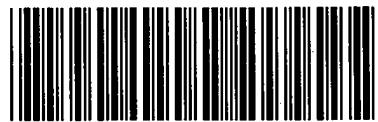


GMG INVESTCO LIMITED

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2015**

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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:

S. Davis

D. Singer

A. Miller (resigned 30 June 2015)

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 29 March 2015**

The directors present their report and the audited financial statements for GMG Investco Limited (the "company") for the year ended 29 March 2015.

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

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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 (2014: £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 and their interests

The directors of the Company at 29 March 2015 are as listed on page 1. A. Miller was a director on 29 March 2015 and resigned as a director on 30 June 2015. All other directors served throughout the year. No director had any interest in contracts made by the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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;
- 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:

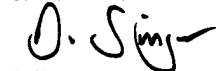
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's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

ON BEHALF OF THE BOARD


D. Singer
Director
PO Box 68164, Kings Place,
90 York Way, London N1P 2AP
1 July 2015

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

In our opinion, GMG Investco Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 29 March 2015 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.

What we have audited

GMG Investco Limited's financial statements comprise:

- the balance sheet as at 29 March 2015;
- 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.

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 International Standards on Auditing (UK and Ireland) ("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

What an audit of financial statements involves


We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Samuel Tomlinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 July 2015

GMG INVESTCO LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 29 March 2015

	Note	2015 £'000	2014 £'000
All continuing operations			
Other operating charges		(2)	(1)
Operating loss	2	(2)	(1)
Interest receivable and similar income	5	714	697
Interest payable and similar charges	6	(8,171)	(8,000)
Loss on ordinary activities before taxation		(7,459)	(7,304)
Tax on loss on ordinary activities	7	36	420
Loss for the financial year	11	(7,423)	(6,884)

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 on ordinary activities before taxation and the loss for the financial years stated above, and their historical cost equivalents.

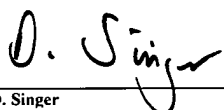
The notes on pages 6 to 8 form part of these financial statements.

GMG INVESTCO LIMITED**BALANCE SHEET as at 29 March 2015**

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	8	439,701	439,701
Current assets			
Amounts owed by group undertakings	9	59,973	59,225
Current liabilities			
Amounts owed to group undertakings	8	(554,694)	(546,523)
Net current liabilities		<u>(494,721)</u>	<u>(487,298)</u>
Total assets less current liabilities		<u>(55,020)</u>	<u>(47,597)</u>
Net liabilities		<u>(55,020)</u>	<u>(47,597)</u>
Capital and reserves			
Called up share capital	10	40,000	40,000
Share premium account	11	6,208	6,208
Profit and loss account	11	(101,228)	(93,805)
Total shareholders' deficit	12	<u>(55,020)</u>	<u>(47,597)</u>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 1 July 2015 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 29 March 2015****1. Accounting policies****Accounting basis**

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.

The financial statements of the company are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current year cover the 52 weeks ended 29 March 2015 and the comparative year covers the 52 weeks ended 30 March 2014.

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

	2015	2014
	£'000	£'000
The following amounts have been charged in arriving at the operating loss:		
Audit services	(2)	(1)

3. Directors' emoluments

None of the directors received remuneration for their services as directors of the company in the year (2014: £nil).

4. Employee information

The average number of persons (excluding executive directors) employed during the year was nil (2014: nil). As such there were no associated staff costs (2014: £nil).

5. Interest receivable and similar income

	2015	2014
	£'000	£'000
Interest receivable from parent company	714	697

6. Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest payable to parent company	8,171	8,000

GMG INVESTCO LIMITED**Notes to the financial statements for the year ended 29 March 2015 (continued)****7. Tax on loss on ordinary activities****a) Analysis of credit in year**

	2015 £'000	2014 £'000
Current		
UK corporation tax on loss for the year	-	(384)
Adjustments in respect of prior years	(36)	(36)
Total current tax credit	(36)	(420)

b) Factors affecting credit for the year

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%).

The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(7,459)	(7,304)
Loss on ordinary activities multiplied by standard rate of corporation tax of 21% (2014: 23%)	(1,566)	(1,680)
Effects of:		
Expenditure not deductible for tax purposes	1,566	1,296
Adjustments in respect of prior years	(36)	(36)
Current tax credit for year	(36)	(420)

c) Factors that may affect future tax charges

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 in the previous financial year. There is no impact of the changes in these financial statements as the company has no deferred tax balance.

8. Fixed asset investments

	Country of registration or incorporation	Principal activity	Percentage owned
GMG Investco 2 Limited		Investment holding company	
	England & Wales		100%

	2015 £'000	2014 £'000
Cost		
At 29 March 2015 and 30 March 2014	439,701	439,701

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

On 18 September 2008, Guardian Media Group plc transferred its investment in GMG Investco 2 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 29 March 2015, the loan note balance comprises:

	Loan £'000
Guardian Media Group plc	495,701
Rolled-up interest	58,993
Total loan note balance owed to Guardian Media Group plc	554,694

Notes to the financial statements for the year ended 29 March 2015 (continued)

9. Amounts owed by group undertakings

	2015	2014
	£'000	£'000
Amount owed by parent company	59,972	58,840
Amounts owed by group companies for group relief	1	385
	<u>59,973</u>	<u>59,225</u>

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 31 March 2014	58,840
Rolled up interest	1,132
Total amounts owed to Guardian Media Group plc at 29 March 2015	<u>59,972</u>

10. Called up share capital

	2015	2014
	£'000	£'000
Authorised, issued and fully paid up during the year:		
5,000,000 (2014: 5,000,000) Ordinary shares of £1 each	5,000	5,000
41,207,877 (2014: 41,207,877) Ordinary shares of £0.85 each	<u>35,000</u>	<u>35,000</u>
	<u>40,000</u>	<u>40,000</u>

11. Reserves

	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000
At 31 March 2014	6,208	(93,805)	(87,597)
Loss for the year	-	(7,423)	(7,423)
At 29 March 2015	<u>6,208</u>	<u>(101,228)</u>	<u>(95,020)</u>

12. Reconciliation of movements in shareholders' deficit

	2015	2014
	£'000	£'000
Opening shareholders' deficit	(47,597)	(40,713)
(Loss)/profit for the year	<u>(7,423)</u>	<u>(6,884)</u>
Closing shareholders' deficit	<u>(55,020)</u>	<u>(47,597)</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. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Guardian Media Group plc.

The ultimate parent undertaking is The Scott Trust Limited, a company incorporated in Great Britain.

The Scott Trust Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 29 March 2015. 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.

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