (see note 14)	**261**	-
	301	34

7. Interest payable and similar charges

	2013 £000	2012 £000
Interest payable on finance leases	**1,307**	1,501

8. Income from shares in subsidiary undertakings
During the year a dividend of £4,904,000 was received from a wholly owned subsidiary undertaking, Guardian News Services Limited (2012: £nil), prior to this subsidiary undertaking's liquidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

9. Tax credit on loss on ordinary activities

	2013	2012
(a) Analysis of credit in year	**£000**	£000
Current tax:		
UK corporation tax on results for the year	**(7,704)**	(7,609)
Adjustments in respect of prior periods	**(1,522)**	1,890
Overseas tax	**121**	64
Total current tax	**(9,105)**	(5,655)
Deferred tax:		
Origination and reversal of timing differences	**(715)**	(1,001)
Changes in tax rates or laws	**654**	1,220
Total deferred tax (see note 17)	**(61)**	219
Tax credit on loss on ordinary activities	**(9,166)**	(5,436)

(b) Factors affecting the tax credit for the year
The tax for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 24% (2012: 26%)
The differences are explained below.

	2013 £000	2012 £000
Loss on ordinary activities before tax	**(40,452)**	(58,770)
Loss on ordinary activities multiplied by standard corporation tax rate of 24% (2012: 26%)	**(9,708)**	(15,280)
Effects of:		
Non-deductible expenses	**835**	1,051
Income not taxable	**(1,177)**	-
Depreciation in excess of capital allowances	**3,120**	2,944
Other timing differences	**(836)**	(437)
Current year tax losses not recognised	**-**	4,113
Group relief surrendered for nil consideration	**62**	-
Adjustments in respect of prior periods	**(1,522)**	1,890
Overseas tax	**121**	64
Current tax credit for year	**(9,105)**	(5,655)

(c) Factors that may affect future tax charges

A change in the UK main corporation tax rate from 26% to 24% was substantially 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 at 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 commencing 1 April 2014 and following the Autumn Statement 2012 by an additional 1% 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 substantially enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

10. Intangible assets

	Goodwill £000
Cost	
At 31 March 2013 and 2 April 2012	**14,354**
Accumulated amortisation	
At 31 March 2013 and 2 April 2012	**(14,354)**
Net book value	
At 31 March 2013 and 1 April 2012	-

11. Tangible assets

	Land and buildings £000	Plant and vehicles £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost					
At 2 April 2012	13,209	96,946	26,879	820	137,854
Additions	-	2,124	-	747	2,871
Transfers from/(to) other asset classes	-	1,042	-	(1,042)	-
Disposals	-	(38,145)	(444)	-	(38,589)
At 31 March 2013	**13,209**	**61,967**	**26,435**	**525**	**102,136**
Accumulated depreciation					
At 2 April 2012	13,209	86,270	9,196	-	108,675
Depreciation charge for the year	-	11,040	3,065	-	14,105
Disposals	-	(37,491)	(443)	-	(37,934)
At 31 March 2013	**13,209**	**59,819**	**11,818**	**-**	**84,846**
Net book value at 31 March 2013	**-**	**2,148**	**14,617**	**525**	**17,290**
Net book value at 1 April 2012	-	10,676	17,683	820	29,179

Plant and vehicles include digital assets with a net book value of £1,266,000 (2012: £9,006,000).

During the year, assets with a total cost of £38,589,000 and net book value of £655,000 were written off, resulting in a loss on disposal of £655,000 (2012: £17,000). These are no longer in use.

Assets held under finance leases, capitalised and included in tangible fixed assets (see note 16) at the present value of minimum lease payments:

	2013 £000	2012 £000
Cost	**52,847**	52,847
Accumulated depreciation	**(10,600)**	(10,600)
Accumulated impairment charge	**(42,247)**	(42,247)
Net book value	**-**	-

12. Investments

	Investment in subsidiary undertakings £000	Loan £000	Total £000
Net book value at 2 April 2012	**802**	**367**	**1,169**
Write down of investment	**(802)**	**-**	**(802)**
Net book value at 31 March 2013	**-**	**367**	**367**

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

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

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

During the year, GNM Australia Pty Ltd, a wholly owned subsidiary undertaking, was incorporated in Australia. Additionally, Guardian News Service Limited and four other dormant, wholly owned subsidiary undertakings were liquidated.

During the year, a business division of the Company was sold, and accordingly the investment was written down (see note 5).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

12. Investments (continued)

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

* ContentNext Media Inc. is incorporated in the United States of America.
** These companies were dormant during the year under review.
*** These companies are wholly owned subsidiary undertakings of Guardian Education Interactive Limited. Learnthings South Africa (Pty) Limited is incorporated in South Africa.
**** This company is a wholly owned subsidiary undertaking of ContentNext Media Inc and is incorporated in the United States of America.
***** This company is a wholly owned subsidiary undertaking and is incorporated in Australia.

13. Stock

	2013 £000	2012 £000
Raw materials	**1,987**	1,459

14. Debtors

	2013 £000	2012 £000
Trade debtors	**25,729**	22,640
Amount owed by group undertakings	**-**	126
Amount owed by fellow subsidiary undertakings	**67,200**	47,986
Corporation tax receivable	**5,186**	160
Deferred tax asset (see note 17)	**13,479**	13,418
VAT receivable	**-**	15
Other debtors	**2,389**	2,162
Prepayments and accrued income	**8,840**	10,406
	122,823	96,913

Other than an amount owed by Guardian News and Media LLC, a wholly owned subsidiary undertaking incorporated in the United States of America, the amounts owed by group undertakings and fellow subsidiary undertakings are unsecured, interest free, have no fixed payment date and are repayable on demand. The amount owed by Guardian News and Media LLC is unsecured, has no fixed payment date, is repayable on demand and interest is charged at the three month USD LIBOR rate plus 3.5%.

Corporation tax receivable relates to group relief due from various group undertakings.

The deferred tax asset of £13,479,000 (2012: £13,418,000) is expected to be realised after more than one year.

15. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	**6,240**	6,927
Amount owed to group undertakings	**16,874**	10,875
Amount owed to fellow subsidiary undertakings	**10,556**	12,249
Other taxation and social security	**2,682**	3,309
VAT payable	**1,301**	-
Other creditors (see note 16)	**1,929**	1,223
Finance leases (see note 16)	**3,488**	3,340
Accruals and deferred income	**25,577**	24,833
	68,647	62,756

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

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

	2013	2012
	£000	£000
Finance leases	26,082	29,570
Other creditors	7,419	6,983
	33,501	36,553

Other creditors represent operating lease incentives of £9,237,000 (2012: £8,120,000), of which £1,818,000 (2012: £1,137,000) is due within one year (see note 15).

Finance leases

Reconciliation between minimum lease payments and their present value:

	2013	2012
	£000	£000
Minimum lease payments	34,295	38,940
Future finance charges	(4,725)	(6,030)
Present value of finance lease liability	29,570	32,910

Of which £3,488,000 is payable within one year (2012: £3,340,000) (see note 15).

The lease payments under finance leases fall due as follows:

	Minimum lease payments	Future finance charges	Present value of finance lease liability
2013	£000	£000	£000
Not later than one year	4,645	1,157	3,488
Later than one year but not more than five	18,578	3,010	15,568
More than five years	11,072	558	10,514
	34,295	4,725	29,570
2012			
Not later than one year	4,645	1,305	3,340
Later than one year but not more than five	18,579	3,671	14,908
More than five years	15,716	1,054	14,662
	38,940	6,030	32,910

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

17. Deferred tax

	2013	2012
	£000	£000
Accelerated capital allowances	11,118	10,676
Short term timing differences	2,361	2,742
Deferred tax asset	13,479	13,418
Movement in the year :		
At 2 April 2012	13,418	13,637
Credit / (charge) to profit and loss account (see note 9)	61	(219)
At 31 March 2013	13,479	13,418

The deferred tax asset is expected to be recoverable after more than one year. The Company has an unprovided deferred tax asset of £16,613,000 (2012: £17,213,000) relating to carried forward trading losses (£10,221,000) (2012: (£13,205,000)) and short term timing differences (£3,642,000) (2012: (£4,008,000) and fixed asset timing differences (£2,750,000) (2012: nil). No deferred tax asset is recognised on these amounts as it is not regarded as more likely than not that there will be suitable taxable profits/gains, against which they can be deducted in the foreseeable future. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

18. Provisions for liabilities and charges

	Printing contracts £000	Restructuring £000	Other £000	Total £000
At 2 April 2012	11,983	4,607	5,926	22,516
Additional provisions	-	2,234	912	3,146
Unused amounts reversed	-	(202)	(379)	(581)
Used during the year	(1,847)	(4,252)	(874)	(6,973)
At 31 March 2013	**10,136**	**2,387**	**5,585**	**18,108**

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

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

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

19. Called up share capital

	2013 £000	2012 £000
440,000,000 issued, called up and fully paid ordinary shares (2012: 400,000,000) of £1 each	**440,000**	400,000

During the year, the Company issued 40,000,000 £1 ordinary shares, at par, to its immediate parent undertaking, Guardian News and Media (Holdings) Limited.

20. Reserves

	Profit and loss account £000	Called up share capital £000	Total £000
At 2 April 2012	(388,834)	400,000	11,166
Loss for the financial year	(31,286)	-	(31,286)
Payments received for group relief in excess of the standard tax rate	7,571	-	7,571
Issue of share capital	-	40,000	40,000
At 31 March 2013	**(412,549)**	**440,000**	**27,451**

21. Reconciliation of movements of total shareholder's funds

	2013 £000	2012 £000
Loss for the financial year	**(31,286)**	(53,334)
Payments received for group relief in excess of the standard tax rate	**7,571**	14,800
Proceeds of issue of ordinary share capital	**40,000**	42,400
Net increase to equity shareholder's funds	**16,285**	3,866
Opening equity shareholder's funds	**11,166**	7,300
Closing equity shareholder's funds	**27,451**	11,166

22. Capital commitments authorised

Contracted capital expenditure as at 31 March 2013 amounted to £554,000 (2012: £192,000).

23. Operating lease and similar commitments

	2013 £000	2012 £000
Total annual amounts payable under non-cancellable leases are as follows:		
Land and buildings		
Expiring in less than one year	-	-
Expiring between two and five years	-	-
Expiring in over five years	**5,126**	4,756
	5,126	4,756
Other		
Expiring within one year	-	-
Expiring between two and five years	**91**	97
Expiring in over five years	-	-
	91	97

The Company has sublet one operating lease (see note 24) and the total annual sublet income expected to be receivable is £666,000 (2012: £666,000). Provisions have been recognised against those properties that are vacant or where the sublet income is below the head lease commitment (see note 18).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

24. Related party transactions

The directors regard Guardian Media Group plc as the controlling party by virtue of its 100% interest in the equity share capital of the Company. Transactions with fellow members of the Guardian Media Group plc are not required to be disclosed as these transactions are fully eliminated on consolidation.

In the course of normal operations, the Company has traded on an arm's length basis with associates, joint ventures and other related undertakings, principally Trader Media Group Limited, Top Right Group Limited (formerly Emap International Limited) and Seven Publishing Group Limited. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below:

	2013	2012
	£000	£000
Revenue	**422**	185
Operating costs	**1,795**	2,560

At year end, debtor balances outstanding in relation to these transactions amounted to £9,000 (2012: £21,000) and creditor balances outstanding in relation to these transactions amounted to £127,000 (2012: £nil).

The Company has sublet an operating lease on an arm's length basis to Seven Publishing Group Limited (see note 23) and the sublet income receivable is recognised over the period of the sublease. The total amount invoiced during the year was £716,000 (2012: £nil) and this amount was offset against an onerous lease provision (see note 18). The total debtor balance outstanding at year end amounted to £200,000 (2012: £nil).

The Company paid three directors of The Scott Trust Limited, Will Hutton, Larry Elliott (who resigned on 7 September 2011) and Heather Stewart, £143,000 (2012: £156,000) for services rendered to the Company in the normal course of business and on an arm's length basis. The Company also paid £4,000 (2012: £73,000) to law firm Olswang, of which a director of The Scott Trust Limited is a partner, in the normal course of business and on an arm's length basis.

25. Pensions

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

26. Post balance sheet events

There have been no significant events between the balance sheet date and the date of approval of these financial statements (2012: same).

27. Ultimate parent undertaking and controlling party

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

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

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

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