

Registration number: 06706464

The Scott Trust Limited

Annual Report and Consolidated Financial Statements

for the year ended 2 April 2017



The Scott Trust Limited

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The Scott Trust Limited

Company Information

Chairman	Alexander Graham
Directors	Alexander Graham Emily Bell Catherine Howarth David Pemsel Nils Pratley Sir Anthony Salz Stuart Proffitt Vivian Schiller Russell Scott Ole Sunde Katharine Viner
Company secretary	Richard Kerr
Registered office	PO Box 68164 Kings Place 90 York Way London N1P 2AP
Solicitors	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
Bankers	The Royal Bank of Scotland plc Corporate and Institutional Banking 135 Bishopsgate London EC2M 3UR
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

The Scott Trust Limited

Strategic Report

The directors present their strategic report, the report of the directors and the audited financial statements for the Group, comprising the The Scott Trust Limited (the "Company") and its subsidiaries, joint ventures and associate investments ("the Group"), for the period from 4 April 2016 to 2 April 2017.

In order to simplify these financial statements the Guardian Media Group plc annual report and financial statements 2017 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 Group results for the year are set out in the consolidated income statement on page 10.

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.

Operating and financial performance

The Group results for the year are set out in the consolidated income statement on page 10.

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

Alexander Graham
Chairman

5 July 2017

The Scott Trust Limited
Registered in England and Wales No.06706464

The Scott Trust Limited

Director's Report

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

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' of the group

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

Alexander Graham - Chairman

Emily Bell

Catherine Howarth

David Pemsel

Nils Pratley (appointed 12 May 2016)

Sir Anthony Salz

Stuart Proffitt

Vivian Schiller

Russell Scott

Ole Sunde

Katharine Viner

Dame Liz Forgan DBE (resigned 30 November 2016)

Will Hutton (resigned 9 February 2017)

Alan Rusbridger (resigned 13 May 2016)

Dr Sushil Wadhvani (resigned 18 September 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.

Disclosure of information to the auditors

In accordance with section 418 of the Companies Act 2006, each person who is 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.

The Scott Trust Limited

Director's Report

Going concern

The financial position of the Group, its cash flows and liquidity position are described in the strategic report on page 2.

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 28 on page 19.

On behalf of the Board

Alexander Graham
Chairman

5 July 2017

The Scott Trust Limited
Registered in England and Wales No.06706464

The Scott Trust Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

The Scott Trust Limited

Directors Remuneration

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 2 April 2017 (being the year-end), or appointed subsequently, are as follows:

	Contract/renewal date	Contract unexpired term (at 5 July 2017)	Notice period	Contractual termination payments
Alexander Graham	1 December 2013	4 years 6 months	None	None
Emily Bell	1 December 2013	4 years 6 months	None	None
Catherine Howarth	20 July 2015	3 years 2 months	None	None
Nils Pratley	12 May 2016	4 years 1 month	None	None
Stuart Proffitt	20 July 2015	3 years 2 months	None	None
Anthony Salz	9 March 2009	1 years 9 months	None	None
Vivian Schiller	20 July 2015	3 years 2 months	None	None
Russell Scott	20 July 2015	3 years 2 months	None	None
Ole Sunde	20 July 2015	3 years 2 months	None	None

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

	2017 £000	2016 £000
Alexander Graham	40	9
Liz Forgan	50	68
Emily Bell	15	14
Catherine Howarth	15	8
Will Hutton	17	16
Alan Rusbridger	2	12
Nils Pratley	14	-
Stuart Proffitt	15	8
Anthony Salz	15	14
Vivian Schiller	14	8
Russell Scott	15	8
Ole Sunde	15	8
Sushil Wadhwani	7	5
Andrew Graham	-	9
Jonathan Scott	-	7
Heather Stewart	-	14
	234	208

The Scott Trust Limited

Directors Remuneration

The emoluments of David Pemsel and Katharine Viner are set out in note 10 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 2 April 2017 and of its profit 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 Consolidated Financial Statements (the "Annual Report"), comprise:

- the consolidated statement of financial position as at 2 April 2017;
- the consolidated income statement and 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.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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.

The Scott Trust Limited

Independent Auditors' Report to the Members of The Scott Trust Limited

Respective responsibilities of directors and auditors

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and the Director's Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the parent company financial statements of The Scott Trust Limited for the year ended 2 April 2017.

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

5 July 2017

The Scott Trust Limited

Consolidated Income Statement for the year ended 2 April 2017

	Note	2017 Before exceptional items £ m	2017 Exceptional items £ m	2017 Total £ m	2016 Before exceptional items £ m	2016 Exceptional items £ m	2016 Total £ m
Continuing Operations							
Revenue	5	214.5	-	214.5	209.5	-	209.5
Operating costs	6	<u>(267.8)</u>	<u>(9.6)</u>	<u>(277.4)</u>	<u>(289.7)</u>	<u>(20.6)</u>	<u>(310.3)</u>
Operating loss		<u>(53.3)</u>	<u>(9.6)</u>	<u>(62.9)</u>	<u>(80.2)</u>	<u>(20.6)</u>	<u>(100.8)</u>
Finance income		3.8	3.9	7.7	17.7	-	17.7
Finance costs		<u>(2.3)</u>	-	<u>(2.3)</u>	<u>(9.8)</u>	-	<u>(9.8)</u>
Net finance income	11	1.5	3.9	5.4	7.9	-	7.9
Other gains and losses	7	26.3	31.1	57.4	10.7	27.0	37.7
Share of loss of equity accounted investees	16	-	-	-	(7.5)	-	(7.5)
Loss from disposals of investments in joint ventures and associates	8	<u>-</u>	<u>(0.5)</u>	<u>(0.5)</u>	<u>-</u>	<u>(110.7)</u>	<u>(110.7)</u>
(Loss)/profit before tax		<u>(25.5)</u>	<u>24.9</u>	<u>(0.6)</u>	<u>(69.1)</u>	<u>(104.3)</u>	<u>(173.4)</u>
Income tax credit/(expense)	12	<u>17.9</u>	<u>1.2</u>	<u>19.1</u>	<u>(2.4)</u>	<u>(4.9)</u>	<u>(7.3)</u>
(Loss)/profit for the period		<u>(7.6)</u>	<u>26.1</u>	<u>18.5</u>	<u>(71.5)</u>	<u>(109.2)</u>	<u>(180.7)</u>

The above results were derived from continuing operations.

The Scott Trust Limited

Consolidated Statement of Comprehensive Income for the year ended 2 April 2017

	Note	2017 £ m	2016 £ m
Profit/(loss) for the period		<u>18.5</u>	<u>(180.7)</u>
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit pension schemes before tax	29	(1.7)	(2.7)
Income tax effect	12	<u>0.3</u>	<u>0.5</u>
		<u>(1.4)</u>	<u>(2.2)</u>
Items that may be reclassified subsequently to profit or loss			
Surplus/(deficit) on revaluation of available for sale financial assets before tax		100.9	(31.4)
Income tax effect		(19.4)	6.7
Foreign currency translation losses		(1.9)	(0.3)
Share of associates and joint ventures other comprehensive income before tax		<u>-</u>	<u>(1.5)</u>
		<u>79.6</u>	<u>(26.5)</u>
Total comprehensive income for the period		<u>96.7</u>	<u>(209.4)</u>

The Scott Trust Limited

(Registration number: 06706464)

Consolidated Statement of Financial Position as at 2 April 2017

	Note	2017 £ m	2016 £ m
Assets			
Non-current assets			
Property, plant and equipment	15	9.3	14.4
Intangible assets	14	1.2	2.3
Investments in associates	16	-	206.2
Available for sale financial assets	13	731.7	612.5
Other financial assets	13	4.2	1.6
		<u>746.4</u>	<u>837.0</u>
Current assets			
Inventories	17	0.8	0.9
Trade and other receivables	18	44.6	45.0
Cash and cash equivalents	19	219.9	62.2
Other current financial assets	13	2.0	-
Available for sale financial assets	13	79.2	96.3
		<u>346.5</u>	<u>204.4</u>
Liabilities			
Current liabilities			
Trade and other payables	22	50.9	49.7
Loans and borrowings	20	-	6.9
Other current financial liabilities	13	-	6.0
Provisions	23	8.6	21.4
		<u>59.5</u>	<u>84.0</u>
Net current assets		<u>287.0</u>	<u>120.4</u>
Total assets less current liabilities		<u>1,033.4</u>	<u>957.4</u>
Non-current liabilities			
Loans and borrowings	20	18.6	40.0
Retirement benefit obligations	29	1.4	0.6
Provisions	23	7.0	5.1
Other non-current financial liabilities	24	11.4	13.4
		<u>38.4</u>	<u>59.1</u>
Net assets		<u>995.0</u>	<u>898.3</u>

The notes on pages 16 to 20 form an integral part of these financial statements.

The Scott Trust Limited

(Registration number: 06706464)

Consolidated Statement of Financial Position as at 2 April 2017

	Note	2017 £ m	2016 £ m
Equity			
Share capital	25	0.2	0.2
Consolidation reserve		836.1	836.1
Retained earnings		<u>158.7</u>	<u>62.0</u>
Total equity		<u><u>995.0</u></u>	<u><u>898.3</u></u>

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

.....

Alexander Graham

Chairman

The Scott Trust Limited

Company Registration Number 06706464

The Scott Trust Limited

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

	Share capital £ m	Consolidation reserve £ m	Retained earnings £ m	Total equity £ m
At 4 April 2016	0.2	836.1	62.0	898.3
Profit for the period	-	-	18.5	18.5
Other comprehensive income/(expense)	-	-	78.2	78.2
Total comprehensive income/(expense)	-	-	96.7	96.7
At 2 April 2017	0.2	836.1	158.7	995.0

	Share capital £ m	Consolidation reserve £ m	Retained earnings £ m	Total equity £ m
At 30 March 2015	0.2	836.1	271.4	1,107.7
Loss for the period	-	-	(180.7)	(180.7)
Other comprehensive income/(expense)	-	-	(28.7)	(28.7)
Total comprehensive income/(expense)	-	-	(209.4)	(209.4)
At 3 April 2016	0.2	836.1	62.0	898.3

The Scott Trust Limited

Consolidated Statement of Cash Flows for the year ended 2 April 2017

	Note	2017 £ m	2016 £ m
Cash flows from operating activities			
Cash used in operations	27	(67.3)	(72.2)
Income taxes paid	12	-	(0.1)
Net cash used in operating activities		(67.3)	(72.3)
Cash flows from investing activities			
Purchase of intangible assets	14	(1.1)	(4.8)
Purchase of property, plant and equipment	15	(1.2)	(3.4)
Purchase of available for sale financial assets	13	(534.4)	(295.1)
Sale of other available for sale financial assets	13	554.2	360.6
Exchange (loss)/gain on settlement of forward contracts		-	(0.3)
Interest received		0.3	0.2
Dividends and other income received from unlisted investments		0.9	0.8
Purchase of unlisted investments	13	(2.6)	(1.4)
Proceeds from the sale of joint ventures	16	-	36.1
Proceeds from the sale of associates	16	74.2	2.1
Proceeds from the sale of investments held at fair value through profit or loss		163.1	-
Net cash flows from investing activities		253.4	94.8
Cash flows from financing activities			
Finance lease payments		(30.8)	(7.8)
Drawdown of external borrowings		1.9	0.8
Net cash flows from financing activities		(28.9)	(7.0)
Net increase in cash and cash equivalents		157.2	15.5
Cash and cash equivalents at 4 April		62.2	46.5
Effect of exchange rate fluctuations on cash held		0.5	0.2
Cash and cash equivalents at 2 April	19	219.9	62.2

The Scott Trust Limited

Notes to the Financial Statements for the Period from 4 April 2016 to 2 April 2017

1 General information

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

The address of its registered office is:

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

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

2 Accounting policies

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 52 weeks ended 2 April 2017 and for the comparative year cover the 53 weeks ended 3 April 2016, 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

	2017 £ m	2016 £ m
Raw materials and consumables used	18.6	18.5
Employee benefits expense	136.2	150.8
Depreciation and amortisation expense	8.2	11.1
Other expenses	114.4	129.9
	<u>277.4</u>	<u>310.3</u>

The Scott Trust Limited

Notes to the Financial Statements for the Period from 4 April 2016 to 2 April 2017

Operating loss arrived at after charging/(crediting)

	2017 £ m	2016 £ m
Raw materials and consumables used	18.6	18.5
Depreciation expense	6.0	5.4
Amortisation expense	2.2	5.7
Operating lease expense - property	8.5	8.3
Operating lease expense - plant and machinery	0.1	0.1

7 Other gains and losses

Details of other gains and losses 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.

9 Auditors' remuneration

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

The Scott Trust Limited

Notes to the Financial Statements for the Period from 4 April 2016 to 2 April 2017

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 loans and 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.

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.

The Scott Trust Limited

Notes to the Financial Statements for the Period from 4 April 2016 to 2 April 2017

25 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£ m	No.	£ m
Ordinary Shares of £250 each	<u>1,000</u>	<u>0.2</u>	<u>1,000</u>	<u>0.2</u>

26 Dividends received

On 16 March 2017, the Guardian Media Group plc Board declared a dividend of 44.4p (2016: 44.4p) per share on the ordinary share capital amounting to £400,000 (2016: £400,000) which was paid to The Scott Trust Limited on 16 March 2017.

27 Cash flows from operating activities

	Note	2017 £ m	2016 £ m
Cash flows from operating activities			
Loss for the period		(0.6)	(173.4)
Adjustments for:			
Depreciation	15	6.0	5.4
Amortisation of other intangible assets	14	2.2	5.6
Loss/(profit) on disposal of property, plant and equipment	15	-	1.4
Loss on disposal of intangible assets	14	-	0.9
Finance costs	11	2.3	2.6
Finance income	11	(7.7)	(17.7)
Other gains and losses	7	(57.4)	(30.5)
Pensions	29	(0.8)	(1.8)
Impairment of assets		-	2.0
Share of loss of joint ventures after taxation	16	-	7.0
Share of loss of associates after taxation	16	-	0.5
Loss on disposal of joint venture	16	-	107.5
Loss on disposal of associate	16	0.5	0.7
Increase/(decrease) in provisions	23	<u>(11.2)</u>	<u>18.5</u>
		(66.7)	(71.3)
Working capital adjustments			
Decrease in inventories		0.1	0.2
(Increase)/decrease in trade and other receivables		(1.2)	2.3
Increase/(decrease) in trade and other payables		<u>0.5</u>	<u>(3.4)</u>
Cash used in operations		<u>(67.3)</u>	<u>(72.2)</u>

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.

The Scott Trust Limited

Notes to the Financial Statements for the Period from 4 April 2016 to 2 April 2017

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.

32 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.

Registration number: 06706464

The Scott Trust Limited

Financial Statements

for the year ended 2 April 2017

The Scott Trust Limited

Independent Auditors' Report to the members of The Scott Trust Limited

Report on the 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 2 April 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Statement of Financial Position as at 2 April 2017;
- the 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.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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.

The Scott Trust Limited

Independent Auditors' Report to the members of The Scott Trust Limited

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 (APB'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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the group financial statements of The Scott Trust Limited for the year ended 2 April 2017.

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

5 July 2017

The Scott Trust Limited
(Registration number: 06706464)
Statement of Financial Position as at 2 April 2017

	Note	2017 £ m	2016 £ m
Non-current assets			
Investments	4	0.2	0.2
Current assets			
Trade and other receivables	6	1.7	1.3
Current liabilities			
Trade and other payables	7	<u>(1.4)</u>	<u>(1.0)</u>
Net current assets		<u>0.3</u>	<u>0.3</u>
Net assets		<u><u>0.5</u></u>	<u><u>0.5</u></u>
Equity			
Called up share capital	8	0.2	0.2
Retained earnings		<u>0.3</u>	<u>0.3</u>
Shareholders' funds		<u><u>0.5</u></u>	<u><u>0.5</u></u>

The result for the year is £nil (2016 £nil).

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

.....
 Alexander Graham
 Chairman

The Scott Trust Limited
Statement of Changes in Equity for the year ended 2 April 2017

	Share capital £ m	Retained earnings £ m	Total £ m
At 4 April 2016	0.2	0.3	0.5
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
At 2 April 2017	<u>0.2</u>	<u>0.3</u>	<u>0.5</u>
	Share capital £ m	Retained earnings £ m	Total £ m
At 30 March 2015	0.2	0.3	0.5
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
At 3 April 2016	<u>0.2</u>	<u>0.3</u>	<u>0.5</u>

The notes on pages 26 to 28 form an integral part of these financial statements.

The Scott Trust Limited

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

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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. The result for the year is £nil (2016: £nil).

The financial statements of the company are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks ended 2 April 2017 and for the comparative period cover the 53 weeks ended 3 April 2016.

Summary of disclosure exemptions

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

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

Going concern

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

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.

Investments

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

The Scott Trust Limited

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

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' remuneration

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

3 Auditors' remuneration

The company has incurred fees of £7,202 (2016: £7,674) during the year in respect of audit services.

4 Investments

Subsidiaries	£ m
Cost or valuation	
At 3 April 2016	0.2
At 2 April 2017	0.2
Provision	
At 3 April 2016	-
At 2 April 2017	-
Cost and carrying amount	
At 2 April 2017	<u>0.2</u>
At 3 April 2016	<u>0.2</u>

The Scott Trust Limited
Notes to the Financial Statements for the year ended 2 April 2017

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

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2017	2016
Guardian Media Group plc*	Holding company	England and Wales	100%	100%

* indicates direct investment of The Scott Trust Limited

The registered office address is PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

Details of other group subsidiaries, joint ventures and associates are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 32.

5 Deferred tax

The company has an unprovided deferred tax asset of £nil (2016: £108,014) at the balance sheet date. 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 Trade and other receivables

	2017 £ m	2016 £ m
Receivables from related parties	1.7	1.3

7 Trade and other payables

	2017 £ m	2016 £ m
Amounts due to related parties	1.4	1.0

8 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£ m	No.	£ m
1000 ordinary shares of £250 each	1,000	0.2	1,000	0.2

9 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.