

Registration number: 03673142

Guardian News & Media (Holdings) Limited

Annual Report and Financial Statements

for the year ended 2 April 2017

WEDNESDAY



A6BG9OG0

A34

26/07/2017

#185

COMPANIES HOUSE

Guardian News & Media (Holdings) Limited

Contents

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditors' Report	4 to 6
Income Statement	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 16

Guardian News & Media (Holdings) Limited

Company Information

Directors Richard Kerr
Claire Pape

Company secretary Richard Kerr

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

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

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

Guardian News & Media (Holdings) Limited

Directors' Report for the year ended 2 April 2017

The directors present their report and the audited financial statements for the year ended 2 April 2017.

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.

Directors of the company

The directors, who held office during the period, and up to the date of signing unless otherwise stated were as follows:

Richard Kerr (appointed 13 April 2016)

Claire Pape (appointed 6 October 2016)

Emma Ciechan (resigned 6 October 2016)

Sarah Davis (resigned 26 May 2017)

Going concern

The Company's intermediate parent undertaking, Guardian Media Group plc, is owned 100% by The Scott Trust Limited, whose core purpose is to secure the financial and editorial independence of The Guardian in perpetuity. The directors believe that the Company has adequate resources to continue operations for the foreseeable future and confirmation has been received 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 this reason, the going concern basis in preparing the financial statements continues to be appropriate.


Directors' liabilities

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.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 5 July 2017 and signed on its behalf by:



Claire Pape
Director

Guardian News & Media (Holdings) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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, comprising FRS 101 'Reduced Disclosure Framework', 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 apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken 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.

Guardian News & Media (Holdings) Limited

Independent Auditors' Report to the members of Guardian News & Media (Holdings) Limited

Report on the financial statements

Our Opinion

In our opinion, Guardian News & Media (Holdings) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 2 April 2017 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

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 2 April 2017;
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Guardian News & Media (Holdings) Limited

Independent Auditors' Report to the members of Guardian News & Media (Holdings) Limited

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 advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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 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) ("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.

Guardian News & Media (Holdings) Limited

Independent Auditors' Report to the members of Guardian News & Media (Holdings) Limited

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 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. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

5 July 2017

Guardian News & Media (Holdings) Limited

Income Statement for the year ended 2 April 2017

	Note	2017 £ 000	2016 £ 000
Operating costs	3	<u>(55,000)</u>	<u>(60,002)</u>
Operating loss		<u>(55,000)</u>	<u>(60,002)</u>
Other operating income	4	<u>-</u>	<u>6</u>
		<u>-</u>	<u>6</u>
Loss on ordinary activities before taxation		<u>(55,000)</u>	<u>(59,996)</u>
Loss for the period		<u><u>(55,000)</u></u>	<u><u>(59,996)</u></u>

The above results were derived from continuing operations.

Guardian News & Media (Holdings) Limited

Statement of Comprehensive Income for the year ended 2 April 2017

	2017 £ 000	2016 £ 000
Loss for the period	<u>(55,000)</u>	<u>(59,996)</u>
Total comprehensive income for the period	<u><u>(55,000)</u></u>	<u><u>(59,996)</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Guardian News & Media (Holdings) Limited

(Registration number: 03673142)

Statement of Financial Position as at 2 April 2017

	Note	2017 £ 000	2016 £ 000
Non-current assets			
Investments	7	-	-
Equity			
Called up share capital	8	605,000	550,000
Retained Earnings		<u>(605,000)</u>	<u>(550,000)</u>
Shareholders' funds/(deficit)		<u>-</u>	<u>-</u>

Approved by the Board on 5 July 2017 and signed on its behalf by:

.....*Claire Pape*.....

Claire Pape

Director

The notes on pages 11 to 16 form an integral part of these financial statements.

Guardian News & Media (Holdings) Limited

Statement of Changes in Equity for the year ended 2 April 2017

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 4 April 2016	550,000	(550,000)	-
Loss for the period	-	(55,000)	(55,000)
Total comprehensive income	-	(55,000)	(55,000)
New share capital subscribed	55,000	-	55,000
At 2 April 2017	605,000	(605,000)	-
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 30 March 2015	490,000	(490,004)	(4)
Loss for the period	-	(59,996)	(59,996)
Total comprehensive income	-	(59,996)	(59,996)
New share capital subscribed	60,000	-	60,000
At 3 April 2016	550,000	(550,000)	-

The notes on pages 11 to 16 form an integral part of these financial statements.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 2 April 2017

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

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

These financial statements were authorised for issue by the Board on 5 July 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006.

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 period cover the 52 weeks ended 2 April 2017 and for the comparative period cover the 53 weeks ended 3 April 2016.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 2 April 2017

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 1 'Presentation of financial statements': information on management of capital has not been presented. Comparative financial information in respect of paragraph 73 (E) of IAS 16 Property, plant and equipment and paragraph 11 (e) of IAS 38 Intangible assets has not been presented.
- IAS 7 'Statement of cash flows': a cash flow statement has not been presented.
- IAS 8 'Accounting policies, changes in accounting estimates and errors': disclosure in respect of new standards and interpretations that have been issued but which are not yet effective has not been provided.
- IAS 24 'Related party disclosures': key management personnel compensation has not been presented. Related party transactions entered into between two or more members of the group, provided that the subsidiary which is a party to the transaction is wholly owned by such a member have not been disclosed.
- IFRS 7 'Financial instruments disclosures': none of the disclosures required by IFRS 7 have been presented.
- IFRS 13 'Fair value measurement': none of the disclosures required by IFRS 13 have been presented.

Going concern

The financial statements have been prepared on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 4 April 2016 have had a material effect on the financial statements.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 2 April 2017

3 Operating costs

	2017 £ 000	2016 £ 000
Impairment of investments	55,000	60,000
Other expenses	-	2
	<u>55,000</u>	<u>60,002</u>

4 Other operating income

	2017 £ 000	2016 £ 000
Debt forgiveness from related party	-	6
	<u>-</u>	<u>6</u>

5 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	-	2
	<u>-</u>	<u>2</u>
	<u>2017 £ 000</u>	<u>2016 £ 000</u>
Estimated money value of benefits in kind for audit services	2	-
	<u>2</u>	<u>-</u>

Auditors' remuneration is borne by Guardian Media Group plc, the company's immediate parent company.

6 Tax on loss on ordinary activities

Tax charged in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	-	-
	<u>-</u>	<u>-</u>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 2 April 2017

	2017 £ 000	2016 £ 000
Loss before tax	<u>(55,000)</u>	<u>(59,996)</u>
Corporation tax at standard rate	(11,000)	(11,999)
Increase from effect of expenses not deductible in determining taxable profit	<u>11,000</u>	<u>11,999</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors which may affect future tax charges

The UK main corporation tax rate is reduced to 19% from 1 April 2017. A further reduction to 17% from 1 April 2020 was substantively enacted during the financial year. There is no impact of the changes in these financial statements as the company has no deferred tax balances.

7 Investments

Subsidiaries

£ 000

Cost or valuation

At 30 March 2015	490,000
Additions	<u>60,000</u>
At 3 April 2016	<u>550,000</u>
At 4 April 2016	550,000
Additions	<u>55,000</u>
At 2 April 2017	<u>605,000</u>

Provision

At 30 March 2015	490,000
Provision	<u>60,000</u>
At 3 April 2016	<u>550,000</u>
At 4 April 2016	550,000
Provision	<u>55,000</u>
At 2 April 2017	<u>605,000</u>

Carrying amount

At 2 April 2017	<u>-</u>
At 3 April 2016	<u>-</u>

Details of the subsidiaries as at 2 April 2017 are as follows:

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 2 April 2017

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2017	2016
Guardian News and Media Limited*	Media	England and Wales	100%	100%
ContentNext Media LLC	Media	United States of America	100%	100%
Guardian News and Media LLC	Media	United States of America	100%	100%
GNM Australia Pty Ltd	Media	Australia	100%	100%
OG Enterprises Limited	Media	England and Wales	100%	100%
Guardian Education Interactive Limited	In liquidation	England and Wales	100%	100%
FSE World Limited	In liquidation	England and Wales	100%	100%
York Way 1001 Limited	In liquidation	England and Wales	100%	100%

* indicates direct investment of Guardian News & Media (Holdings) Limited

Unless stated below, all shares held are ordinary shares.

- ContentNext Media Inc - 100% ordinary shares and preference shares
- Guardian News and Media LLC - 100% membership interest

The registered office for the companies incorporated in:

- England and Wales (except for companies in liquidation) is PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.
- Australia is 19 Foster Street, Surrey Hills, NSW 2010.
- United States of America is 160 Greentree Drive, Suite 101, Dover, DE 19904.
- In liquidation is 92 London Street, Reading, Berkshire, RG1 4SJ.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 2 April 2017

8 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>605,000</u>	<u>605,000</u>	<u>550,000</u>	<u>550,000</u>

New shares allotted

During the period 55,000,000 Ordinary shares at £1 each having an aggregate nominal value of £55,000,000 were allotted for an aggregate consideration of £55,000,000.

9 Parent and ultimate parent undertaking

The company's immediate parent is Guardian Media Group plc.

The ultimate parent is The Scott Trust Limited. These financial statements are available upon request from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, London N1P 2AP.

Guardian Media Group plc is the parent 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.