Registration number: 00908396

Guardian News & Media Limited

Annual Report and Financial Statements

for the year ended 28 March 2021

Guardian News & Media Limited

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Guardian News & Media Limited

Company Information

Directors	Katharine Viner Keith Underwood James Bishop
Registered office	PO Box 68164 Kings Place 90 York Way London N1P 2AP
Independent Auditor	BDO LLP Statutory Auditors 55 Baker Street London W1U 7EU

Guardian News & Media Limited

Strategic Report for the year ended 28 March 2021

The directors present their strategic report for the year ended 28 March 2021.

Review of the business

Guardian News & Media Limited (the "Company") is publisher of theguardian.com, one of the world's leading news websites, and the Guardian and Observer newspapers. The Company forms part of the Guardian News & Media division (GNM) of the Guardian Media Group plc (GMG), which is the Group's core operating division. The business review, Section 172 of the Companies Act statement, key performance indicators, strategy and future outlook of GNM is discussed on pages 2 to 8 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.

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 3 of 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.

Approved by the Board on 6 July 2021 and signed on its behalf by:

Keith Underwood
Director

Guardian News & Media Limited

Directors' Report for the year ended 28 March 2021

The directors present their report and the audited financial statements for the year ended 28 March 2021.

Directors of the company

The directors, who held office during the period, and up to the date of signing unless otherwise stated were as follows:

Katharine Viner

Keith Underwood (appointed 26 November 2020)

James Bishop

Annette Thomas (resigned 1 July 2021)

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial period ended 28 March 2021 (2020: £Nil).

Financial instruments

Objectives and policies

Financial risk management is discussed on pages 32 to 34 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.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk, credit risk, liquidity risk and cash flow risk are discussed on pages 32 to 34 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.

Employee involvement

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 employees by means of regular communication programmes to the Company as a whole delivered by senior management, frequent internal email and intranet updates and quarterly all staff financial results briefings.

The Company is committed to a working environment where our staff, clients and partners are treated equally. We aspire that our Company staffing at levels reflects our values, based on equal opportunities for all employees, irrespective of gender, race, religion, disability, social background, age, sexual orientation, pregnancy & parenthood, gender reassignment 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 we support individuals to continue in employment, either in the same role or an alternative position, with appropriate adjustments and retraining provided as necessary.

Guardian News & Media Limited

Directors' Report for the year ended 28 March 2021

Environmental matters
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. This is considered further in the strategic report on page 2 to 8 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.

Going concern
The Company's intermediate parent undertaking, Guardian News & Media (Holdings) Limited, is owned 100% by Guardian Media Group plc, and ultimately owned 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. The impact of Covid-19 has been considered, however due to the significant resources of Guardian Media Group plc the directors do not believe there is any impacts on the viability of future operations. For this reason, the going concern basis in preparing the financial statements continues to be appropriate for a period of at least 15 months.

Streamlined energy and carbon reporting
The Company's disclosures with regard to streamlined energy and carbon reporting are included within the Strategic Report of Guardian Media Group plc.

Section 172 of the Companies Act
The Company's disclosures with regard to Section 172 of the Companies Act are included within the Strategic Report and Directors' Report of Guardian Media Group plc.

Directors' liabilities
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 Section 234 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.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

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

Approved by the Board on 6 July 2021 and signed on its behalf by:

Keith Underwood
Director

Guardian News & Media Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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, comprising FRS 101 'Reduced Disclosure Framework', 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 apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Guardian News & Media Limited

Independent auditor's report to the members of Guardian News & Media Limited

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 March 2021 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.

We have audited the financial statements of Guardian News & Media Limited ("the Company"), for the year ended 28 March 2021 which comprise the Income Statement, Statement of Comprehensive Income Statement, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of Guardian News & Media Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of the Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Guardian News & Media Limited

Independent auditor's report to the members of Guardian News & Media Limited

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
  • enquiries of management regarding : the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
  • obtaining an understanding of the legal and regulatory framework in which the company operates. The key laws considered are international accounting standards in conformity with the Companies Act 2006 and the Companies Act 2006.
- We have responded to risks identified by performing procedures including the following:
  • enquiry of in-house management concerning actual and potential litigation and claims;
  • performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
  • reading the minutes of meetings of those charged with governance.
- We have also considered the risk of fraud through management override of controls by:
  • testing on a sample basis the appropriateness of journal entries and other adjustments; and
  • assessing whether the judgements made in making accounting estimates are indicative of potential bias;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Guardian News & Media Limited

Independent auditor's report to the members of Guardian News & Media Limited

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Nicole Martin
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Nicole Martin (Senior Statutory Auditor)

For and on behalf of BDO LLP statutory auditor
London
06 July 2021

6 July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Guardian News & Media Limited

Income Statement for the year ended 28 March 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	202,215	206,348
Raw materials and consumables used		(10,428)	(16,686)
Employee benefits expense	8	(110,696)	(105,291)
Depreciation and amortisation expense		(9,905)	(7,574)
Other expenses		(85,636)	(91,553)
Operating loss		(14,450)	(14,756)
Interest receivable and similar income	6	2,488	7,335
Interest payable and similar expenses	7	(10,464)	(2,483)
Share of loss of equity accounted investees	15	(106)	(568)
		(8,082)	4,284
Loss before tax		(22,532)	(10,472)
Tax credit/(charge) on loss	11	16,389	(4,280)
Loss for the period		(6,143)	(14,752)

The above results were derived from continuing operations.

The notes on pages 15 to 37 form an integral part of these financial statements.

Guardian News & Media Limited

Statement of Comprehensive Income for the year ended 28 March 2021

	2021 £ 000	2020 £ 000
Loss for the period	(6,143)	(14,752)
Total comprehensive expense for the period	(6,143)	(14,752)

The notes on pages 15 to 37 form an integral part of these financial statements.

Guardian News & Media Limited

(Registration number: 00908396)
Statement of Financial Position as at 28 March 2021

	Note	2021 £ 000	2020 £ 000
Non current assets			
Intangible assets	12	2,224	5,581
Property, plant and equipment	13	2,054	2,572
Right-of-use assets	14	58,228	63,140
Investments	15	-	106
		62,506	71,399
Current assets			
Inventories	16	374	381
Trade and other receivables	17	91,267	167,894
Deferred tax assets	11	18,905	5,742
Cash at bank and in hand		2,596	2,168
		113,142	176,185
Current liabilities			
Trade and other payables	18	(59,078)	(143,857)
Current portion of long term lease liabilities	19	(7,009)	(8,741)
Current liabilities		(66,087)	(152,598)
Net current assets		47,055	23,587
Total assets less current liabilities		109,561	94,986
Non-current liabilities			
Long term lease liabilities	19	(56,814)	(60,867)
Provisions for liabilities	20	(14,437)	(9,666)
Net assets		38,310	24,453

The notes on pages 15 to 37 form an integral part of these financial statements.

Guardian News & Media Limited

(Registration number: 00908396)
Statement of Financial Position as at 28 March 2021

	Note	2021 £ 000	2020 £ 000
Equity			
Called up share capital	21	685,000	665,000
Retained earnings		(646,690)	(640,547)
Shareholders' funds		38,310	24,453

These financial statements were approved by the Board on 6 July 2021 and signed on its behalf by:

Keith Underwood
Director

The notes on pages 15 to 37 form an integral part of these financial statements.

Guardian News & Media Limited

Statement of Changes in Equity for the year ended 28 March 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 30 March 2020	665,000	(640,547)	24,453
Loss for the period	-	(6,143)	(6,143)
Total comprehensive expense	-	(6,143)	(6,143)
New share capital subscribed	20,000	-	20,000
At 28 March 2021	685,000	(646,690)	38,310

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	665,000	(625,143)	39,857
Loss for the period	-	(14,752)	(14,752)
Total comprehensive expense	-	(14,752)	(14,752)
Reserves adjustment (note 2)	-	(652)	(652)
At 29 March 2020	665,000	(640,547)	24,453

The notes on pages 15 to 37 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:
PO Box 68164
Kings Place
90 York Way
London
N1P 2AP

These financial statements were authorised for issue by the Board on 6 July 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006.

The Company is a wholly-owned subsidiary of Guardian News & Media (Holdings) Limited and is included in the consolidated financial statements of Guardian Media Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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 28 March 2021 and for the comparative period cover the 52 weeks ended 29 March 2020.

Guardian News & Media Limited

Notes to the Financial Statements for the year ended 28 March 2021

Summary of disclosure exemptions
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

· IAS 1 'Presentation of financial statements': information on management of capital has not been presented. Comparative financial information in respect of paragraph 73 (E) of IAS 16 Property, plant and equipment and paragraph 11 (e) of IAS 38 Intangible assets has not been presented.
· IAS 7 'Statement of cash flows': a cash flow statement has not been presented.
· IAS 8 'Accounting policies, changes in accounting estimates and errors': disclosure in respect of new standards and interpretations that have been issued but which are not yet effective has not been provided.
· IAS 24 'Related party disclosures': key management personnel compensation has not been presented. Related party transactions entered into between two or more members of the group, provided that the subsidiary which is a party to the transaction is wholly owned by such a member have not been disclosed.
· IFRS 7 'Financial instruments disclosures': none of the disclosures required by IFRS 7 have been presented.
· IFRS 13 'Fair value measurement': none of the disclosures required by IFRS 13 have been presented.

Reserves adjustment
An amount of £652,000 was posted through the prior year Statement of Changes in Equity to correct an immaterial error identified arising on the adoption of IFRS 15.

Going concern
The directors have considered the impact of Covid-19 in this assessment of both the future operational performance along with the value of its resources. Accordingly, the financial statements are prepared on a going concern basis.

Changes in accounting policy

Revenue recognition

Revenue is recognised in the accounting period when control of the sold service has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The application of the principles results in the following:

Reader revenue

Revenue from contributions is recognised as revenue upon receipt of funds.

Membership and subscription revenue is recognised on a straight-line basis over the life of the subscription. Revenue associated with voucher schemes is deferred based on estimated redemption rates and recognised as the vouchers are used or expire.

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.

Newsstand (circulation) revenue (net of returns) is recognised on publication.

Advertising and other revenue

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

Marketing services revenue is recognised when performance obligations have been met.

Philanthropic revenue is recognised as per IAS 20 on a gross basis as it is considered this reflects the nature of the transactions. Revenue is deferred and is recognised in line with when costs have been incurred for a nil contribution.

Royalty revenue is recognised upon generation of revenue by users of the Company's content.

Foreign currency transactions and balances

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 income statement.

Tax

The tax charge for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The net deferred tax asset after the offset of deferred tax liabilities is recognised to the extent it is considered probable that future taxable profits will be available.

Property plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

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.

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.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	Straight line 6.7% - 50%
Furniture, fittings and equipment	Straight line 10% - 33%

Guardian News & Media Limited

Notes to the Financial Statements for the year ended 28 March 2021

Intangible assets
Intangible assets comprise internally-generated digital assets.

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

Amortisation
Amortisation is provided on intangible assets to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	**Amortisation method and rate**
Internally generated	Straight line 2 years

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.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown net of cash and cash equivalents where the company has the right of net settlement.

Trade receivables
Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and the identified impairment loss was immaterial.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost (WAC) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the income statement.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate fund, and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition
The Company has a number of revenue streams which run over a number of months or years that require judgement to recognise revenue in the correct accounting period. Subscription revenue associated with voucher schemes is deferred using estimated redemption rates which are based on historical experience.

Advertising rebates
The Company enters into agreements with advertising agencies, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency based on the level of agency spend over the contract period. These rebates can take the form of free advertising space, cash payments or both. The rebate provision is calculated using the forecast spend over the contract period and the rebate entitlement set out in the trading agreement. Calculating the required provision therefore requires an estimate of future period spend in determining what tier of spend the agencies may reach over the agreement.

Lease term and discount rate
There are a number of critical estimates and judgements required to calculate lease liabilities and corresponding right-of-use assets under IFRS 16. Where there is uncertainty regarding the length of the lease, this is reviewed and the most likely expected term is used. The selection of the discount rate is particularly challenging as the company and the group of which it is part has no debt or serviceable equity and therefore does not have weighted average cost of capital figure readily available. When selecting an appropriate rate, the company has considered historical debt, recent capital projects and commercially available rates. The final rate selected is therefore subject to significant judgement that it is appropriate, sensitivity analysis has been performed to ensure that the final rate used does not unduly influence the outcome with a commonly accepted range of rates.

Provisions
The Company's provisions principally relate to dilapidations of premises and severance costs incurred from restructuring its cost base.

Dilapidations are calculated based on the expected cost to return property to its original state and are built up over the life of the lease.

When calculating the severances provision, management has estimated expected timings and payments based on written agreements and discussions that have taken place as part of the restructuring plan.

Recognition of deferred tax assets
The Company's tax credit/expense for the year is the sum of the total current and deferred tax charges and credits. The calculation of the total tax credit/expense necessarily involves a degree of estimation and judgement in respect of certain items. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable gains and profits of the business. Management believes that the estimates made to evaluate the recoverability of deferred tax assets are reasonable and that a recoverable amount of deferred tax assets is presented. However, these estimates include uncertainties that are beyond the control of management. Therefore, the company may need to adjust deferred tax assets in the future if there is a change in the estimates related to the evaluation of recoverability due to unforeseen changes in assumptions and other factors.

4 Revenue

The analysis of the company's revenue for the period from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Reader revenue	112,093	100,423
Advertising and other revenue	90,122	105,925
	202,215	206,348

5 Operating costs

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation expense	1,673	1,641
Depreciation on right of use assets - Property	4,949	3,783
Amortisation expense	3,283	2,150

6 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest income on bank deposits	34	-
Interest received from related parties	2,454	3,842
Foreign exchange gains	-	3,493
	2,488	7,335

7 Interest payable and similar charges

	2021 £ 000	2020 £ 000
Foreign exchange losses	7,521	-
Interest expense on leases	2,943	2,483
	10,464	2,483

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	83,074	86,749
Social security costs	9,639	9,390
Pension costs, defined contribution scheme	7,792	7,551
Redundancy costs	10,191	1,601
	110,696	105,291

During the financial year, the Company claimed £1.6m (2020: £nil) of government grants from the Coronavirus Job Retention Scheme relating to furloughed employees. Subsequently, the Company voluntarily elected to repay these grants and therefore there is no impact to income statement as the initial receipt has been reversed, the amount repayable is reflected in accruals and was paid during April 2021. The Company does not have any unfulfilled obligations relating to this programme.

The monthly average number of persons employed by the Company (including directors) during the period, analysed by category was as follows:

	2021 No.	2020 No.
Production	774	771
Administration and support	193	199
Sales, marketing and distribution	342	340
	1,309	1,310

9 Directors' remuneration

The directors' remuneration for the period was as follows:

	2021 £ 000	2020 £ 000
Remuneration	1,414	1,712
Contributions paid to money purchase schemes	32	42
	1,446	1,754

During the period the number of directors who were receiving benefits was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	3	4

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	616	669
Company contributions to money purchase pension schemes	-	10

10 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	73	70
Other fees to auditors		
Taxation compliance services	-	40

11 Income tax

Tax (credited)/charged in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	(3,226)	(224)
Deferred taxation		
Arising from origination and reversal of temporary differences	(13,163)	4,504
Tax (credited)/charged in the income statement	(16,389)	4,280

The tax on loss before tax for the period is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Loss before tax	(22,532)	(10,472)
Corporation tax at standard rate	(4,281)	(1,990)
(Decrease)/increase in current tax from adjustment for prior periods	(69)	669
Increase from effect of foreign tax	357	299
Increase from effect of expenses not deductible in determining taxable profit	363	474
Increase from effect of unrecognised tax loss	404	-
(Decrease)/increase in deferred tax charge from effect of impairing/(recognising) a deferred tax asset	(13,295)	6,980
Decrease in deferred tax charge from effect of change in UK tax rate	-	(1,214)
Increase from effect of research and development expenditure credit	-	16
Decrease/(increase) in deferred tax from adjustment for prior periods	132	(954)
Total tax (credit)/charge	(16,389)	4,280

Factors which may affect future tax charges

In the 2021 Budget the government announced the UK corporation tax rate will increase to 25% with effect from 1 April 2023. There is no impact on these financial statements as at the balance sheet date as the legislation had not been substantively enacted at this point.

Deferred tax

Deferred tax movement during the period:

	2020 £ 000	(Impairment) /recognition in income statement £ 000	2021 £ 000
Accelerated tax depreciation	5,742	12,004	17,746
Tax losses carry-forwards	-	1,159	1,159
Net tax assets	5,742	13,163	18,905

Deferred tax movement during the prior period:

	2019 £ 000	(Impairment) /recognition in income statement £ 000	2020 £ 000
Accelerated tax depreciation	10,246	(4,504)	5,742
Tax losses carry-forwards	-	-	-
Net tax assets	10,246	(4,504)	5,742

The Company has an unrecognised deferred tax asset of £20,732,000 (2020: £27,962,000) relating to carried forward trading losses (£18,992,000) (2020: (£19,879,000)) and short term timing differences (£1,740,000) (2020: (£1,018,000)) and fixed asset timing differences £0 (2020: (£7,065,000)). No deferred tax asset is recognised on these amounts as there is no certainty over foreseeable future taxable profits.

12 Intangible assets

	Internally generated digital assets £000
Cost	
At 30 March 2020	22,741
Disposals	(5,610)
At 28 March 2021	17,131
Amortisation	
At 30 March 2020	17,160
Amortisation charge	3,283
Amortisation eliminated on disposals	(5,536)
At 28 March 2021	14,907
Carrying amount	
At 28 March 2021	2,224
At 29 March 2020	5,581

Intangible assets amortisation is recorded in operating costs.

13 Property plant and equipment

	Furniture, fittings and equipment £ 000	Plant & machinery £ 000	Total £ 000
Cost or valuation			
At 30 March 2020	26,327	14,798	41,125
Additions	53	1,101	1,154
Disposals	(1,055)	(3,352)	(4,407)
At 28 March 2021	25,325	12,547	37,872
Depreciation			
At 30 March 2020	25,312	13,241	38,553
Charge for the period	398	1,275	1,673
Eliminated on disposal	(1,055)	(3,353)	(4,408)
At 28 March 2021	24,655	11,163	35,818
Carrying amount			
At 28 March 2021	670	1,384	2,054
At 29 March 2020	1,015	1,557	2,572

14 Right-of-use assets

	Property £ 000
Cost or valuation	
At 1 April 2019	43,817
Additions	23,106
At 29 March 2020	66,923
At 30 March 2020	66,923
Additions	37
At 28 March 2021	66,960
Depreciation	
Charge for period	3,783
At 29 March 2020	3,783
At 30 March 2020	3,783
Charge for the period	4,949
At 28 March 2021	8,732
Carrying amount	
At 28 March 2021	58,228
At 29 March 2020	63,140

15 Investments

All subsidiaries are carried at nil value.

Unless stated below, all shares held are ordinary shares.

- ContentNext Media Inc - 100% ordinary shares and preference shares
- Guardian News and Media LLC - 100% membership interest

The registered office for the companies incorporated in:

• England and Wales is PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP

• United States of America is 160 Greentree Drive, Suite 101, Dover, DE 19904

Guardian News & Media Limited

Notes to the Financial Statements for the year ended 28 March 2021

Details of the subsidiaries as at 28 March 2021 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2021	2020
ContentNext Media Inc.*	Media	United States of America	100%	100%
Guardian News and Media LLC	Media	United States of America	100%	100%
OG Enterprises Limited*	Media	England and Wales	100%	100%

* indicates direct investment of Guardian News & Media Limited

Joint ventures

	£ 000
Cost or valuation	
At 1 April 2019	692
Share of loss for the year	(586)
At 29 March 2020	106
At 30 March 2020	106
Share of loss for the year	(106)
At 28 March 2021	-
Carrying amount	
At 28 March 2021	-

Details of the joint ventures as at 28 March 2021 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2021	2020
Ozone Project Limited	Media	England and Wales	25%	25%

Ozone Project Limited

The financial period end for Ozone Project Limited is 31 December 2020.

The registered office for the companies incorporated in:

- England and Wales, Ozone Project Limited is 3 Marshalsea Road, London SE1 1EP

16 Inventories

	2021 £ 000	2020 £ 000
Raw materials and consumables	374	381

The cost of Inventories recognised as an expense in the period amounted to £8,103,000 (2020 - £13,863,000). This is included within operating costs.

17 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	18,522	17,419
Provision for impairment of trade receivables	(241)	(241)
Net trade receivables	18,281	17,178
Loans to related parties	60,223	138,439
Accrued income	6,226	5,804
Prepayments	4,794	3,046
Other receivables	1,743	3,427
Total current trade and other receivables	91,267	167,894

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and the identified impairment loss was immaterial.

18 Trade and other payables

	28 March 2021 £ 000	29 March 2020 £ 000
Trade Payables	1,728	6,634
Accrued expenses	12,279	15,413
Amounts due to related parties	26,810	103,353
Social security and other taxes	1,119	2,712
Other Payables	48	988
Current portion of long term lease liabilities	7,009	8,741
Deferred income	17,094	14,757
	66,087	152,598

19 Leases

Breakdown of leases:

	2021 £ 000	2020 £ 000
Current portion of long term lease liabilities	7,009	8,741
Long term lease liabilities	56,814	60,867

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2021 £ 000	2020 £ 000
Less than one year	7,009	8,742
2 years	7,007	7,005
3 years	7,017	7,003
4 years	6,948	7,012
5 years	6,935	6,946
6 years	6,935	6,935
7 years	6,935	6,935
8 years	6,945	6,935
9 years	6,956	6,945
10 years	6,956	6,956
Between 10 to 15 years	12,173	19,130
Total lease liabilities (undiscounted)	81,816	90,544

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2021	2020
Payment	**£ 000**	**£ 000**
Right-of-use assets	8,752	6,892

20 Provisions for liabilities

	Building £ 000	Restructuring £ 000	Other provisions £ 000	Total £ 000
At 30 March 2020	4,885	662	4,119	9,666
Additional provisions	1,483	3,813	573	5,869
Provisions used	-	-	(378)	(378)
Unused provision reversed	-	-	(720)	(720)
At 28 March 2021	6,368	4,475	3,594	14,437
Non-current liabilities	4,956	-	420	5,376
Current liabilities	1,412	4,475	3,174	9,061

The building provisions relate to dilapidations provisions are expected to be utilised over the life of the lease of twelve years.

The restructuring provisions primarily relate to severances, during the year the Company commenced a strategic restructure of its costs base. The provision is expected to be fully utilised within six months.

Other provisions primarily include annual leave obligations.

Provisions are not discounted as any impact is not considered material.

21 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	**£ 000**	**No. 000**	**£ 000**
Ordinary shares of £1 each	685,000	685,000	665,000	665,000

New shares allotted

During the period 20,000,000 ordinary shares having an aggregate nominal value of £20,000,000 were allotted for an aggregate consideration of £20,000,000.

22 Related party transactions

Key management personnel

The Company paid one director (2020: one director) of The Scott Trust Limited, £102,000 (2020: £102,000) for services rendered to the Company in the normal course of business.

The Group paid £21,000 (2020: £18,000) to the partner of one director (2020: one) for services rendered to the Company in the normal course of business at arms length.

Income and receivables from related parties

2021	Other related parties £ 000
Revenue	2,219

2020	Other related parties £ 000
Revenue	823

Expenditure with and payables to related parties

2021	Other related parties £ 000
Purchase of goods	1,114

2020	Other related parties £ 000
Purchase of goods	1,443

These related party transactions relate to sales and expenditure with entities in which GMG has an equity holding.

The Company provided £92,000 (2020: £87,000) in gifts in kind to the Guardian Foundation.

Transactions with fellow members of the Guardian Media Group plc are not disclosed as the exemption under FRS 101 has been applied.

23 Parent and ultimate parent undertaking

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.

The Company's immediate parent is Guardian News & Media (Holdings) Limited.

The ultimate parent is The Scott Trust Limited. These financial statements are available upon request from The Secretary, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.