Company Registration Number 3978213

GMG INVESTCO LIMITED

REPORT AND ACCOUNTS 2009

GMG INVESTCO LIMITED

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GMG INVESTCO LIMITED

DIRECTORS AND ADVISERS

Directors
P.E. Boardman
S.A. Buckley
N. Castro

Secretary
P.E. Boardman

Registered Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Registered Office
Number 1 Scott Place
Manchester M3 3GG

GMG INVESTCO LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 29 March 2009.

1. Principal activity
The Company is an investment holding company.

2. Business review and future developments
The results for the year are set out in the Profit and Loss Account on page 4.

During the year the company paid a dividend to the Guardian Media Group plc of £60,000,000 (2008 £nil).

On 18 September 2008 GMG transferred its interest in GMG Auto Trader to the company in exchange for the issue of a Loan Note from the company. The Board does not envisage any major changes in the company's activity in the foreseeable future.

3. Directors
The directors of the company at 29 March 2009, all of whom served throughout the year, are shown on page 1.

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

4. 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

5. Disclosure of information to auditors
The directors confirm, so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that they ought to have taken in their duty 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.

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

BY ORDER OF THE BOARD
P.E. Boardman
P.E. Boardman
Secretary
25 June 2009

INDEPENDENT AUDITORS' REPORT

To the members of GMG Investco Limited

We have audited the financial statements of GMG Investco Limited for the year ended 29 March 2009 which comprise the profit and loss account, the balance sheet and the notes relating to the accounts. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion the information given in the report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in this report, and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the directors and all of the other information listed on the index. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 March 2009 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Report of the Directors is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
25 June 2009

GMG INVESTCO LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 29 March 2009

	Note	2009	2008
All continuing operations		**£000**	£000
Operating charges		**(2)**	(8)
Other operating income		**-**	1,190
Operating (loss)/profit	2	**(2)**	1,182
Profit on disposal of fixed assets		**-**	1,615
Interest receivable and similar income	5	**3,787**	12,950
Interest payable and similar charges	6	**(9,645)**	(247)
(Loss)/profit on ordinary activities before taxation		**(5,860)**	15,500
Tax charge on (loss)/profit on ordinary activities	7	**(137)**	(4,166)
(Loss)/profit for the financial year		**(5,997)**	11,334

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.

The notes on pages 6 to 9 form part of these financial statements.

GMG INVESTCO LIMITED

BALANCE SHEET as at 29 March 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Investments	8	**495,701**	-
Current assets			
Amounts owed by group companies	9	**44,092**	111,930
Current liabilities			
Loan note issued to holding company	8	**(495,701)**	-
Taxation payable		-	(1,841)
Net assets		**44,092**	110,089
Capital and reserves			
Called up share capital	10	**40,000**	40,000
Share premium	11	**6,208**	6,208
Profit and loss account	11	**(2,116)**	63,881
Total shareholders' funds	12	**44,092**	110,089

DIRECTORS: P.E.I. Ward

SA Buckley

These financial statements on pages 4 to 9 were approved by the Board of Directors on 25 June 2009

The notes on pages 6 to 9 form part of these financial statements.

GMG INVESTCO LIMITED

Notes relating to the accounts

1. Principal accounting policies
The financial statements have been prepared on a going concern basis in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom under the historical cost convention. 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. 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.

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	**2009**	2008
	£000	£000
The following amounts have been charged/(credited) in arriving at the operating profit:		
Exchange gain on retranslation of intercompany loans	**-**	(1,190)
Audit services	**1**	6
Non audit services	**1**	2

3. Directors' emoluments
None of the directors received remuneration for their services as directors of the company in either year.

GMG INVESTCO LIMITED

Notes relating to the accounts - continued

4. Employee information

The average number of persons (including executive directors) employed in either year was nil (2008 nil).

5. Interest receivable and similar income	**2009**	2008
	£000	£000
Interest receivable from holding company	**2,249**	-
Interest receivable from fellow subsidiaries	**1,538**	11,848
Receipt under forward exchange contract	-	1,102
	3,787	12,950

6. Interest payable and similar charges	**2009**	2008
	£000	£000
Interest payable to holding company	**9,645**	-
Other interest payable	-	5
Interest payable to fellow subsidiaries	-	242
	9,645	247

7. Tax charge on (loss)/profit on ordinary activities

a) analysis of charge in year

	2009	2008
Current	**£000**	£000
UK corporation tax on profits for the year	137	4,166
Total current tax	137	4,166

b) factors affecting tax charge for the year

The tax assessed for the period is higher (2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 30%).
The differences are explained below:

	2009	2008
	£000	£000
(Loss)/profit on ordinary activities before tax	**(5,860)**	15,500
(loss)/profit on ordinary activities multiplied by standard rate of CT of 28% (2008 30%)	**(1,641)**	4,650
Effects of:		
Expenditure not deductible for tax purposes	**2,208**	-
Income not taxable	**(430)**	-
Utilisation of capital losses	-	(484)
Adjustment to tax charge in respect of previous periods	-	-
Current tax charge for year	137	4,166

c) factors that may affect future tax charges

There are no significant factors known at 29 March 2009 which may affect future tax charges (2008 The standard rate of corporation tax changed to 28% with effect from 1 April 2008).

4 Operating (loss)/profit

	52 week period ended 29 March 2009 £	52 week period ended 30 March 2008 £
Operating (loss)/profit is stated after charging/(crediting):		
Wages and salaries	**8,282,592**	8,737,692
Social security costs	**726,992**	824,727
Pension costs (note 22)	**453,404**	(100,452)
Redundancy payments (including exceptional costs of £1,282,641 (2008: £nil)	**1,483,213**	240,804
Staff costs	**10,946,201**	9,702,771
Depreciation of tangible fixed assets:		
- owned assets	**816,938**	790,987
- leased assets	**905,718**	905,718
Impairment of tangible fixed assets	**166,529**	-
Operating lease charges:		
- other	**175,877**	175,411
- plant & machinery	**189,278**	235,439
Profit on disposal of tangible fixed assets	**(757)**	(6,728)
Services provided by the company's auditor		
- fees payable for the audit	**35,687**	35,007

Included within pension costs is a release of £46,560 of a provision booked in prior year relating to closure of the Star pension scheme. When final payments were paid in the current year these were approximately £46,560 less than the original expectation.

Included with the operating costs are exceptional costs of £1,282,641 (2008: £nil) for severances, £200,993 (2008: £nil) for onerous lease commitments and £166,529 (2008: £nil) for impairment in the market value of Stoke Mill (freehold land and building), all relating to the reorganisation of the business (see directors report).

5 Interest receivable and similar income

	52 week period ended 29 March 2009 £	52 week period ended 30 March 2008 £
Interest on intercompany balances	**1,268,566**	2,003,706
Other interest	**-**	679
	1,268,566	2,004,385

6 Interest payable and similar charges

	52 week period ended 29 March 2009 £	52 week period ended 30 March 2008 £
Lease finance charges and hire purchase interest	**173,060**	348,497
Interest on intercompany loan	**13,684**	64,480
	186,744	412,977

7 Tax on (loss)/profit on ordinary activities

(a) Analysis of tax (credit)/charge in period:

	52 week period ended 29 March 2009 £	52 week period ended 30 March 2008 £
Current tax:		
UK corporation tax on (losses)/profits of the period	**202,842**	2,059,600
Adjustments in respect of previous periods	**(234,253)**	(375,731)
Total current tax	**(31,411)**	1,683,869
Deferred tax:		
Origination and reversal of timing differences	**(60,301)**	(122,923)
Impact of change in UK tax rate	-	19,636
Total deferred tax(note 15)	**(60,301)**	(103,287)
Tax (credit)/charge on (loss)/profit on ordinary activities	**(91,712)**	1,580,582

(b) Factors affecting tax (credit)/charge for period:

The tax assessed for the period is higher (2008: lower) than the standard rate of corporation tax in the United Kingdom 28 %(2008: 30%). The differences are explained below:

	52 week period ended 29 March 2009 £	52 week period ended 30 March 2008 £
(Loss)/profit on ordinary activities before tax	**(202,877)**	8,026,427
(Loss)/profit on ordinary activities multiplied by standard rate in the United Kingdom 28% (2008: 30%)	**(56,806)**	2,407,928
Effects of:		
Expenses not deductible for tax purposes	**364,637**	331,307
Income not taxable	**(168,535)**	(179,796)
Depreciation in excess of capital allowances /(accelerated)	**178,346**	(42,339)
Other timing differences	**(114,800)**	(457,500)
Adjustments in respect of previous periods	**(234,253)**	(375,731)
Current tax (credit)/charge for the period	**(31,411)**	1,683,869

7 Tax on loss/(profit) on ordinary activities (continued)

(c) Factors that may affect future tax charges

There are no significant factors known at 29 March 2009 which may affect future tax charges (30 March 2008 : The standard rate of Corporation Tax changed to 28% with effect from 1 April 2008 and a number of changes to the capital allowance regime were enacted in the 2008 Finance Act).

8 Dividends

	52 week period ended 29 March 2009 £	52 week period ended 30 March 2008 £
Equity - ordinary shares:		
Final paid: £nil (2008: £0.94) per £1 share	-	2,950,000

9 Tangible fixed assets

	Assets under construction £	Freehold land and leasehold long term £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
Cost or valuation							
At 30 March 2008	17,763	8,077,052	92,484	17,099,759	84,137	5,346,297	30,717,492
Additions	-	55,893	-	31,212	-	253,435	340,540
Reclassifications	(17,763)	-	-	-	-	17,763	-
Impairments	-	(166,529)	-	-	-	-	(166,529)
Disposals	-	-	-	(333,980)	(7,246)	(1,248,816)	(1,590,042)
At 29 March 2009	-	**7,966,416**	**92,484**	**16,796,991**	**76,891**	**4,368,679**	**29,301,461**
Accumulated Depreciation							
At 30 March 2008	-	1,287,854	53,577	11,402,328	66,652	4,826,186	17,636,597
Charge for period	-	153,683	38,907	1,267,694	7,907	254,465	1,722,656
Disposals	-	-	-	(333,546)	(7,246)	(1,248,379)	(1,589,171)
At 29 March 2009	-	**1,441,537**	**92,484**	**12,336,476**	**67,313**	**3,832,272**	**17,770,082**
Net book value							
At 29 March 2009	-	**6,524,879**	-	**4,460,515**	**9,578**	**536,407**	**11,531,379**
Net book value							
At 30 March 2008	**17,763**	**6,789,198**	**38,907**	**5,697,431**	**17,485**	**520,111**	**13,080,895**

The impairment of £166,529 is in relation to Stoke Mill (freehold land and buildings) and reflects the fact that the year end valuation was below the NBV included in the financial statements.

9 Tangible fixed assets (continued)

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

	29 March 2009 £	30 March 2008 £
Cost	**17,131,128**	17,131,128
Aggregate depreciation	**(14,727,490)**	(13,821,772)
Net book value	**2,403,638**	3,309,356

Certain of the company's then freehold and leasehold properties were professionally valued on the basis of depreciated replacement cost as at 1 August 1979, and the revaluation was incorporated in the financial statements.

The amounts by which the figures shown for the company's freehold property exceed the historical cost figures and depreciation calculated by reference to those figures are as follows:

	Cost or Valuation £	Depreciation £	Net £
Freehold property			
At 30 March 2008	24,176	(4,320)	19,856
Depreciation	-	(484)	(484)
At 29 March 2009	**24,176**	**(4,804)**	**19,372**

All other tangible fixed assets are included at their historical cost figures.

10 Fixed asset investments

	Subsidiary undertakings £	Associated undertaking £	Other investments Unlisted shares £	Other investments Unquoted shares £	Total £
Cost					
At 31 March 2008 and					
At 29 March 2009	**402,980**	**70**	**500**	**4,000**	**407,550**
Impairments					
At 30 March 2008 and					
At 29 March 2009	402,980	-	-	-	402,980
Disposals					
At 30 March 2008	-	-	-	-	-
Disposals		**20**	**-**	**4,000**	**4,020**
At 29 March 2009	**-**	**20**	**-**	**4,000**	**4,020**
Net book value					
At 29 March 2009	**-**	**50**	**500**	**-**	**550**
Net book value					
At 30 March 2008	-	70	500	4,000	4,570

10 Fixed asset investments (continued)

In the opinion of the directors the aggregate value of the company's investments is not less than the amount included on the balance sheet.

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
SBNB Limited	Great Britain	Ordinary £1 shares	50%	Newspaper proprietor
Free Admart Limited	Great Britain	Ordinary £1 shares	25%	Newspaper proprietor

The aggregate amount of capital and reserves and the results for the period ended 29 March 2009 were as follows:

Name of undertaking	Capital and reserves		Profit/ (loss) for the period	
	29 March 2009	30 March 2008	**29 March 2009**	30 March 2008
	£	£	**£**	£
SBNB Limited	**15,514**	48,952	**(33,538)**	26,951

11 Stocks

	29 March 2009	30 March 2008
	£	£
Raw materials and consumables	**333,726**	316,271

12 Debtors – Amounts falling due within one year

	29 March 2009	30 March 2008
	£	£
Trade debtors	**2,412,398**	4,146,562
Amounts owed by group undertakings	**30,726,363**	32,845,087
Amounts owed by associate undertaking	**-**	4,374
Other debtors	**53,191**	11,376
Prepayments and accrued income	**666,018**	1,149,285
Deferred tax asset excluding deferred tax on pension liability (note 15)	**47,372**	-
	33,905,342	38,156,684

Amounts owed by group undertakings are unsecured, bear interest based on 1 percent (2008: 1 percent) above the London interbank borrowing rate and have no fixed date of repayment.

13 Creditors - Amounts falling due within one year

	29 March 2009 £	30 March 2008 £
Trade creditors	**423,335**	898,721
Amounts owed to group undertakings	**121,232**	1,331,820
Finance leases (see note 14)	**1,187,945**	2,838,814
Corporation tax	**59,092**	1,353,353
Other taxation and social security	**238,593**	461,343
Other creditors	**161,659**	187,575
Accruals and deferred income	**2,073,588**	1,309,481
	4,265,444	8,381,107

Amounts owed to group undertakings are unsecured, bear interest based on 1 percent (2008: 1 percent) above the London interbank borrowing rate and are repayable on demand.

The corporation tax creditor includes an amount of £59,092 (2008: £1,353,353) relating to amounts payable for group relief.

14 Creditors - Amounts falling due after more than one year

	29 March 2009 £	30 March 2008 £
Finance leases	**1,333,905**	2,506,875
Cumulative preference shares	**10,080**	10,080
	1,343,985	2,516,955

Preference share capital

	29 March 2009 £	30 March 2008 £
Authorised		
2,000 6% free of tax cumulative preference shares of £10 each	**20,000**	20,000
Allotted, called-up and fully paid		
1,008 6% free of tax cumulative preference shares of £10 each	**10,080**	10,080

On a return of capital on a winding up, the holders of the 6% free of tax cumulative preference shares shall be entitled to £1 per share in preference to all other classes of shareholder. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares have been provided for, the election of directors or their remuneration, any agreement between the directors and the company, or the alteration of the Articles of Association dealing with any of such matters.

Dividends accruing in respect of these shares have been waived by the shareholders.

14 Creditors - Amounts falling due after more than one year(continued)

The net finance leases to which the company is committed are:

	29 March 2009 £	30 March 2008 £
Repayable as follows:		
In one year or less	**1,317,177**	3,177,051
Between one and two years	**1,383,036**	1,317,177
Between two and five years	**-**	1,383,036
	2,700,213	5,877,264
Finance charges and interest allocated to future periods	**(178,363)**	(531,575)
	2,521,850	5,345,689
Included in current liabilities (note 13)	**(1,187,945)**	(2,838,814)
	1,333,905	2,506,875

15(a) Provision for liabilities and charges

	29 March 2009 £	30 March 2008 £
Deferred taxation liability excluding deferred tax on pension liability	**-**	113,729

15(b) Deferred Taxation

Deferred taxation asset including deferred tax on pension liability

	Total £
At 30 March 2008	**(205,471)**
Credited to profit and loss account (note 7)	**(60,301)**
Credited to the statement of total recognised gains and losses	**(145,320)**
At 29 March 2009	**(411,092)**

Deferred taxation asset on pension liability

	2009 £	2008 £
At 30 March 2008	**(319,200)**	(810,600)
Deferred tax charged in profit and loss account	**100,800**	299,040
Deferred tax (credited)/charged to the statement of total recognised gains and losses	**(145,320)**	192,360
At 29 March 2009	**(363,720)**	(319,200)

The deferred tax asset of £363,720 (2008: £319,200) has been deducted in arriving at the net pension deficit on the balance sheet.

15(b) Deferred Taxation (continued)

Deferred taxation provided in the financial statements and the amounts unprovided of the total potential asset are as follows:

	Amount recognised		Amount unprovided	
	29 March 2009	30 March 2008	**29 March 2009**	30 March 2008
	£	£	**£**	£
Tax effect of timing differences because of:				
Accelerated capital allowances	**(47,372)**	134,155	-	-
Short term timing differences	-	(20,426)	-	-
Capital gains/revaluations	-	-	**380,537**	380,537
Deferred tax liability/(asset) excluding deferred tax on pension liability	**(47,372)**	113,729	**380,537**	380,537
FRS 17 deferred tax asset on pension liability	**(363,720)**	(319,200)	-	-
Deferred tax asset including deferred tax on pension liability	**(411,092)**	(205,471)	**380,537**	380,537

The deferred tax liabilities in relation to the capital gains and revaluations have not been recognised in accordance with FRS 19.

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.

16 Called-up share capital

	29 March 2009	30 March 2008
	£	£
Authorised		
3,211,625 ordinary shares of £1 each	**3,211,625**	3,211,625
768,375 deferred shares of £1 each	**768,375**	768,375
	3,980,000	3,980,000
Allotted, called-up and fully paid		
3,153,675 ordinary shares of £1 each	**3,153,675**	3,153,675
768,375 deferred shares of £1 each	**768,375**	768,375
	3,922,050	3,922,050

The holders of deferred shares shall be entitled on conversion to a fixed non-cumulative dividend at the rate of 4% per annum for any financial year of the company in respect of which the net profits of the company are legally distributable as a dividend. On a return of capital on a winding up, the holders of deferred shares are entitled to the right to repayment of the amount paid up thereon after the repayment of the amount paid to all other classes of shares, the satisfaction of all other prior rights of the 6% tax free cumulative preference shares, and after the payment to the holders of ordinary shares of a further £100 per ordinary share, but no further other rights to participate in the profits or assets of the company.

17 Reserves

	Profit and loss reserve £	Revaluation reserve £
At 30 March 2008	35,855,473	21,112
Loss for the year	(111,165)	-
Actuarial gain/(loss) on pension scheme (note 22)	(519,000)	-
Movement to deferred tax relating to pension (note 15)	145,320	-
Transfer from revaluation reserve	484	(484)
At 29 March 2009	**35,371,112**	**20,628**

18 Reconciliation of movement in shareholders' funds

	29 March 2009 £	30 March 2008 £
(Loss)/profit for the financial period	**(111,165)**	6,445,845
Dividends	-	(2,950,000)
(Loss)/profit retained for the financial period	**(111,165)**	3,495,845
Actuarial (loss)/gain on pension scheme (note 22)	**(519,000)**	687,000
Movement on deferred tax relating to pension scheme (note 15)	**145,320**	(192,360)b
Net (reduction)/addition to shareholders' funds	**(484,845)**	3,990,485
Opening shareholders' funds	**39,798,635**	35,808,150
Closing shareholders' funds	**39,313,790**	39,798,635

19 Financial commitments

At 30 March 2008, the company had annual commitments under non-cancellable operating leases expiring as follows:

	29 March 2009		30 March 2008	
	Land and buildings £	**Other £**	Land and buildings £	Other £
Within one year	-	**77,289**	27,000	12,638
Within two to five years	**44,000**	**97,764**	30,000	171,998
After five years	**103,481**	-	117,481	-
	147,481	**175,053**	174,481	184,636

20 Contingent liabilities

The company has given a composite guarantee to The Royal Bank of Scotland plc to secure the liabilities of the parent company and certain fellow subsidiary companies of Guardian Media Group plc. At 29 March 2009 no company in that group had a bank overdraft (2008: £nil).

21 Related party transactions

During the period the company received consultancy and training services amounting to £75,000 (2008: £75,000) from Barrelfield Limited, a company which owns 25% of the shares in SBNB Limited. The amount outstanding at 29 March 2009 was £nil (2008: £nil).

22 Pension costs

The company operates two main pension schemes.

a) Defined contribution scheme

The Surrey and Berkshire Lifestyle Plan is a defined contribution scheme and the assets are held in a separately administered fund. Contributions paid in to the scheme during the period amounted to £499,964 (2008: £418,652). There were no amounts outstanding as unpaid at year end.

b) Defined benefit scheme

The Surrey Advertiser Newspaper Holdings Limited Pension and Life Assurance Scheme ("the scheme") is a defined benefit scheme. The scheme closed to future accrual with effect from 31 March 2006.

A full actuarial valuation was carried out for the scheme on the 19 March 2008 and updated to 29 March 2009 by Mercer, a qualified independent actuary.

	29 March 2009 £	30 March 2008 £
Change in benefit obligation		
Benefit obligation at beginning of the period	**14,785,000**	15,988,000
Interest cost	**849,000**	814,000
Actuarial gains	**(1,606,000)**	(1,346,000)
Benefits paid	**(709,000)**	(671,000)
Benefit obligation at end of the period	**13,238,000**	14,785,000
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	**13,238,000**	14,785,000
	13,238,000	14,785,000

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22 Pension costs (continued)

	29 March 2009 £	30 March 2008 £
Reconciliation of fair value of scheme assets		
1 January	**13,645,000**	13,286,000
Expected return on plan assets	**709,000**	89,000
Actuarial losses	**(2,125,000)**	(659,000)
Employer contribution	**500,000**	1,000,000
Benefits paid	**(790,000)**	(671,000)
31 December	**11,939,000**	13,645,000

	29 March 2009 £	30 March 2008 £
Funded status	**(1,299,000)**	(1,140,000)
Net amount recognised	**(1,299,000)**	(1,140,000)
Fair value of reimbursement rights	**-**	-

	29 March 2009 £	30 March 2008 £
Analysis of the amount charges to profit or loss as follows:		
Current service cost	**-**	-
Interest cost	**849,000**	814,000
Expected return on plan assets	**(709,000)**	(689,000)
Total pension cost recognised in the P&L account	**140,000**	125,000
Actuarial losses/(gains) immediately recognised	**519,000**	(687,000)
Actuarial losses/(gains) recognised in the STRGL	**519,000**	(687,000)
Actuarial gains and losses:		
Cumulative amount of actuarial losses immediately recognised	**4,681,000**	4,162,000

Plan assets

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

Asset category	**29 March 2009**	30 March 2008
Equities	**40%**	35%
Bonds	**56%**	58%
Cash	**4%**	7%
	100%	100%

22 Pension costs (continued)

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.35% assumption.

	29 March 2009	30 March 2008
	£	£
Actual return on plan assets	**(1,416,000)**	30,000

Weighted average assumptions used to determine benefit obligations at:

	29 March 2009	30 March 2008	1 April 2007
Discount rate	**6.80%**	5.90%	5.20%

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

	29 March 2009	30 March 2008
Discount rate	**5.90%**	5.20%
Expected long-term return on plan assets	**5.35%**	5.32%

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

	29 March 2009		30 March 2008	
	Male	**Female**	Male	Female
Member age 65 (current life expectancy)	**21.3**	**24.2**	21.3	24.2
Member age 45 (life expectancy at age 65)	**23.1**	**25.9**	23.1	25.9

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

	Long-term rate of return expected 31 December 2008	**Value at 31 December 2008**	Long-term rate of return expected at 31 December 2007	As restated Value at 31 December 2007
	%	**£**	%	£
Equities	**6.25**	**4,895,000**	6.40	4,688,000
Bond	**6.80**	**1,674,00**	5.90	1,968,000
Gifts	**4.25**	**4,889,000**	4.40	5,964,000
Cash	**8.40**	**481,000**	5.0	1,027,000
Total market value of assets		**11,939,000**		13,645,000
Present value of scheme liabilities		**(13,238,000)**		(14,785,000)
Deficit in scheme		**(1,299,000)**		(1,140,000)
Related deferred tax asset		**363,720**		319,200
Net pension deficit		**(935,280)**		(820,800)

22 Pension costs (continued)

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendment to FRS 17. Previously these were valued at mid price. The effect of this change is that the value of assets at 31 December 2007 has been restated from £6,875,000 to £6,841,000, a decrease of £34,000.

	2008 £'000	2007 £'000
1 January	**6,970**	6,315
Current service costs	**84**	90
Past service cost	**5**	-
Interest cost	**505**	489
Benefits paid	**(51)**	(63)
Actuarial loss	**147**	139
31 December	**7,660**	6,970

Four year history

	Financial period ending in			
	2009	2008	2007	2006
Benefit obligation at end of period	**13,238,000**	14,785,000	15,988,000	15,744,000
Fair value of plan assets at end of period	**11,939,000**	13,645,000	13,286,000	12,530,000
Deficit	**(1,299,000)**	(1,140,000)	(2,702,000)	(3,214,000)
Difference between expected and actual return on scheme assets:				
Amount(£)	**(2,125,000)**	(659,000)	(99,000)	1,103,000
Percentage of scheme assets	**(18%)**	(5%)	(1%)	9%
Experience gains and losses on scheme liabilities:				
Amount (£)	**(208,000)**	94,000	(611,000)	39,000
Percentage of scheme liabilities	**(2%)**	1%	(4%)	0%

Contributions

The company expects to contribute £500,000 to its pension scheme in 2009/10 financial year.

23 Ultimate and immediate parent undertaking and controlling party

The company's immediate parent undertaking is GMG Regional Media (Holdings) Limited. The company's ultimate parent undertaking is The Scott Trust Limited, a company incorporated in Great Britain and registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Guardian Media Group plc consolidated financial statements can be obtained from The Company Secretary, Guardian Media Group plc, Number 1 Scott Place, Manchester, M3 3GG. All the ordinary shares of Guardian Media Group plc are owned by The Scott Trust Limited, which is the ultimate controlling party of the company.