



Trader Media Corporation Limited

Directors' report and financial statements for the year ended 31 March 2013

Registered number 04829865

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Directors' report

For the year ended 31 March 2013

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 March 2013

Principal activity, business review and future developments

The principal activity of the company is that of an intermediate holding and financing company

Interest receivable and other income of £nil (2012 £137,000) all related to bank interest on group deposits which have been held in other group undertakings in the current financial year

Interest payable on the syndicated bank loan, some of which is held by a fellow group undertaking, is £38,318,000 compared to £35,680,000 in the previous year. The interest cost has increased due to the impact of higher debt after the refinancing in 2012. However, as the interest payable is based on LIBOR and rates have been between 0.5% to 0.7% during the year (2012 0.6% to 1.0%) the company has benefitted from these lower rates. The interest margin payable on the syndicated bank loan is also dependent on the consolidated leverage ratio of the company and its subsidiaries and this margin has reduced by 0.25% during the year. This low level of LIBOR is expected to continue for the next year and the company expects a further 0.25% fall in the margin early in the next financial year.

The company has interest rate swap agreements which hedge a reducing spiral of the syndicated bank loan. Interest payable under the swap is fixed at 1.35% and the company receives 1 month LIBOR (note 10). The effect of the reducing spiral and continuing low LIBOR in the year has reduced the swap payments to £1,491,000 (2012 £3,141,000).

A £2,667,000 (2012 £nil) repayment of the syndicated bank loan was made in the year and the group has also made debt buy backs through a fellow subsidiary undertaking which has reduced the overall bank borrowings for the group.

A more detailed Financial Review, future developments, principal risks and uncertainties, KPIs, donations, corporate governance reports, corporate and social responsibility report and financial risk management objectives are provided on pages 1 to 41 in the Annual Report of the company's parent company Trader Media Group Limited (registered number 4768833).

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Trader Media Group Limited. The directors have received confirmation that Trader Media Group Limited intends to support the company for at least one year after the financial statements are signed.

The company meets the criteria of a small company as set out in the Companies Act 2006. Consequently, the company has taken advantage of the exemption available under section 415A of the Companies Act 2006 from making disclosures on financial risk management.

Directors' report (continued)

For the year ended 31 March 2013

Results and dividends

The company's loss for the financial year was £30,325,000 (2012 £46,210,000)

The directors do not recommend the payment of a final dividend (2012 £nil)

Directors

The directors who served during the year and up to the date of the signing of the financial statements unless otherwise stated were as follows

S Glithero
T Collet
Z Byng-Maddick

Directors indemnities

The company maintains liability insurance for its directors and officers

Directors' report (continued)

For the year ended 31 March 2013

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

The directors confirm, in the case of each director in office at the date the directors' report is approved, that

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) he/she 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

Auto Trader House
Cutbush Park Industrial Estate
Danehill
Lower Earley
Reading
Berkshire
RG6 4UT

10 June 2013

On behalf of the Board,



S Glithero
Director

Independent auditors' report to the members of Trader Media Corporation Limited

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Matthew Hall (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

10 June 2013

Profit and loss account

For the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Turnover		-	-
Administrative expenses		(12)	(12)
Operating loss		(12)	(12)
Interest receivable and similar income	2	-	137
Interest payable and similar charges	2	(39,809)	(46,335)
Loss on ordinary activities before taxation	3	(39,821)	(46,210)
Tax on loss on ordinary activities	6	9,496	-
Loss on ordinary activities after taxation	12, 13	(30,235)	(46,210)

There are no recognised gains or losses other than those included in the results above, accordingly no statement of total recognised gains and losses is presented

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historic cost equivalents

All results arise from continuing activities in both years

Balance sheet

As at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	7	707,808	707,808
Current assets			
Debtors	8	633,850	633,849
Cash at bank and in hand		85	65
		<u>633,935</u>	<u>633,914</u>
Creditors Amounts falling due within one year	9	<u>(583,536)</u>	<u>(550,523)</u>
Net current assets		<u>50,399</u>	<u>83,391</u>
Total assets less current liabilities		<u>758,207</u>	<u>791,199</u>
Creditors Amounts falling due after more than one year	10	<u>(863,623)</u>	<u>(866,290)</u>
Net liabilities		<u>(105,416)</u>	<u>(75,091)</u>
Capital and reserves			
Called-up share capital	11	-	-
Profit and loss account	12	<u>(105,416)</u>	<u>(75,091)</u>
Total shareholder's deficit	13	<u>(105,416)</u>	<u>(75,091)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 10 June 2013 and were signed on its behalf by



S Glithero
Director

Registered number 04829865

Notes to the financial statements

For the year ended 31 March 2013

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Trader Media Group Limited has indicated its intention to provide such ongoing financial support as is necessary for the company to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The principal accounting policies are set out below all of which have been applied consistently throughout the year and the preceding year.

The financial statements contain information about Trader Media Corporation Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Trader Media Group Limited, a company incorporated in England and Wales.

Cash flow statement

The company is a wholly owned subsidiary of Trader Media Group Limited, a company incorporated in England and Wales, and the cash flows of the company are included in the consolidated financial statements of that company, which are publicly available. Consequently the company has taken advantage of the exemption available under paragraph 5 of Financial Reporting Standard 1 *Cash Flow Statements (revised 1996)* from preparing a cash flow statement.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the year. Finance and issue costs associated with debt are charged to the profit and loss account at a constant rate over the period from the date of issue to the point where there is a genuine commercial possibility that the commercial life of the instrument will expire.

Investments

Fixed asset investments are shown at cost less any provision for impairment. Dividends received are credited to the profit and loss account in the period in which they are approved by shareholders.

Annually, the directors consider whether any events or circumstances have occurred that could indicate that the carrying amount 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.

Related party transactions

Under the provisions of Financial Reporting Standard 8 *Related Party Disclosures*, the company is exempt from the requirement to disclose details of related party transactions with entities that are part of Trader Media Group Limited group, or investees of the Trader Media Group Limited group.

Notes to the financial statements (continued)

For the year ended 31 March 2013

1 Accounting policies (continued)

Financial instruments

Interest payable or receivable on derivative financial instruments (primarily interest rate swaps) is recognised in the profit and loss account in line with the contractual dates. The fair values of derivative financial instruments are not recognised in the balance sheet.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

2 Interest

	2013 £'000	2012 £'000
Interest receivable and similar income		
On bank balances	-	137
	<hr/>	<hr/>
	2013 £'000	2012 £'000
Interest payable and similar charges		
On bank loans and overdrafts	30,151	28,969
On financial instruments	1,491	3,141
Debt issue costs	-	7,514
On inter group balances	8,167	6,711
	<hr/>	<hr/>
	39,809	46,335

Debt issue costs incurred during the previous year related to the extinguishment of the syndicated term loan and subsequent refinancing.

Notes to the financial statements (continued)

For the year ended 31 March 2013

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2013 £'000	2012 £'000
Fees payable for the audit of the company's financial statements	<u>12</u>	<u>12</u>

4 Employee information

The average number of persons (excluding directors) employed during the year was nil (2012 nil). As such, no staff costs arose during either year.

5 Directors' remuneration

The emoluments of the directors have been borne by other group companies as their services provided to the company are considered incidental to services provided elsewhere within the group.

The remuneration of all directors was paid by Trader Publishing Limited and not recharged. The allocation of this remuneration in relation to their services as directors of the company is £73,426 (2012 £100,000).

Notes to the financial statements (continued)

For the year ended 31 March 2013

6 Tax on loss on ordinary activities

	2013	2012
	£'000	£'000
Current taxation		
UK corporation tax	<u>(9,496)</u>	<u>-</u>

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

The differences between the total current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before taxation is as follows

	2013	2012
	£'000	£'000
Loss on ordinary activities before taxation	<u>(39,821)</u>	<u>(46,210)</u>
Tax on loss on ordinary activities at the standard UK corporation tax rate of 24% (2012 26%)	(9,557)	(12,015)
Group relief for nil consideration	-	10,849
Debt buy back gain	<u>61</u>	<u>1,166</u>
Current taxation credit for the year	<u>(9,496)</u>	<u>-</u>

The company operates entirely in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax

Further reductions to the UK corporation tax rate were announced in the March 2013 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 2% to 21% by 1 April 2014 and a further 1% to 20% on 1 April 2015. These changes had not been substantively enacted at the balance sheet date and are therefore not recognised in these financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2013

7 Investments

Shares in subsidiary undertakings
£'000

Cost and net book value

At beginning and end of year 707,808

The company holds the following investments

Subsidiary undertakings	Country of registration or incorporation	Principal Activity	Class of Shares held	Percentage owned
Trader Media Holdings Limited	England and Wales	Holding company	Ordinary	100%
Trader Media Property Limited	England and Wales	Holding company	Ordinary	100%
Trader Publishing Limited	England and Wales	Classified advertising	Ordinary	100%

The company holds the following principal subsidiaries through its interest in Trader Publishing Limited

Subsidiary undertakings	Country of registration or incorporation	Principal Activity	Class of Shares held	Percentage owned
The Car Trader (Pty) Limited	South Africa	Classified advertising	Ordinary	100%
Trader Finance (2009) Limited	England and Wales	Financing	Ordinary	100%
Delta Point Associates Limited	England and Wales	Data and intelligence	Ordinary	100%
Webzone Limited	Republic of Ireland	Classified advertising	Ordinary	100%

Delta Point Associates Limited was acquired on 22 June 2012 and the trade and assets of the company were divisionalised into Trader Publishing Limited on 28 March 2013, at which point the company became dormant

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

8 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	633,728	633,728
Prepayments and accrued income	122	121
	<u>633,850</u>	<u>633,849</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand

Notes to the financial statements (continued)

For the year ended 31 March 2013

9 Creditors Amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	579,284	545,226
Accruals	4,252	5,297
	<u>583,536</u>	<u>550,523</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand

10 Creditors Amounts falling due after more than one year

	2013 £'000	2012 £'000
Syndicated bank loans net of issue costs	672,250	685,745
Amounts owed to group undertakings	191,373	180,545
	<u>863,623</u>	<u>866,290</u>

Syndicated bank loans and amounts owed to group undertakings are repayable as follows

2 – 5 years	863,623	250,118
More than five years	-	616,172
	<u>863,623</u>	<u>866,290</u>

Interest on the bank debt and amounts owed to group undertakings disclosed above is charged at LIBOR plus a margin of between 2% and 4.75% (2012 2% and 5%) depending on the consolidated leverage ratio of the company and its subsidiaries. Whilst repayments can be made without penalty, there is no requirement to settle all or part of the debt earlier than the termination dates.

The group has elected to hedge a proportion of the bank debt by the purchase of interest rate swaps which hedge £190,000,000 from March 2012 to March 2013, £165,000,000 from March 2013 to March 2014 and £75,000,000 from March 2014 to March 2015. Over the life of the swaps the company pays interest at 1.35% and receives LIBOR.

The fair values of the interest rate swaps at the balance sheet date were a liability of £2,133,000 (2012 liability £2,364,000). These fair values have not been recognised in the balance sheet.

Notes to the financial statements (continued)

For the year ended 31 March 2013

11 Called-up share capital

	2013 £	2012 £
<i>Allotted, called-up and fully paid</i>		
1,000 ordinary shares of 10p each	<u>100</u>	<u>100</u>

12 Profit and loss account

	2013 £'000
At beginning of year	(75,091)
Loss for the financial year	<u>(30,325)</u>
At end of year	<u>(105,416)</u>

13 Reconciliation of movements in total shareholder's deficit

	2013 £'000	2012 £'000
Opening total shareholder's deficit	(75,091)	(28,881)
Loss for the financial year	<u>(30,325)</u>	<u>(46,210)</u>
Closing total shareholder's deficit	<u>(105,416)</u>	<u>(75,091)</u>

14 Contingent liabilities – financial guarantees

The following undertakings have jointly and severally guaranteed the borrowings of the Bank Debt (note 10)

2 nd Byte Limited	Trader Media Corporation (2003) Limited
Auto Trader Holland Limited	Trader Media (Earls Court) Group Limited
Faxpress Limited	Trader Media (Earls Court) Holdings Limited
Hurst Italia Limited	Trader Publishing Limited
Trader Media Corporation Limited	

The company has access to a group cash management facility and has guaranteed the facility to the extent of its cash deposited in the United Kingdom with its clearing bank

Notes to the financial statements (continued)

For the year ended 31 March 2013

15 Ultimate controlling parties

The company's immediate parent company is Trader Media Corporation (2003) Limited, which is incorporated in Great Britain and registered in England and Wales

The smallest group in which the results of the company are consolidated is that headed by Trader Media Corporation (2003) Limited. The largest group in which the results of the company are consolidated is that headed by Trader Media Group Limited. The consolidated financial statements of both groups are available to the public and will be filed with the registrar of companies.

The company is jointly controlled by Guardian Media Group plc (indirectly holding 50.1% of the ordinary shares), Crystal A TopCo Sàrl (indirectly holding 18.50% of the ordinary shares) and Crystal B TopCo Sàrl (indirectly holding 30.19% of the ordinary shares). Crystal A TopCo Sàrl and Crystal B TopCo Sàrl (companies operated by Apax Partners, a private equity firm) are incorporated under the laws of Luxembourg and Guardian Media Group plc is incorporated in Great Britain.