

**GMG INVESTCO LIMITED**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

TUESDAY



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23/07/2013  
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## **GMG INVESTCO LIMITED**

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**GMG INVESTCO LIMITED**

**DIRECTORS AND ADVISERS**

**Directors**

P E Boardman (resigned 30 June 2012)  
A Miller  
S Davis  
D Singer

**Secretary**

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

**Independent Auditors**

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

**Solicitors**

Addleshaw Goddard  
100 Barbican Square  
Manchester  
M2 3AB

**Registered Office**

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

**GMG INVESTCO LIMITED****REPORT OF THE DIRECTORS****for the year ended 31 March 2013**

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

**1 Principal activity**

The company is an investment holding company. The Board does not envisage any major changes in the company's activity in the foreseeable future.

**2 Review of the business and future developments**

The directors consider the state of affairs of the company and the year end financial position to be satisfactory.

**3 Risks and uncertainties**

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

**4 Qualifying third party indemnity**

The company has granted a qualifying third party indemnity in favour of its directors and officers against the financial exposure that they may incur in the course of their professional duties as directors and officers of the company.

**5 Results and dividends**

The results for the year are set out in the profit and loss account on page 4. The directors do not propose the payment of a dividend (2012: £nil).

**6 Going concern**

The directors have received confirmation 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 at least 12 months after the date of signing. For this reason the going concern basis in preparing the financial statements continues to be appropriate.

**7 Directors**

The directors of the company at 31 March 2013, including appointments and resignations during the year, are shown on page 1.

None of the directors who served during the year had any interest in the shares of the company.

**8 Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**9 Disclosure of information to auditors**

Each of the persons who are directors at the time when the Report of the Directors is approved confirmed that:

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

This statement is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

**10 Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report has been prepared with the special provision relating to small companies with Part 15 of the Companies Act 2006.

**BY ORDER OF THE BOARD**


**D. Singer**  
 Director  
 PO Box 68164, Kings Place,  
 90 York Way, London N1P 2AP  
 26 June 2013

**GMG INVESTCO LIMITED****INDEPENDENT AUDITORS' REPORT****To the Members of GMG Investco Limited**

We have audited the financial statements of GMG Investco Limited ("the company") for the year ended 31 March 2013 which comprise the profit and loss account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

**Scope of the audit of the financial statements**

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

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**

In our opinion, the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors are not entitled to take advantage of the small companies' exemption in preparing the Directors' report.



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

**GMG INVESTCO LIMITED****PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2013**

	Note	2013 £000	2012 £000
<b>All continuing operations</b>			
Operating income/ (charges)		<u>36,399</u>	<u>(36,401)</u>
<b>Operating profit/ (loss)</b>	<b>2</b>	<b>36,399</b>	<b>(36,401)</b>
Interest receivable and similar income	5	698	786
Interest payable and similar charges	6	(8,173)	(8,798)
<b>Profit/ (loss) on ordinary activities before taxation</b>		<b>28,924</b>	<b>(44,413)</b>
Tax credit/ (charge) on profit/ (loss) on ordinary activities	7	442	(1,428)
<b>Profit/ (loss) for the financial year</b>		<b>29,366</b>	<b>(45,841)</b>

All amounts relate to continuing operations

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented

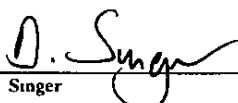
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents

**GMG INVESTCO LIMITED****BALANCE SHEET as at 31 March 2013**

	Notes	2013 £000	2012 £000
<b>Fixed assets</b>			
Investments	8	439,701	439,701
<b>Current assets</b>			
Amounts owed by group companies	9	58,110	20,570
<b>Current liabilities</b>			
Loan note issued to holding company	8	(538,524)	(530,350)
<b>Net current liabilities</b>		<u>(480,414)</u>	<u>(509,780)</u>
<b>Net liabilities</b>		<u>(40,713)</u>	<u>(70,079)</u>
<b>Capital and reserves</b>			
Called up share capital	10	40,000	40,000
Share premium	11	6,208	6,208
Profit and loss account	11	(86,921)	(116,287)
<b>Total shareholder's deficit</b>	12	<u>(40,713)</u>	<u>(70,079)</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by

DIRECTOR

  
D. Singer

**GMG INVESTCO LIMITED**  
Registered no 03978213

**GMG INVESTCO LIMITED****Notes to the financial statements for the year ended 31 March 2013****1 Principal accounting policies**

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom

All accounting policies have been applied consistently throughout the year

The company is exempt from the requirement to produce consolidated financial statements, on the basis that it is a wholly owned subsidiary of Guardian Media Group plc

**Cash flow statement**

The company is a wholly owned subsidiary 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, which are publicly available. Consequently, the company is exempt from publishing a cash flow statement, under Financial Reporting Standard Number 1 revised (1996)

**Investments**

Shares in subsidiary companies are shown at cost less any amounts written off for impairment

Annually, the directors consider whether any events or circumstances have occurred that could indicate that the carrying value of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

**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.

**2 Operating profit/ (loss)**

2013

2012

£000 £000

The following amounts have been charged in arriving at the operating profit/ (loss)

Audit services

(1) (1)

Impairment reversal/ (charge) on loans

36,400 (36,400)

During the year ending 31 March 2013, a reversal of a previous impairment of £36,400,000 (2012 charge of £36,400,000) arose on loan balances with GMG Radio Holdings Limited. The loans were then assigned to the parent company Guardian Media Group plc, on its disposal of GMG Radio Holdings Limited.

**3 Directors' emoluments**

None of the directors received remuneration for their services as directors of the company in either year.

**4 Employee information**

The average number of persons (excluding executive directors) employed in either year was nil.

**5 Interest receivable and similar income**

2013

2012

£000 £000

Interest receivable from parent company

581 248

Interest receivable from fellow subsidiaries

117 538

698 786

**6 Interest payable and similar charges**

2013

2012

£000 £000

Interest payable to parent company

8,173 8,798



**GMG INVESTCO LIMITED****Notes to the financial statements for the year ended 31 March 2013 (continued)****7 Tax (credit)/ charge on profit/ (loss) on ordinary activities****a) Analysis of (credit)/ charge in year**

	2013	2012
	£000	£000
Current		
UK corporation tax on profit/ (loss) for the year	(441)	-
Adjustments in respect of prior periods	(1)	1,428
<b>Total current tax (credit)/ charge</b>	<b>(442)</b>	<b>1,428</b>

**b) Factors affecting (credit)/ charge for the year**

The tax assessed for the period is higher (2012 higher) than the standard rate of corporation tax in the UK (24%) (2012 26%)

The differences are explained below

	2013	2012
	£000	£000
Profit/ (loss) on ordinary activities before tax	28,924	(44,413)
Profit/ (loss) on ordinary activities multiplied by standard rate of CT of 24% (2012 26%)	6,942	(11,547)
Effects of		
Expenditure not deductible for tax purposes	1,353	2,083
Adjustment to tax charge in respect of previous periods	(1)	1,428
(Reversal)/ charge of the impairment of loan balances (note 2)	(8,736)	9,464
<b>Current tax (credit)/ charge for year</b>	<b>(442)</b>	<b>1,428</b>

**c) Factors that may affect future tax charges**

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

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

**8 Fixed asset investments**

	Country of registration or incorporation	Principal activity	Percentage owned
GMG Auto Trader Limited	England & Wales	Publishing	100%

	2013	2012
	£000	£000
<b>Cost</b>		
At 31 March 2013 and 1 April 2012	439,701	439,701

On 18 September 2008 Guardian Media Group plc transferred its investment in GMG Auto Trader Limited to GMG Investco Limited, the consideration being the issue of a loan note of £495,700,932. Interest on the loan note is charged at Libor plus 1%.

As at 31 March 2013, the loan note balance comprises

	Loan £000
Guardian Media Group plc	495,701
Rolled-up interest	42,823
<b>Total loan note balance owed to Guardian Media Group plc</b>	<b>538,524</b>

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

## Notes to the financial statements for the year ended 31 March 2013 (continued)

## 9 Amounts owed by group companies

	2013	2012
	£000	£000
Amount owed by parent company	57,668	20,570
Corporation tax recoverable - group relief	442	-
	<u>58,110</u>	<u>20,570</u>

During the year ending 31 March 2013, a reversal of a previous impairment of £36,400,000 (2012 charge of £36,400,000) arose on loan balances with GMG Radio Holdings Limited. The loans were then assigned to the parent company Guardian Media Group plc, on its disposal of GMG Radio Holdings Limited (note 2).

Amounts owed by the parent company relate to two principal amounts and are unsecured, repayable on demand and bear an interest rate of LIBOR plus 0.5% and LIBOR plus 1.5%.

	Loan
	£000
Amounts owed to Guardian Media Group plc at 2 April 2012	20,570
Amounts assigned to Guardian Media Group plc	36,400
Rolled up interest	698
Total amounts owed to Guardian Media Group plc at 31 March 2013	<u>57,668</u>

## 10 Called up share capital

	2013	2012
	£000	£000
Authorised issued and fully paid up during the period		
5,000,000 Ordinary shares of £1 each	5,000	5,000
41,207,877 Ordinary shares of £0.85 each	35,000	35,000
	<u>40,000</u>	<u>40,000</u>

## 11 Reserves

	Share premium account	Profit and loss account	Total
	£000	£000	£000
At 2 April 2012	6,208	(116,287)	(110,079)
Profit for the year	-	29,366	29,366
At 31 March 2013	<u>6,208</u>	<u>(86,921)</u>	<u>(80,713)</u>

## 12 Reconciliation of movements in shareholder's deficit

	2013	2012
	£000	£000
Opening shareholder's deficit	(70,079)	(24,238)
Profit/(loss) for the year	29,366	(45,841)
Closing shareholder's deficit	<u>(40,713)</u>	<u>(70,079)</u>

## 13 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 subsidiary members of Guardian Media Group plc group are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation.

## 14 Holding company

The company's ultimate holding company is The Scott Trust Limited, which is incorporated in Great Britain and registered in England and Wales.

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

The company's immediate parent company is Guardian Media Group plc, which is incorporated in Great Britain and registered in England and Wales and owns 100% of the company's shares.

Guardian Media Group plc is the smallest group of undertakings to consolidate these financial statements at 31 March 2013. The consolidated financial statements of Guardian Media Group plc can be obtained from The Secretary, Guardian Media Group plc, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.