

Registration number: 03673142

Guardian News & Media (Holdings) Limited

Annual Report and Financial Statements

for the year ended 1 April 2018

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Guardian News & Media (Holdings) Limited

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Guardian News & Media (Holdings) Limited

Company Information

Directors	David Branchflower Richard Kerr
Registered office	PO Box 68164 Kings Place 90 York Way London N1P 2AP
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 1 April 2018

The directors present their report and the audited financial statements for the year ended 1 April 2018.

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:

David Branchflower (appointed 9 February 2018)

Richard Kerr

Claire Pape (resigned 9 February 2018)

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.

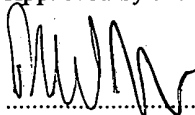
Directors' liabilities

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 9 July 2018 and signed on its behalf by:



David Branchflower
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 audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 1 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 1 April 2018; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Guardian News & Media (Holdings) Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 1 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

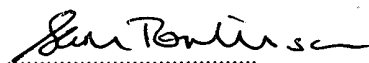
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

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: prepare financial statements in accordance with the small companies regime; 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.



Samuel Tomlinson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

9 July 2018

Guardian News & Media (Holdings) Limited

Income Statement for the year ended 1 April 2018

	Note	2018 £ 000	2017 £ 000
Operating costs	3	<u>(62,000)</u>	<u>(55,000)</u>
Operating loss		<u>(62,000)</u>	<u>(55,000)</u>
Loss on ordinary activities before taxation		(62,000)	(55,000)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the period		<u><u>(62,000)</u></u>	<u><u>(55,000)</u></u>

The above results were derived from continuing operations.

Guardian News & Media (Holdings) Limited

Statement of Comprehensive Income for the year ended 1 April 2018

	2018 £ 000	2017 £ 000
Loss for the period	<u>(62,000)</u>	<u>(55,000)</u>
Total comprehensive income for the period	<u><u>(62,000)</u></u>	<u><u>(55,000)</u></u>

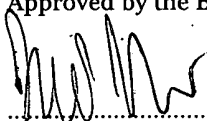
Guardian News & Media (Holdings) Limited

(Registration number: 03673142)

Statement of Financial Position as at 1 April 2018

	Note	2018 £ 000	2017 £ 000
Non-current assets			
Investments	7	<u>7,304</u>	<u>-</u>
Current assets			
Debtors	8	<u>696</u>	<u>-</u>
Net assets		<u>8,000</u>	<u>-</u>
Equity			
Called up share capital	9	675,000	605,000
Retained Earnings		<u>(667,000)</u>	<u>(605,000)</u>
Shareholders' funds		<u>8,000</u>	<u>-</u>

Approved by the Board on 9 July 2018 and signed on its behalf by:



David Branchflower
Director

Guardian News & Media (Holdings) Limited

Statement of Changes in Equity for the year ended 1 April 2018

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 3 April 2017	605,000	(605,000)	-
Loss for the period	-	(62,000)	(62,000)
Total comprehensive income	-	(62,000)	(62,000)
New share capital subscribed	70,000	-	70,000
At 1 April 2018	675,000	(667,000)	8,000
	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)	-

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 1 April 2018

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 9 July 2018.

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' (FRS 101). 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 1 April 2018 and for the comparative period cover the 52 weeks 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.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 1 April 2018

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 3 April 2017, have had a material effect on the financial statements.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except that a charge 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.

3 Operating costs

	2018	2017
	£ 000	£ 000
Impairment of investments	<u>62,000</u>	<u>55,000</u>

4 Directors' remuneration

The remuneration of the directors is paid by another group entity which makes no recharge to the Company. The directors are also directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. The directors total remuneration is disclosed in the financial statements of Guardian Media Group plc and Guardian News & Media Limited.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 1 April 2018

5 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit fee borne by parent company	<u>2</u>	<u>2</u>

6 Tax on loss on ordinary activities

Tax charged in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Loss before tax	<u>(62,000)</u>	<u>(55,000)</u>
Corporation tax at standard rate	(11,780)	(11,000)
Increase from effect of expenses not deductible in determining taxable profit	11,782	11,000
Increase from effect of losses surrendered to other group companies for nil payment	<u>(2)</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors which may affect future tax charges

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

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 1 April 2018

7 Investments

Subsidiaries

£ 000

Cost or valuation

At 4 April 2016	550,000
Additions	<u>55,000</u>

At 2 April 2017	<u>605,000</u>
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At 3 April 2017	605,000
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Additions	<u>69,304</u>
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At 1 April 2018	<u>674,304</u>
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Provision

At 4 April 2016	550,000
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Provision	<u>55,000</u>
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At 2 April 2017	<u>605,000</u>
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At 3 April 2017	605,000
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Provision	<u>62,000</u>
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At 1 April 2018	<u>667,000</u>
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Carrying amount

At 1 April 2018	<u><u>7,304</u></u>
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At 2 April 2017	<u><u>-</u></u>
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Details of the subsidiaries as at 1 April 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2018	2017
Guardian News and Media Limited*	Media	England and Wales	100%	100%
ContentNext Media Inc	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 News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 1 April 2018

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, Surry 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.

8 Trade and other receivables

	2018 £ 000	2017 £ 000
Receivables from related parties	<u>696</u>	<u>-</u>

9 Share capital

Allotted, called up and fully paid shares

	2018 No. 000	£ 000	2017 No. 000	£ 000
Ordinary shares of £1 each	<u>675,000</u>	<u>675,000</u>	<u>605,000</u>	<u>605,000</u>

New shares allotted

During the period 70,000,000 ordinary shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £70,000,000.

Guardian News & Media (Holdings) Limited

Notes to the Financial Statements for the year ended 1 April 2018

10 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.