Company Registered Number 00908396

GUARDIAN NEWS AND MEDIA LIMITED

Report of the directors and financial statements
for the year ended 29 March 2015

Guardian News and Media Limited
Registered no. 00908396

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LIST OF DIRECTORS AND ADVISERS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:
S. Fitzsimons
D. Singer
E. Ciechan (appointed 17 July 2014)
T. Cordrey (appointed 17 July 2014)
K. Viner (appointed 1 June 2015)
A. Rusbridger (resigned 1 June 2015)
A. Miller (resigned 30 June 2015)

Secretary
P. Tranter

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

Solicitors
Bristows LLP
100 Victoria Embankment
London
EC4Y 0DH

Bankers
The Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

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

STRATEGIC REPORT
for the year ended 29 March 2015

The directors present the strategic report of Guardian News and Media Limited (the "Company") for the year ended 29 March 2015.

Activities and business review

The Company's principal activities are the dissemination of news, information and advertising matter by way of digital and print media.

Strategy and future outlook

GNM is on track with its plan to reduce underlying operating losses while growing digital revenue and its international presence. The future will focus on further improvement in underlying performance and reductions in cash used in operations, while continuing to grow audience reach and engagement and prioritise innovation in award-winning journalism and editorial products.

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 on page 4 and 5 of the group's consolidated financial statements, copies of which are available from The Secretary, Guardian Media Group plc, PO Box 60164, Kings Place, 90 York Way, London, N1P 2AP.

Operating and financial performance

The results for the Company are set out in the profit and loss account on page 8.

Revenue from continuing operations increased to £210,845,000 (2014: £208,547,000), from an increase in digital and new product revenue.

GNM total revenue grew by 2.6% to £214,600,000 (2014: £209,000,000) with increases in digital and new product revenue more than offsetting declines in print revenue. GNM divisional digital revenue for the year increased by 20.1% to £82,100,000 (2014: £68,300,000).

GNM total and GNM digital revenue include revenues from Guardian in America, Guardian in Australia and other GNM subsidiaries. Revenue and digital revenue for 2014 and 2015 are restated to exclude Guardian Digital Agency (GDA) as the trade and assets of GDA were sold in July 2014.

Key performance indicators

The directors manage the group's operations on a divisional basis and this Company forms part of GNM. The key performance indicators of GNM are discussed on page 4 and 5 in the group's consolidated financial statements, copies of which are available from The Secretary, Guardian Media Group plc, PO Box 60164, Kings Place, 90 York Way, London, N1P 2AP.

ON BEHALF OF THE BOARD OF DIRECTORS

D. Singer
Director
1 July 2015

Guardian News and Media Limited
Registered no. 00908396

REPORT OF THE DIRECTORS
for the year ended 29 March 2015

The directors present the report of the directors and the audited financial statements of Guardian News and Media Limited (GNM, the "Company") for the year ended 29 March 2015.

Future developments
Future developments have been discussed within the strategic report on page 3.

Financial risk management
Financial risk management is discussed on pages 15 and 16 in the group's consolidated financial statements, copies of which are available from The Secretary, Guardian Media Group plc, PO Box 60164, 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
The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining it. The Company encourages the involvement of employee's by means of regular communication programmes to the Company as a whole delivered by senior management, frequent internal email and intranet updates and an annual all staff financial results briefing.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Dividends
The directors are unable to recommend the payment of a dividend (2014: £nil).

Share issue
During the year, 15.0 million £1 ordinary shares were issued at par (2014: 35.0 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.

Directors and their interests
The directors of the Company at 29 March 2015 are as listed on page 2. E. Ciechan and T. Cordrey were appointed directors on 17 July 2014 and K. Viner was appointed a director on 1 June 2015. A. Rusbridger and A. Miller were directors on 29 March 2015 and resigned as directors on 1 June 2015 and 30 June 2015 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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors 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.

REPORT OF THE DIRECTORS (continued)
for the year ended 29 March 2015

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.

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 OF DIRECTORS

D. Singer
Director
1 July 2015

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

Report on the financial statements

Our opinion

In our opinion, Guardian News and Media Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 29 March 2015 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.

What we have audited

Guardian News and Media Limited's financial statements comprise:

- the balance sheet as at 29 March 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Samuel Tomlinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 July 2015

Guardian News and Media Limited
Registered no. 00908396

PROFIT AND LOSS ACCOUNT
for the year ended 29 March 2015

	Note	**2015**	2014
		£'000	£'000
All continuing operations			
Turnover	2	**210,845**	208,547
Operating costs	4(a)	**(232,462)**	(232,023)
Operating loss before exceptional items		**(21,617)**	(23,476)
Exceptional items	4(b)	**(2,273)**	(6,853)
Operating loss	4	**(23,890)**	(30,329)
Profit on sale of trade and assets	5	**600**	-
Interest receivable and similar income	6	**869**	498
Interest payable and similar charges	7	**(1,002)**	(1,157)
Loss on ordinary activities before taxation	8(b)	**(23,423)**	(30,988)
Tax on loss on ordinary activities	8(a)	**(3,197)**	(1,050)
Loss for the financial year	19	**(26,620)**	(32,038)

The Company has no recognised gains and losses other than those included in the loss above for the current and prior year, 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 10 to 19 form part of these financial statements.

Guardian News and Media Limited
Registered no. 00908396

BALANCE SHEET
as at 29 March 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Intangible assets	9	**-**		-	
Tangible assets	10	**16,128**		14,547	
Investments	11	**367**		367	
			16,495		14,914
Current assets					
Stocks	12	**1,102**		1,046	
Debtors *	13	**135,235**		122,681	
Cash at bank and in hand		**1,566**		4,144	
		137,903		127,871	
Creditors: amounts falling due within one year	14	**(92,906)**		(61,473)	
Net current assets			**44,997**		66,398
Total assets less current liabilities			**61,492**		81,312
Creditors: amounts falling due after more than one year	15		**(22,452)**		(28,049)
Provisions for liabilities and charges	17		**(12,547)**		(15,150)
Net assets			**26,493**		38,113
Capital and reserves					
Called up share capital	18		**490,000**		475,000
Profit and loss account	19		**(463,507)**		(436,887)
Total shareholders' funds	20		**26,493**		38,113

* Debtors includes an amount of £2,323,000 (2014: £7,046,000) relating to a deferred tax asset, which is expected to be realised after more than one year (see note 13).

The notes on page 10 to 19 form part of these financial statements.

The financial statements on pages 8 to 19 were approved by the Board of Directors on 1 July 2015 and signed on their behalf by:

D. Singer
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 March 2015

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 in perpetuity, 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 29 March 2015 and for the comparative period cover the 52 weeks ended 30 March 2014.

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.

Turnover
Turnover 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). Turnover is recognised when the amount of turnover can be reliably measured and it is probable that future economic benefits will flow to the Company.

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

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

Subscription turnover 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.

Marketing services revenue is recognised by stage of completion of the contractual arrangement at the balance sheet date. The stage of completion is determined through an assessment of the proportion of services that have been delivered compared to the total services required to complete the contract. Income from advance billings is deferred and released to revenue when conditions for its recognition have been fulfilled.

Exceptionals
The separate reporting of non-recurring exceptional items helps provide an indication of the Company's underlying business performance. The principal items which are included as exceptional items are the costs of significant restructuring.

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 29 March 2015

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. Turnover
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 digital and print media. The Company has recognised revenue from barter transactions of £1,263,000 in the year (2014: £2,458,000) and from royalty and general service agreements with subsidiary undertakings of £5,601,000 (2014: £2,994,000).

3. Staff costs

	2015	2014
	£'000	£'000
(a) Staff costs during the year, including executive directors, comprise:		
Wages and salaries	**87,090**	81,791
Social security costs	**9,846**	9,057
Other pension costs (see note 24)	**7,422**	6,945
	104,358	97,793
Organisational restructuring (see note 4(b))	**2,273**	6,853
	106,631	104,646

	2015	2014
(b) Average monthly number of persons employed during the year, including executive directors:	**Number**	Number
Production	**872**	864
Selling and distribution	**457**	411
Administration	**183**	157
	1,512	1,432

(c) Emoluments of directors	**2015**	2014
	£'000	£'000
Aggregate emoluments	**1,054**	1,138
Company pension contributions to money purchase schemes	**131**	217

As at 29 March 2015 retirement benefits are accruing to four directors under a money purchase scheme (2014: two directors). Aggregate emoluments excludes £274,000 in respect of contractual entitlement for notice period or compensation for loss of office (2014: £254,000). 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 (2014: same).

	2015	2014
Highest paid director:	**£'000**	£'000
Aggregate emoluments	**417**	416
Company pension contributions to money purchase schemes	**75**	75

4. Operating loss

	2015	2014
	£'000	£'000
(a) The following amounts have been charged in arriving at the operating loss:		
Depreciation charge on tangible fixed assets (owned assets):	**4,642**	5,263
Staff costs (see note 3)	**104,358**	97,793
Raw materials and consumables	**16,811**	17,271
Auditors' remuneration for audit of the Company's financial statements	**140**	147
Auditors' remuneration for tax services	**251**	258
Other external charges	**8,224**	8,245
Other operating charges	**99,720**	103,793
Other operating income	**(1,684)**	(747)
	232,462	232,023

Other operating income relates to income from philanthropic and strategic partnerships. It includes revenue from organisations such as the Bill & Melinda Gates Foundation and the Knight Foundation.

	2015	2014
Operating lease rentals:	£'000	£'000
- Plant and machinery	**76**	87
- Buildings	**4,054**	4,688

All tangible fixed assets held under finance leases have been fully depreciated.

(b) In addition to staff costs, the following exceptional costs exist:	2015	2014
	£'000	£'000
Organisational restructuring	**2,273**	6,853

5. Profit on sale of trade and assets

	2015	2014
	£'000	£'000
In July 2014, the Company sold Guardian Digital Agency, as detailed below:		
Cash consideration	**650**	-
Less: Professional fees	**(50)**	-
	600	-

6. Interest receivable and similar income

	2015	2014
	£'000	£'000
Interest on amounts owed from subsidiary undertakings (see note 13)	**869**	498

7. Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest payable on finance leases	**1,002**	1,157

8. Tax on loss on ordinary activities

	2015	2014
	£'000	£'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax on results for the year	**(1,185)**	(5,919)
Adjustments in respect of prior years	**(486)**	470
Corporation tax charge in respect of research and development	**145**	66
Total current tax credit	**(1,526)**	(5,383)
Deferred tax:		
Origination and reversal of timing differences	**4,723**	4,617
Changes in tax rates or laws	**-**	1,816
Total deferred tax charge (see note 16)	**4,723**	6,433
Tax charge on loss on ordinary activities	**3,197**	1,050

(b) Factors affecting the current tax credit for the year	2015	2014
The tax for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:	£'000	£'000
Loss on ordinary activities before tax	**(23,423)**	(30,988)
Loss on ordinary activities multiplied by standard corporation tax rate of 21% (2014: 23%)	**(4,919)**	(7,127)
Effects of:		
Non-deductible expenses	**753**	476
Depreciation in excess of capital allowances	**1,086**	1,261
Other timing differences	**(450)**	(813)
Research and development	**145**	66
Group relief surrendered for nil consideration	**225**	284
Adjustments in respect of prior years	**(486)**	470
Current year losses not recognised	**2,120**	-
Current tax credit for year	**(1,526)**	(5,383)

(c) Factors that may affect future tax charges

A change in the UK main corporation tax rate from 23% to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015 was substantively enacted during the previous financial year. There is no impact of the changes in these financial statements as deferred tax balances were remeasured at 20% in the previous financial year.

9. Intangible assets

	Goodwill
	£'000
Cost	
At 29 March 2015 and 30 March 2014	**14,354**
Accumulated amortisation	
At 29 March 2015 and 30 March 2014	**(14,354)**
Net book value	
At 29 March 2015 and 30 March 2014	-

10. Tangible assets

	Land and buildings £'000	Plant and vehicles £'000	Fixtures and fittings £'000	Assets in course of construction £'000	Total £'000
Cost					
At 30 March 2014	13,209	64,158	26,673	616	104,656
Additions	-	1,343	127	4,900	6,370
Transfers from/(to) other asset classes	-	555	-	(555)	-
Disposals	-	(7,151)	(246)	(139)	(7,536)
At 29 March 2015	**13,209**	**58,905**	**26,554**	**4,822**	**103,490**
Accumulated depreciation					
At 30 March 2014	13,209	62,408	14,492	-	90,109
Depreciation charge for the year	-	1,880	2,762	-	4,642
Disposals	-	(7,151)	(238)	-	(7,389)
At 29 March 2015	**13,209**	**57,137**	**17,016**	**-**	**87,362**
Net book value at 29 March 2015	**-**	**1,768**	**9,538**	**4,822**	**16,128**
Net book value at 30 March 2014	-	1,750	12,181	616	14,547

Plant and vehicles and assets in the course of construction include digital assets with a net book value of £4,164,000 (2014: £1,179,000).

During the year ended 29 March 2015, an exercise was performed to write off historical assets that were no longer in use with a total cost of £7,389,000 and a net book value of £nil. There was no write down of assets performed in the year ended 30 March 2014.

Assets held under finance leases are capitalised and included in tangible fixed assets (see note 15) at the present value of minimum lease payments:

	2015 **£'000**	2014 £'000
Cost	**52,847**	52,847
Accumulated depreciation	**(10,600)**	(10,600)
Accumulated impairment charge	**(42,247)**	(42,247)
Net book value	**-**	-

11. Investments

	Investment in subsidiary undertakings £'000	Loan £'000	Total £'000
Net book value at 29 March 2015 and 30 March 2014	**-**	**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 digital and print 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.

11. 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%
York Way 1001 Limited (formerly 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.

12. Stocks

	2015	2014
	£'000	£'000
Raw materials	**1,102**	1,046

13. Debtors

	2015	2014
	£'000	£'000
Trade debtors	**26,335**	24,603
Amount owed by Group undertakings	**92,058**	74,720
Amounts owed by group companies for group relief	**1,185**	3,525
Deferred tax asset (see note 16)	**2,323**	7,046
Other debtors	**2,403**	3,024
Prepayments and accrued income	**10,931**	9,763
	135,235	122,681

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% (2014: same).
Corporation tax receivable relates to group relief due from various group undertakings.

The deferred tax asset of £2,323,000 (2014: £7,046,000) is expected to be realised after more than one year.

14. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	**8,620**	6,943
Amounts owed to group undertakings	**37,133**	4,882
Amounts owed to undertakings in which the company has a participating interest	**8,166**	8,968
Other taxation and social security	**3,047**	2,861
VAT payable	**1,139**	1,256
Other creditors	**1,000**	793
Deferred lease incentive (see note 15)	**1,799**	1,810
Finance leases (see note 15)	**3,804**	3,643
Accruals and deferred income	**28,198**	30,317
	92,906	61,473

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

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

	2015	2014
	£'000	£'000
Finance leases	**18,636**	22,440
Other creditors	**3,816**	5,609
	22,452	28,049

Other creditors represent operating lease incentives of £5,615,000 (2014: £7,419,000), of which £1,799,000 (2014: £1,810,000) is included in other creditors falling due within one year (see note 14).

Finance leases

	2015	2014
	£'000	£'000
Reconciliation between minimum lease payments and their present value:		
Minimum lease payments	**25,007**	29,651
Future finance charges	**(2,567)**	(3,568)
Present value of finance lease liability	**22,440**	26,083

Of which £3,804,000 is payable within one year (2014: £3,643,000) (see note 14).

The lease payments under finance leases fall due as follows:	Minimum lease payments	Future finance charges	Present value of finance lease liability
2015	**£'000**	**£'000**	**£'000**
Not later than one year	**4,645**	**841**	**3,804**
Later than one year but not more than five	**18,579**	**1,617**	**16,962**
More than five years	**1,783**	**109**	**1,674**
	25,007	**2,567**	**22,440**
2014			
Not later than one year	4,645	1,002	3,643
Later than one year but not more than five	18,579	2,320	16,259
More than five years	6,427	246	6,181
	29,651	3,568	26,083

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.

16. Deferred tax

	2015	2014
	£'000	£'000
Accelerated capital allowances	**2,323**	5,635
Short term timing differences	**-**	1,411
Deferred tax asset	**2,323**	7,046
Movement in the year :		
At 31 March 2014 / 1 April 2013	**7,046**	13,479
Credit to profit and loss account (see note 8)	**(4,723)**	(6,433)
At 29 March 2015 / 30 March 2014	**2,323**	7,046

The deferred tax asset is expected to be recoverable after more than one year. The Company has an unprovided deferred tax asset of £26,091,000 (2014: £19,304,000) relating to carried forward trading losses (£10,338,000) (2014: (£8,746,000)), short term timing differences (£4,023,000) (2014: (£3,167,000)) and fixed asset timing differences (£11,730,000) (2014: (£7,391,000)). No deferred tax asset is recognised on these amounts as it is not regarded as more likely than not that there will be suitable taxable profits/gains, against which they can be deducted in the foreseeable future. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

17. Provisions for liabilities	**Printing contracts £'000**	**Restructuring £'000**	**Other £'000**	**Total £'000**
At 30 March 2014	8,632	1,064	5,454	15,150
Additional provisions	-	419	2,099	2,518
Unused amounts reversed	-	(74)	(1,261)	(1,335)
Used during the year	(1,505)	(990)	(1,291)	(3,786)
At 29 March 2015	**7,127**	**419**	**5,001**	**12,547**

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.

18. Called up share capital	**2015 £'000**	2014 £'000
490,000,000 issued, called up and fully paid ordinary shares (2014: 475,000,000) of £1 each	**490,000**	475,000

During the year, the Company issued 15,000,000 £1 ordinary shares (2014: 35,000,000) at par, to its immediate parent undertaking, Guardian News and Media (Holdings) Limited.

19. Reserves	**Profit and loss account £'000**	**Called up share capital £'000**	**Total £'000**
At 30 March 2014	(436,887)	475,000	38,113
Loss for the financial year	(26,620)	-	(26,620)
Issue of share capital	-	15,000	15,000
At 29 March 2015	**(463,507)**	**490,000**	**26,493**

20. Reconciliation of movements of total shareholders' funds	**2015 £'000**	2014 £'000
Loss for the financial year	**(26,620)**	(32,038)
Payments received for group relief in excess of the standard tax rate	**-**	7,700
Proceeds of issue of ordinary share capital	**15,000**	35,000
Net increase to shareholders' funds	**(11,620)**	10,662
Opening shareholders' funds	**38,113**	27,451
Closing shareholders' funds	**26,493**	38,113

21. Capital commitments authorised

Contracted capital expenditure as at 29 March 2015 amounted to £625,000 (2014: £nil).

22. Operating lease and similar commitments	**2015 £'000**	2014 £'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	**1,196**	82
Expiring in over five years	**4,449**	5,496
	5,645	5,578
Other		
Expiring within one year	**10**	-
Expiring between two and five years	**93**	96
Expiring in over five years	**-**	-
	103	96

The Company has sublet one operating lease (see note 23) and the total annual sublet income expected to be receivable is £701,000 (2014: £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 17).

The Company has agreed to a 10 year lease for space in a building adjacent to Kings Place, with a principle purpose of supporting the Membership programme. At the date of signing the financial statements this lease was not signed and so is not included in the commitments above.

23. 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 Top Right Group 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:

	2015	2014
	£'000	£'000
Revenue	**1**	-
Operating costs	**-**	1,051

At year end, debtor balances outstanding in relation to these transactions amounted to £nil (2014: £nil) and creditor balances outstanding in relation to these transactions amounted to £7,000 (2014: £7,000).

The Company has sublet an operating lease on an arm's length basis to Seven Publishing Group Limited (see note 22) and the sublet income receivable is recognised over the period of the sublease. The total amount invoiced during the year was £701,000 (2014: £666,000) and this amount was offset against an onerous lease provision (see note 17). The total debtor balance outstanding at year end amounted to £277,000 (2014: £200,000).

The Company paid one director of The Scott Trust Limited, Will Hutton £66,000 (2014: two directors £133,000) for services rendered to the Company in the normal course of business and on an arm's length basis.

24. 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.

25. Ultimate parent undertaking and controlling party

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

The Scott Trust Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 29 March 2015. 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.