

Company Registration Number 06706464



**THE SCOTT TRUST LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2016**

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# THE SCOTT TRUST LIMITED

## Contents

List of Directors and advisers	2
Strategic report	3
Report of the directors	4
Directors' remuneration report	6
Independent auditors' report to the members of The Scott Trust Limited	8
Consolidated income statement	10
Consolidated statement of comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes relating to the financial statements	15
Company financial statements of The Scott Trust Limited	17
Guardian Media Group plc annual report and financial statements 2016	Appendix 1

# THE SCOTT TRUST LIMITED

## 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:**

Dame Liz Forgan DBE

Emily Bell

Dr Andrew Graham (resigned 6 November 2015)

Alexander Graham

Will Hutton

Alan Rusbridger (resigned 13 May 2016)

Sir Anthony Salz

Jonathan Scott (resigned 17 September 2015)

Heather Stewart (resigned 7 March 2016)

Katharine Viner (appointed 1 June 2015)

Andrew Miller (resigned 30 June 2015)

David Pemsel (appointed 17 September 2015)

Dr Sushil Wadhvani (appointed 17 September 2015)

Ole Sunde (appointed 17 September 2015)

Russell Scott (appointed 17 September 2015)

Vivian Schiller (appointed 17 September 2015)

Stuart Proffitt (appointed 17 September 2015)

Catherine Howarth (appointed 17 September 2015)

Nils Pratley (appointed 12 May 2016)

### **Company 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

### **Registered Office**

PO Box 68164

Kings Place

90 York Way

London

N1P 2AP

### **Bankers**

The Royal Bank of Scotland plc

Corporate and Institutional Banking

135 Bishopsgate

London

EC2M 3UR

# THE SCOTT TRUST LIMITED

## Strategic report

The directors present their strategic report, the report of the directors and the audited consolidated financial statements for the Group, comprising The Scott Trust Limited (the “Company”) and its subsidiaries, joint ventures and associate investments (“the Group”), for the year ended 3 April 2016.

In order to simplify these financial statements the Guardian Media Group plc annual report and financial statements 2016 have been included in Appendix 1. Cross references to the Guardian Media Group plc annual report and financial statements have been made where the information is the same. Also for simplicity the note numbers in both sets of financial statements are the same.

### Activities and business review

The Scott Trust Limited is the holding company for Guardian Media Group plc whose annual report and financial statements are contained in Appendix 1 to this report. The principal activity of the Group is the dissemination of news, information and advertising material by way of digital and print media.

### Operating and financial performance

The Group results for the year are set out in the consolidated income statement on page 9.

A review of the Group’s performance and future prospects are contained in the strategic report in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Principal risks and uncertainties

A review of the Group’s principal risks and uncertainties are contained in the strategic report in the annual report and financial statements of Guardian Media Group plc in Appendix 1 and on the Guardian Media Group website in the statements from the chair, the chief executive and the chair of The Scott Trust Limited.

### On behalf of the Board

**Dame Liz Forgan DBE**

Chair

29 June 2016

**THE SCOTT TRUST LIMITED - REGISTERED IN ENGLAND AND WALES 06706464**

# THE SCOTT TRUST LIMITED

## Directors' report

The Board does not envisage any major changes in the Company's activities in the foreseeable future.

### Employee involvement and employment of disabled persons

The Group's policy on employee involvement and employment of disabled persons is set out in the report of the directors in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Directors and directors' interests

The directors of the Group who were in office during the year and up to the date of signing the financial statements are:

Dame Liz Forgan DBE  
Emily Bell  
Dr Andrew Graham (resigned 6 November 2015)  
Alexander Graham  
Will Hutton  
Alan Rusbridger (resigned 13 May 2016)  
Sir Anthony Salz  
Jonathan Scott (resigned 17 September 2015)  
Heather Stewart (resigned 7 March 2016)  
Katharine Viner (appointed 1 June 2015)  
Andrew Miller (resigned 30 June 2015)  
David Pemsel (appointed 17 September 2015)  
Dr Sushil Wadhvani (appointed 17 September 2015)  
Ole Sunde (appointed 17 September 2015)  
Russell Scott (appointed 17 September 2015)  
Vivian Schiller (appointed 17 September 2015)  
Stuart Proffitt (appointed 17 September 2015)  
Catherine Howarth (appointed 17 September 2015)  
Nils Pratley (appointed 12 May 2016)

No director had any material transactions with the Group other than those set out in in directors' remuneration report and in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Dividends

The directors' do not recommend a final dividend to be paid.

### Corporate governance

The Group's statement on corporate governance can be found on the Guardian Media Group plc website: [www.gmgplc.co.uk](http://www.gmgplc.co.uk)

### 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.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, its cash flows and liquidity position are described in the strategic report in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

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. These reports are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

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.

# **THE SCOTT TRUST LIMITED**

## **Directors' report**

### **Events after the reporting year**

Details of events after the reporting year are set out in note 26 of the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### **On behalf of the Board**

**Dame Liz Forgan DBE**

Chair

29 June 2016

**THE SCOTT TRUST LIMITED - REGISTERED IN ENGLAND AND WALES 06706464**

# THE SCOTT TRUST LIMITED

## Statement of Directors' Responsibilities

### 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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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, including FRS 101 have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE SCOTT TRUST LIMITED

## Directors' remuneration report for the year ended 3 April 2016

### Remuneration policy for chair and independent directors

The level of fees for the chair and independent directors is reviewed biennially and approved by the chair of Guardian Media Group plc. The chair and independent directors are not eligible for pension fund membership and will not participate in any of the Group's variable compensation plans. Fees were last reviewed and increased in line with inflation with effect from 1 April 2015. Directors who are also executive directors of Guardian Media Group plc do not receive a fee.

### Directors' contracts

Details of the terms of appointment of those directors in office on 3rd April 2016 (being the year-end), or appointed subsequently, are as follows:

	<b>Contract/renewal date</b>	<b>Contract unexpired term (at 29 June 2016)</b>	<b>Notice period</b>	<b>Contractual termination payments</b>
Liz Forgan	29 October 2014	6 months	None	None
Emily Bell	1 December 2013	5 years 6 months	None	None
Alexander Graham	1 December 2013	5 years 6 months	None	None
Catherine Howarth	20 July 2015	4 years 2 months	None	None
Will Hutton	29 June 2016	6 months	None	None
David Pemsel <sup>1</sup>				
Nils Pratley	12 May 2016	5 years 1 month	None	None
Stuart Proffitt	20 July 2015	4 years 2 months	None	None
Alan Rusbridger		N/A	N/A	N/A
Sir Anthony Salz	9 March 2009	2 years 9 months	None	None
Vivian Schiller	20 July 2015	4 years 2 months	None	None
Russell Scott	20 July 2015	4 years 2 months	None	None
Ole Sunde	20 July 2015	4 years 2 months	None	None
Katharine Viner <sup>1</sup>				
Sushil Wadhvani	20 July 2015	4 years 2 months	None	None

<sup>1</sup> Katharine Viner and David Pemsel are employed as Editor in Chief of the Guardian and GMG Chief Executive respectively and their respective appointments as directors of The Scott Trust Limited are co-terminous with their respective executive positions. Details of their executive service contracts are set out in the Directors' Remuneration Report for Guardian Media Group plc.

### Directors' emoluments

	<b>Directors fees 2016 £000</b>	<b>Directors fees 2015 £000</b>
Liz Forgan	68	53
Emily Bell	14	11
Andrew Graham	9	11
Alexander Graham	14	11
Will Hutton	16	12
Alan Rusbridger (from 1 June 2015)	12	-
Anthony Salz	14	11
Jonathan Scott	7	13
Heather Stewart	14	5
Katharine Viner <sup>2</sup> (from 1 June 2015)	-	-
David Pemsel <sup>2</sup> (from 17 September 2015)	-	-
Sushil Wadhvani (from 17 September 2015)	5	-
Ole Sunde (from 17 September 2015)	8	-
Russell Scott (from 17 September 2015)	8	-
Vivian Schiller (from 17 September 2015)	8	-
Stuart Proffitt (from 17 September 2015)	8	-
Catherine Howarth (from 17 September 2015)	8	-
<b>Total</b>	<b>131</b>	<b>141</b>

<sup>2</sup> The emoluments of David Pemsel and Katharine Viner are set out in note 9 of the annual report and financial statements of Guardian Media Group plc in Appendix 1. They are not paid a separate fee for their services as directors of The Scott Trust Limited.



# THE SCOTT TRUST LIMITED

## Independent auditors' report to the members of The Scott Trust Limited

### Report on the group financial statements

#### **Our opinion**

In our opinion The Scott Trust Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 3 April 2016 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**

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

- the consolidated statement of financial position as at 3 April 2016;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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 Directors' 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. 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 5), 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.

# THE SCOTT TRUST LIMITED

## Independent auditors' report to the members of The Scott Trust Limited (continued)

### 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 report of the directors and financial statements 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 The Scott Trust Limited for the year ended 3 April 2016.

### **Samuel Tomlinson (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2016

# THE SCOTT TRUST LIMITED

## Consolidated income statement For the year ended 3 April 2016

	Note	2016 Before exceptional items £m	2016 Exceptional items £m	2016 Total £m	2015 Before exceptional items £m	2015 Exceptional items £m	2015 Total £m
<b>Continuing operations</b>							
Revenue	5	209.5	-	209.5	214.7	-	214.7
Operating costs	6	(289.7)	(20.6)	(310.3)	(260.3)	(2.9)	(263.2)
<b>Operating loss</b>		<b>(80.2)</b>	<b>(20.6)</b>	<b>(100.8)</b>	(45.6)	(2.9)	(48.5)
Finance income		17.7	-	17.7	61.2	-	61.2
Finance costs		(9.8)	-	(9.8)	(10.4)	-	(10.4)
Net finance income	11	7.9	-	7.9	50.8	-	50.8
Other gains and losses	7	10.7	27.0	37.7	12.2	-	12.2
Loss from disposals of investments in joint ventures and associates	16	-	(110.7)	(110.7)	(32.3)	-	(32.3)
Share of loss of equity investments in joint ventures and associates	8	(7.5)	-	(7.5)	(0.1)	-	(0.1)
<b>(Loss) before taxation</b>		<b>(69.1)</b>	<b>(104.3)</b>	<b>(173.4)</b>	(15.0)	(2.9)	(17.9)
Income tax (charge)/credit	12	(2.4)	(4.9)	(7.3)	7.3	0.1	7.4
<b>(Loss) for the year</b>		<b>(71.5)</b>	<b>(109.2)</b>	<b>(180.7)</b>	(7.7)	(2.8)	(10.5)

The notes on pages 14 to 16 are an integral part of these financial statements.

**THE SCOTT TRUST LIMITED**  
**Consolidated statement of comprehensive income**  
**For the year ended 3 April 2016**

	Note	2016 £m	2015 £m
<b>(Loss)/profit attributable to equity shareholders</b>		<b>(180.7)</b>	(10.5)
<b>Other comprehensive (expense)/income:</b>			
Actuarial (loss)/gain on post employment benefit obligations	29	<b>(2.7)</b>	(4.3)
Deferred taxation credit/(charge) on actuarial (loss)/gain	12	<b>0.5</b>	0.9
Total items that will not be reclassified subsequently to the consolidated income statement		<b>(2.2)</b>	(3.4)
Foreign exchange translation differences		<b>(0.3)</b>	1.0
Fair value gain - non-current other financial assets		<b>(31.4)</b>	51.8
Deferred tax charge on gains arising on available for sale financial assets		<b>6.7</b>	(15.1)
Joint venture - share of movements on cash flow hedges and other items		<b>(1.5)</b>	2.5
Total items that may be subsequently reclassified to the consolidated income statement		<b>(26.5)</b>	40.2
Other comprehensive (expense)/income		<b>(28.7)</b>	36.8
<b>Total comprehensive (expense)/income for the year</b>		<b>(209.4)</b>	26.3

The notes on pages 14 to 16 are an integral part of these financial statements.

**THE SCOTT TRUST LIMITED**  
**Consolidated statement of financial position**  
**As at 3 April 2016**

	Note	2016 £m	2015 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	2.3	4.0
Property, plant and equipment	15	14.4	17.8
Investments in joint ventures	16	-	319.0
Investments in associates	16	206.2	3.3
Retirement benefit assets	29	-	2.3
Other financial assets - available for sale	13	612.5	634.9
Other financial assets	13	1.6	2.2
		<b>837.0</b>	<b>983.5</b>
<b>Current assets</b>			
Inventories	17	0.9	1.1
Trade and other receivables	18	45.0	47.4
Other financial assets - available for sale	13	96.3	160.5
Cash and cash equivalents	19	62.2	46.5
		<b>204.4</b>	<b>255.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	20	6.9	6.6
Trade and other payables	22	49.7	52.7
Current tax liabilities	12	-	0.2
Derivative financial instruments	13	6.0	3.6
Provisions for other liabilities and charges	23	21.4	1.4
		<b>84.0</b>	<b>64.5</b>
<b>Net current assets</b>		<b>120.4</b>	<b>191.0</b>
<b>Total assets less current liabilities</b>		<b>957.4</b>	<b>1,174.5</b>
<b>Non-current liabilities</b>			
Financial liabilities	20	40.0	44.4
Retirement benefit liabilities	29	0.6	2.1
Other non-current liabilities	24	13.4	13.7
Provision for other liabilities and charges	23	5.1	1.4
		<b>59.1</b>	<b>61.6</b>
<b>Net assets</b>		<b>898.3</b>	<b>1,107.7</b>
<b>Shareholders' equity</b>			
Share capital	24	0.2	0.2
Consolidation reserve		836.1	836.1
Retained earnings		62.0	271.4
<b>Total equity</b>		<b>898.3</b>	<b>1,107.7</b>

These financial statements on pages 10 to 16 were authorised for issue by the Board of directors on 29 June 2016 and signed on its behalf by:

**Dame Liz Forgan DBE**

Chair

**THE SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464**

The notes on pages 13 to 15 form an integral part of these financial statements.

**THE SCOTT TRUST LIMITED**  
**Consolidated statement of changes in equity**  
**For the year ended 3 April 2016**

	Share capital £m	Consolidation reserve £m	Retained earnings £m	Total equity £m
At 30 March 2014	0.2	836.1	247.5	1,083.8
Loss for the year	-	-	(10.5)	(10.5)
Gain recognised directly in the consolidated statement of comprehensive income	-	-	36.8	36.8
Total comprehensive income	-	-	26.3	26.3
Step up in carrying value of joint venture	-	-	(2.4)	(2.4)
At 29 March 2015	0.2	836.1	271.4	1,107.7
<b>Loss for the year</b>	-	-	<b>(180.7)</b>	<b>(180.7)</b>
<b>Gain recognised directly in the consolidated statement of comprehensive income</b>	-	-	<b>(28.7)</b>	<b>(28.7)</b>
<b>Total comprehensive income</b>	-	-	<b>(209.4)</b>	<b>(209.4)</b>
<b>At 3 April 2016</b>	<b>0.2</b>	<b>836.1</b>	<b>62.0</b>	<b>898.3</b>

**Consolidated statement of cash flows**  
**For the year ended 3 April 2016**

	Note	2016 £m	2015 £m
<b>Cash flow from operating activities</b>			
Cash used in operations	27	<b>(72.2)</b>	(54.8)
Income tax paid		<b>(0.1)</b>	(0.1)
<b>Net cash used in operating activities</b>		<b>(72.3)</b>	(54.9)
<b>Cash flow from investing activities</b>			
Purchase of intangible assets	14	<b>(4.8)</b>	(3.2)
Purchase of other non - current financial assets	13	<b>(295.1)</b>	(623.2)
Sale of other non - current financial assets	13	<b>360.6</b>	52.6
Proceeds from sale of property, plant and equipment	15	-	2.0
Purchase of property, plant and equipment	15	<b>(3.4)</b>	(4.2)
Proceeds from the sale of trade and assets		-	0.7
Interest received		<b>0.2</b>	1.9
Dividends received from unlisted investments		<b>0.8</b>	3.0
Purchase of unlisted investments		<b>(1.4)</b>	-
Proceeds from the sale of share in joint venture	16	<b>36.1</b>	-
Proceeds from the sale of associates	16	<b>2.1</b>	-
<b>Net cash generated/(used in) from investing activities</b>		<b>95.1</b>	(570.4)
<b>Cash flow from financing activities</b>			
Finance lease principal payments		<b>(6.5)</b>	(6.4)
Drawdown of external borrowings		<b>0.8</b>	2.4
Interest paid		<b>(1.3)</b>	(1.4)
Exchange loss		<b>(0.3)</b>	(4.0)
<b>Net cash used in financing activities</b>		<b>(7.3)</b>	(9.4)
<b>Net increase/(decrease)increase in cash and cash equivalents</b>		<b>15.5</b>	(634.7)
<b>Cash and cash equivalents at beginning of the year</b>		<b>46.5</b>	680.9
Foreign exchange differences		<b>0.2</b>	0.3
<b>Cash and cash equivalents at end of the year</b>	19	<b>62.2</b>	46.5

The notes on pages 14 to 16 form an integral part of these financial statements.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### For the year ended 3 April 2016

#### 1. General information

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

The address of its registered office is:

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

These financial statements were authorised for issue by the Board on 29 June 2016.

#### 2. Accounting policies

The accounting policies of The Scott Trust Limited are the same as those adopted by Guardian Media Group plc and are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 2. 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 53 weeks ended 3 April 2016 and for the comparative year cover the 52 weeks ended 29 March 2015, for all Group companies.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements and key sources of estimation uncertainty of The Scott Trust Limited are the same as those adopted by Guardian Media Group plc and are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 3.

#### 4. Financial risk management

Details of financial risk management are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 4.

#### 5. Revenue

Details of revenue are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 5.

#### 6. Operating costs

	2016	2015
	£m	£m
Raw materials and consumables	18.5	21.5
Staff costs	150.8	123.9
Depreciation and amortisation	11.1	5.5
Other expenses	129.9	115.2
	<b>310.3</b>	<b>263.2</b>

Operating loss is arrived at after charging/(crediting):

	2016	2015
	£m	£m
The following items have been included in arriving at operating loss:		
Raw materials and consumables	18.5	21.5
Depreciation expense	5.4	4.8
Amortisation expense	5.7	0.7
Other operating lease rentals payable:		
- Property	8.3	5.6
- Plant and machinery	0.1	0.1
Profit on sale of property, plant and equipment	-	(0.3)
(Loss)/profit on the sale of trade and assets	-	(0.7)

#### 7. Other gains and losses

Details of financial risk management are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 7.

#### 8. Exceptional items

Details of exceptional items are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 8.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### **9. Auditors' remuneration**

Details of services provided by the Group's auditors are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 9

### **10. Employees and directors**

Details of employees and directors are set out in the directors' remuneration report on page 6 and in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 10.

### **11. Finance income and costs**

Details of finance income and costs are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 11.

### **12. Income tax**

Details of income tax are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 12.

### **13. Other financial assets – available for sale**

Details of non-current other financial assets – available for sale are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 13.

### **14. Intangible assets**

Details of other intangible assets are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 14.

### **15. Property, plant and equipment**

Details of property, plant and equipment are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 15.

### **16. Investments**

Details of investments are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 16.

### **17. Inventories**

Details of inventories are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 17.

### **18. Trade and other receivables**

Details of trade and other receivables are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 18.

### **19. Cash and cash equivalents**

Details of cash and cash equivalents are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 19.

### **20. Loans and borrowings**

Details of financial liabilities - borrowings are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 20.

### **21. Obligations under leases and hire purchase contracts**

Details of obligations under leases and hire purchase contracts are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 21.

### **22. Trade and other payables**

Details of trade and other payables are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 22.

### **23. Provisions**

Details of provisions are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 23.



# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### 24. Other non-current liabilities

Details of other non-current liabilities are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 24.

### 25. Share capital

	2016	2015
	£m	£m
Authorised, issued, called up and fully paid: 1,000 (2015 : 1,000) ordinary shares at £250 each	0.2	0.2

### 26. Dividends received

On 16 March 2016, the Guardian Media Group plc Board declared a dividend of 44.4p (2015 38.9p) per share on the ordinary share capital amounting to £400,000 (2015 £350,000) which was paid to The Scott Trust Limited on 16 March 2016.

### 27. Cash flow from operating activities

		2016	2015
		£m	£m
Loss before income tax	Note	(173.4)	(17.9)
Adjustments for:			
Depreciation	14	5.4	4.8
Profit on sale of trade and assets	5	-	(0.7)
Loss/(profit) on disposal of property, plant and equipment	14	1.4	(0.3)
Loss on disposal of intangible assets	13	0.9	-
Amortisation of other intangible assets	13	5.6	0.7
Income from non-current financial assets		-	(13.5)
Finance costs	10	9.8	2.3
Finance income	10	(55.4)	(59.9)
Other financing costs/(income)		-	8.1
Pensions	28	(1.8)	(2.2)
Impairment of assets		2.0	-
Share of loss of joint ventures after taxation		7.0	32.3
Share of loss of associates after taxation		0.5	0.1
Loss on disposal of joint venture		107.5	-
Loss on disposal of associate	15	0.7	-
Decrease in provisions	22	18.5	(1.8)
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):			
Decrease in inventories		0.2	0.1
(Increase)/decrease in trade and other receivables		2.3	(3.3)
(Decrease)/increase in trade and other payables		(3.4)	(3.6)
<b>Cash used in operations</b>		<b>(72.2)</b>	<b>(54.8)</b>

### 28. Non-adjusting events after the financial year

Details of events after the reporting year are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 28.

### 29. Pension commitments

Details of pension commitments are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 29.

### 30. Related party transactions

Transactions between subsidiary members of The Scott Trust Limited are not required to be disclosed as these transactions are fully eliminated on consolidation.

Details of related party transactions are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 30.

### 31. Ultimate controlling party

There is no ultimate controlling party.

### 31. Subsidiaries, joint ventures and associates

Subsidiaries, joint ventures and associates of the Guardian Media Group plc are set out in the annual report and financial statements of Guardian Media Group plc in note 32.

**THE SCOTT TRUST LIMITED**  
**2016 Company financial statements**

# THE SCOTT TRUST LIMITED

## Independent auditors' report to the members of The Scott Trust Limited

### Report on the parent Company financial statements

#### **Our Opinion**

In our opinion, The Scott Trust Limited's company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 3 April 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

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

- the balance sheet as at 3 April 2016;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

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

In our opinion the information given in the Strategic Report and the Directors' Report 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 by the parent company, 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.

# THE SCOTT TRUST LIMITED

## Independent auditors' report to the members of The Scott Trust Limited (continued)

### **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 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### **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 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 The Scott Trust Limited for the year ended 29 March 2016.

#### **Samuel Tomlinson (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 June 2016

# THE SCOTT TRUST LIMITED

## Company balance sheet As at 3 April 2016

	Note	2016 £m	2015 £m
<b>Fixed assets</b>			
Investments	4	0.2	0.2
<b>Current assets</b>			
Amounts owed by group undertakings		1.3	1.0
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to group undertakings		1.0	0.7
<b>Net current assets</b>		0.3	0.3
<b>Net assets</b>		0.5	0.5
<b>Capital and reserves</b>			
Called up share capital	6	0.2	0.2
Profit and loss reserve	7	0.3	0.3
<b>Total shareholders' funds</b>		0.5	0.5

The financial statements on pages 20 to 23 were approved by the Board of directors on 29 June 2016 and signed on its behalf by:

**Dame Liz Forgan DBE**  
Chair

**THE SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464**

The notes on pages 22 to 23 form an integral part of these financial statements.

**THE SCOTT TRUST LIMITED**  
**Statement of changes in equity**  
**For the year ended 3 April 2016**

	<b>Share capital £m</b>	<b>Retained earnings £m</b>	<b>Total equity £m</b>
At 30 March 2014	0.2	0.3	0.5
Profit for the year	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 29 March 2015	0.2	0.3	0.5
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 3 April 2016</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>

The notes on pages 22 to 23 form an integral part of these financial statements.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### 1. Accounting policies

#### Accounting basis

The financial statements on pages 21 to 23 have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006. The company has transitioned to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) from the previously extant UK Generally Accepted Accounting Practice for all periods presented. Transition tables showing all material adjustments are disclosed in note 9. Set out below is a summary of the more important accounting policies, which have been applied consistently throughout the year.

#### Cash flow statement

As the Group prepares consolidated financial statements under IFRS and prepares its own separate financial statements in accordance with UK accounting standards, the Company is exempt from publishing a cash flow statement.

#### Investments

Fixed asset investments are stated in the financial statements at cost less any provision for impairment.

#### Taxation

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

#### Amounts owed by/(to) group undertaking

Amounts owed by/(to) group undertakings are unsecured, interest free, have no fixed repayment date and are repayable/(payable) on demand.

### 2. Directors' emoluments

This information is shown on page 6 of The Scott Trust Limited report of the directors and financial statements. There are no other employees of the Company other than the directors.

### 3. Auditors' remuneration

The Company has incurred fees of £7,674 (2015 £6,821) during the year in respect of audit services.

### 4. Investments

	<b>£m</b>
<b>Cost and net book value</b>	
At 3 April 2016 and 29 March 2015	<b>0.2</b>

The Company owns 100% of the share capital of Guardian Media Group plc. The directors believe that the carrying value of the investment in its subsidiary undertaking is supported by the underlying assets.

### 5. Deferred taxation

The Company has an unprovided deferred tax asset of £108,014 (2015 £120,016) at the balance sheet date. No deferred tax is recognised on these trading losses as it is not regarded as more likely than not that there will be suitable taxable profits/gains against which they can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

### 6. Called up share capital

	<b>2016</b>	<b>2015</b>
	<b>£m</b>	<b>£m</b>
Authorised, issued, called up and fully paid:		
1,000 (2014: 1,000) ordinary shares of £250 each	<b>0.2</b>	<b>0.2</b>
	<b>0.2</b>	<b>0.2</b>

### 7. Profit and loss reserve

	<b>2016</b>	<b>2015</b>
	<b>£m</b>	<b>£m</b>
At 29 March 2015	<b>0.3</b>	<b>0.3</b>
Profit for the financial year	<b>-</b>	<b>-</b>
<b>At 3 April 2016</b>	<b>0.3</b>	<b>0.3</b>

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.

### 8. 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.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### 9. Transition to FRS 101

#### Company balance sheet as at 31 March 2014

	UK GAAP £m	Reclass- ifications £m	Remeasure- ments £m	FRS 101 £m
<b>Fixed assets</b>				
Investments	0.2	-	-	0.2
<b>Current assets</b>				
Amounts owed by group undertakings	0.7	-	-	0.7
<b>Creditors: amounts falling due within one year</b>				
Amounts owed to group undertakings	0.4	-	-	0.4
<b>Net assets</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>0.5</b>
<b>Capital and reserves</b>				
Called up share capital	0.2	-	-	0.2
Profit and loss reserve	0.3	-	-	0.3
<b>Total shareholders' funds</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>0.5</b>

#### Company balance sheet as at 29 March 2015

	UK GAAP £m	Reclass- ifications £m	Remeasure- ments £m	FRS 101 £m
<b>Fixed assets</b>				
Investments	0.2	-	-	0.2
<b>Current assets</b>				
Amounts owed by group undertakings	1.0	-	-	1.0
<b>Creditors: amounts falling due within one year</b>				
Amounts owed to group undertakings	0.7	-	-	0.7
<b>Net assets</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>0.5</b>
<b>Capital and reserves</b>				
Called up share capital	0.2	-	-	0.2
Profit and loss reserve	0.3	-	-	0.3
<b>Total shareholders' funds</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>0.5</b>