

**GMG INVESTCO LIMITED**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 MARCH 2014**

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# **GMG INVESTCO LIMITED**

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**GMG INVESTCO LIMITED**

**DIRECTORS AND ADVISERS**

**The directors of the company who were in office during the year and up to the date of signing the financial statements were:**

A. Miller  
S. Davis  
D. Singer

**Secretary**  
P. M. Tranter

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

**Solicitors**  
**Freshfields Bruckhaus Deringer LLP**  
65 Fleet Street  
London  
EC4Y 1HS

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

**GMG INVESTCO LIMITED****REPORT OF THE DIRECTORS****for the year ended 30 March 2014**

The directors present their report and the audited financial statements for GMG Investco Limited (the "company") for the year ended 30 March 2014.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies. The directors have taken the exemption under this regime not to disclose the strategic report.

**Principal activity**

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

**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.

**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.

**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.

**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 (2013: £nil).

**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.

**Directors**

The directors of the company at 30 March 2014, are shown on page 1.

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

**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.

**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 auditors are unaware; and
- he has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their

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  
2 July 2014

**GMG INVESTCO LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GMG INVESTCO LIMITED****Report on the financial statements****Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

**What we have audited**

The financial statements, which are prepared by GMG Investco Limited, comprise:

- the balance sheet as at 30 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report of the directors and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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.

**Other matters on which we are required to report by exception****Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

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

**Entitlement to exemptions**

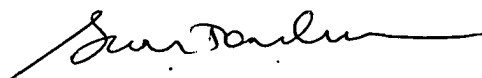
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take

**Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities set out on page 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Samuel Tomlinson (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
2 July 2014

**GMG INVESTCO LIMITED****PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 March 2014**

	Note	2014 £000	2013 £000
<b>All continuing operations</b>			
Operating (charges)/income		(1)	36,399
<b>Operating (loss)/profit</b>	2	(1)	36,399
Interest receivable and similar income	5	697	698
Interest payable and similar charges	6	(8,000)	(8,173)
<b>(Loss)/profit on ordinary activities before taxation</b>		(7,304)	28,924
Tax on (loss)/profit on ordinary activities	7	420	442
<b>(Loss)/profit for the financial year</b>	11	(6,884)	29,366

All amounts relate to continuing operations.

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

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial years stated above, and their historical cost equivalents.

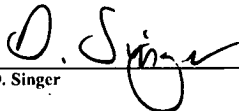
The notes on pages 6 to 8 form part of these financial statements.

**GMG INVESTCO LIMITED****BALANCE SHEET as at 30 March 2014**

	Note	2014 £000	2013 £000
<b>Fixed assets</b>			
Investments	8	439,701	439,701
<b>Current assets</b>			
Amounts owed by group undertakings	9	59,225	58,110
<b>Current liabilities</b>			
Loan note issued to holding company	8	(546,523)	(538,524)
<b>Net current liabilities</b>		<u>(487,298)</u>	<u>(480,414)</u>
<b>Net liabilities</b>		<u>(47,597)</u>	<u>(40,713)</u>
<b>Capital and reserves</b>			
Called up share capital	10	40,000	40,000
Share premium account	11	6,208	6,208
Profit and loss account	11	(93,805)	(86,921)
<b>Total shareholders' deficit</b>	12	<u>(47,597)</u>	<u>(40,713)</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 2 July 2014 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 30 March 2014****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 under section 400 of the Companies Act 2006, 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.

**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.

**2. Operating (loss)/profit**

	2014 £000	2013 £000
The following amounts have been (charged)/credited in arriving at the operating (loss)/profit:		
Audit services	(1)	(1)
Impairment reversal on loans	-	36,400

During the year ended 31 March 2013, a reversal of a previous impairment of 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 the year (2013: £nil).

**4. Employee information**

The average number of persons (excluding executive directors) employed during the year was nil (2013: nil). As such there were no associated staff costs (2013: £nil).

**5. Interest receivable and similar income**

	2014 £000	2013 £000
Interest receivable from parent company	697	581
Interest receivable from fellow subsidiaries	-	117
	<u>697</u>	<u>698</u>

**6. Interest payable and similar charges**

	2014 £000	2013 £000
Interest payable to parent company	<u>8,000</u>	<u>8,173</u>



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

	2014	2013
	£000	£000
<b>Current</b>		
UK corporation tax on (loss)/profit for the year	(384)	(441)
Adjustments in respect of prior years	(36)	(1)
<b>Total current tax credit</b>	<b>(420)</b>	<b>(442)</b>

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 23% (2013: 24%).

	2014	2013
	£000	£000
(Loss)/profit on ordinary activities before taxation	(7,304)	28,924
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax of 23% (2013: 24%)	(1,680)	6,942
Effects of:		
Expenditure not deductible for tax purposes	1,296	1,353
Adjustments in respect of prior years	(36)	(1)
Charge of the impairment of loan balances (note 2)	-	(8,736)
<b>Current tax credit for year</b>	<b>(420)</b>	<b>(442)</b>

A change in the UK main Corporation tax rate from 24% to 23% was substantively enacted on 20 March 2013 and was effective from 1 April 2013. In addition following the 2013 budget, a reduction in the main UK Corporation tax rate from 23% to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015 was substantively enacted on 2 July 2013. As a result deferred tax balances have been re-measured at 20%. No further changes in Corporation tax rates were announced in the 2014 budget.

	Country of registration or incorporation England & Wales	Principal activity Publishing	Percentage owned 100%
GMG Auto Trader Limited			
		2014 £000	2013 £000
at 30 March 2014 and 31 March 2013		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%.

	Loan £000
Guardian Media Group plc	495,701
Rolled-up interest	50,822
<b>Total loan note balance owed to Guardian Media Group plc</b>	<b>546,523</b>

## Notes to the financial statements for the year ended 30 March 2014 (continued)

## 9. Amounts owed by group undertakings

	2014	2013
	£000	£000
Amount owed by parent company	58,840	57,668
Corporation tax recoverable - group relief	385	442
	<u>59,225</u>	<u>58,110</u>

During the year ended 31 March 2013, a reversal of a previous impairment 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 1% and Libor plus 0.5%.

	Loan £000
Amounts owed to Guardian Media Group plc at 1 April 2013	57,668
Rolled up interest	1,172
<b>Total amounts owed to Guardian Media Group plc at 30 March 2014</b>	<u><b>58,840</b></u>

## 10. Called up share capital

	2014	2013
	£000	£000
Authorised, issued and fully paid up during the period:		
5,000,000 (2013: 5,000,000) Ordinary shares of £1 each	5,000	5,000
41,207,877 (2013: 42,207,877) Ordinary shares of £0.85 each	35,000	35,000
	<u>40,000</u>	<u>40,000</u>

## 11. Reserves

	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2013	6,208	(86,921)	(80,713)
Loss for the year	-	(6,884)	(6,884)
<b>At 30 March 2014</b>	<u><b>6,208</b></u>	<u><b>(93,805)</b></u>	<u><b>(87,597)</b></u>

## 12. Reconciliation of movements in shareholders' deficit

	2014	2013
	£000	£000
Opening shareholders' deficit	(40,713)	(70,079)
(Loss)/profit for the year	(6,884)	29,366
<b>Closing shareholders' deficit</b>	<u><b>(47,597)</b></u>	<u><b>(40,713)</b></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 30 March 2014. 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 30 March 2014. 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.