

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED

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

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GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED

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GUARDIAN NEWS & MEDIA (HOLDINGS) 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:

D. Singer
E. Cicchan
S. Davis

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

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED**REPORT OF THE DIRECTORS****For the year ended 30 March 2014**

The directors present their report and the audited financial statements for Guardian News & Media (Holdings) 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 principal activity of the company is that of 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 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.

Going concern

The company has received confirmation from its holding company that it will continue to provide financial support to allow the company to meet its liabilities as they fall due, for the foreseeable future. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on the going concern basis.

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).

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

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 within Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD


E. Ciechan

Director

**PO Box 68164, Kings Place,
90 York Way, London N1P 2AP
2 July 2014**

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUARDIAN NEWS AND MEDIA (HOLDINGS) 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 Guardian News and Media (Holdings) 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

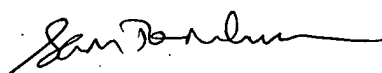
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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 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

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 30 March 2014

	Note	2014 £000	2013 £000
All continuing operations			
Operating charges		(1)	(1)
Impairment of investments in subsidiaries	6	(35,000)	(40,000)
Loss on ordinary activities before taxation	2	<u>(35,001)</u>	<u>(40,001)</u>
Tax on loss on ordinary activities	5	-	-
Loss for financial year		<u>(35,001)</u>	<u>(40,001)</u>

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.

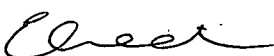
The notes on pages 6 to 7 form part of these financial statements.

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED**BALANCE SHEET as at 30 March 2014**

	Note	2014 £000	2013 £000
Fixed Assets			
Investments	6	-	-
Current liabilities			
Creditors: amounts falling due within one year	7	(3)	(2)
Net liabilities		<u>(3)</u>	<u>(2)</u>
Capital and reserves			
Called up share capital	8	475,000	440,000
Profit and loss account		(475,003)	(440,002)
Total shareholders' deficit	9	<u>(3)</u>	<u>(2)</u>

The financial statements on pages 4 to 7 were approved by the Board of Directors on 2 July 2014 and were signed on its behalf by:

DIRECTOR:



 E. Ciechan

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED
 Registered no. 03673142

GUARDIAN NEWS & MEDIA (HOLDINGS) 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

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.

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. Consequently the company is exempt from publishing a cash flow statement, under FRS 1 (revised 1996).

Taxation

The company provides for corporate taxation on the results for the period at the normal rate applicable to that period and recognises group relief when made available.

2. Loss on ordinary activities before taxation

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

	2014 £000	2013 £000
Audit services	1	1
Impairment of investments in subsidiaries	35,000	40,000

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. Tax on loss on ordinary activities

	2014 £000	2013 £000
a) Analysis of charge in year		
Current tax		
UK corporation tax on loss for the year	-	-
Tax charge on loss on ordinary activities	-	-

b) Factors affecting the tax charge for the year

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

The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before taxation:	(35,001)	(40,001)
Loss on ordinary activities multiplied by standard corporation tax rate of 23% (2013: 24%)	(8,050)	(9,600)
Effects of:		
Non-deductible expenses - impairment of investments in subsidiaries	8,050	9,600
Current tax charge for year	-	-

c) Factors that may affect future tax charges

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.

GUARDIAN NEWS & MEDIA (HOLDINGS) LIMITED**Notes to the financial statements for the year ended 30 March 2014 (continued)****6. Investments**

Shares in subsidiary companies	£000
Cost	
At 1 April 2013	440,000
Additions at cost	35,000
At 30 March 2014	<u>475,000</u>
Amounts written off	
At 1 April 2013	440,000
Amounts written off during the year	35,000
At 30 March 2014	<u>475,000</u>

Net book value at 30 March 2014 and 31 March 2013

Subsidiary Companies	Description of shares held by the company	Equity Holding
Guardian News & Media Limited	£1 ordinary shares	100%

Guardian News & Media Limited is incorporated in England and Wales and operates principally in the United Kingdom.

7. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to parent company	(3)	(2)
	<u>(3)</u>	<u>(2)</u>

Amounts owed to the parent company are unsecured, bear no interest and are repayable on demand.

8. Called up share capital

	2014 £000	2013 £000
Issued, called up and fully paid		
475,000,000 (2013: 440,000,000) Ordinary shares of £1 each	<u>475,000</u>	<u>440,000</u>

9. Reconciliation of movements in shareholders' deficit

	2014 £000	2013 £000
Opening shareholder's funds	(2)	(1)
Share capital issued during the year	35,000	40,000
Loss for year	<u>(35,001)</u>	<u>(40,001)</u>
Closing shareholders' deficit	<u>(3)</u>	<u>(2)</u>

10. 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 are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation. There are no other related party transactions.

11. Ultimate 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.