Registered no. 94531

# Guardian Media Group plc
# 2015
# Annual Report
# and Financial Statements

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## List of 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:**
Neil Berkett
Nick Backhouse
Ronan Dunne
Judy Gibbons
Brent Hoberman
Nigel Morris
John Paton
Darren Singer
Jennifer Duvalier (appointed 21 May 2014)
Katharine Viner (appointed 1 June 2015)
David Pemsel (appointed 1 July 2015)
Alan Rusbridger (resigned 1 June 2015)
Andrew Miller (resigned 30 June 2015)

**Secretary**
Philip 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

**Bankers**
**The Royal Bank of Scotland plc**
Corporate and Institutional Banking
135 Bishopgate
London
EC2M 3UR

## Strategic report

The directors present their strategic report, the report of the directors and the audited consolidated financial statements for the Group, comprising the Guardian Media Group plc (the "Company") and its subsidiaries, joint ventures and associate investments ("the Group"), for the year ended 29 March 2015.

**Activities and business review**
Guardian Media Group plc (GMG) is the parent company of Guardian News & Media Limited (GNM), publisher of theguardian.com, one of the world's leading news websites, and the Guardian and Observer newspapers. The Group has a portfolio of investments which help to fund its journalism and secure its long-term future. These investments include a 33.1% investment in joint venture Top Right Group Limited (TRG) which is equity accounted and medium term and long term investment funds.

GMG's sole shareholder is The Scott Trust Limited, whose core purpose is to secure the financial and editorial independence of the Guardian in perpetuity.

Further information on the activities of the Group can be found on the Guardian Media Group website: www.gmgplc.co.uk.

**Strategy and future outlook**
In 2014 the Group strengthened its balance sheet significantly with the sale of its 50.1% share of TMG.

The Group is on track with its plan to reduce underlying operating losses while growing digital revenue and its international presence. The future will focus on further improvement in underlying performance and reductions in cash used in operations, while continuing to invest to grow international audience reach and engagement and prioritise innovation in award-winning journalism and editorial products.

**Principal risks and uncertainties**
The Group operates in a challenging sector which is experiencing both structural and cyclical changes.

There is an accelerating rate of migration from print to online, and from desktop browser to mobile consumption of news, with resultant revenue implications for both print and digital business models. To mitigate this risk the Group has invested in a transformation programme to develop its portfolio of digital products and its international reach.

The Group depends on a strong brand. Any failure to maintain, protect and strengthen the brand would reduce the ability to retain or grow the business. To mitigate this risk the Group adheres to comprehensive editorial and commercial legal guidelines and processes and has a strong communications team operating throughout the business.

Given the increased size of the investment fund, following the sale of TMG, and its importance to the sustainability of GMG, the risk of recession or poor return on investment has a material impact on liquidity and future funding for the Group.

**Operating and financial performance**
The results for the Group are set out in the consolidated income statement on page 8.

Group revenue from continuing operations grew 2.7% to £214.6 million (2014 £209.0 million) with increases in digital and new product revenue more than offsetting declines in print revenue. Group digital revenue for the year increased by 20.2% to £82.1m (2014 £68.3m). Following the sale of the Property Services division on 17 December 2013, all revenue from continuing operations is from the GNM division. In the key performance indicators in this strategic report, revenue and digital revenue for 2013, 2014 and 2015 are restated to exclude Guardian Digital Agency (GDA) as the trade and assets of GDA were sold in July 2014.

Earnings before interest, taxation and amortisation (EBITA) loss from continuing operations before exceptional items and including the share of its joint venture was £22.6 million (2014 £22.5 million). The total of the Group's results attributable to TRG, being share of post-tax results plus interest receivable and similar income, was £25.6 million (2014 £13.8 million).

Operating loss from continuing operations before exceptional items increased to £45.3 million (2014 £40.8 million) reflecting continued investment in developing the GNM business.

Group loss before taxation (PBT) for the year from continuing operations was £17.6 million (2014 £26.1 million). This includes exceptional restructuring costs and other one-off costs totalling £2.9 million (2014 £7.5 million).

Group loss before taxation including discontinued operations was £17.6 million (2014 £549.2 million gain).

On 27 May 2013, an Australian edition of the Guardian online was launched. The founding investment for the venture is from Australian entrepreneur Graeme Wood, creator of travel website Wotif. Graeme Wood is providing the funding to facilitate market entry but has an arm's length relationship, having no say in editorial matters or operational decisions.

During the year, GNM launched a three tier membership programme that gives readers access to a range of events and activities.

**Prior year events**
On 28 February 2014, the Group sold its 50.1% share of Trader Media Group (TMG) to its joint venture partner Apax. The Group received £619.0 million in cash for its interest. The transaction generated a profit on disposal of £525.0 million.

On 18 December 2013 the Group sold its Property Services division. The Group received £17.8 million in cash as a result and reported a loss on disposal of £0.7 million after accounting for transaction costs.

Following the sale of TMG, the sale of the Property Services division and the sale of the Radio division on 24 June 2012, the Group's share of TMG's results and the results of the Property Services division and the Radio division are separately disclosed as discontinued operations. Group profit for the year attributable to discontinued operations was nil (2014 £564.2 million). The 2014 comparatives include the Group's share of TMG's results to the date of sale and the profit on the sale of TMG.

## Strategic report - continued

**Taxation**
The £7.4 million tax credit for the year (2014 £1.4 million charge) includes a £7.3 million credit (2014 £3.1 million charge) before exceptional items and a £0.1 million credit (2014 £1.7 million credit) on exceptional items.

The tax credit arises principally due to a deferred tax credit of £11.0 million on the recognition of a deferred tax asset for the utilisation of non-trading losses against future taxable gains and profits arising on held for sale financial assets (2014 higher, due to deferred tax charge). The corresponding deferred tax liability of £13.3 million on the future taxable gains and profits has been recognised partly in the income statement (£1.8 million credit) but mainly in the consolidated statement of comprehensive income (£15.1 million charge) in accordance with applicable accounting standards.

The net deferred tax asset in the balance sheet is £nil (2014 £7.0 million).

The net position consists of assets of £1.9 million (2014 £5.2 million) relating to fixed asset timing differences, £0.4 million (2014 £1.8 million) relating to other timing differences and £11.0m (2014 £nil) relating to tax losses available to be used in the future, less a deferred tax liability of £13.3 million (2014 £nil) relating to future taxable gains and profits on held for sale financial assets.

The deferred tax asset not recognised has increased from £32.0 million to £35.3 million and represents accelerated capital allowances on fixed assets of £11.8 million, short term timing differences of £4.1 million and unrelieved trading losses of £19.4 million carried forward at the year end. TRG is accounted for as a joint venture and therefore its post-taxation results are included in the income statement.

**Cash flow**
Cash used in operations was £54.8 million (2014 £40.4 million). Net cash used in investing activities was £570.4 million (2014 £623.3 million generated) with cash received from the sale of TMG in 2014 invested into the investment fund. Other inflows and outflows are detailed in the consolidated statement of cash flows on page 10.

**Cash and investment fund**
The combined value of the cash and investment fund decreased from £843.2 million to £838.3 million with growth from the investment fund almost completely offsetting cash outflow to fund GNM's operations.

The total of the Group's results attributable to the investment fund, being all investment fund items in the income statement and statement of comprehensive income, was a gain of £54.9 million (2014 £5.3 million).

The portfolio of assets in the investment fund is designed to spread Group asset risk over a wider base than the Group's historical UK media sector focus. Investments are in a diversified range of assets, which are managed by a number of specialist fund managers, including global and emerging market equity, fixed income, real assets and hedge funds. The investments are denominated in Sterling and overseas currencies, principally the US Dollar.

The Board has approved a currency hedging policy for the investment fund which is reviewed on a regular basis and takes account of the investment performance of the portfolio. During 2015 a fair value loss of £8.1 million (2014 gain £4.1 million) arose on forward foreign exchange contracts. The hedging policy is designed to currency hedge 65% (2014 65%) in value of the hedge fund component and 55% (2014 nil) in value of the managed funds component of the portfolio, reflecting a reduction in exposure to US Dollar denominated assets.

**Balance sheet**
The Group had net assets of £1,107.7 million at 29 March 2015 (2014 £1,083.8 million), an increase of £23.9 million.

Leasing facilities totalling £40.3 million (2014 £46.6 million) are in place, the majority of which relate to the GNM printing presses. All leases have a fixed interest rate for their entire life.

**Key performance indicators**
Key indicators of financial performance are:

| | 2015<br>£m | 2014<br>£m | 2013<br>£m |
|---|---|---|---|
| Group revenue [1,2] | 214.6 | 209.0 | 194.5 |
| Group digital revenue [1] | 82.1 | 68.3 | 54.1 |
| EBITA [1,3,4] | (22.6) | (22.5) | (17.9) |
| PBT from continuing operations [1,3,5] | (17.6) | (26.1) | (43.9) |
| PBT including discontinued operations | (17.6) | 549.2 | 25.9 |
| Cash and investment fund | 838.3 | 842.7 | 253.7 |

[1] 2013, 2014 and 2015 have been restated to exclude GDA.
[2] 2013 and 2014 have been restated to exclude Radio division and Property Services division.
[3] 2013 and 2014 have been restated to exclude the Group's share of TMG
[4] Includes the Group's share of TRG
[5] 2013 has been restated to exclude the Group's share of profit on TRG's sale of the trade and assets of CAP Motor Research

**Reconciliation of non-statutory measure of profit**
EBITA is used by management to evaluate performance as it provides a close approximation of operating cash flow. A reconciliation from operating loss to EBITA is provided below:

| | 2015<br>£m | 2014<br>£m |
|---|---|---|
| Operating loss before exceptionals | (45.3) | (40.8) |
| Group's share of TRG's operating profit [1] | 22.0 | 16.8 |
| Add back amortisation of intangibles | 0.7 | 1.5 |
| EBITA | (22.6) | (22.5) |

[1] before exceptional items, restructuring costs and amortisation of intangible assets

On behalf of the Board

**Darren Singer**
Director
1 July 2015

**Guardian Media Group plc**
**Registered in England and Wales No 94531**

## Report of the directors

The directors present the report of the directors and the audited financial statements for the Group and the Company for the year ended 29 March 2015.

**Future developments**
Future developments have been discussed within the strategic report on page 4.

**Employee involvement**
The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining it. The Company encourages the involvement of employee's by means of regular communication programmes to the Company as a whole delivered by senior management, frequent internal email and intranet updates and an annual all staff financial results briefing.

**Employment of disabled persons**
The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

**Ownership**
Guardian Media Group plc is a public limited company incorporated in the United Kingdom and all the ordinary shares are owned by The Scott Trust Limited. The Company is domiciled in the United Kingdom and its registered address is PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.

**Directors and directors' interests**
The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 3.

No director had any material transactions with the Group other than those set out in note 4 and note 30.

**Dividend**
On 18 March 2015, the GMG plc board declared a dividend of 38.9p (2014 22.2p) per share on the ordinary share capital amounting to £350,000 (2014 £200,000) which was paid to The Scott Trust Limited on 18 March 2015.

**Corporate governance**
The Group's statement on corporate governance can be found on the Guardian Media Group website: www.gmgplc.co.uk.

**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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company 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 Group and the Company and of the profit or loss of the group 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;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to auditors**
In accordance with section 418 of the Companies Act 2006, each person who is a director at the date of approval of this report confirms that:

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

**Auditor rotation**
The directors intend to review the Group and subsidiaries audit engagement annually, with particular focus given to the review following any significant change to the structure of the Group.

**Going concern**
The financial position of the Group, its cash flows and liquidity position are described in the strategic report on pages 4 and 5.

In addition, note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Report of the directors and financial statements.

**Events after the reporting year**
Details of events after the reporting year are given in note 26 on page 27.

On behalf of the Board

**Darren Singer**
Director
1 July 2015

**Guardian Media Group plc**
**Registered in England and Wales No 94531**

## Independent auditors' report to the members of Guardian Media Group plc

**Report on the group financial statements**

**Our opinion**

In our opinion, Guardian Media Group plc's group financial statements (the "financial statements"):
- give a true and fair view of the state of the group's affairs as at 29 March 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

Guardian Media Group plc's financial statements comprise:
- the consolidated balance sheet at 29 March 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows 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 applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and 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 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. 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.

**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 6, 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 group'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.

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK and 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 group'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 strategic report, 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.

**Other matter**

We have reported separately on the parent company financial statements of Guardian Media Group plc for the year ended 29 March 2015.

**John Baker (Senior Statutory Auditor)**
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 July 2015

## Consolidated income statement

**For the year ended 29 March 2015**

| | Note | **2015 Before exceptional items £m** | **2015 Exceptional items £m** | **2015 Total £m** | 2014 Before exceptional items £m | 2014 Exceptional items £m | 2014 Total £m |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| Revenue | | **214.7** | **-** | **214.7** | 210.2 | - | 210.2 |
| Operating costs | 3 | **(260.0)** | **(2.9)** | **(262.9)** | (251.0) | (7.5) | (258.5) |
| **Operating loss** | | **(45.3)** | **(2.9)** | **(48.2)** | (40.8) | (7.5) | (48.3) |
| Income from other financial assets | 5 | **13.5** | **-** | **13.5** | 5.4 | - | 5.4 |
| Finance costs | 6(a) | **(2.3)** | **-** | **(2.3)** | (2.2) | - | (2.2) |
| Finance income | 6(a) | **59.9** | **-** | **59.9** | 60.8 | - | 60.8 |
| Other financing (costs)/income | 6(b) | **(8.1)** | **-** | **(8.1)** | 4.1 | - | 4.1 |
| Share of post-tax loss of joint ventures | 12(a) | **(32.3)** | **-** | **(32.3)** | (45.9) | - | (45.9) |
| Share of post-tax loss of associates | 12(b) | **(0.1)** | **-** | **(0.1)** | - | - | - |
| **Loss before taxation** | | **(14.7)** | **(2.9)** | **(17.6)** | (18.6) | (7.5) | (26.1) |
| Income tax credit/(charge) | 7 | **7.3** | **0.1** | **7.4** | (3.1) | 1.7 | (1.4) |
| **Loss for the year from continuing operations** | | **(7.4)** | **(2.8)** | **(10.2)** | (21.7) | (5.8) | (27.5) |
| **Result/profit for the year attributable to discontinued operations** | 22 | **-** | **-** | **-** | 39.9 | 524.3 | 564.2 |
| **(Loss)/profit for the year** | | **(7.4)** | **(2.8)** | **(10.2)** | 18.2 | 518.5 | 536.7 |

## Consolidated statement of comprehensive income

**For the year ended 29 March 2015**

| | Note | **2015 £m** | 2014 £m |
|---|---|---|---|
| **(Loss)/profit for the year** | | **(10.2)** | 536.7 |
| **Other comprehensive income:** | | | |
| Actuarial (loss)/gain on post-employment benefit obligations | 27 | **(4.3)** | 1.0 |
| Deferred taxation credit/(charge) on actuarial (loss)/gain | 21 | **0.9** | (0.2) |
| **Total items that will not be reclassified subsequently to the consolidated income statement** | | **(3.4)** | 0.8 |
| Foreign exchange translation differences | | **1.0** | (0.5) |
| Derecognition of changes in fair value on disposals of non-current other financial assets | 8 | **(9.0)** | (4.2) |
| Fair value gain - non-current other financial assets | 8 | **60.8** | 1.0 |
| Derecognition of fair value gain - current other financial assets | | **-** | (0.5) |
| Deferred tax charge on gains arising on available for sale financial assets | 21 | **(15.1)** | - |
| Joint venture - share of movements on cash flow hedges and other items (continuing operations) | 12(a) | **2.5** | (0.3) |
| Joint venture - share of movements on cash flow hedges and other items (discontinued operations) | | **-** | (0.9) |
| **Total items that may be subsequently reclassified to the consolidated income statement** | | **40.2** | (5.4) |
| Other comprehensive income/(expense) net of tax | | **36.8** | (4.6) |
| **Total comprehensive income for the year** | | **26.6** | 532.1 |
| **Total comprehensive income for the year arises from:** | | | |
| - Continuing operations | | **26.6** | (31.2) |
| - Discontinued operations | 22 | **-** | 563.3 |
| | | **26.6** | 532.1 |

The notes on pages 11 to 30 are an integral part of these financial statements.

## Consolidated balance sheet

**As at 29 March 2015**

| | Note | **2015 £m** | 2014 £m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 9 | **-** | - |
| Other intangible assets | 10 | **4.0** | 1.5 |
| Property, plant and equipment | 11 | **17.8** | 20.4 |
| Investments accounted for using the equity method - joint ventures | 12(a) | **319.0** | 293.3 |
| Investments accounted for using the equity method - associates | 12(b) | **3.3** | 3.4 |
| Deferred income tax assets | 21 | **-** | 7.0 |
| Retirement benefit assets | 27 | **2.3** | 2.4 |
| Other financial assets - available for sale | 8 | **634.9** | 161.8 |
| Other financial assets | 12(c) | **2.2** | 2.2 |
| | | **983.5** | 492.0 |
| **Current assets** | | | |
| Inventories | 13 | **1.1** | 1.2 |
| Trade and other receivables | 14 | **43.4** | 40.1 |
| Other financial assets - available for sale | 8 | **160.5** | - |
| Derivative financial instruments | 8 | **-** | 0.5 |
| Cash and cash equivalents | 15 | **46.5** | 680.9 |
| | | **251.5** | 722.7 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | 16 | **6.6** | 6.4 |
| Trade and other payables | 17 | **48.7** | 52.5 |
| Current tax liabilities | 18 | **0.2** | 0.4 |
| Derivative financial instruments | 8 | **3.6** | - |
| Provision for other liabilities and charges | 20 | **1.4** | 3.9 |
| | | **60.5** | 63.2 |
| **Net current assets** | | **191.0** | 659.5 |
| **Total assets less current liabilities** | | **1,174.5** | 1,151.5 |
| **Non-current liabilities** | | | |
| Financial liabilities | 16 | **44.4** | 48.4 |
| Retirement benefit liabilities | 27 | **2.1** | - |
| Other non-current liabilities | 19 | **13.7** | 13.4 |
| Provision for other liabilities and charges | 20 | **6.6** | 5.9 |
| | | **66.8** | 67.7 |
| **Net assets** | | **1,107.7** | 1,083.8 |
| **Shareholder's equity** | | | |
| Share capital | 23(a) | **0.9** | 0.9 |
| Reserves | | **1,106.8** | 1,082.9 |
| **Total shareholder's equity** | | **1,107.7** | 1,083.8 |

These financial statements were authorised for issue by the Board of directors on 1 July 2015 and signed on its behalf by:

**Neil Berkett**
Chair

**Darren Singer**
Chief financial officer

The notes on pages 11 to 30 are an integral part of these financial statements.

**Guardian Media Group plc**
**Company Registration Number 94531**

## Consolidated statement of changes in equity

**For the year ended 29 March 2015**

| | Share capital Note 23(a) £m | Revaluation reserve Note 23(b) £m | Non-distributable reserve Note 23(c) £m | Retained earnings £m | Total equity £m |
|---|---|---|---|---|---|
| At 31 March 2013 | 0.9 | 0.7 | 0.1 | 550.2 | 551.9 |
| Transaction with owner - dividend paid (note 24) | - | - | - | (0.2) | (0.2) |
| Profit for the year | - | - | - | 536.7 | 536.7 |
| Loss recognised directly in the consolidated statement of comprehensive income | - | - | - | (4.6) | (4.6) |
| Total comprehensive income for the year | - | - | - | 532.1 | 532.1 |
| At 30 March 2014 | **0.9** | **0.7** | **0.1** | **1,082.1** | **1,083.8** |
| Transaction with owner - dividend paid (note 24) | - | - | - | **(0.3)** | **(0.3)** |
| Loss for the year | - | - | - | **(10.2)** | **(10.2)** |
| Gain recognised directly in the consolidated statement of comprehensive income | - | - | - | **36.8** | **36.8** |
| Step change in carrying value of joint venture | - | - | - | **(2.4)** | **(2.4)** |
| Total comprehensive income for the year | - | - | - | **24.2** | **24.2** |
| **At 29 March 2015** | **0.9** | **0.7** | **0.1** | **1,106.0** | **1,107.7** |

## Consolidated statement of cash flows

**For the year ended 29 March 2015**

| | Note | **2015 £m** | 2014 £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash used in operations | 25 | **(54.8)** | (40.4) |
| Income tax paid | | **(0.1)** | (0.1) |
| **Net cash used in operating activities** | | **(54.9)** | (40.5) |
| **Cash flows from investing activities** | | | |
| Purchase of other intangible assets | 10 | **(3.2)** | (1.4) |
| Purchase of other non-current financial assets | 8 | **(623.2)** | (40.7) |
| Sale of other non-current financial assets | 8 | **52.6** | 34.9 |
| Proceeds from sale of property, plant and equipment | 11 | **2.0** | - |
| Purchase of property, plant and equipment | 11 | **(4.2)** | (1.6) |
| Proceeds from the sale of trade and assets | 3 | **0.7** | - |
| Interest received | 6(a) | **1.9** | 0.6 |
| Dividends and other income received from unlisted investments | | **3.0** | - |
| Purchase of unlisted investments | | **-** | (2.0) |
| Repayment of loans and interest from joint venture | 22 | **-** | 310.2 |
| Proceeds from the sale of share in joint venture | 22 | **-** | 306.6 |
| Proceeds from the sale of subsidiaries | 22 | **-** | 16.7 |
| **Net cash (used in)/generated from investing activities** | | **(570.4)** | 623.3 |
| **Cash flows from financing activities** | | | |
| Finance lease principal payments | | **(6.4)** | (6.1) |
| Drawdown of external borrowings | | **2.4** | 5.2 |
| Interest paid | 6(a) | **(1.4)** | (1.6) |
| Exhange (loss)/gain on settlement of forward contracts | | **(4.0)** | 2.2 |
| **Net cash used in financing activities** | | **(9.4)** | (0.3) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(634.7)** | 582.5 |
| **Cash and cash equivalents at beginning of the year** | | **680.9** | 98.9 |
| Foreign exchange differences | | **0.3** | (0.5) |
| **Cash and cash equivalents at end of the year** | 15 | **46.5** | 680.9 |

The notes on pages 11 to 30 are an integral part of these financial statements.

## Notes relating to the financial statements

### 1. Accounting policies

**Accounting policies for the year ended 29 March 2015**
The principal accounting policies adopted 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 consolidated financial statements on pages 8 to 30 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (formerly IFRIC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets, and financial assets and financial liabilities (including derivative financial instruments) at fair value through the consolidated income statement. A summary of the more important Group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

**New accounting standards and IFRIC interpretations**
Changes in accounting policy and disclosures

**(a) The following new standards, amendments and interpretations, which are mandatory for the first time for the financial year ended 29 March 2015, are relevant and material for the Group:**

IAS 36 (amendments arising from Recoverable Amount Disclosures for Non-Financial Assets), 'Impairment of Assets'. This removes the requirement to disclose the recoverable amount of cash generating units.

IFRS 12 'Disclosure of Interests in Other Entities'. This impacts disclosures only (see note 12).

**(b) The following amendments and interpretations, which are mandatory for the first time for the financial year ended 29 March 2015, are either not currently relevant or not material for the Group:**

IFRS 10 'Consolidated Financial Statements'
IAS 27 (revised), 'Separate Financial Statements'
IAS 32 (amendments relating to the offsetting of assets and liabilities), 'Financial Instruments: Presentation'
IAS 39 (amendments for novations of derivatives), 'Financial Instruments: Recognition and Measurement'

**c) At the date of authorisation of these financial statements, the following new standards, amendments and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):**

IFRS 5 (amendment), 'Non-current Assets Held for Sale and Discontinued Operations'
IFRS 7 (amendment), 'Financial Instruments: Disclosures'
IFRS 9 'Financial instruments'
IFRS 10 (amendment), 'Consolidated Financial Statements'
IFRS 11 (amendment), 'Joint Arrangements'
IFRS 12 (amendment), 'Disclosure of Interests in Other Entities'
IFRS 15 'Revenue from contracts with customers'
IAS 1 (amendment), 'Presentation of Financial Statements'
IAS 16 (amendment), 'Property, Plant and Equipment'
IAS 19 (amendment), 'Employee Benefits'
IAS 27 (amendment), 'Separate Financial Statements'
IAS 28 (amendment), 'Investments in Associates and Joint Ventures'
IAS 38 (amendment), 'Intangible Assets'

**Basis of consolidation**
The Group has consolidated the financial statements of the Company and its subsidiary undertakings for the year ended 29 March 2015. The financial statements of the Group are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current year cover the 52 weeks ended 29 March 2015 and for the comparative year cover the 52 weeks ended 30 March 2014, for all Group companies.

**(a) Going concern**
The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Strategic report, Report of the directors and financial statements are prepared on a going concern basis.

**(b) Subsidiaries**
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The results of subsidiaries sold or acquired are included in the consolidated income statement up to, or from, the date control passes.

Intra-group transactions, balances and unrealised gains are eliminated fully on consolidation.

The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

**(c) Joint ventures and associates**
The group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures.

A company is treated as a joint venture when the Group holds an interest on a long-term basis and jointly controls the company with one or more parties.

A company is treated as an associate when the Group has a significant influence but not control over that company and has the power to participate in its financial and operating policy decisions.

Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The investments are accounted for as joint ventures from the date at which joint control is established. The Group's investment in joint ventures and associates includes goodwill (net of any impairment) identified on acquisition. The Group's share of post acquisition profits or losses is included in the consolidated income statement. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the undertakings concerned.

Where a joint venture or associate has a different year end date to the Group, amounts from the latest audited financial statements are adjusted, using information provided by management, to bring them into line with the Group's year end date. Unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the joint ventures and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. If material, adjustments are made to align the accounting policies of joint ventures and associates to those adopted by the Group.

Investments in joint ventures and associates are tested for impairment when there is an indication of impairment and are carried at cost less accumulated impairment losses. Impairment losses are charged to the consolidated income statement. These impairment calculations require the use of estimates and significant management judgement. A description of the key assumptions and sensitivities is included in note 12.

## Notes relating to the financial statements

**1. Accounting policies - continued**

**Critical estimates**
The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates. The areas where assumptions and estimates are significant to the consolidated financial statements, are discussed in the relevant accounting policies under the following headings: Available for sale financial assets, deferred income tax, derivative financial instruments, pensions and investments in joint ventures.

**Accounting judgements**
The preparation of financial statements in conformity with IFRS also requires the use of certain accounting judgements. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement are discussed in the relevant accounting policies under the following headings: Deferred income tax, finance and operating leases, impairment reviews and provisions.

**Business combinations**
The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The costs directly attributable to the acquisition are included in the consolidated income statement as they are incurred. Identifiable assets, liabilities and contingent liabilities assumed in the acquisition are measured initially at fair value at the date of acquisition, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in the consolidated income statement. The Group has a year from the date of acquisition to determine final fair values.

**Revenue recognition**
Revenue represents the fair value of consideration received or receivable for circulation, advertisement and other revenue (net of VAT, trade discounts, rebates and anticipated returns). Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group.

Circulation revenue (net of returns) is recognised on publication in revenue in the consolidated income statement and in trade receivables on the consolidated balance sheet. Returns are estimated based on historical experience. Subscription revenue is recognised on a straight-line basis over the life of the subscription. Revenue associated with voucher schemes is deferred based on estimated redemption rates and recognised as the vouchers are used or expire.

Print advertising revenue is recognised on publication. Online advertising is recognised as page impressions are served or evenly over the period, depending on the terms of the contract.

Subscription revenue from the provision of content via digital platforms is recognised gross of platform provider commission when the Group retains decisions over pricing and marketing strategy and is recognised net of platform provider commission when the Group does not retain these.

Marketing services revenue is recognised by stage of completion of the contractual arrangement at the balance sheet date. The stage of completion is determined through an assessment of the proportion of services that have been delivered compared to the total services required to complete the contract. Income from advance billings is deferred and released to revenue when conditions for its recognition have been fulfilled.

**Exceptional items**
The separate reporting of non-recurring exceptional items helps provide an indication of the Group's underlying business performance. The principal items which are included as exceptional items are the costs of significant restructuring, gains on disposal of the Trader Media joint venture and losses on disposal of the Property Services division.

**Finance income**
Income from bank and short-term deposits is included in the financial statements when receivable using the effective interest method.

**Interest income from joint venture**
Interest receivable from joint venture is recognised in the financial statements when receivable using the coupon rate on the preference shares. Interest is compounded annually.

**Dividend income**
Dividends receivable are recognised in the financial statements when the shareholder's right to receive payment is established.

**Property, plant and equipment**
All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings are written off over their estimated useful lives or 50 years, whichever is the shorter. Freehold land is not depreciated. Depreciation of property, plant and equipment has been calculated to write off original cost by equal instalments over the estimated useful life of the asset concerned. Depreciation is charged to the consolidated income statement on assets from the time they become operational. The principal annual rates used for depreciation are:

| | |
|---|---|
| Plant and vehicles | 6.7% - 50% |
| Fixtures and fittings | 10% - 33% |
| Land and buildings | 2% upwards |

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant cash-generating unit. Impairment amounts are charged to the consolidated income statement.

Assets that are being constructed for future use are classified as assets in the course of construction until such time as they are brought into use by the Group. Assets in the course of construction includes all directly attributable expenditure including borrowing costs. Upon completion the assets are transferred to the appropriate category within property, plant and equipment. No depreciation is charge on these items until after they have been transferred.

**Non-current assets held for sale**
Non-current assets are held for sale when the carrying amount is to be recovered principally through a sales transaction and the Group has committed to the sale at the balance sheet date.

On classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale are included in the consolidated income statement, as are any gains and losses on subsequent re-measurement.

**Translation of foreign currencies**
The financial statements are presented in Sterling, which is the functional and presentational currency of the parent company, Guardian Media Group plc.

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the year end;
- income and expense items of overseas subsidiaries are translated at the average rate of exchange for the financial year; and
- differences arising on retranslation of the net investment in overseas subsidiaries are recognised in other comprehensive income. The Group treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment.

Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at market forward exchange rates at the balance sheet date. Transactions in foreign currency are converted to Sterling at the rate ruling at the date of the transaction or, where forward foreign currency contracts have been taken out, at contractual rates.

## Notes relating to the financial statements

#### 1. Accounting policies - continued

**Goodwill**
Goodwill represented the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition and in accordance with IFRS 3 'Business combinations' was not amortised.

Goodwill was allocated to cash-generating units (CGUs) and was tested for impairment annually at the prior year end, or at any other time that there was an indication of impairment, and was carried at cost less accumulated impairment losses. Impairment losses were charged to the consolidated income statement. These impairment calculations required the use of estimates and significant management judgement in prior years.

**Other intangible assets**
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In calculating value in use, future cash flows are discounted and adjusted for the directors' assessment of risk. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The assessment of the recoverability of other intangible assets and the determination of the amortisation profile involve a significant degree of judgement based on historical trends and management estimation of future potential economic benefits. An incorrect amortisation profile could result in excess amounts being carried forward as intangible assets that would otherwise have been written off to the consolidated income statement in an earlier period.

**(a) Computer software**
Computer software licences are capitalised at cost (including the cost to bring to use). Amortisation is calculated using the straight-line method to allocate the cost over the lower of estimated useful life or five years. Computer software has a finite useful life and is carried at cost less accumulated amortisation.

**(b) Internally-generated digital assets**
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Website and other digital development costs are capitalised only if all of the following conditions are met: the asset created can be identified; it is probable that the asset created will generate future economic benefits; and the development cost can be measured reliably. Such assets are amortised on a straight-line basis over their useful economic life of two years. Where no asset can be recognised, development expenditure is charged to the consolidated income statement in the period in which it is incurred.

**Current and deferred income tax**
The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income together with any future tax planning strategies.

**Inventories**
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

## Notes relating to the financial statements

**1. Accounting policies - continued**

**Financial assets**
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and other financial assets. The classification depends on the nature and purpose of the financial assets. The classification of financial assets is determined at initial recognition.

Financial assets are recognised in the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The assets are initially recognised at fair value plus transaction costs. Gains or losses arising from changes in the fair value of investments classified as available for sale are recognised directly in equity, until the financial asset is either sold or becomes impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the consolidated income statement.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. This assessment involves considering whether there has been a significant or prolonged decline in the fair value of the asset below its cost, reviewing current financial circumstances and future prospects.

**(a) Financial assets at fair value through profit and loss**
Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current.

**(b) Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the consolidated balance sheet.

**(c) Other financial assets - available for sale**
Other financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless there is the intention to dispose of the investment within 12 months of the balance sheet date. If an impairment loss has been incurred, the cumulative loss measured as the difference between the acquisition cost and current fair value is removed from equity and recognised in the consolidated income statement.

All available for sale assets in the Group relate to its investment fund (note 8). During the year, the Group moved from a policy of accounting for the investment fund on a settlement date basis to a accounting for it on a trade date basis. The Group assessed what impact on the prior year there would be if the trade date basis was applied and found it to be immaterial. For this reason, there was no need to restate the prior year comparatives.

**Offsetting financial instruments**
Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Fair value estimation**
With respect to the other financial assets - available for sale, also referred to as the investment fund, the Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

For investments included in level 3, valuations are provided by the fund manager based on broker quotes, comparable transactions and discounted cash flow analyses taking into account illiquidity in the fund. Management receive reports from the investment fund manager on a monthly basis detailing the performance and valuation of the fund. These highlight any concern over the performance of any of the investments and valuations are adjusted accordingly.

**Derivative financial instruments**
The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provides written principles on the use of derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Under IAS 39, 'Financial instruments: Recognition and measurement', derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting or for which hedge accounting is not applied are recognised in the consolidated income statement as they arise. During the year the Group has not applied hedge accounting.

The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date.

**Trade receivables**
Trade receivables are stated at fair value after provision for bad and doubtful debts (and anticipated returns). A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and probability that the debtor will enter bankruptcy are considered to be indicators that a trade receivable is impaired. All provisions are reviewed periodically and at the year end are adjusted to reflect the best current estimate.

**Cash and cash equivalents**
Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown net of cash and cash equivalents where the Group has the right of net settlement. Short-term funds that are managed as part of the investment fund and are used solely in the acquisition and redemption of investments are classified as non-current other financial assets - available for sale as management currently has no intention of using them for funding the Group's operations in the next financial year.

**Borrowings**
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 year and reduced by payments made in the period. Finance and issue costs associated with debt are charged to the consolidated income statement at a constant rate using the effective interest rate method 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.

## Notes relating to the financial statements

**1. Accounting policies - continued**

**Trade payables**
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

**Provisions**
A provision is recognised in the financial statements when an obligation exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted where the effect is material.

Contingent liabilities are not recognised, but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable.

**Share capital**
Ordinary shares are classified as equity.

**Finance and operating leases**
Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the asset at the inception of the lease and the present value of minimum lease payments. The equivalent liability is categorised under current and non-current liabilities. Assets are depreciated over the shorter of the lease term and their estimated useful life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of interest on the outstanding balance.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease. Incentives received are recorded as an accrual and spread over the term of the lease on a straight-line basis.

**Employee benefit costs**
**(a) Defined contribution schemes**
All of the Group's employees are eligible for membership of a defined contribution pension scheme and of those eligible more than 99% are members of that scheme. The costs in respect of this scheme are charged to the consolidated income statement as incurred.

**(b) Defined benefit schemes**
The Group contributes to a small number of closed defined benefit pension schemes. The operating and financing costs of such schemes are recognised in the consolidated income statement. Service costs and financing costs are recognised in the periods in which they arise. Finance costs are included in operating costs. Actuarial gains or losses in respect of these schemes are shown in the consolidated statement of comprehensive income.

The liability in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of the schemes' assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of corporate bonds, which have terms approximating the terms of the related obligation.

**(c) Variable compensation plans**
Liabilities for variable compensation plans are expected to be settled within three years and are measured at the amount expected to be paid when they are settled.

**2. Financial risk management**

**(a) Financial risk factors**
The Group's activities may expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk strategy seeks to minimise potential adverse effects on the Group's performance.

**Market risk**
**(i) Foreign exchange risk**
The Group has investments in hedge funds in US Dollars and in funds which in turn invest in overseas assets and as a result is exposed to a degree of foreign exchange risk. The Group's policy is to hedge 65% (2014 65%) of the exposure to the US Dollars relating to the investments in hedge funds and 55% (2014 0%) of the exposure to US Dollars relating to the managed funds using US Dollar forward contracts.

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in hedge funds would have been approximately £10.4 million (2014 £4.1 million) lower/higher; however, as the Group's policy is to hedge 65% (2014 65%) of the exposure, the risk would be reduced to £3.6 million (2014 £1.4 million).

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in US Dollar-denominated managed funds would have been approximately £4.3 million (2014 £0.9 million) lower/higher. During the year, the Group implemented its policy to hedge 55% of the exposure which reduces the risk to £1.9 million.

**(ii) Price risk**
The Group is exposed to equity securities price risk because of the investments held by the Group. To manage the price risk arising from the investments, the Group has a diverse portfolio.

The table below details whether the gains or losses on the investments would have been higher/lower if the actual returns had been 5% higher/lower over the last 12 months, with all other variables held constant.

**Consolidated statement of comprehensive income movement**

| **Investment category** | **£m** |
|---|---|
| Global equity | **+/- 11.9** |
| Deflation hedging | **+/- 1.8** |
| Emerging markets | **+/- 3.8** |
| Inflation sensitive | **+/- 0.9** |
| Hedge funds | **+/- 10.8** |
| Private equity | **+/- 0.1** |

**(iii) Interest rate risk**
The Group has interest-bearing assets, primarily cash, which are at risk of fluctuations in interest rates. These are monitored by the Group treasury function to ensure risks are minimised. Fluctuations in interest rates are unlikely to have a detrimental impact on the Group's operations and therefore the risk is not considered to be significant. If average annual interest rates had been 1% more during the year, interest receivable would have increased by £3.9 million (2014 £1.3 million).

## Notes relating to the financial statements

**2. Financial risk management - continued**

**Credit risk**
Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this, management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

Credit risk arises from deposits with banks and financial institutions. Only banks and financial institutions with a Moody's Investors Service minimum rating of Aa3 (2014 Aa3) are accepted.

**Liquidity risk**
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient funds available to meet its liabilities when due, under both normal and difficult trading conditions, and without incurring unacceptable losses or risking damage to the Group's reputation. This is achieved through careful cash management including the production and review of regular cash flow forecasts and the optimisation of cash returns on funds held by the Group.

**(a) Capital risk management**
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. Due to the nature of the Group's structure, the Company does not make changes to its equity structure. Debt is managed in line with the Group's treasury policy. The Group maintains a centralised treasury function which operates in accordance with Board approved policies. Its principal objectives are to minimise financial risk whilst maximising returns on cash deposits. Deposits of funds are made with banks and financial institutions approved by the Board and within set credit limits. Variable rates of return are earned on these deposits.

**(b) Fair value estimations**
The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market use fund managers' statements which are based on broker pricing or their own valuation techniques (note 8).

**3. Operating costs (continuing operations)**

| | Note | **2015** | 2014 |
|---|---|---|---|
| | | **£m** | £m |
| Raw materials and consumables | | **18.5** | 18.9 |
| Staff costs | 4 | **121.0** | 117.8 |
| Depreciation of property, plant and equipment | | **4.8** | 4.7 |
| Other expenses | | **118.6** | 117.1 |
| | | **262.9** | 258.5 |

Included within staff costs are exceptional items totalling £2.9 million (2014 £7.5 million) which relate to Guardian News & Media restructuring costs of £2.4 million (2014 £7.2 million) and other group activities restructuring costs of £0.5 million (2014 £0.3 million).

| | **2015** | 2014 |
|---|---|---|
| The following items have been included in arriving at operating loss (continuing operations): | **£m** | £m |
| Amortisation of other intangible assets | **0.7** | 1.5 |
| Profit on sale of property, plant and equipment | **0.3** | - |
| Profit on the sale of trade and assets | **0.7** | - |
| Other operating lease rentals payable: | | |
| - Plant and machinery | **0.1** | 0.1 |
| - Property | **5.6** | 6.3 |
| Repairs and maintenance expenditure on property, plant and equipment | **1.3** | 1.1 |
| Trade receivables (impairment reversal)/ impairment | **(0.4)** | 0.1 |

**Services provided by the Group's auditors**

| During the year the Group obtained the following services from the Company's auditors as detailed below: | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Fees payable to Company's auditors for the audit of the Company and the consolidated financial statements | **0.1** | 0.1 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| - The audit of the Company's subsidiaries pursuant to legislation | **0.2** | 0.2 |
| Tax services: | | |
| - Advisory services | **0.3** | 0.5 |
| Other services | **0.1** | 0.1 |
| | **0.7** | 0.9 |

## Notes relating to the financial statements - continued

**4. Employees and directors**

| **Staff costs for the Group during the year including executive and non-executive directors** | Note | **2015** £m | 2014 £m |
|---|---|---|---|
| Wages and salaries | | **101.8** | 101.7 |
| Social security costs | | **11.0** | 10.1 |
| Other pension costs - defined contribution scheme | 27 | **8.2** | 7.7 |
| | | **121.0** | 119.5 |
| Continuing operations | | **121.0** | 117.8 |
| Discontinued operations | | **-** | 1.7 |
| | | **121.0** | 119.5 |

| **Average monthly number of persons employed including executive and non-executive directors** | **No.** | No. |
|---|---|---|
| Production | **925** | 896 |
| Selling and distribution | **477** | 430 |
| Administration | **248** | 213 |
| | **1,650** | 1,539 |

| **Key management compensation** | **£m** | £m |
|---|---|---|
| Salaries and short-term employee benefits | **4.9** | 5.1 |
| Long-term performance compensation | **0.4** | 1.8 |
| Post employment benefits | **0.2** | 0.5 |
| Termination benefits | **0.8** | 0.3 |
| | **6.3** | 7.7 |

Key management comprises directors and certain other senior management of the Group.

| **Directors' emoluments** | Base salary/ fees/cash allowance £000 | Performance related variable compensation £000 | Benefits in kind £000 | Employer's contribution to money purchase pension scheme £000 | **Total 2015 £000** | Total 2014 £000 |
|---|---|---|---|---|---|---|
| Neil Berkett [1] (*from 30 September 2013) | 120 | - | - | - | **120** | 98 |
| Andrew Miller [2] (*to 30 June 2015) | 728 | 226 | 1 | - | **955** | 2,160 |
| Alan Rusbridger [3] (*to 1 June 2015) | 395 | - | 22 | 75 | **492** | 491 |
| Darren Singer [4] | 363 | 96 | 1 | 44 | **504** | 867 |
| **Independent directors** | | | | | | |
| Nick Backhouse [5] | 44 | - | - | - | **44** | 44 |
| Ronan Dunne [6] (*from 1 May 2013) | 39 | - | - | - | **39** | 36 |
| Judy Gibbons | 34 | - | - | - | **34** | 34 |
| Brent Hoberman | 34 | - | - | - | **34** | 34 |
| Nigel Morris | 34 | - | - | - | **34** | 34 |
| John Paton (*from 1 May 2013) | 34 | - | - | - | **34** | 31 |
| Jennifer Duvalier [7] (*from 21 May 2014) | 31 | - | - | - | **31** | - |
| **Former director** | | | | | | |
| Amelia Fawcett [8] (*to 30 September 2013) | - | - | - | - | **-** | 60 |
| Jerry Fowden [9] (*to 13 April 2007) | - | - | - | 11 | **11** | 11 |
| | 1,856 | 322 | 24 | 130 | **2,332** | 3,900 |

* Date of appointment, resignation or other changes to directorships.

[1] Neil Berkett was appointed as Chair on 24 September 2013. Neil was originally appointed to the Board as an independent director in November 2009.

[2] Andrew Miller's annualised base salary for the year was £567,000. In 2014/15 Andrew's company pension contributions were nil (2012/13 to 2013/14 restricted to the annual tax-approvable limit of £50,000); the balance, between 25% (2012/13 to 2013/14 30%) of base salary and nil was paid as a salary supplement and was subject to PAYE. This amount is excluded from any variable compensation calculations. Andrew opted to defer payment his annual variable compensation for 2013/14 of £226,000 for a period of one year. This was paid in 2014/15. Andrew tendered his resignation as Chief Executive Officer of GMG on 28 January 2015 and formally stepped down on 30 June 2015. As reported last year, in 2013/14 Andrew received £1,410,000 as long term performance related compensation in relation to the sale of GMG's share of Trader Media Group. The payment reflected the value created over 10 years, and was calculated in accordance with a contractual agreement, with the payment directly linked to the actual sale price achieved.

[3] Alan Rusbridger took a voluntary pay cut of 10% of his base salary with effect from 2 April 2012. This remained in place in 2013/14 and 2014/15. He also asked for the company to halve its contributions to his pension for 2012/13, 2013/14 and 2014/15 to £75,000. Alan tendered his resignation as editor-in-chief, GNM on 9 December 2014 and formally stepped down on 1 June 2015.

[4] Darren Singer's annualised base salary for the year was £299,000. With effect from 2 April 2012, Darren's company pension contributions were restricted to the annual tax-approvable limit of £40,000 (2012/13 to 2013/14 £50,000); the balance, between 30% of base salary and £40,000 (2012/13 to 2013/14 £50,000), was treated as salary and subject to PAYE. This amount is excluded from any variable compensation calculations. As reported last year, in 2013/14 Darren received £353,000 as long term performance related compensation in relation to the sale of GMG's share of Trader Media Group. The payment was calculated in accordance with a contractual agreement, with the payment directly linked to the actual sale price achieved.

[5] Nick Backhouse's remuneration includes a fee for acting as senior independent director.

[6] Ronan Dunne's remuneration includes a fee for chairing the audit committee from August 2013.

[7] Jennifer Duvalier joined the Board on 1 May 2014.

[8] Amelia Fawcett resigned as Chair on 24 September 2013.

[9] Jerry Fowden stepped down as chief executive of Trader Media Group and resigned as a director of Guardian Media Group on 13 April 2007. £11,089 was credited to Jerry Fowden's EFRBS (Employer Financial Retirement Benefit Scheme) account with the Company in the year ended 29 March 2015.

## Notes relating to the financial statements - continued

**5. Income from other financial assets**

| | Note | **2015** | 2014 |
|---|---|---|---|
| | | **£m** | £m |
| Profit from other financial assets: | | | |
| - Disposals | 8 | **9.0** | 4.4 |
| - Dividends | | **0.9** | - |
| - Interest receivable on bonds/gilts | | **1.3** | - |
| Interest from term deposits/loans | | **-** | 1.0 |
| Dividend from unlisted investments | | **2.3** | - |
| | | **13.5** | 5.4 |

**6(a). Finance income and costs**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Finance costs** | | |
| Other interest payable | **(0.9)** | (0.6) |
| Interest payable on finance leases | **(1.4)** | (1.6) |
| | **(2.3)** | (2.2) |
| **Finance income** | | |
| Interest receivable on cash and cash equivalents | **2.0** | 1.1 |
| Interest receivable and similar income from joint ventures | **57.9** | 59.7 |
| | **59.9** | 60.8 |
| **Finance income - net** | **57.6** | 58.6 |

**6(b). Other financing (costs)/income**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Fair value (loss)/gain on forward exchange contracts | **(8.1)** | 4.1 |

**7. Income tax (continuing operations)**

| **Analysis of charge in year** | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Current tax** | | |
| UK corporation tax on losses for the year | **0.1** | (5.9) |
| Foreign taxes | **0.1** | - |
| Adjustments in respect of prior years | **(0.4)** | - |
| Current tax credit | **(0.2)** | (5.9) |
| **Deferred taxation** | | |
| Origination and reversal of timing differences | **(7.7)** | 6.7 |
| Adjustments in respect of prior years | **0.5** | 0.6 |
| Deferred tax (credit)/charge | **(7.2)** | 7.3 |
| **Income tax (credit)/charge** | **(7.4)** | 1.4 |

| **Tax on items charged to the consolidated statement of comprehensive income** | | |
|---|---|---|
| Deferred tax (credit)/charge on actuarial loss | **(0.9)** | 0.2 |
| Deferred tax charge on inherent gains arising on available for sale financial assets | **15.1** | - |
| | **14.2** | 0.2 |

**Factors affecting tax credit for the year**
The tax charge for the year is lower (2014 tax charge higher) than the standard rate of corporation tax in the UK of 21% (2014 23%).
The differences are explained below:

| | | |
|---|---|---|
| Loss before tax | **(17.6)** | (26.1) |
| Loss before taxation multiplied by standard rate of corporation tax of 21% (2014 23%) | **(3.7)** | (6.0) |
| Effects of: | | |
| **Adjustments relating to current tax:** | | |
| Expenses not deductible for tax purposes | **0.4** | 1.2 |
| Depreciation in excess of capital allowances | **1.1** | 1.4 |
| Foreign taxes paid | **0.1** | - |
| Adjustment to tax charge on available for sale financial assets | **1.1** | (0.4) |
| Adjustment to tax charge in respect of joint ventures and associates | **(6.0)** | (3.3) |
| Tax relief on pension contributions | **(0.5)** | (0.4) |
| Short term timing differences on accounting provisions | **(0.5)** | (0.8) |
| Unrelieved tax losses arising in the year | **8.1** | 2.3 |
| Tax arising on Research and Development | **0.1** | 0.1 |
| Adjustments in respect of prior years | **(0.4)** | - |
| **Current tax credit for the year** | **(0.2)** | (5.9) |
| **Adjustments relating to deferred taxation:** | | |
| Recognition of deferred tax asset on non-trading losses | **(11.0)** | - |
| Depreciation in excess of capital allowances | **(1.1)** | (1.4) |
| Impact of decrease in UK tax rate | **-** | 1.9 |
| Impairment of deferred tax asset | **5.3** | 5.0 |
| Tax relief on pension contributions | **0.4** | 0.4 |
| Short term timing differences on accounting provisions | **0.5** | 0.8 |
| Adjustment to tax charge on available for sale financial assets | **(1.8)** | - |
| Adjustments in respect of prior years | **0.5** | 0.6 |
| **Deferred tax (credit)/charge for the year** | **(7.2)** | 7.3 |
| **Total taxation** | **(7.4)** | 1.4 |

## Notes relating to the financial statements - continued

**Expenses not deductible for tax purposes**
Some expenses by their very nature are entirely appropriate charges for inclusion in these financial statements but are not allowed as a deduction against taxable income when calculating the tax liability. Examples of such expenditure are certain legal expenses and depreciation charged on assets that do not qualify for capital allowances.

**Depreciation in excess of capital allowances**
The accounting treatment of expenditure on fixed assets differs from the tax treatment. For accounting purposes an annual rate of depreciation is applied to the cost of the assets over their useful economic life. Tax relief is only available for the depreciation charged on fixed assets held under finance leases. Instead, capital allowances are available to be claimed on non-finance lease assets as a tax relief provided in law. However, as the Group is loss-making for corporation tax purposes, no capital allowances have been claimed in the year. The resulting timing difference between the depreciation charge and the capital allowance relief results in a deferred tax asset whicn represents the future tax relief available to the group from capital allowance claims.

**Foreign taxes paid**
The majority of the Group's activites are performed and taxed in the UK. Certain local taxes are incurred by the Group's activities in Australia and the US.

**Adjustment to tax charge on available for sale financial assets**
The accounting treatment of disposals of available for sale financial assets differs from the tax treatment. For tax purposes, the Group is required by law to ignore the accounting transactions and instead perform a separate calculation of the taxable profit or loss made on disposal. The Group is also required by law to disregard for tax purposes the accounting transactions associated with derivatives entered into relating to the available for sale financial assets. These transactions are subsequently brought into account for tax purposes on the disposal of the assets. The timing difference resulting from the disregarded accounting transactions results in a deferred tax asset which represents the future tax relief available on the historic losses on derivatives.

**Adjustment to tax charge in respect of joint ventures and associates**
Income in the form of dividends from joint ventures and associates is not taxed. The group is required to characterise certain loans to joint ventures and associates as quasi-equity for tax purposes. Income arising from these loans is treated in the same way as dividends and therefore not taxed. This is in accordance with applicable tax law. The Group is also unable to claim tax relief for the losses arising in joint ventures and associates and so the tax effect of these losses is not recognised in these financial statements.

**Tax relief on pension contributions**
The Group is entitled to claim a tax deduction for the payment of contributions into its pension schemes. The contribution paid in the year increases the defined benefit pension scheme asset and therefore the deferred tax liability arising on the asset.

**Short term timing differences on accounting provisions**
Short term timing differences arise on items such as certain provisions because the treatment of these items is different for tax and accounting purposes. These timing differences result in a deferred tax asset which represents the future tax relief available on the utilisation of the provisions.

**Unrelieved tax losses arising in the period**
The Group has incurred losses in the year which are unable to be relieved against profits from the current or previous periods and has resulted in a reconciling item in the tax reconciliation.

**Tax arising on Research and Development**
The Group incurs substantial expenditure on Research and Development and is entitled by law to claim an expenditure credit on this activity. The current tax arising on the expenditure credit is recognised as a reconciling item in the tax reconciliation.

**Adjustments in respect of prior years**
Adjustments to tax charges in earlier years arise because the tax charge in the financial statements is estimated before the detailed corporation tax calculations are prepared.

**Recognition of deferred tax asset on non-trading losses**
A deferred tax charge of has been accounted for in the consolidated statement of comprehensive income in the year to reflect the inherent gains that have arisen on available for sale financial assets. These gains will be brought into account for current tax purposes when the assets are disposed. The Group is carrying forward certain non-trading losses which have arisen in previous years that will be available by law to offset the taxable gains arising on disposal. A deferred tax asset has been recognised in the income statement to reflect the future use of these losses.

**Impairment of deferred tax asset**
The Group has impaired the deferred tax asset held on future capital allowance claims and the reversal of short term timing differences due to uncertainty around the Group's ability to utilise these tax reliefs in the future.

**Factors that may affect future tax charges**
A change in the UK main Corporation tax rate from 23% to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015 was substantively enacted during the previous financial year. There is no impact of the changes in these financial statements as deferred tax balances were remeasured at 20% in the previous financial year.

## Notes relating to the financial statements - continued

### 8. Other financial assets - available for sale

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| At 31 March 2014/ 1 April 2013 | **161.8** | 154.8 |
| Additions at cost | **623.2** | 40.7 |
| Disposals at fair value | **(52.6)** | (34.9) |
| | **732.4** | 160.6 |
| Dividends received - consolidated income statement | **0.9** | - |
| Interest receivable - consolidated income statement | **1.3** | - |
| Net gain on disposals - consolidated income statement | **9.0** | 4.4 |
| Derecognition of changes in fair value on disposals - previously recognised directly in equity | **(9.0)** | (4.2) |
| Fair value gain - consolidated statement of comprehensive income | **60.8** | 1.0 |
| **At 29 March 2015/ 30 March 2014** | **795.4** | 161.8 |

Other financial assets - available for sale have been analysed between current and non-current as follows:

| | **2015** | 2014 |
|---|---|---|
| Non-current assets | **634.9** | 161.8 |
| Current assets | **160.5** | - |
| | **795.4** | 161.8 |

Other financial assets include the following:

| | **2015** | 2014 |
|---|---|---|
| Corporate bonds | **93.9** | - |
| Government bonds | **54.6** | - |
| Hedge funds | **219.1** | 88.3 |
| Managed funds | **372.5** | 62.8 |
| | **740.1** | 151.1 |
| Short-term funds held for reinvestment: | | |
| Non-current | **43.3** | - |
| Current | **12.0** | 10.7 |
| | **795.4** | 161.8 |

The short-term funds held for reinvestment broadly represent highly liquid investments in money market deposit accounts and money market funds with a maturity date of three months or less. Management have classified some of these as non-current as they currently have no intention of using them in the Group's operations in the next financial year.

The following table presents the Group's assets and liabilities that are measured at fair value at the year end; descriptions of each level are included on page 14.

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| As at 29 March 2015 | **£m** | **£m** | **£m** | **£m** |
| Financial assets - available for sale - asset | **322.0** | **148.5** | **269.6** | **740.1** |
| Derivative financial instruments - liability | **-** | **(3.6)** | **-** | **(3.6)** |

| | Restated Level 1 | Restated Level 2 | Restated Level 3 | Total |
|---|---|---|---|---|
| As at 30 March 2014 | £m | £m | £m | £m |
| Financial assets - available for sale - asset | 59.4 | - | 91.7 | 151.1 |
| Derivative financial instruments - asset | - | 0.5 | - | 0.5 |

The comparative classifications have been restated following a review of the classification methodology during the year to be in line with the methodology used by the Bank of New York which was used in the preparation of the current year's classifications.

The following table shows a summary of the changes in the fair value of the Group's Level 3 financial assets - available for sale during the year:

| | Level 3 |
|---|---|
| | £m |
| At 31 March 2014 - Restated | 91.7 |
| Disposals | (16.5) |
| Additions in to Level 3 | 161.7 |
| Fair value gains recognised in other comprehensive income | 32.7 |
| **At 29 March 2015** | **269.6** |

Sensitivity analysis for Level 3 positions:
If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in level 3 US Dollar-denominated financial assets would have been approximately £12.4 million lower/higher.

The gains or losses on the investments would have been £13.5 million higher/lower if the actual returns had been 5% higher/lower over the last 12 months, with all other variables held constant.

There have been no significant transfers between Level 1 and Level 2 during the year.

The fair value of fund assets held in Level 1 is based on their current bid prices in an active market.

| Other financial assets are denominated in the following currencies: | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Sterling | **482.4** | 60.7 |
| US Dollar | **313.0** | 101.1 |
| | **795.4** | 161.8 |

For investments included in level 3, valuations are provided by the fund manager based on broker quotes, comparable transactions and discounted cash flow analyses taking into account illiquidity in the fund. Management receive reports from the investment fund manager on a monthly basis detailing the performance and valuation of the fund. These highlight any concern over the performance of any of the investments and valuations are adjusted accordingly.

## Notes relating to the financial statements - continued

### 9. Goodwill

| | 2015 £m | 2014 £m |
|---|---|---|
| **Cost** | | |
| At 31 March 2014/ 1 April 2013 | - | 28.6 |
| Disposal - Property Services division | - | (20.0) |
| Amounts written off | - | (8.6) |
| At 29 March 2015/ 30 March 2014 | - | - |
| **Accumulated impairment** | | |
| At 31 March 2014/ 1 April 2013 | - | 14.5 |
| Disposal - Property Services division | - | (5.9) |
| Amounts written off | - | (8.6) |
| At 29 March 2015/ 30 March 2014 | - | - |
| **Net book value at 29 March 2015/ 30 March 2014** | - | - |

### 10. Other intangible assets

| | 2015 £m | 2014 £m |
|---|---|---|
| **Cost** | | |
| At 31 March 2014/ 1 April 2013 | 10.0 | 46.5 |
| Additions at cost | 3.2 | 1.4 |
| Disposals - continuing operations | (3.5) | (0.1) |
| Disposals - Property Services division | - | (37.8) |
| At 29 March 2015/ 30 March 2014 | 9.7 | 10.0 |
| **Accumulated amortisation and impairment** | | |
| At 31 March 2014/ 1 April 2013 | 8.5 | 41.4 |
| Charge for the year | 0.7 | 1.8 |
| Disposals - continuing operations | (3.5) | (0.1) |
| Disposals - Property Services division | - | (34.6) |
| At 29 March 2015/ 30 March 2014 | 5.7 | 8.5 |
| **Net book value at 29 March 2015/ 30 March 2014** | 4.0 | 1.5 |

Other intangible assets mainly comprise computer software and digital assets which are amortised in accordance with the accounting policy shown in note 1. All amortisation charges in the year have been charged through operating costs in the consolidated income statement.

### 11. Property, plant and equipment

| | Land and buildings £m | Plant and vehicles £m | Fixtures and fittings £m | Assets under construction £m | Total £m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 31 March 2014 | 42.0 | 85.4 | 28.5 | - | 155.9 |
| Additions at cost | - | 1.8 | 0.6 | 1.8 | 4.2 |
| Reclassification | - | 0.3 | - | (0.3) | - |
| Disposals | (4.9) | (4.0) | (0.3) | (0.2) | (9.4) |
| At 29 March 2015 | 37.1 | 83.5 | 28.8 | 1.3 | 150.7 |
| **Accumulated depreciation** | | | | | |
| At 31 March 2014 | 35.2 | 84.3 | 16.0 | - | 135.5 |
| Charge for the year | 0.5 | 1.5 | 2.8 | - | 4.8 |
| Disposals | (3.4) | (3.7) | (0.3) | - | (7.4) |
| At 29 March 2015 | 32.3 | 82.1 | 18.5 | - | 132.9 |
| **Net book value at 29 March 2015** | 4.8 | 1.4 | 10.3 | 1.3 | 17.8 |

| | Land and buildings £m | Plant and vehicles £m | Fixtures and fittings £m | Assets under construction £m | Total £m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2013 | 42.4 | 86.2 | 29.1 | - | 157.7 |
| Additions at cost | - | 0.8 | 0.3 | 0.5 | 1.6 |
| Reclassification | - | 0.5 | - | (0.5) | - |
| Disposals - continuing operations | - | (1.0) | (0.3) | - | (1.3) |
| Disposals - Property Services division | (0.4) | (1.1) | (0.6) | - | (2.1) |
| At 30 March 2014 | 42.0 | 85.4 | 28.5 | - | 155.9 |
| **Accumulated depreciation** | | | | | |
| At 1 April 2013 | 34.9 | 84.8 | 14.0 | - | 133.7 |
| Charge for the year | 0.5 | 1.5 | 2.8 | - | 4.8 |
| Disposals - continuing operations | - | (1.0) | (0.3) | - | (1.3) |
| Disposals - Property Services division | (0.2) | (1.0) | (0.5) | - | (1.7) |
| At 30 March 2014 | 35.2 | 84.3 | 16.0 | - | 135.5 |
| **Net book value at 30 March 2014** | 6.8 | 1.1 | 12.5 | - | 20.4 |

**Assets held under finance leases, capitalised and included in property, plant and equipment:**

| | 2015 £m | 2014 £m |
|---|---|---|
| Cost | 100.9 | 100.9 |
| Accumulated depreciation | (100.9) | (100.9) |
| **Net book value** | - | - |

Details of material finance lease arrangements are given in note 16.

## Notes relating to the financial statements - continued

**12. Investments**

**(a) Interests in joint ventures**

Top Right Group Limited is an international, business-to-business media group operating market-leading events, information servics and subscription based content services.

The Group holds a 33.1% (2014 32.9%) share in Top Right Group Limited (note 32).

Set out below are the summarised financial information for Top Right Group Limited which is accounted for using the equity method.

IFRS 12 'Disclosure of Interests in Other Entities' was adopted during the year resulting in a restatement to the prior year summarised balance sheet and reconciliation of summarised financial information. However, the adoption of the standard did not affect the prior year's joint venture carrying value in the consolidated balance sheet.

| **Summarised statement of comprehensive income** | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Revenue | **313.6** | 278.3 |
| Operating profit before exceptional items and amortisation of intangible assets | **66.7** | 51.1 |
| Exceptional items* | **(12.4)** | (6.9) |
| Amortisation | **(27.2)** | (21.9) |
| Operating profit after exceptional items and amortisation of intangible assets | **27.1** | 22.3 |
| Net finance costs | **(151.7)** | (168.5) |
| Loss before taxation | **(124.6)** | (146.2) |
| Taxation | **26.6** | 6.8 |
| **Post-tax losses from joint ventures** | **(98.0)** | (139.4) |
| Other comprehensive income | **7.9** | (0.9) |
| **Total other comprehensive income** | **(90.1)** | (140.3) |
| | | |
| Share of post tax losses from joint venture at 33.1% (2014 32.9%) | **(32.3)** | (45.9) |
| Share of other comprehensive income at 33.1% (2014 32.9%) | **2.5** | (0.3) |
| **Share of total comprehensive income** | **(29.8)** | (46.2) |

| **Summarised balance sheet** | **2015** | Restated 2014 |
|---|---|---|
| | **£m** | £m |
| Non-current assets | **736.3** | 681.4 |
| Current assets | **84.3** | 108.1 |
| Current liabilities | **(137.7)** | (278.0) |
| Non-current liabilities | **(768.3)** | (1,630.8) |
| **Net liabilities** | **(85.4)** | (1,119.3) |
| Interest in joint venture at 33.1% (2014 32.9%) | **(28.2)** | (368.2) |
| Step change in carrying value of joint venture | **(2.4)** | - |
| Equity accounting adjustments | **199.2** | 239.6 |
| Preference shares and loans | **150.4** | 421.9 |
| **Carrying value** | **319.0** | 293.3 |

| **Reconciliation of summarised financial information** | **2015** | Restated 2014 |
|---|---|---|
| | **£m** | £m |
| Opening net liabilities | **(1,119.3)** | (979.0) |
| Post-tax losses from joint ventures | **(98.0)** | (139.4) |
| Other comprehensive income/ (expense) | **7.9** | (0.9) |
| Shareholder preference shares and loans exchanged for equity** | **1,124.0** | - |
| **Closing net liabilities** | **(85.4)** | (1,119.3) |
| Interest in joint venture net liabilities at 33.1% (2014 32.9%) | **(28.2)** | (368.2) |
| Step change in carrying value of joint venture | **(2.4)** | - |
| Equity accounting adjustments*** | **199.2** | 239.6 |
| Preference shares and loans | **150.4** | 421.9 |
| **Carrying value** | **319.0** | 293.3 |

* Exceptional items are mainly comprised of restructuring costs.
** During the year, the Group and its joint venture partner, Apax, finalised its commitment to grant equity to Top Right Group's management (note 32). As part of this, a capital restructuring was completed which included some of the loans and preference shares owed to the shareholders being swapped for equity. This resulted in the Group's shareholding increasing from 32.9% to 33.1%.
*** Equity accounting adjustments relate primarily to historic intangible asset impairments recognised in the books fo Top Right Group Limited based on impairment testing at a cash generating unit level. As the investment is a single cash generating unit from the Group's perspective, these are added back in determining the carrying value of the joint venture. A separate impairment test is conducted by the Group to ensure the value in use continues to exceed the carrying value.

Top Right Group Limited has a financial year end of 31 December. This is in alignment with the joint venture's majority share holder's financial year end. The above information is for the year ended 31 March 2015.

Top Right Group Limited has no significant contingent liabilities to which the Group is exposed and nor does the Group have significant contingent liabilities in relation to its interest in its joint venture.

During the year ended 29 March 2015, the investment in Top Right Group Limited was tested for impairment in accordance with IAS 36 'Impairment of assets' and was found not to be impaired. The recoverable amount of the investment was determined based on a value-in-use calculation. The value-in-use calculation used pre-tax cash flow projections based on the financial budgets approved by the Board for 2015/16 and formal business plans, using an average EBITDA growth over a 5 year period of 14.7%. Management determines budgets and business plans based on past performance and its expectations of market development. The discount rates and terminal growth rates used were benchmarked against comparable peers.

For the interest in Top Right Group Limited, the value in use exceeds the carrying value by approximately £144.0 million. The impairment review of Top Right Group is sensitive to a change in the key assumptions used, most notably the discount rate, the terminal growth rate and projected operating cash flows. The recoverable amount exceeds the carrying value unless any of the assumptions are changed as follows:

- an increase in the discount rate from the 10.25% assumption to 11.83%; or
- a reduction in the terminal growth rate from the 2.00% assumption to -0.28%; or
- a reduction in the projected operating cash flows of 16.57% in each of the next five years.

## Notes relating to the financial statements - continued

**12. Investments - continued**

On 28 February 2014, the Group disposed of its 50.1% share in Trader Media Group Limited and the Group's share of this joint venture's results have been reclassified to discontinued operations (note 22).

| **Discontinued operations** | **Total** |
|---|---|
| | **£m** |
| At 1 April 2013 | |
| - Net liabilities | (329.8) |
| - Preference shares and accrued dividends | 88.9 |
| - Loans and accrued interest | 284.0 |
| | 43.1 |
| Interest on loans and preference shares | 26.1 |
| Consolidated income statement | - |
| Consolidated income statement - discontinued operations | 19.1 |
| Consolidated statement of comprehensive income | - |
| Consolidated statement of comprehensive income - discontinued operations | (0.9) |
| Disposal of discontinued operations | (87.4) |
| At 30 March 2014 | - |
| - Net liabilities | - |
| - Preference shares and accrued dividends | - |
| - Loans and accrued interest | - |
| Interests in joint ventures | - |

On 28 February 2014, the Group disposed of its 50.1% share in Trader Media Group Limited and the Group's share of this joint venture's results have been reclassified to discontinued operations (note 22).

**(b) Interests in associates**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| At 31 March 2014/ 1 April 2013 | | |
| - Net assets excluding goodwill | **3.4** | 3.5 |
| Disposals | **-** | (0.1) |
| Share of loss for the year [1] | **(0.1)** | - |
| At 29 March 2015/ 30 March 2014 | | |
| - Net assets excluding goodwill | **3.3** | 3.4 |

[1] The Group's share of its associates' profits for the year ended 30 March 2014 was below £50,000.

| **The Group's share of amounts relating to associates** | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Total assets | **4.9** | 5.9 |
| Total liabilities | **(1.8)** | (2.6) |
| Revenue | **7.7** | 9.4 |
| Share of post-tax loss of associates before exceptional items | **(0.1)** | - |

A list of subsidiary undertakings, joint ventures and associates is given in note 32. The associates have no significant contingent liabilities to which the Group is exposed and nor has the Group significant contingent liabilities in relation to its interest in its associates. The associates have no significant capital commitments.

**(c) Other financial assets**

| | **2015** | 2014 |
|---|---|---|
| **Unlisted shares** | **£m** | £m |
| Net book value | **2.2** | 2.2 |

## Notes relating to the financial statements - continued

### 13. Inventories

| | 2015 £m | 2014 £m |
|---|---|---|
| Raw materials and consumables | **1.1** | 1.2 |

The Group consumed £18.5 million (2014 £18.9 million) of inventories during the year (note 3).

### 14. Trade and other receivables

| | 2015 £m | 2014 £m |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Trade receivables | **28.0** | 25.7 |
| Less: Provision for impairment of receivables | **(0.1)** | (0.5) |
| Trade receivables - net | **27.9** | 25.2 |
| Other receivables | **3.1** | 4.1 |
| Prepayments | **4.5** | 4.8 |
| Accrued income | **7.9** | 6.0 |
| | **43.4** | 40.1 |

As at 29 March 2015, trade receivables of £0.1 million (2014 £0.5 million) were impaired. The ageing of these receivables is as follows:

| | 2015 £m | 2014 £m |
|---|---|---|
| Up to 3 months | **-** | 0.3 |
| 3 to 6 months | **0.1** | 0.1 |
| Over 6 months | **-** | 0.1 |
| | **0.1** | 0.5 |

As at 29 March 2015, trade receivables of £3.7 million (2014 £1.0 million) were past due but not impaired. The ageing of these trade receivables is as follows:

| | 2015 £m | 2014 £m |
|---|---|---|
| Up to 3 months | **2.6** | 0.5 |
| 3 to 6 months | **0.4** | 0.2 |
| Over 6 months | **0.7** | 0.3 |
| | **3.7** | 1.0 |

Movements on the Group provision for impairment of trade receivables are as follows:

| | 2015 £m | 2014 £m |
|---|---|---|
| At 31 March 2014/1 April 2013 | **0.5** | 0.6 |
| Impairment released back to income statement | **(0.4)** | - |
| Receivables written off during the year as uncollectible | **-** | (0.1) |
| Net book value | **0.1** | 0.5 |

The creation and release of provision for impaired receivables is included in operating costs in the consolidated income statement (note 3).

### 15. Cash and cash equivalents

| | 2015 £m | 2014 £m |
|---|---|---|
| Cash at bank and in hand | **7.2** | 9.3 |
| Short-term bank deposits | **39.3** | 671.6 |
| | **46.5** | 680.9 |

### 16. Financial liabilities - borrowings

| **Current** | 2015 £m | 2014 £m |
|---|---|---|
| Due within one year or on demand: | | |
| Finance lease obligations | **6.6** | 6.4 |

| **Non-current** | 2015 £m | 2014 £m |
|---|---|---|
| External borrowings and interest | **10.7** | 8.2 |
| Finance lease obligations | **33.7** | 40.2 |
| | **44.4** | 48.4 |

| The total value of obligations under finance leases repayable by instalments: | 2015 | 2014 |
|---|---|---|
| - between one to two years | **6.9** | 6.6 |
| - between two to five years | **22.5** | 21.5 |
| - over five years | **4.3** | 12.1 |
| | **33.7** | 40.2 |

| The present value of minimum lease payments is as follows: | 2015 | 2014 |
|---|---|---|
| - within one year | **8.2** | 8.3 |
| - greater than one year but less than five years | **32.6** | 32.6 |
| - after five years | **4.7** | 12.7 |
| Total minimum lease payments | **45.5** | 53.6 |
| Less future finance charges | **(5.2)** | (7.0) |
| Present value of minimum lease payments | **40.3** | 46.6 |

The Group has received investment to finance the expansion of the Group's activities in Australia. Subject to certain performance conditions being met, these unsecured borrowings are expected to mature no earlier than 2018. This amount is included within the non-current external borrowings and interest (shown above).

## Notes relating to the financial statements - continued

### 17. Trade and other payables - current

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Trade payables | **9.1** | 7.7 |
| Social security and other taxes | **3.6** | 3.7 |
| Other payables | **2.1** | 2.8 |
| Accruals | **24.1** | 27.6 |
| Deferred income | **9.8** | 10.7 |
| | **48.7** | 52.5 |

### 18. Current tax liabilities

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Current tax liability | **0.2** | 0.4 |

### 19. Other non-current liabilities

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Other payables | **13.7** | 13.4 |

Other payables is mainly comprised of deferred lease incentives.

### 20. Provisions for other liabilities and charges

| | **£m** |
|---|---|
| At 31 March 2014 | **9.8** |
| Charged/(credited) to consolidated income statement: | |
| - Additional provisions | **2.8** |
| - Unused amounts reversed | **(1.6)** |
| Utilised in year | **(3.0)** |
| **At 29 March 2015** | **8.0** |

Provisions have been analysed between current and non-current as follows:

| | |
|---|---|
| Current | **1.4** |
| Non-current | **6.6** |
| | **8.0** |

Provisions at 29 March 2015 and 30 March 2014 relate primarily to onerous leases and restructuring costs.

| | £m |
|---|---|
| At 1 April 2013 | 12.2 |
| Charged/(credited) to consolidated income statement: | |
| - Additional provisions | 2.9 |
| - Unused amounts reversed | (1.1) |
| Utilised in year | (4.2) |
| At 30 March 2014 | 9.8 |

Provisions have been analysed between current and non-current as follows:

| | |
|---|---|
| Current | 3.9 |
| Non-current | 5.9 |
| | 9.8 |

### 21. Deferred taxation

Deferred tax is calculated in full on temporary timing differences under the liability method using a tax rate of 20% (2014 23%).

The movement on the deferred tax asset is as shown below:

| | **Balance as at 31 March 2014** | **Temporary differences arising in the year recognised in the income statement** | **Impairment of deferred tax asset recognised in the income statement** | **Consolidated statement of comprehensive income (charge)/ credit** | **Balance as at 29 March 2015** |
|---|---|---|---|---|---|
| | **£m** | **£m** | **£m** | **£m** | **£m** |
| Accelerated capital allowances on fixed assets | **5.2** | **1.1** | **(4.4)** | **-** | **1.9** |
| Short term and other timing differences | **1.8** | **(1.4)** | **(0.9)** | **0.9** | **0.4** |
| Available for sale financial assets | **-** | **1.8** | **-** | **(15.1)** | **(13.3)** |
| Tax losses carried forward | **-** | **11.0** | **-** | **-** | **11.0** |
| **Total deferred tax asset/(liability)** | **7.0** | **12.5** | **(5.3)** | **(14.2)** | **-** |

| | Balance as at 1 April 2013 | Transfer on disposal of Property Group | Temporary differences arising in the year recognised in the income statement | Impairment of deferred tax asset recognised in the income statement | Consolidated statement of comprehensive income (charge)/ credit | Balance as at 30 March 2014 |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| Accelerated capital allowances on fixed assets | 10.8 | (0.3) | (0.3) | (5.0) | - | 5.2 |
| Short term and other timing differences | 4.0 | - | (2.0) | - | (0.2) | 1.8 |
| Acquired intangible assets | (0.4) | 0.4 | - | - | - | - |
| Total deferred tax asset/(liability) | 14.4 | 0.1 | (2.3) | (5.0) | (0.2) | 7.0 |

Deferred tax assets have not been recognised where they relate to losses in companies where their future utilisation against profits cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £35.3 million (2014 £32.0 million).

## Notes relating to the financial statements - continued

**22(a). Discontinued operations (wholly owned)**

On 17 December 2013, the Group disposed of its interests in the Property Services division. Analysis of the results of these discontinued operations and the loss on their disposal is as follows:

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Revenue | **-** | 6.7 |
| Expenses | **-** | (5.7) |
| Depreciation | **-** | (0.1) |
| Amortisation | **-** | (0.3) |
| **Profit before tax of discontinued operations** | **-** | 0.6 |
| Tax credit | **-** | 0.1 |
| **Profit after tax of discontinued operations** | **-** | 0.7 |
| Loss on disposal of discontinued operations | **-** | (0.7) |
| **Profit from discontinued operations** | **-** | - |

The cash flows relating to the discontinued operation are as follows:

| | **2015** | 2014 |
|---|---|---|
| Operating cash flows | **-** | 1.1 |
| Investing cash flows | **-** | (0.6) |
| Financing cash flows | **-** | - |
| **Total cash flows** | **-** | 0.5 |

**22(b). Discontinued operations (joint venture)**

On 28 February 2014, the Group disposed of its 50.1% stake in Trader Media Group Limited. Analysis of the results of this discontinued operation and the profit on its disposal is as follows:

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Revenue | **-** | 107.3 |
| Expenses | **-** | (76.2) |
| Depreciation | **-** | (1.0) |
| Amortisation | **-** | (5.8) |
| **Profit before tax of discontinued operations** | **-** | 24.3 |
| Tax | **-** | (5.2) |
| **Profit after tax of discontinued operations** | **-** | 19.1 |
| Profit on disposal of discontinued operations | **-** | 525.0 |
| **Profit from discontinued operations** | **-** | 544.1 |

**22(c). Discontinued operations (interest receivable from joint venture)**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Interest receivable before tax from discontinued operations | **-** | 26.1 |
| Tax | **-** | (6.0) |
| **Interest receivable net of tax** | **-** | 20.1 |

**23(a). Share capital**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Authorised, issued, called up and fully paid: | | |
| 900,000 (2014: 900,000) ordinary shares of £1 each | **0.9** | 0.9 |

**23(b). Revaluation reserve**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Revaluation of previous interest on acquisition of remaining shares in a joint venture | **0.7** | 0.7 |

**23(c). Non-distributable reserve**

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Repayment of 4% cumulative preference shares | **0.1** | 0.1 |

**24. Dividend paid**
On 18 March 2015, the Board declared a dividend of 38.9p (2014 22.2p) per share on the ordinary share capital amounting to £350,000 (2014 £200,000) which was paid to The Scott Trust Limited on 18 March 2015.

**25. Cash flows from operating activities**

| | | **2015** | 2014 |
|---|---|---|---|
| | Note | **£m** | £m |
| Loss before income tax (continuing operations) | | **(17.6)** | (26.1) |
| Profit before tax of discontinued operations (wholly owned) | 22(a) | **-** | 0.6 |
| Profit after tax of discontinued operations (joint venture) | 22(b) | **-** | 19.1 |
| Interest receivable before tax from discontinued operations (joint venture) | 22(c) | **-** | 26.1 |
| | | **(17.6)** | 19.7 |
| Adjustments for: | | | |
| Depreciation | 11 | **4.8** | 4.8 |
| Profit on sale of trade and assets | 3 | **(0.7)** | - |
| Profit on disposal of property, plant and equipment | 3 | **(0.3)** | - |
| Amortisation of other intangible assets | 10 | **0.7** | 1.8 |
| Income from non-current financial assets | 5 | **(13.5)** | (5.4) |
| Finance costs | 6(a) | **2.3** | 2.2 |
| Finance income | 6(a) & 22(c) | **(59.9)** | (86.9) |
| Other financing costs/ (income) | 6(b) | **8.1** | (4.1) |
| Pensions | 27 | **(2.2)** | (2.0) |
| Share of loss of joint ventures after taxation | 12 | **32.3** | 26.8 |
| Share of loss of associates after taxation | 12 | **0.1** | - |
| Decrease in provisions | | **(1.8)** | (2.4) |
| Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries): | | | |
| Decrease in inventories | | **0.1** | 0.9 |
| (Increase)/decrease in trade and other receivables | | **(3.3)** | 0.1 |
| (Decrease)/increase in trade and other payables | | **(3.9)** | 4.1 |
| **Cash used in operations** | | **(54.8)** | (40.4) |

## Notes relating to the financial statements - continued

**26. Events after the reporting year**
During the year the trustees of the Surrey Advertiser Newspaper Holdings Limited Pension & Life Assurance Scheme, a defined benefit pension scheme, commenced proceedings which will ultimately result in the wind up of the Scheme. On 25 June 2015, to secure the benefits for both deferred members and pensioners, the trustees signed a contract for the purchase of a bulk annuity policy.

There have been no other significant events between the balance sheet date and the date of approval of these financial statements.

**27. Pension commitments**

**Defined contribution schemes**
All of the Group's employees are eligible for membership of a defined contribution pension scheme and of those eligible more than 99% are members of that scheme.

Contributions are collected from both the member and the Group and held in an individual account, which is invested in funds selected by the member. At retirement, benefits are secured in line with the member's wishes. The individual funds are held under trust governed by a board of Trustees who control the operation of the scheme.

Pension costs for defined contribution schemes are as follows:

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Defined contribution schemes | **8.2** | 7.7 |

**Defined benefit schemes**
The Group has two (2014 two) defined benefit pension schemes, both of which have been accounted for in accordance with IAS 19 (revised) 'Employee benefits'.

The schemes provide pension benefits payable to members (and potentially their spouses/dependants) for life. The level of benefits provided depends on the members' length of service and their salary in the final years leading up to retirement. Pensions in payment are generally increased in line with price inflation.

The schemes are governed by boards of trustees, composed of representatives of the company and scheme participants. The boards of trustees have control over the operation of the schemes and their funding and investment strategies. Investment decisions and agreement on contribution schedules are the joint responsibility of the Group and the trustees.

The majority of benefits are paid from trustee-administered funds, with a small number of unfunded pensions where the Group meets the benefit payment obligation as it falls due.

The schemes' assets are held in trusts and governed by local regulations and practice.

The Surrey Advertiser Newspaper Holdings Limited Pension & Life Assurance Scheme ('Surrey Scheme') was closed to future accrual with effect from 31 March 2006. The most recent actuarial valuation of this scheme was performed as at 1 April 2012. No valuation was performed during the year ended 29 March 2015 due to the intention to wind up the Scheme during the year ending 3 April 2016 (note 26).

The Trafford Park Printers 1990 Pension Scheme ('TPP Scheme') was closed to future accrual with effect from 31 December 2006. The most recent actuarial valuation for this Scheme was performed as at 1 April 2013.

UK legislation requires the trustees of each scheme to carry out an actuarial valuation at least every three years and to target full funding against a basis that prudently reflects the scheme's exposure to risk. Following the last actuarial valuations the Group agreed to a funding plan to eliminate the shortfall by 31 March 2018 for the Surrey Scheme and by 31 March 2019 for the TPP Scheme. No contribution was paid during the year for the Surrey Scheme and £2.2m was paid to the TPP Scheme.

The valuations for each of the schemes have been updated to 29 March 2015 for accounting purposes by a qualified independent actuary. The principal assumptions made by the actuary were:

**Weighted average assumptions, used to determine benefit obligations at:**

| | **2015** | 2014 |
|---|---|---|
| Discount rate | **3.25% pa** | 4.55% pa |
| Rate of increase for pension in payment | **3.23% pa** | 3.55% pa |
| Rate of increase in deferred pensions (Surrey Scheme) | **3.15% pa** | 2.75% pa |
| Rate of increase in deferred pensions (TPP Scheme) | **3.30% pa** | 3.55% pa |
| RPI Inflation rate | **3.23% pa** | 3.55% pa |
| CPI Inflation rate | **2.43% pa** | 2.75% pa |

**Weighted average assumptions, used to determine net pension cost for year ended:**

| | **2015** | 2014 |
|---|---|---|
| Discount rate | **4.55% pa** | 4.40% pa |
| Expected long-term return on plan assets | **4.55% pa** | 4.40% pa |

In July 2010 the UK Government announced that the statutory minimum level of revaluation would in future be calculated using the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI). In respect of the Surrey Scheme, revaluation of deferred pensions is in line with the statutory minimum, and therefore we have made an assumption about future rates of CPI in order to value deferred pensions. The assumption regarding future CPI rates is lower than for RPI rates.

The Group has assumed that mortality will be in line with nationally published SAPS (Self-Administered Pension Scheme) mortality tables related to members' years of birth and incorporating projected improvements to life expectancy in line with the Continuous Mortality Investigation (CMI) model, with a long-term improvement of 1.5% per annum.

| **Weighted average life expectancy for mortality tables used to determine benefit obligations at:** | | **2015** | | 2014 |
|---|---|---|---|---|
| | **Male** | **Female** | Male | Female |
| Member age 65 (current life expectancy) | **22.9** | **25.5** | 22.9 | 25.4 |
| Member age 45 (life expectancy at age 65) | **25.2** | **27.8** | 25.1 | 27.7 |

## Notes relating to the financial statements - continued

**27. Pension commitments - continued**

The sensitivity of the defined benefit obligation to changes in the key assumptions is illustrated below:

| | Estimated Impact on defined benefit obligation | | |
|---|---|---|---|
| | Change | Surrey Scheme | TPP Scheme |
| Discount rate | +0.5% p.a. | -9% | -15% |
| | -0.5% p.a. | +9% | +15% |
| Price inflation* | +0.25% p.a. | +2% | +3% |
| | -0.25% p.a. | -2% | -3% |
| Life expectancy | -1 year | -4% | -3% |
| | +1 year | +4% | +3% |

* The impact shown implies the same change in both RPI and CPI. However, where the pension increases (before or after retirement) are subject to a cap which applies, no change to the assumption has been applied.

The above sensitivity analysis is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be linked. In practice, changes in financial conditions could well lead to changes in the value of the schemes' assets.

| **Change in defined benefit obligation:** | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Benefit obligation at beginning of year:** | **(38.5)** | (39.6) |
| Interest expense | **(1.7)** | (1.7) |
| Benefit payments from plan | **1.2** | 1.1 |
| Effect of changes in financial assumptions | **(10.2)** | 1.4 |
| Effect of experience adjustments | **-** | 0.3 |
| **Benefit obligation at end of year** | **(49.2)** | (38.5) |

| **Change in plan assets:** | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Fair value of plan assets at beginning of year:** | **40.9** | 39.1 |
| Interest income | **1.8** | 1.7 |
| Employer contributions | **2.2** | 2.0 |
| Benefit payments from plan | **(1.2)** | (1.2) |
| Remeasurement on plan assets (excluding interest income) | **5.7** | (0.7) |
| **Fair value of plan assets at end of year** | **49.4** | 40.9 |

| | **2015** | 2014 |
|---|---|---|
| **Amounts recognised in the balance sheet:** | **£m** | £m |
| Defined benefit obligation | **(49.2)** | (38.5) |
| Fair value of plan assets | **49.4** | 40.9 |
| **Net asset** | **0.2** | 2.4 |

| | **2015** | 2014 |
|---|---|---|
| **Components of defined benefit cost:** | **£m** | £m |
| Interest expense on defined benefit obligation | **(1.7)** | (1.7) |
| Interest income on plan assets | **1.8** | 1.7 |
| Defined benefit cost included in income statement | **0.1** | - |
| Effect of changes in financial assumptions | **(10.2)** | 1.4 |
| Effect of experience adjustments | **-** | 0.3 |
| Return/ (loss) on plan assets (excluding interest income) | **5.7** | (0.7) |
| Total remeasurements included in other comprehensive income | **(4.5)** | 1.0 |
| Total defined benefit (return)/ cost recognised in income statement and other comprehensive income | **(4.4)** | 1.0 |

| | **2015** | 2014 |
|---|---|---|
| **Net defined benefit liability reconciliation** | **£m** | £m |
| Net defined benefit/(liability) at start of year | **2.5** | (0.5) |
| Total remeasurements included in income statement and other comprehensive income | **(4.4)** | 1.0 |
| Employer contributions | **2.2** | 2.0 |
| Net defined benefit asset as of end of year | **0.3** | 2.5 |

| | **2015** | 2014 |
|---|---|---|
| **Defined benefit obligation by participant status** | **£m** | £m |
| Vested deferreds | **(32.1)** | (23.3) |
| Retirees | **(17.1)** | (15.2) |
| Total | **(49.2)** | (38.5) |

**Plan assets**
**The weighted-average asset allocation at the year end was as follows:**

| **Asset category** | **2015** | 2014 |
|---|---|---|
| Cash and cash equivalents | **0.2%** | 0.2% |
| Equity instruments | **16.1%** | 28.5% |
| Gilts | **47.5%** | 29.2% |
| Corporate bonds | **36.2%** | 39.9% |
| Property | **-** | 2.2% |
| Total | **100.0%** | 100.0% |

| **Amounts included in the fair value of assets for:** | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Cash and cash equivalents | **0.1** | 0.1 |
| Equity instruments | **8.0** | 11.7 |
| Gilts | **23.4** | 11.9 |
| Corporate bonds | **17.9** | 16.3 |
| Property | **-** | 0.9 |
| Total | **49.4** | 40.9 |

| **Five year history** | Financial year ending in | | | | |
|---|---|---|---|---|---|
| | **2015** | 2014 | 2013 | 2012 | 2011 |
| Benefit obligation at end of year | **(49.2)** | (38.5) | (39.6) | (34.5) | (31.2) |
| Fair value of plan assets at end of year | **49.4** | 40.9 | 39.1 | 34.2 | 30.6 |
| Surplus/ (deficit) | **0.2** | 2.4 | (0.5) | (0.3) | (0.6) |

The Group expects to contribute £2.0 million to the defined benefit pension schemes during the year ended 3 April 2016.

## Notes relating to the financial statements - continued

**27. Pension commitments - continued**

**Pension scheme risks**
Through its defined benefit schemes the Group is exposed to a number of risks, the most significant of which are detailed below:

**Asset volatility** – The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield (all else being equal), this will create a shortfall. The schemes hold a proportion of equities, which are expected to outperform corporate bonds in the long-term but they expose the schemes to volatility and risk in the short-term.

As the schemes mature, the Group (and trustees) intend(s) to reduce the level of investment risk by investing more in assets that better match the movement in the liabilities (for example gilts and bonds). However, the Group believes that due to the long-term nature of the scheme liabilities and the strength of the sponsoring employer, a controlled level of equity investment is an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

**Changes in gilts / corporate bond yields** – A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes assets held in corporate bonds.

**Inflation risk** – The majority of the pension obligations are linked to inflation (i.e. the associated increases on the pensions before and after retirement are generally linked to price inflation). Higher inflation will lead to higher liabilities (although, some caps apply to the level of inflationary increases, which minimises the exposure to high inflation rates).

The schemes hold a proportion of the assets in index-linked gilts, whose value changes with movements in price inflation. Higher inflation will increase their value and offset some of the liability exposure.

**Life expectancy** – The majority of the schemes' obligations are to provide pension benefits for the life of the member (or the lifetime of their spouse / dependants). Therefore, increases in life expectancy will result in an increase in the schemes' liabilities.

**Regulations** – Actions taken by the UK pensions regulator, or changes to European legislation, could result in stronger funding standards, which could materially affect the schemes obligations and cash flow requirements from the Group.

The Group, along with the trustees of the schemes, manages the funding and investment strategy of the schemes to minimise these risks as much as possible.

The weighted average duration (i.e. the expected average future lifespan of the membership) of the schemes is 20 years (25 years for The Trafford Park Printers 1990 Pension Scheme and 14 years for the Surrey Advertiser Newspaper Holdings Limited Pension and Life Assurance Scheme).

Although currently there are no plans to do so, the trustees and Group could choose to wind-up the schemes, in which case the benefits would be secured through individual policies with an insurance company and the obligations would transfer from the Group to the insurer, removing all the pension risks. The costs of such an exercise are likely to be significantly more than the defined benefit obligations calculated for accounting purposes.

**28. Operating leases and similar commitments**
The Group has entered into a number of non-cancellable operating leases and similar annual commitments. The future aggregate minimum amount payable under these leases is as follows:

| | **Land and buildings** | | **Other** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **£m** | £m | **£m** | £m |
| Within one year | **7.3** | 7.2 | **0.1** | 0.1 |
| Between two and five years inclusive | **29.3** | 28.7 | **0.1** | 0.1 |
| Over five years | **88.4** | 94.6 | **-** | - |
| | **125.0** | 130.5 | **0.2** | 0.2 |

The Group has sub-let one operating lease (2014 one) and the future aggregate minimum sublease amounts expected to be received amount to £3.9 million (2014 £3.4 million).

Provisions have been recognised against those properties which are vacant or where the sublease income is below the head lease commitment (note 20).

**29. Capital commitments authorised**
Capital commitments contracted but not provided for by the Group amount to £nil (2014 £nil million).

**30. Related party transactions**
Transactions between subsidiary members of Guardian Media Group plc are not required to be disclosed as these transactions are fully eliminated on consolidation. In the course of normal operations, the Group has traded on an arm's length basis with joint ventures, associates and other related undertakings, principally Trader Media Group Limited (disposed 28 February 2014), Top Right Group Limited (formerly Emap International Limited) and Seven Publishing Group Limited. The aggregated transactions which are considered to be material:

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Sales | **-** | 0.1 |
| Purchases | **0.1** | 1.2 |
| Rent receivable | **1.1** | 0.7 |
| Interest on loans and preference shares | **57.9** | 85.8 |

At year end, balances outstanding in relation to these related parties amounted to £150.5 million (2014 £585.5 million). During the year, there was a debt and equity restructure in Top Right Group Limited that resulted in the majority of the outstanding loans and preference shares being exchanged for ordinary shares and associated share premium.

The Group has sublet an operating lease on an arm's length basis to Seven Publishing Group Limited, an associate of the Group, and the sublet income receivable is recognised over the period of the sublease. The total amount invoiced during the year was £1.1 million (2014 £0.7 million) and this amount was offset against an onerous lease provision. The total debtor balance outstanding at the year end amounted to £281,000 (2014 £200,000).

The Group paid £40,410 (2014 £270,000) in charitable donations to the Scott Trust Foundation in which two of the Group's directors are trustees and one resigned during June 2015.

The Group paid £179,590 (2014 £nil) in charitable donations to the Guardian Foundation.

The Group paid £66,000 (2014 £67,000) to one director (2014 one directors) of The Scott Trust Limited for services rendered to Guardian News & Media Limited in the normal course of business and paid on a normal arm's length basis.

## Notes relating to the financial statements - continued

**31. Ultimate controlling party**
The Group's parent company and ultimate controlling party is The Scott Trust Limited (incorporated in the United Kingdom), which owns 100% of the shares of Guardian Media Group plc.

The consolidated financial statements of The Scott Trust Limited and Guardian Media Group plc are available from the Company Secretary, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP and are available to download on the Group website www.gmgplc.co.uk.

**32. Subsidiaries, joint ventures and associates**
The activity of the subsidiaries, joint ventures and associates is the dissemination of news, information and advertising material by way of digital and print media.

| **(a) Subsidiary undertakings** | Description of shares held | Equity holding |
|---|---|---|
| Channel M Television Limited^ | £1 ordinary shares | 100% |
| ContentNext Media Inc*^ | Membership interest | 100% |
| Contributoria Limited | £1 ordinary shares | 100% |
| FSE World Limited^ | £1 ordinary shares | 100% |
| GMG B2B Limited | £1 ordinary shares | 100% |
| GMG Investco Limited | £1 ordinary shares & £0.85 ordinary shares | 100% |
| GMG Investco 2 Limited^ | £1 ordinary shares | 100% |
| GMG Investco 3 Limited^ | £0.10 ordinary shares | 100% |
| GMGRM North Limited | £1 ordinary shares | 100% |
| GMGRM South Limited | £1 ordinary shares | 100% |
| GNM Australia Pty Limited#^ | AUD$1 ordinary shares | 100% |
| GPC Manchester Limited | £1 ordinary shares | 100% |
| Guardian Education Interactive Limited^ | £1 ordinary shares | 100% |
| Guardian News & Media (Holdings) Limited | £1 ordinary shares | 100% |
| Guardian News & Media Limited^ | £1 ordinary shares | 100% |
| Guardian News and Media LLC*^ | Membership interest | 100% |
| Learnthings South Africa (Pty) Limited** | Ordinary shares | 100% |
| Northprint Manchester Limited | £1 ordinary shares | 100% |
| N0tice Limited | £1 ordinary shares | 100% |
| OG Enterprises Limited^ | £1 ordinary shares | 100% |
| Rawnam Limited | £1 ordinary shares | 60% |
| The Observer Limited | £1 ordinary shares | 100% |
| York Way 1001 Limited^ | £1 ordinary shares | 100% |

| **(b) Joint venture companies** | Description of total shares | Percentage holding |
|---|---|---|
| Eden 2 & Cie SCA= | £0.30 ordinary shares | 33.1% |

| **(c) Associates** | Description of total shares | Percentage holding |
|---|---|---|
| Seven Publishing Group Limited | £0.01 ordinary shares | 41.9% |

**Discontinued operations:**

| **(a) Associates disposed of during the year ended 30 March 2014** | Description of total shares | Percentage holding |
|---|---|---|
| Development Hell Limited | £0.10 ordinary shares | 29.5% |

The Group disposed of its interests in Development Hell Limited on 23 December 2013.

| **(b) Joint venture companies disposed of during the year ended 30 March 2014** | Description of total shares | Percentage holding |
|---|---|---|
| Trader Media Group Limited^ | £0.10 ordinary shares | 50.1% |

The Group disposed of its interests in the Trader Media Group Limited on 28 February 2014.

| **(c) Subsidiaries disposed of during the year ended 30 March 2014** | Description of shares held | Equity holding |
|---|---|---|
| **Property Services division** | | |
| Vebra Solutions Limited^ | £1 ordinary shares | 100% |
| Core Estates Limited^ | £1 ordinary shares | 100% |
| CFP Software Limited^ | £1 ordinary shares | 100% |

The Group disposed of its interests in the GMG Property Services division on 17 December 2013.

^ Investments not held directly by Guardian Media Group plc
* Incorporated in the United States of America
** Incorporated in South Africa
# Incorporated in Australia
= Registered in Luxembourg, ultimate holding company of Top Right Group Limited (formerly Emap International Limited). Following the completion of its commitment to incentivise TRG management by granting them an equity share in the TRG business, Guardian Media Group plc (GMG) reduced its 37.5% shareholding in Eden 2 & Cie SCA to 33.1%. In the prior year, GMG equity accounted for TRG on the basis that it only had a 32.9% shareholding as an approximation of what its shareholding would be after the completion of its commitment.

All the above subsidiary undertakings, joint ventures and associate companies are incorporated in Great Britain and registered in England and Wales except where noted.

Registered no. 94531

Guardian Media Group plc

# 2015

# Company Financial Statements

## Report of the directors

The directors present their report and the audited financial statements of the Company for the year ended 29 March 2015.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies. The directors have taken the exemption under this regime not to disclose the Strategic Report.

**Activities and review of the business**
The Company is the holding company for Guardian Media Group plc ("the Group").

**Business review and future developments**
On 18 March 2015, the Board of Guardian Media Group plc declared a dividend of 38.9p (2014 22.2p) per share on the ordinary share capital amounting to £350,000 (2014 £200,000) which was paid to The Scott Trust Limited on 18 March 2015.

**Directors and directors' interests**
This information is shown in the Group section of the annual report on pages 3, 6 and 17.

**Financial risk management**
This information is shown in the Group section of the annual report on pages 15 and 16.

**Tax status**
The Company is a close company for tax purposes.

**Statement of directors' responsibilities in respect of the annual report and the financial statements**
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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to auditors**
Each person who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418(1) to (4) of the Companies Act 2006.

**Auditor rotation**
The directors intend to review the Group and subsidiaries audit engagement annually, with particular focus given to the review following any significant change to the structure of the Group.

**Going concern**
After reviewing the Company's cash balances and projected cash flows the directors believe that the Company has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Events after the reporting period**
This information is shown in the Group section of the annual report on page 27.

**Independent auditors**
A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

On behalf of the Board

**Darren Singer**
Director
1 July 2015
Registered no. 94531

## Independent auditors' report to the members of Guardian Media Group plc

**Report on the parent company financial statements**

**Our opinion**

In our opinion, Guardian Media Group plc's company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 29 March 2015;
- 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**

Guardian Media Group plc's financial statements comprise:

- the Company balance sheet as at 29 March 2015; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**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 32, 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 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.

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the report of the directors and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Other Matter**

We have reported separately on the group financial statements of Guardian Media Group plc for the year ended 29 March 2015.

**John Baker (Senior Statutory Auditor)**
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
**1 July 2015**

## Company balance sheet

**As at 29 March 2015**

| | Note | **2015 £m** | 2014 £m |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 2 | **-** | - |
| Investment fund | 3 | **554.8** | 134.5 |
| Investments in subsidiary undertakings | 4 | **492.3** | 493.1 |
| Investments in joint ventures | 5 | **319.0** | 282.8 |
| Investments in associates | 6 | **2.7** | 2.7 |
| Other investments | 7 | **2.2** | 2.2 |
| | | **1,371.0** | 915.3 |
| **Current assets** | | | |
| Debtors | 8 | **40.7** | 8.9 |
| Investment fund | 3 | **161.3** | - |
| Cash at bank and in hand | | **39.6** | 671.1 |
| | | **241.6** | 680.0 |
| **Creditors: amounts falling due within one year** | 9 | **916.1** | 878.4 |
| **Net current liabilities** | | **(674.5)** | (198.4) |
| **Net assets excluding pension deficit** | | **696.5** | 716.9 |
| Pension deficit | 12 | **-** | - |
| **Net assets including pension deficit** | | **696.5** | 716.9 |
| **Capital and reserves** | | | |
| Called up Share capital | 10 | **0.9** | 0.9 |
| Non-distributable reserve | 11 | **0.1** | 0.1 |
| Profit and loss account | 11 | **695.5** | 715.9 |
| **Total shareholder's funds** | | **696.5** | 716.9 |

These financial statements were approved by the Board of directors on 1 July 2015 and signed on its behalf by:

**Neil Berkett**
Chair

**Darren Singer**
Chief financial officer

The notes on pages 35 to 39 form part of these financial statements.

**Guardian Media Group plc**
**Company Registration Number 94531**

## Notes relating to the financial statements

### 1. Accounting policies

**Accounting basis**
The financial statements on pages 34 to 39 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 (UK GAAP). Set out below is a summary of the more important accounting policies, which have been applied consistently throughout the year.

A separate profit and loss account dealing with the results of the Company has not been presented as permitted by section 408 of the Companies Act 2006.

**Deferred taxation**
Deferred taxation 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 at the balance sheet date.

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

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board.

No timing differences are recognised in respect of:
- gains on the sale of assets where those gains have been rolled over into replacement assets; or
- additional tax which would arise if the profits of overseas subsidiary undertakings, joint ventures and associates were distributed, in excess of those dividends that have been accrued.

Deferred tax assets and liabilities are not discounted.

**Property, plant and equipment**
All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of property, plant and equipment has been calculated to write off original cost by equal instalments over the estimated useful life of the asset concerned. Depreciation is charged on assets from the time they become operational. The principal annual rates used for depreciation are:

| | |
|---|---|
| Fixtures and fittings | 4% - 33% |
| Software | 20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant cash-generating unit. Impairment amounts are charged to the income statement.

Assets under construction are not depreciated.

**Investments**
Investments are recorded at cost plus incidental expenses less any provision for impairment.

**Contingent assets and liabilities**
Contingent liabilities are not recognised, but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable.

**Pensions**

**(a) Defined contribution scheme**
The Company operates the GMG Lifestyle Plan which is a defined contribution scheme; all Company employees are eligible to be members of this scheme. Contributions are charged to the profit and loss account in the period in which they are payable.

**(b) Defined benefit scheme**
The Company contributes to a closed defined benefit pension scheme, the assets of which are held separately from those of the Company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax. The Company is complying with FRS 17, 'Retirement Benefits'.

**Investment income**
Income from bank and short-term deposits is included in the financial statements when receivable. Dividends are included in the accounting period in which they are received.

## Notes relating to the financial statements - continued

### 2. Tangible assets

| | Software | Fixtures and fittings | Total |
|---|---|---|---|
| | £m | £m | £m |
| **Cost** | | | |
| At 31 March 2014 | 0.1 | - | 0.1 |
| Disposals | (0.1) | - | (0.1) |
| **At 29 March 2015** | **-** | **-** | **-** |
| | | | |
| **Accumulated Depreciation** | | | |
| At 31 March 2014 | 0.1 | - | 0.1 |
| Disposals | (0.1) | - | (0.1) |
| **At 29 March 2015** | **-** | **-** | **-** |
| | | | |
| Net book value | | | |
| **At 29 March 2015** | **-** | **-** | **-** |
| At 30 March 2014 | - | - | - |

### 3. Investment fund

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| At 31 March 2014 | 134.5 | 124.3 |
| Additions at cost | 625.4 | 40.7 |
| Disposals | (43.8) | (30.5) |
| **At 29 March 2015** | **716.1** | 134.5 |
| | | |
| Classified as: | | |
| Non-current | **554.8** | 134.5 |
| Current | **161.3** | - |
| | **716.1** | 134.5 |

Non-current and current investments comprise investments in hedge funds, other managed funds, corporate and government bonds. The fair values of these investments are detailed in note 8 in the Group's annual report on page 19.

The financial risk objectives and policies of the Company and exposure to risk is shown in the Group section of this report on pages 15 and 16.

The assets of the long term investment fund have been classified as part of fixed assets (2014: same), the assets of the medium term investment fund have been classified as current assets.

### 4. Investments in subsidiary undertakings

| | **Shares** | **Loans** | **Total** |
|---|---|---|---|
| | **£m** | **£m** | **£m** |
| **Cost** | | | |
| At 31 March 2014 | 541.8 | 546.9 | 1,088.7 |
| Additions | 15.0 | 8.3 | 23.3 |
| **At 29 March 2015** | **556.8** | **555.2** | **1,112.0** |
| | | | |
| **Amounts written off** | | | |
| At 31 March 2014 | 521.9 | 73.7 | 595.6 |
| Charge for the year | 24.1 | - | 24.1 |
| **At 29 March 2015** | **546.0** | **73.7** | **619.7** |
| | | | |
| **Net book value at 29 March 2015** | **10.8** | **481.5** | **492.3** |
| Net book value at 30 March 2014 | 19.9 | 473.2 | 493.1 |

The charge for the year includes the immediate write off of a recapitalisation of an intermediate holding company of £15.0 million (2014 £35.0 million).

Details of the operating subsidiaries which are either wholly owned by the Company or its subsidiaries are shown in the Group section of this report on page 30.

### 5. Investments in joint ventures

| | **Ordinary shares** | **Loans and preference shares** | **Total** |
|---|---|---|---|
| **Cost** | **£m** | **£m** | **£m** |
| At 31 March 2014 | 7.0 | 585.5 | 592.5 |
| Additions | 17.4 | - | 17.4 |
| Received from joint venture | - | (0.1) | (0.1) |
| Loans exchanged for equity | 485.5 | (485.9) | (0.4) |
| Interest | - | 51.0 | 51.0 |
| **At 29 March 2015** | **509.9** | **150.5** | **660.4** |
| | | | |
| **Amounts written off** | | | |
| At 31 March 2014 | 6.6 | 303.1 | 309.7 |
| Loans exchanged for equity | 302.7 | (303.1) | (0.4) |
| Charge for the year | 32.1 | - | 32.1 |
| **At 29 March 2015** | **341.4** | **-** | **341.4** |
| | | | |
| **Net book value at 29 March 2015** | **168.5** | **150.5** | **319.0** |
| | | | |
| Net book value at 30 March 2014 | 0.4 | 282.4 | 282.8 |

Following the completion of its commitment to incentivise TRG management by granting them an equity share in the TRG business, Guardian Media Group plc (GMG) reduced its 37.5% shareholding in Eden 2 & Cie SCA to 33.1%. In the prior year, GMG equity accounted for TRG on the basis that it only had a 32.9% shareholding as an approximation of what its shareholding would be after the completion of this commitment.

Details of the joint ventures are shown in the Group's annual report on page 30.

## Notes relating to the financial statements - continued

### 6. Investments in associates

| | 2,015 | 2014 |
|---|---|---|
| **Unlisted shares** | **£m** | £m |
| **Cost** | | |
| At 31 March 2014/ 1 April 2013 | **10.4** | 10.8 |
| Disposal | **-** | (0.4) |
| **At 29 March 2015/ 30 March 2014** | **10.4** | **10.4** |
| | | |
| **Amounts written off** | | |
| At 29 March 2015 and 30 March 2014 | **7.7** | **7.7** |
| | | |
| **Net book value at 29 March 2015 and 30 March 2014** | **2.7** | **2.7** |

Details of the associates are shown in the Group section of this report on page 30.

### 7. Other investments

| | 2015 | 2014 |
|---|---|---|
| | **£m** | £m |
| Unlisted shares | **2.2** | 2.2 |

### 8. Debtors

| | 2015 | 2014 |
|---|---|---|
| | **£m** | £m |
| Amounts owed by group undertakings | **37.7** | 5.9 |
| Corporation tax | **-** | 0.4 |
| Deferred tax | **1.8** | 0.4 |
| Other taxation and social security | **0.5** | 0.4 |
| Other debtors | **0.3** | 1.4 |
| Prepayments | **0.4** | 0.4 |
| | **40.7** | 8.9 |

The amounts owed by Group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

The deferred tax asset of £1.8 million (2014 £0.4 million) primarily comprises short-term timing differences.

Deferred tax assets have not been recognised where they relate to losses where their future utilisation against profits cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £11.0 million (2014 £7.8 million).

### 9. Creditors: amounts falling due within one year

| | 2015 | 2014 |
|---|---|---|
| | **£m** | £m |
| Trade creditors | **0.2** | 0.7 |
| Amounts owed to group undertakings | **910.2** | 868.4 |
| Other creditors | **1.4** | 1.8 |
| Accruals | **4.3** | 7.5 |
| | **916.1** | 878.4 |

The amounts owed to Group undertakings are unsecured, interest bearing, have no fixed repayment date and are payable on demand.

### 10. Called up Share capital

| | 2015 | 2014 |
|---|---|---|
| | **£m** | £m |
| Authorised, issued, called up and fully paid: | | |
| 900,000 (2014 900,000) ordinary shares of £1 each | **0.9** | 0.9 |

### 11. Reserves

| | Note | **Non distributable reserve** | **Profit and loss reserve** |
|---|---|---|---|
| | | **£m** | **£m** |
| At 31 March 2014/ 1 April 2013 | | 0.1 | 715.9 |
| Dividend paid | 16 | - | (0.3) |
| Loss for the year | | - | (20.1) |
| Actuarial loss on defined benefit pension scheme | | - | (0.1) |
| Effect of surplus cap - defined benefit pension scheme | | - | 0.1 |
| **Unlisted shares** | | **0.1** | **695.5** |

The non-distributable reserve relates to the repayment of the 4% preference shares in June 2008.

A separate profit and loss account dealing with the results of the Company has not been presented, as permitted by Section 408 of the Companies Act 2006.

## Notes relating to the financial statements - continued

### 12. Pensions

The company operated two main pension schemes during the year.

**a) Defined contribution scheme**
The Company operates the GMG Lifestyle Plan which is a defined contribution scheme. The scheme's assets are held in a separately administered fund. Contributions are paid into the scheme by the Company and some of its subsidiaries.

**b) Defined benefit scheme**
Effective from 8 February 2010, the Company became principal employer of The Surrey Advertiser Newspaper Holdings Limited Pension & Life Assurance Scheme.

This Scheme was closed to future accrual with effect from 31 March 2006. The most recent actuarial valuation of this Scheme was performed on 1 April 2012. No valuation was performed during the year ended 29 March 2015 due to the intention to wind up the Scheme in June 2015.

In July 2010 the UK Government announced that the statutory minimum level of revaluation would in future be calculated using the Consumer Prices Index ('CPI'), rather than the Retail Prices Index ('RPI'). In respect of the Surrey Advertiser Newspaper Holdings Pension & Life Assurance Scheme, revaluation of deferred pensions is in line with the statutory minimum, and therefore we have made an assumption about future rates of CPI in order to value deferred pensions. Our assumption regarding future CPI rates is lower than for RPI rates. We estimate that the impact of this change is relatively small in reducing pension liabilities and the reduction in past service cost is not material to the Group.

Please see Note 13 for details of post balance sheet events.

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Change in the fair value of scheme assets** | | |
| At 31 March 2014/ 1 April 2013 | **19.4** | 19.2 |
| Expected return on plan assets | **0.8** | 0.8 |
| Actuarial (loss)/gain | **3.1** | (0.4) |
| Employer contribution | **0.0** | 0.7 |
| Benefits paid | **(0.9)** | (0.9) |
| **Unlisted shares** | **22.4** | 19.4 |

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Change in the present value of the defined benefit obligation** | | |
| At 31 March 2014/ 1 April 2013 | **(17.1)** | (17.8) |
| Interest cost | **(0.8)** | (0.8) |
| Actuarial gains/(loss) | **(3.2)** | 0.5 |
| Benefits paid | **0.9** | 1.0 |
| **Unlisted shares** | **(20.2)** | (17.1) |

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Funded status | **2.2** | 2.3 |
| Effect of surplus cap | **(2.2)** | (2.3) |
| Fair value of reimbursement rights | **-** | - |

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Analysis of the amount charged to profit or loss as follows:** | | |
| Interest cost | **0.8** | 0.8 |
| Expected return on plan assets | **(0.8)** | (0.8) |
| Total pension cost recognised in the P&L account | **-** | - |
| | | |
| Actuarial (gains)/losses immediately recognised | **0.1** | (0.1) |
| Effect of surplus cap | **(0.1)** | 0.9 |
| Total pension cost recognised in reserves | **-** | 0.8 |
| | | |
| **Actuarial gains:** | | |
| Cumulative amount of actuarial gains immediately recognised | **-** | 4.9 |

**Plan assets**
The weighted-average asset allocations at the end of the year were as follows:

| **Asset category** | **2015** | 2014 |
|---|---|---|
| Equities | **-** | 20% |
| Bonds | **37%** | 40% |
| Gilts | **63%** | 40% |
| Cash | **-** | - |
| | **100%** | 100% |

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 4.32% assumption as at 29 March 2015.

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Actual return on plan assets | **3.8** | 0.4 |

**Weighted average assumptions used to determine benefit obligations at:**

| | **2015** | 2014 | 2013 |
|---|---|---|---|
| Discount rate | **3.10%** | 4.55% | 4.40% |
| Rate of deferred revaluation | **2.35%** | 2.75% | 2.85% |
| Rate of pension increases in payment | **3.15%** | 3.55% | 3.65% |

**Weighted average assumptions used to determine net pension cost for year ended:**

| | **2015** | 2014 | 2013 |
|---|---|---|---|
| Discount rate | **4.55%** | 4.40% | 4.90% |
| Expected long-term return on plan assets | **4.32%** | 4.14% | 4.41% |

**Weighted average life expectancy for mortality tables used to determine benefit obligations at:**

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Male** | **Female** | Male | Female |
| Member age 65 (current life expectancy) | **22.9** | **25.5** | 22.9 | 25.4 |
| Member age 45 (life expectancy at age 65) | **25.2** | **27.8** | 25.1 | 27.7 |

## Notes relating to the financial statements - continued

### 12. Pensions - continued

The assets in the scheme and the expected rates of return were:

| | **Long-term rate of return expected 2015** | **Value at 2015** | Long-term rate of return expected 2014 | Value at 2014 |
|---|---|---|---|---|
| | **%** | **£m** | % | £m |
| Equities | **4.2** | **0.0** | 5.5 | 3.9 |
| Bond | **3.1** | **8.3** | 4.6 | 7.8 |
| Gilts | **2.2** | **14.0** | 3.5 | 7.6 |
| Cash | **2.2** | **0.1** | 3.5 | 0.1 |
| Total market value of assets | | **22.4** | | 19.4 |
| Present value of scheme liabilities | | **(20.2)** | | (17.1) |
| Surplus in scheme | | **2.2** | | 2.3 |
| Effect of surplus cap | | **(2.2)** | | (2.3) |
| Surplus/(deficit) | | **-** | | - |

**Five year history**

| | Financial year ending in | | | | |
|---|---|---|---|---|---|
| | **2015** | 2014 | 2013 | 2012 | 2011 |
| | **£m** | £m | £m | £m | £m |
| Fair value of plan assets at end of year | **22.4** | 19.4 | 19.2 | 17.2 | 15.6 |
| Benefit obligation at end of year | **(20.2)** | (17.1) | (17.8) | (16.2) | (15.6) |
| Surplus/(deficit) | **2.2** | 2.3 | 1.4 | 1.0 | - |
| Difference between expected and actual return on scheme assets: | | | | | |
| Amount (£m) | **3.1** | (0.4) | 1.3 | 0.9 | 0.1 |
| Percentage of scheme assets | **14%** | (2%) | 7% | 5% | 1% |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount (£m) | **-** | - | (0.5) | (0.1) | - |
| Percentage of scheme liabilities | **0%** | 0% | -3% | 0% | 0% |

**Contributions**
The Company expects to contribute £nil million to its pension scheme in 2015/16 (2014 £nil).

### 13. Events after the reporting period
This information is shown in the Group section of the annual report on page 27.

### 14. Operating lease and similar commitments
Total annual amounts payable under non-cancellable leases are as follows:

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| **Land and buildings** | | |
| Expiring in less than one year | **0.1** | - |
| Expiring between two and five years | **-** | - |
| Expiring in over five years | **-** | 0.3 |
| | **0.1** | 0.3 |

### 15. Contingent liabilities and financial commitments
In the normal course of business the Company has given guarantees in respect of commercial transactions.

These include:
(a) the Company has given a guarantee to The Royal Bank of Scotland plc to secure the overdrafts of certain of its subsidiary companies.

(b) the Company has given a guarantee to Lloyds Bank plc in respect of certain leasing obligations of certain subsidiary companies amounting to £40.2 million (2014 £46.6 million).

(c) the Company has given a guarantee to Guardian News and Media Limited to support the carrying value of certain fixed assets held in that subsidiary.

(d) the Company has given a guarantee to Guardian News and Media Limited in relation to the intercompany loan from this subsidiary to Guardian News & Media LLC.

### 16. Dividends paid
On 18 March 2015, the Board declared a dividend of 38.9p per share (2014 22.2p) on the ordinary share capital amounting to £350,000 (2014 £200,000) which was paid to The Scott Trust Limited on 18 March 2015.

### 17. Related party transactions
Transactions between the Company and its subsidiaries, which are related parties, are not required to be disclosed as these transactions are fully eliminated on consolidation.

In the course of normal operations, the Company has traded on an arm's length basis with a joint venture, Top Right Group (formerly Emap). The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below:

| | **2015** | 2014 |
|---|---|---|
| | **£m** | £m |
| Interest on loans and preference shares | **51.0** | 59.7 |

At year end, balances outstanding in relation to these transactions amounted to £150.5 million (2014 £585.5 million).

The Company paid £40,410 (2014 £270,000) in charitable donations to the Scott Trust Foundation in which two of the Company's directors are trustees and one resigned during June 2015.

The Company paid £179,590 in charitable donations to the Guardian Foundation.

Further details of related party transactions are shown in Note 30 of the Group section of this report.

### 18. Ultimate controlling party
The ultimate parent undertaking and controlling party is The Scott Trust Limited, a company incorporated in the United Kingdom, which owns 100% of the Company's shares.

The Scott Trust Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 29 March 2015. The consolidated financial statements of The Scott Trust Limited are available from Company Secretary, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

Guardian Media Group plc is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 29 March 2014. The consolidated financial statements of Guardian Media Group plc can be obtained from Company Secretary, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

Both The Scott Trust Limited and Guardian Media Group plc consolidated financial statements are available to download on the Group website: www.gmgplc.co.uk.

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