

Company Registration Number 3978213

GMG INVESTCO LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 MARCH 2010**

TUESDAY



AHE9ZKVS

A15

15/06/2010

223

COMPANIES HOUSE

GMG INVESTCO LIMITED

INDEX

	Page
Directors and Advisers	1
Report of the Directors	2
Independent Auditors' Report to the members of GMG Investco Limited	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6

GMG INVESTCO LIMITED

DIRECTORS AND ADVISERS

Directors

P E Boardman

S A Buckley

N Castro (resigned 2 November 2009)

A Miller (appointed 2 November 2009)

Secretary

P E Boardman

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester M2 3PW

Solicitors

Addleshaw Goddard

100 Barbirolli Square

Manchester M2 3AB

Registered Office

Number 1 Scott Place

Manchester M3 3GG

GMG INVESTCO LIMITED**REPORT OF THE DIRECTORS****for the year ended 28 March 2010**

The Directors present their report and the audited financial statements of the company for the year ended 28 March 2010

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 Business review and future developments

The results for the year are set out in the Profit and Loss Account on page 4. The directors consider the state of affairs of the company and the year end financial position to be satisfactory.

The directors do not propose the payment of a dividend (2009 £60,000,000)

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 the 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, No. 1 Scott Place, Manchester, M3 3GG.

4 Directors

The directors of the company at 28 March 2010, and movements in the year, are shown on page 1.

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

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

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

6 Disclosure of information to auditors

For all persons who are directors at the time of the approval of the Report of the Directors

- 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.

7 Independent auditors

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

BY ORDER OF THE BOARD


P E Boardman
Secretary
 Number 1 Scott Place
 Manchester M3 3GG
 9 June 2010

INDEPENDENT AUDITORS' REPORT

To the Members of GMG Investco Limited

We have audited the financial statements of GMG Investco Limited for the year ended 28 March 2010, which comprise the profit and loss account, the balance sheet and the notes to the financial statements. 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 Directors' Responsibilities statement 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 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.

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 28 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Benjamin Parrott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
9 June 2010

GMG INVESTCO LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 28 March 2010

	Note	2010 £000	2009 £000
All continuing operations			
Operating charges		(4)	(2)
Amounts written off investments in subsidiaries	8	(56,000)	-
Operating loss	2	(56,004)	(2)
Interest receivable and similar income	5	726	3,787
Interest payable and similar charges	6	(7,965)	(9,645)
Loss on ordinary activities before taxation		(63,243)	(5,860)
Tax credit / (charge) on loss on ordinary activities	7	974	(137)
Loss for the financial year		(62,269)	(5,997)

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

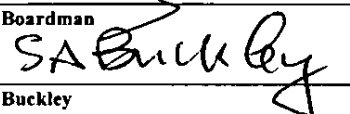
GMG INVESTCO LIMITED**BALANCE SHEET as at 28 March 2010**

	Notes	2010 £000	2009 £000
Fixed assets			
Investments	8	439,701	495,701
Current assets			
Amounts owed by group companies	10	55,824	44,092
Current liabilities			
Loan note issued to holding company	8	(513,311)	(495,701)
Corporation tax - group relief		(391)	-
Net (liabilities) / assets		<u>(18,177)</u>	<u>44,092</u>
Capital and reserves			
Called up share capital	11	40,000	40,000
Share premium	12	6,208	6,208
Profit and loss account	12	(64,385)	(2,116)
Total shareholders' (deficit) / funds	13	<u>(18,177)</u>	<u>44,092</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 9 June 2010 and were signed on its behalf by

DIRECTORS


P E. Boardman


S A Buckley

GMG INVESTCO LIMITED
Registered no 3978213

GMG INVESTCO LIMITED**Notes to the financial statements for the year ended 28 March 2010****1 Principal accounting policies**

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards. 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 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 in the profit and loss account 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 loss

2010	2009
£000	£000

The following amounts have been charged in arriving at the operating loss:

Audit services	1	1
Tax advice services	2	1
Tax compliance services	1	-

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 (including executive directors) employed in either year was nil.

5 Interest receivable and similar income

2010	2009
£000	£000

Interest receivable from holding company	204	2,249
Interest receivable from fellow subsidiaries	522	1,538
	<u>726</u>	<u>3,787</u>

6 Interest payable and similar charges

2010	2009
£000	£000

Interest payable to holding company	7,965	9,645
	<u>7,965</u>	<u>9,645</u>

GMG INVESTCO LIMITED**Notes to the financial statements for the year ended 28 March 2010 (continued)****7 Tax (credit) / charge on loss on ordinary activities****a) analysis of (credit) / charge in year**

	2010	2009
	£000	£000
Current		
UK corporation tax on loss for the year	-	137
Adjustments in respect of prior periods	(974)	-
Total current tax	(974)	137

b) factors affecting tax (credit) / charge for the year

The tax assessed for the period is higher (2009 higher) than the standard rate of corporation tax in the UK (28%) (2009 28%)

The differences are explained below

	2010	2009
	£000	£000
Loss on ordinary activities before tax	(63,243)	(5,860)
Loss on ordinary activities multiplied by standard rate of CT of 28% (2009 28%)	(17,708)	(1,641)
Effects of		
Expenditure not deductible for tax purposes	1,502	2,208
Income not taxable	(146)	(430)
Adjustment to tax charge in respect of previous periods	(974)	-
Current year losses not recognised (note 9)	672	-
Non-deductible expenses - impairment of investment in subsidiaries	15,680	-
Current tax (credit) / charge for year	(974)	137

c) factors that may affect future tax charges

There are no significant factors known at 28 March 2010 which may affect future tax charges (2009 no significant factors)

8 Fixed asset investments

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

	2010	2009
	£000	£000
Cost		
At 30 March 2009	495,701	-
Transfer from holding company during year	-	495,701
Amounts written off during the year	(56,000)	-
At 28 March 2010	439,701	495,701

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 28 March 2010, the loan note balance is comprised of

	Loan £000
Guardian Media Group plc	495,701
Rolled-up interest	17,610
	513,311

Notes to the financial statements for the year ended 28 March 2010 (continued)

9 Deferred taxation

The company has an unprovided deferred tax asset of £672,092 (2009 £nil) relating to current year losses. No deferred tax is recognised on these trading losses as it is not regarded as more likely than not that there will be suitable taxable profits/gain against which they can be deducted. 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.

10 Amounts owed by Group companies

	2010 £000	2009 £000
Amount owed by holding company	20,492	9,176
Amount owed by fellow subsidiaries	35,332	34,810
Corporation tax recoverable - group relief	-	106
	<u>55,824</u>	<u>44,092</u>

Amounts owed by fellow subsidiaries includes the following loans

	Loan £000	Terms
GMG Radio Holdings Limited	24,180	Repayable on demand and bears an interest rate of LIBOR plus 1%
Rolled-up interest	11,152	
	<u>35,332</u>	

11 Share capital

	2010 £000	2009 £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>

12 Reserves

	Share premium account £000	Profit and loss account £000	Total £000
At 30 March 2009	6,208	(2,116)	4,092
Loss for the year	-	(62,269)	(62,269)
At 28 March 2010	<u>6,208</u>	<u>(64,385)</u>	<u>(58,177)</u>

13 Reconciliation of movements in shareholders' (deficit) / funds

	2010 £000	2009 £000
Opening shareholders' funds	44,092	110,089
Loss for the year	(62,269)	(5,997)
Dividends paid	-	(60,000)
Closing shareholders' (deficit) / funds	<u>(18,177)</u>	<u>44,092</u>

14 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 the Guardian Media Group plc group are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation.

15 Holding company

The company's ultimate holding company is The Scott Trust Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the ultimate holding company's consolidated financial statements may be obtained from The Secretary, The Scott Trust Limited, Number 1 Scott Place, Manchester M3 3GG.