Registration number: 00094531

Guardian Media Group plc

Annual Report and Consolidated Financial Statements

for the year ended 28 March 2021

Guardian Media Group plc

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Company Information

Chairman	Neil Berkett
Directors	Katharine Viner Keith Underwood Jennifer Duvalier Anders Jensen Yasmin Jetha Nigel Morris Baroness Gail Rebuck Rene Rechtman Coram Williams
Company secretary	Stephen Godsell
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 auditor	BDO LLP Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU

Guardian Media Group plc

Strategic Report

The directors present their strategic report, the report of the directors and the audited financial statements for the Group, comprising the Guardian Media Group plc (the "Company") and its subsidiaries ("the Group"), for the year ended 28 March 2021.

Activities and business review

Guardian Media Group plc (GMG) is the parent company of the Guardian News and Media business (GNM), one of the world's leading news publishing organisations.

The Group has a portfolio of investments which are held in an endowment fund to generate returns to secure the long term future of the Guardian.

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.theguardian.com/gmg.

Strategy and future outlook

2020/21 was a challenging year in which the impact of the Covid-19 pandemic accelerated many of the structural trends in our market, particularly in newsstand sales and advertising.

During this period Guardian journalism remained exceptionally strong. We covered the pandemic with journalism rooted in science, providing a series of investigations that exposed mishandling by the UK government, and published impactful global news and features coverage. The US presidential election provided another key moment for Guardian journalism (and our most-read article ever in the form of our US election interactive), and our multimedia journalism continued to break new ground, with one of the UK's leading daily news podcasts in Today in Focus, and Guardian documentary Collette achieving an Oscar nomination for Best Short Documentary, and going on to win in April 2021. We saw record levels of online traffic and engagement, which translated into strong financial support from readers.

In this context, we announced a new strategic and financial plan to staff, which emphasised long-term investment in high-quality journalism and trusted reader relationships - growing both the reach and impact of our journalism and our digital reader revenues on a global basis. This plan builds on the successful long-term growth of our international operations and reader relationship strategy.

The financial results for 2020/21 reflect the quality of Guardian journalism, the agility and resilience of staff to adapt to the circumstances presented during the year and the initial impact of the new strategy.

Total revenue (£225.5 million), was up slightly on the prior year (£223.5 million). Digital reader revenues performed especially well (up 61.3%) during the pandemic, driven by growth in both digital subscriptions and reader contributions, which helped to offset steep declines in print, advertising and jobs revenue.

Strong growth in our international revenues, primarily from the US, Australia and Europe, also helped to mitigate structural pressures in other areas, with revenue from outside of the UK growing by 25.5% in the year. More than half of our digital reader revenues now come from outside the UK.

Costs were significantly lower year-on-year given reductions in print, marketing and staff costs. With reference to the latter, the tough but necessary strategic restructuring programme resulted in around 125 members of staff taking redundancy - the vast majority of which were voluntary. This programme was focussed on those areas of the business most impacted by sustained structural shifts in the market, creating headroom for future investment in activities which will drive editorial engagement and associated reader revenues.

As a result of this disciplined cost management and largely flat revenues, adjusted net operating cash outflow (£15.6 million) was reduced and remains within the funding target set by the Scott Trust (£25.0 million). The business is well-positioned to deliver upon a long-term reader-focused strategy which will see returns generated from the investments in journalism, digital products, customer management capabilities and supporting data platforms.

The Guardian is a powerful, globally respected brand with a growing and loyal audience. It is uniquely placed in the market as an independent news organisation that delivers high quality, investigative journalism with global impact. As such, the Group is well positioned to grow and deliver on its strategy.

Principal risks and uncertainties

The Group's approach to risk management is contained in the Corporate Governance Report which can be found on the Guardian Media Group website: www.theguardian.com/gmg within the annual financial reports section.

An assessment of the principal risks facing the Group has been carried out, including emerging risks, that would threaten its business model, future performance, solvency or liquidity. The risks outlined below are those that we believe will have the greatest near or medium term impact on our strategic objectives, operational plans and reputation.

The Group is exposed to significant external risk in the form of economic uncertainty arising from the Covid-19 pandemic and the UK's departure from the EU, lower barriers to entry in digital news formats and increasing competition for subscription revenues, which present risks to its financial sustainability, market share and endowment fund. The pandemic has also accelerated existing structural shifts in the market. The Group is mitigating these risks through placing journalism and reader relationships at the heart of its business strategy.

The strategy includes realigning its operating model to reflect a reader-centric strategy, increased investment in journalism and product offerings, development of industry leading data capabilities and continued development of deep, personalised and trusted relationships with our readers. We continue to mitigate risks associated with investment performance through diversified medium and long term investments managed by specialist fund managers.

Trust in our brand and reputation is also critical to our ongoing success. Any event or incident affecting our reputation could impact our strategic objectives. To mitigate this risk, the Group adheres to comprehensive editorial and commercial legal policies, and manages its reputation proactively throughout the business. The Group is committed to meeting the highest standards of verified social and environmental performance, public transparency and legal accountability as a certified B Corporation.

We have this year, for the first time, included a principal risk relating to environmental sustainability to reflect increasing regulation in this area. We have already taken significant action in response to the climate crisis, including mapping our greenhouse gas emissions across our entire supply chain, with the ambition of achieving net zero emissions by 2030, with a commitment to completely eliminating at least two thirds. Our commitments are also reflected in our investment strategy.

The Group is at risk from business interruption arising from cyber security threat. To mitigate this risk, we have adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework to formally align our organisational objectives, risk appetite and resources with cyber security outcomes. We are also exposed to an evolving privacy landscape and are mitigating this through specialist teams, governance enhancements and improved integration in the working practices of our operational and compliance teams.

Viability statement

The board has reviewed the prospects of the Group over the three-year period to March 2024 taking account of the company's strategic plans, a number of financial scenarios and further stress testing based on its principal risks.

Based on the results of these procedures, and considering the endowment fund and ongoing support from the Scott Trust, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending March 2024.

Guardian Media Group plc

Strategic Report

Operating and financial performance

The results for the Group are set out in the consolidated income statement.

The current financial year is a 52 week period (2020: 52 weeks).

Key indicators of financial performance are:

	2021 £ m	2020 £ m
Revenue	225.5	223.5
Digital reader revenue	68.7	42.6
Adjusted operating profit/(loss)	3.1	(14.6)
Adjusted net operating cash flow	(15.6)	(29.0)
Cash and endowment fund	1,148.5	954.2

Group revenue increased 0.9% to £225.5 million (2020 £223.5 million) with continued growth from digital reader revenues (across contributions and subscriptions) which increased by 61.3% to £68.7 million (2020: £42.6 million) offsetting sustained declines in advertising revenues and newsstand sales.

Adjusted operating profit represents non-exceptional statutory operating profit adjusted to exclude depreciation and amortisation but include depreciation on right-of-use assets and interest on leases - which relate to property costs incurred by the group. Management believes this measure most accurately reflects the underlying operating performance of the business. A reconciliation of this measure is provided in note 6.

Details of exceptional items can be found in note 10 to the financial statements.

Cash flow

Adjusted net operating cash flow is the primary target for the Group in terms of financial sustainability. This represents cash items that management consider to be key in the operations of the business. This is calculated as statutory net cash flow adjusted for the following items: exclusion of loans to the Group's parent company for investing purpose, transactions/development and cash injections/withdrawals relating to the group endowment fund investments all of which are presented as other cash items. A reconciliation of this measure is provided in note 6.

The primary financial goal set for GMG in 2020/21 was for Group adjusted net operating cash outflows to remain below £25.0 million, in line with the expected long-term returns from the Scott Trust Endowment Fund. This target has been achieved for the year, with an adjusted net operating cash outflow of £15.6 million, compared to £29.0 million in 2019/20. Looking ahead, we will continue to seek efficiencies in our operating business in order to allow further headroom to fund investment in augmenting the reach and impact of our journalism.

Other inflows and outflows are detailed in the consolidated statement of cash flows.

Cash and endowment fund

The Guardian is supported by the Scott Trust Endowment Fund, consisting of diversified medium and long term focussed investments managed by a number of specialist fund managers. The investments include global and emerging markets equity, fixed income, hedge funds and private equity and venture capital funds. Whilst the investments are a mixture of UK and non-UK assets, they are all held by UK tax resident companies which are fully subject to UK tax laws and regulations on the income and realised gains arising from all the investments held.

The value of the fund and other cash holdings stands at £1,148.5 million (2020: £954.2 million). The increase in the value of these holdings reflects the growth in valuation of investments following the significant declines in the prior year due to the deflationary impact of the Covid-19 pandemic.

Taxation

The Group has subsidiaries in the UK, US and Australia and is subject to the tax laws and regulations in these countries. The subsidiaries also pay tax in certain other overseas territories where business activities take place.

The £16.8 million tax charge for the year (2020: £0.6 million charge) includes a £18.0 million charge (2020: £3.7 million charge) before exceptional items and a £1.2 million credit (2020: £3.1 million credit) on exceptional items.

The net deferred tax liability in the balance sheet is £15.2 million (2020: £nil). The net position consists of deferred tax assets of £17.6 million (2020: £5.6 million) relating to accelerated capital allowances, £1.0 million relating to short term timing differences (2020: £0.2million deferred tax liability) and £13.9 million (2020: £5.4 million) relating to tax losses available to be used in the future, less deferred tax liabilities of £47.7 million (2020: £10.8 million) arising on investments at fair value through profit and loss.

Other balance sheet items

The Group had net assets of £1,138.1 million at 28 March 2021 (2020: £961.7 million).

Streamlined energy and carbon reporting

The Group has committed to reaching net zero carbon emission by 2030. Following a complete audit of current carbon emissions and supply chain the group has set a clear path with a more specific commitment to eliminate two thirds of emissions by 2030. For the remainder, it will seek to remove equivalent carbon emissions using high quality, verifiable schemes.

The targets were set in line with the Paris Agreement and the guidelines set out by the Intergovernmental Panel on Climate Change (IPCC), which call for greenhouse gas emissions to be all but eliminated by 2050 in order to limit global heating to within 1.5 degrees of pre-industrial levels.

To this end GMG measures its overall emissions according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard Corporate Standard | Greenhouse Gas Protocol (ghgprotocol.org), a comprehensive global standardised framework to measure and manage greenhouse gas (GHG) emissions.We have worked with Green Element, an environmental consultancy, to measure and report global emissions, as well as incorporating analysis by academics at the University of Bristol on the carbon impact of digital services.

In this report GMG reports the energy and GHG emissions figures according to the UK government mandatory reporting specification Streamlined Energy and Carbon Reporting (SECR).

Our greenhouse gas emissions calculation methodology adheres to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard Revised Edition (2015), which covers the accounting and reporting of seven greenhouse gases covered by the Kyoto Protocol - carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Overall emissions have decreased because building occupancy, business travel and employee commuting has reduced because of Covid-19 restrictions. However, gas emissions have increased due to increased ventilation requirements due to Covid-19.

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	2021 UK	2020 UK
Energy consumption used (KWh)		
Electricity	3,005,458	4,615,134
Gas	2,041,490	1,489,615
Transport fuel	103,893	1,558,198.0
Other energy sources	-	-
Emissions (tCO2e)		
Scope 1		
Emissions from combustion of gas	375.4	273.9
Emissions from combustion of fuel for transport purposes	-	-
Scope 2		
Emissions from purchased electricity - location based	700.7	1,179.9
Emissions from purchased electricity - market based	7.5	9.3
Scope 3		
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	32.2	364.8
Emissions from upstream transport and distribution losses and excavation and transport of fuels - location based	266.0	413.1
Emissions from upstream transport and distribution losses and excavation and transport of fuels - market based	51.1	136.6
TOTAL location-based	1,374.2	2,231.4
TOTAL market-based	466.2	784.6
Intensity		
Revenue £m (Global)	225.5	223.5
Intensity ratio: tCO2e from Scope 1, 2 and 3 (fuel for business travel only) / £m	2.07	3.51

Guardian Media Group plc

Strategic Report

Section 172 of the Companies Act

The Directors of Guardian Media Group plc (including principal UK subsidiary Guardian News & Media Limited) must act in accordance with a set of general duties. These duties are detailed in the Companies Act 2006 and include in Section 172 the requirement that a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its stakeholders.

In doing this, the director must have regard, amongst other matters, to:
• the likely consequences of any decisions in the long term;
• the interests of the company's employees;
• the need to foster the company's business relationships with suppliers, customers and others;
• the impact of the company's operations on the community and environment;
• the company's reputation for high standards of business conduct; and
• the need to act fairly as between members of the company.

Examples of how the Directors take into account the likely consequences of decisions in the long term, build relationships with stakeholders, engage with employees, understand the impact of Group's operations on communities and the environment, and attribute importance to behaving as an ethical and responsible business include the following:

The Group is a certified B Corporation, meeting a threshold of ethical standards across a range of areas across the business including environmental, workers, governance, community and customer impact. B Corporations aim to balance profit with people and the planet, and these principles influence business decision making.

In October 2020 the Group formally adopted a revised GMG Governance Code to ensure the highest levels of corporate governance in accordance with the values of the Guardian. The new code stays close to the 2018 Listed Company Code, which places a greater emphasis on stakeholder voice and employee engagement, diversity, a greater focus on corporate culture, as well as greater transparency of board and directors' activities.

The Group is committed to engaging with our employees. Senior executives brief employees verbally and in writing on business performance and other key business issues on a regular basis. We have several forums through which employees and management can raise questions and discuss any issues. These include an employee forum, a diversity and inclusion forum, and a sustainability forum, each of which meet with management at least four times per year.

Employees are also represented on a staff remuneration consultation forum, discussing matters around pay, benefits and other HR policies and initiatives with executives and board members. The Guardian Lifestyle Pension Plan trustees also includes three staff representatives. We maintain regular dialogue with two trade unions, both of which have formal representation in our employee and remuneration forums.

The Guardian Lifestyle Plan replaced the old ethical fund with The Sustainable Future Fund. The new investment fund has a greater responsibility to the environment and societal impact - explicitly excluding companies associated with fossil fuel, controversial weapons, tobacco producers, and those in breach of UN Global Compact. It also prioritises investment in companies that actively contribute to a greener economy.

During the pandemic period the Group was acutely aware of the impact this could have on mental health and put in place a range of mental health initiatives to support staff. This included a new hub of resources focused on mental health and wellbeing, mandatory workshops, and a series of events and workshops on mental health, as well as the existing free employee assistance programmes.

The Group takes diversity, equity and inclusion seriously and during this time has established a Race Steering Committee which is now chaired by the Chief Executive and Editor in Chief. The committee, composed of Guardian staff from around the world, raises awareness of race equality across the Guardian, monitors the Guardian's performance in relation to its race action plan and holds senior executives and managers to account for actions related to the race action plan.

Due to the pandemic the Group delayed its reporting on gender and ethnicity pay for 2020, in line with extended deadlines offered by the UK government.

Guardian Media Group plc

Strategic Report

We regularly meet and consult with our suppliers and other partners on our commercial and environmental strategies. In the past 12 months, discussions have particularly focused on reducing our environmental exposure through our print operations and supply chain.

The Group engages regularly with Guardian and Observer readers in a range of ways including email, virtual and in-person events, through our letters pages, moderated comments on our digital platforms, and through our independent readers' editor. Work is ongoing to improve the customer journey and ensure readers are offered the easiest and best way to enjoy and support Guardian journalism.

The Guardian's 200th birthday in May 2021 was celebrated for staff and readers - marking the importance of 200 years of Guardian journalism and the people who have helped to create and support it. A commemorative plaque has been placed on the site of C.P Scott's office on Cross Street, Manchester, to mark the Guardian's history with the city of Manchester and to provide a focal point for the community. Staff were awarded a special thank you and a roster of special journalism and reader engagement connected Guardian readers.

Through funding provided by GMG and the Scott Trust, the Guardian Foundation runs a number of programmes, including an international capacity building programme for independent media under threat; initiatives to increase media literacy among young people; awards to celebrate young journalism; and bursaries which enable talented students from under-represented backgrounds to study journalism and gain paid work placements at the Guardian. The pandemic has affected our ability to deliver in-person programmes but where possible we adapted to online.

As part of our strategic restructuring programme, in order to reposition the organisation better for future growth opportunities we undertook difficult but necessary reorganisations in a number of departments which resulted in around 125 members of staff being made redundant - the majority via voluntary processes.

During the financial year, at the start of the pandemic the Group made use of the Coronavirus Job Retention Scheme, (furlough scheme) and claimed £1.6m (2020: £nil) of government grants. The Group subsequently made the decision to return all of the money received through this support package to HMRC on a voluntary basis, as revenues proved more robust and resilient than forecast at the outset of the pandemic. The money was repaid in April 2021.

On behalf of the Board

Keith Underwood
Director

6 July 2021

Guardian Media Group plc
Registered in England and Wales No.00094531

Guardian Media Group plc

Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 28 March 2021.

Employee involvement
The Group 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 Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining it. The Group encourages the involvement of employees by means of regular communication programmes to the Group as a whole delivered by senior management, frequent internal e-mail and intranet updates and quarterly all staff financial results briefings.

The Group is committed to a working environment where our staff, clients and partners are treated equally. We aspire that our Group staffing at all levels reflects our values, based on equal opportunities for all employees, irrespective of gender, race, religion, disability, social background, age, sexual orientation, pregnancy & parenthood, gender reassignment or marital status. The Group 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 Group. If members of staff become disabled we support individuals to continue in employment, either in the same role or an alternative position, with appropriate adjustments and retraining provided as necessary.

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

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:

Neil Berkett - Chairman

Annette Thomas (resigned 1 July 2021)

Katharine Viner

Keith Underwood (appointed 6 July 2020)

Jennifer Duvalier

Anders Jensen

Yasmin Jetha

Nigel Morris

Baroness Gail Rebuck

Rene Rechtman

Coram Williams

No director had any material transactions with the Group other than those set out in note 12 and note 30.

Dividends
On 16 March 2021 the GMG plc Board declared a dividend of 33.3p (2020: 30.6p) per share on the ordinary share capital amounting to £300,000 (2020: £275,000) which was paid to The Scott Trust Limited on 16 March 2021.

Corporate governance
The Group's report on corporate governance can be found on the Guardian Media Group website: www.theguardian.com/gmg within the annual financial reports section.

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Directors' Report

Section 172 of the Companies Act
Reporting in accordance with Section 172 of the Companies Act is presented in the Strategic Report.

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

In addition, note 4 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, liquidity risk and cash flow 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 Annual Report and Financial Statements.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

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

Events after the reporting year
There have been no significant events between the balance sheet date and the date of approval of these financial statements.

Future developments
Future developments have been discussed in the strategic report.

Directors' liabilities
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Approved by the Board on 6 July 2021 and signed on its behalf by:

Keith Underwood
Director

Guardian Media Group plc
Registered in England and Wales No.00094531

Guardian Media Group plc

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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

Guardian Media Group plc

Independent Auditor's Report to the members of Guardian Media Group plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Guardian Media Group plc ("the Parent company") and its subsidiaries ("the Group") for the year ended 28 March 2021 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice) as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic Report and Directors' 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
  • enquiries of management regarding : the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
  • obtaining an understanding of the legal and regulatory framework in which the company operates. The key laws considered are international accounting standards in conformity with the Companies Act 2006.
- We have responded to risks identified by performing procedures including the following:
  • enquiry of in-house management concerning actual and potential litigation and claims;
  • performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
  • reading the minutes of meetings of those charged with governance.
- We have also considered the risk of fraud through management override of controls by:
  • testing on a sample basis the appropriateness of journal entries and other adjustments; and
  • assessing whether the judgements made in making accounting estimates are indicative of potential bias;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicole Martin (Senior Statutory Auditor)

For and on behalf of BDO LLP statutory auditor
London

6 July 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Guardian Media Group plc

Consolidated Income Statement for the year ended 28 March 2021

	Note	2021 Before exceptional items £ m	2021 Exceptional items £ m	2021 Total £ m	2020 Before exceptional items £ m	2020 Exceptional items £ m	2020 Total £ m
Revenue	**5**	**225.5**	**-**	**225.5**	**223.5**	**-**	**223.5**
Raw materials and consumables used	7	(10.3)	-	**(10.3)**	(16.7)	-	**(16.7)**
Staff costs	12	(121.0)	(9.6)	**(130.6)**	(120.9)	(3.2)	**(124.1)**
Depreciation and amortisation expense	7	(11.4)	-	**(11.4)**	(9.3)	-	**(9.3)**
Other expenses	7	(81.8)	(1.5)	**(83.3)**	(92.8)	1.9	**(90.9)**
Operating profit/(loss)		**1.0**	**(11.1)**	**(10.1)**	**(16.2)**	**(1.3)**	**(17.5)**
Finance income		2.4	-	**2.4**	4.1	-	**4.1**
Finance costs		(4.0)	-	**(4.0)**	(2.7)	-	**(2.7)**
Net finance (cost)/income	8	(1.6)	-	**(1.6)**	1.4	-	**1.4**
Other gains and losses	9	210.0	-	**210.0**	(24.9)	4.8	**(20.1)**
Share of loss of equity investments in joint ventures and associates	17	(0.1)	-	**(0.1)**	(0.6)	-	**(0.6)**
Profit/(loss) before tax		**209.3**	**(11.1)**	**198.2**	**(40.3)**	**3.5**	**(36.8)**
Income tax (expense)/credit	13	(18.0)	1.2	**(16.8)**	(3.7)	3.1	**(0.6)**
Profit/(loss) for the period		191.3	(9.9)	**181.4**	(44.0)	6.6	**(37.4)**

The above results were derived from continuing operations.

Exceptional items are detailed in note 10.

Guardian Media Group plc

Consolidated Statement of Comprehensive Income for the year ended 28 March 2021

	Note	2021 £ m	2020 £ m
Profit/(loss) for the period		181.4	(37.4)
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit pension schemes before tax	29	(6.4)	(1.5)
Income tax effect	13	1.2	0.3
		(5.2)	(1.2)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation losses		0.5	(0.4)
Total comprehensive income/(expense) for the period		176.7	(39.0)

The notes on pages 21 to 62 form an integral part of these financial statements.

Guardian Media Group plc

(Registration number: 00094531)
Consolidated Statement of Financial Position as at 28 March 2021

	Note	2021 £ m	2020 £ m
Assets			
Non-current assets			
Property, plant and equipment	14	2.7	3.4
Intangible assets	15	2.2	5.5
Right-of-use assets	16	62.8	68.8
Investments in joint ventures	17	-	0.1
Investments held at fair value through profit or loss	18	1,015.7	814.7
Unlisted shares	18	0.2	0.2
Retirement benefit assets	29	-	1.5
		1,083.6	894.2
Current assets			
Inventories	19	0.4	0.4
Trade and other receivables	20	61.9	58.7
Income tax asset		0.6	-
Cash and cash equivalents	21	53.7	41.8
Investments held at fair value through profit or loss	18	77.2	104.5
Other financial assets	18	1.9	-
		195.7	205.4
Liabilities			
Current liabilities			
Trade and other payables	22	36.5	44.9
Other current financial liabilities	18	-	6.8
Provisions	23	10.3	4.5
Current portion of long term lease liabilities	24	8.2	9.9
		55.0	66.1
Net current assets		140.7	139.3
Total assets less current liabilities		1,224.3	1,033.5
Non-current liabilities			
Retirement benefit obligations	29	4.8	-
Provisions	23	5.4	6.0
Deferred tax liabilities	13	15.2	-
Long term lease liabilities	24	60.8	65.8
		86.2	71.8
Net assets		1,138.1	961.7

The notes on pages 21 to 62 form an integral part of these financial statements.

Guardian Media Group plc

(Registration number: 00094531)
Consolidated Statement of Financial Position as at 28 March 2021

	Note	2021 £ m	2020 £ m
Equity			
Share capital	25	0.9	0.9
Revaluation reserve		0.7	0.7
Other reserves		0.1	0.1
Retained earnings		1,136.4	960.0
Equity attributable to owners of the company		1,138.1	961.7

These financial statements were approved by the Board on 6 July 2021 and signed on its behalf by:

Keith Underwood
Director

Guardian Media Group plc

Consolidated Statement of Changes in Equity for the year ended 28 March 2021

	Share capital £ m	Revaluation reserve £ m	Other reserves £ m	Retained earnings £ m	Total equity £ m
At 30 March 2020	0.9	0.7	0.1	960.0	961.7
Profit for the period	-	-	-	181.4	181.4
Other comprehensive expense	-	-	-	(4.7)	(4.7)
Total comprehensive profit	-	-	-	176.7	176.7
Dividends	-	-	-	(0.3)	(0.3)
At 28 March 2021	0.9	0.7	0.1	1,136.4	1,138.1

	Share capital £ m	Revaluation reserve £ m	Other reserves £ m	Retained earnings £ m	Total equity £ m
At 1 April 2019	0.9	0.7	0.1	1,000.0	1,001.7
Loss for the period	-	-	-	(37.4)	(37.4)
Other comprehensive income (restated)	-	-	-	(1.6)	(1.6)
Total comprehensive income	-	-	-	(39.0)	(39.0)
Dividends	-	-	-	(0.3)	(0.3)
Reserves adjustment (note 2)	-	-	-	(0.7)	(0.7)
At 29 March 2020	0.9	0.7	0.1	960.0	961.7

Guardian Media Group plc

Consolidated Statement of Cash Flows for the year ended 28 March 2021

	Note	2021 £ m	2020 £ m
Cash flows from operating activities			
Cash used in operations	27	(5.8)	(30.8)
Income taxes paid		(0.6)	-
Net cash used in operating activities		(6.4)	(30.8)
Cash flows from investing activities			
Purchase of intangible assets	15	-	(4.6)
Purchase of property, plant and equipment	14	(1.4)	(2.5)
Proceeds from sale of property, plant and equipment		-	7.4
Purchase of investments held at FVTPL	18	(164.4)	(308.2)
Sale of investments held at FVTPL	18	194.3	338.3
Interest received		0.1	0.4
Net cash flows from investing activities		28.6	30.8
Cash flows from financing activities			
Lease payments	24	(10.0)	(7.9)
Net increase/(decrease) in cash and cash equivalents		12.2	(7.9)
Cash and cash equivalents at 30 March		41.8	50.1
Effect of exchange rate fluctuations on cash held		(0.3)	(0.4)
Cash and cash equivalents at 28 March	21	53.7	41.8

The notes on pages 21 to 62 form an integral part of these financial statements.

Guardian Media Group plc

Notes to the Financial Statements for the year ended 28 March 2021

1 General information

The company is an unlisted public 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 6 July 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The consolidated financial statements 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 basis, except for certain assets and liabilities (including derivative instruments) and defined benefit pension plans.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Reserves adjustment

An amount of £0.7m was posted through the prior year Statement of Changes in Equity to correct an immaterial error identified arising on the adoption of IFRS 15.

Changes in accounting policy

New standards, amendments and interpretations not yet effective

At the date of authorisation of the financial statements, there are no new standards, amendments and interpretations issued by the IASB, but not yet applicable that will have a significant impact on the consolidated financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 28 March 2021, with the exception of GNM Australia Pty Limited which has a financial year to 31 March 2021 as its reporting date. The Group's joint venture Ozone Project Limited has a financial reporting date of 31 December, results for the year to 31 March 2021 are used for consolidation purposes. The impact of these non-coterminous year ends is not considered material. 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 28 March 2021 and for the comparative year cover the 52 weeks ended 29 March 2020.

Subsidiaries are all entities over which the Group has control. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Revenue recognition

Revenue is recognised in the accounting period when control of the sold product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The application of the principles results in the following:

Reader revenues

Revenue from contributions is recognised as revenue upon receipt of funds.

Membership and 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.

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.

Newsstand (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.

Advertising

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. Income from advance billings is deferred and released to revenue when conditions for its recognition have been fulfilled.

Other revenue

Marketing services revenue is recognised as obligations are met or upon completion of the contract.

Philanthropic revenue is recognised as per IAS 20 on a gross basis as it is considered this reflects the nature of the transactions. Revenue is deferred and is recognised in line with when costs have been incurred for a nil contribution.

Royalty revenue is recognised for once right of use of the Group's content has been granted to customers.

Going concern
The directors have a reasonable expectation that the Group has adequate resources in the endowment fund and cash balances held to continue in operational existence for the next year and the foreseeable future. The directors have considered the impact of Covid-19 in this assessment of both the future operational performance along with the value of its resources. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Joint ventures
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 of each investor. The Group 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.

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. 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 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.

Exceptional items
The separate reporting of non-recurring exceptional items helps to provide an indication of the Group's underlying business performance. These items are usually transformative in nature resulting in future changes to the business operations or as a result of significant legislative changes whereby any one-off impact of the legislation on the financial statements impacts the view of the underlying performance.

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

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

Foreign currency transactions and balances
The consolidated 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; and
- income and expense items of overseas subsidiaries are translated at the average rate of exchange for the financial year.

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 at contractual rates.

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 tax rates and laws that have been substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

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 substantively 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 tax 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.

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 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 charged on these items until after they have been transferred.

Depreciation

The principal annual rates used for depreciation are:

Asset class	Straight line depreciation rate
Plant and vehicles	6.7% - 50%
Fixtures, fittings and equipment	10% - 33%
Buildings	2% upwards

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 of disposal 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.

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 up to a maximum 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.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Internally generated digital assets	straight line over 2 years

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 investments held at fair value through profit or loss as management currently has no intention of using them for funding the Group's operations in the next financial year.

Trade receivables

Trade receivables are stated at fair value upon recognition and then amortised cost after provision for bad and doubtful debts. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and is considered immaterial. See note 20 for the net carrying amount of the receivables and associated impairment provision.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Trade payables

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

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the financial assets or financial liabilities.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

The endowment fund is accounted for based on information received to 31 March, adjustments are made for material transactions that have occurred between this date and the Group's year end.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at FVTPL.

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at FVTPL.

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

If a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:-
· the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

Financial assets

The Group derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the income statement.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

The Group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date.

In statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in other gains and losses through the profit or loss.

Whilst the Group's derivative financial instruments are used for hedging purposes, the Group does not apply hedge accounting per IFRS 9.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position 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 investments held at fair value through profit or loss, also referred to as the endowment 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.

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.

Leases

The company leases various offices and rental contracts are typically made for fixed periods of 12 months to 30 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 3.

Share capital
Ordinary shares are classified as equity.

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Defined contribution pension obligation
All of the Group's employees are eligible for membership of a defined contribution pension scheme and of those eligible more than 97% are members of that scheme. The costs in respect of this scheme are charged to the consolidated income statement as incurred.

Defined benefit pension obligation
The Group contributes to one closed defined benefit pension scheme. The operating and financing costs of this scheme 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 this scheme are shown in the consolidated statement of comprehensive income.

The asset/(liability) in respect of defined benefit pension scheme 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.

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

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity are described below.

Investments held at fair value through profit or loss
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of appropriate methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. This is the Group's key accounting judgement and carrying values are disclosed in note 18 and sensitivities in note 4.

Revenue recognition
The Group has a number of revenue streams which run over a number of months or years that require judgement to recognise revenue in the correct accounting period. These judgements primarily involve reviewing underlying contracts and agreements to identify the performance measures and therefore to which period they relate.

Subscription revenue associated with voucher schemes is deferred using estimated redemption rates which are based on historical experience.

Advertising rebates
The Group enters into agreements with advertising agencies, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency based on the level of agency spend over the contract period. These rebates can take the form of free advertising space, cash payments or both. The rebate is calculated using the forecast spend over the contract period and the rebate entitlement set out in the trading agreement. Calculating the required amount therefore requires an estimate of future period spend in determining what tier of spend the agencies may reach over the agreement.

Recognition of deferred tax assets
The Group's tax expense for the year is the sum of the total current and deferred tax charges. The calculation of the total tax expense necessarily involves a degree of estimation and judgement in respect of certain items.

A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves an estimate regarding the prudent forecasting of future taxable gains and profits of the business.

Management believes that the estimates made to evaluate the recoverability of deferred tax assets are reasonable and that a recoverable amount of deferred tax assets is recognised. However, these estimates include uncertainties that are beyond the control of management. Therefore, the Group may need to adjust deferred tax assets in the future if there is a change in the estimates related to the evaluation of recoverability due to unforeseen changes in assumptions and other factors.

Lease term and discount rate
There are a number of critical estimates and judgements required to calculate lease liabilities and corresponding right-of-use assets under IFRS 16. Where there is uncertainty regarding the length of the lease, this is reviewed and the most likely expected term is used. The selection of the discount rate is particularly challenging as the company and the group of which it is part has no debt or serviceable equity and therefore does not have weighted average cost of capital figure readily available. When selecting an appropriate rate, the company has considered historical debt, recent capital projects and commercially available rates. The final rate selected is therefore subject to significant judgement that it is appropriate, sensitivity analysis has been performed to ensure that the final rate used does not unduly influence the outcome with a commonly accepted range of rates.

Provisions
The Group's provisions principally relate to dilapidations of premises and severance costs incurred from restructuring its cost base.

Dilapidations are calculated based on the expected cost to return property to its original state and are built up over the life of the lease.

When calculating the severances provision, management has estimated expected timings and payments based on written agreements and discussions that have taken place as part of the restructuring plan.

4 Financial risk management and impairment of financial assets

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

Foreign exchange risk

The Group has investments in funds in non-sterling currencies 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 100% (2020: 100%) of the exposure to the US Dollar denominated hedge funds using US Dollar forward contracts.

Sensitivity analysis

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in hedge funds would have been approximately £6.5 million lower or £5.8 million higher (2020: £7.8 million lower or £7.0 million higher); however, as the Group's policy is to hedge 100% (2020: 100%) of the USD denominated exposure, the risk would be reduced to £nil (2020: £nil).

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 £7.1 million lower or £6.5 million higher (2020: £8.1 million lower or £7.3 million higher); as the Group's policy is to hedge 0% (2020: 0%) of the exposure, the risk would remain unchanged.

Equity 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 which whilst affected in the prior year by Covid-19 has not impacted the long term performance.

Sensitivity analysis

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	**+/- 4.6**
Deflation hedging	**+/- 0.4**
Emerging markets	**+/- 0.9**
Inflation sensitive	**+/- 0.7**
Hedge funds	**+/- 1.4**
Private equity	**+/- 1.2**

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.

Sensitivity analysis

If average annual interest rates had been 1% more during the year, interest receivable would have increased by £0.8 million (2020: £1.0 million).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large and unrelated. Due to this, management believes there is no further credit risk provision required in excess of the normal provision for expected credit losses. The impact of Covid-19 has been considered both on the year-end position and through review of events after the balance sheet date and there has not been a significant impact.

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 (2020: 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.

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.

Cash flow risk
The Group considers cash flow risk to be low due to the availability of liquid resources held in cash and the endowment fund.

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 18).

5 Revenue

The analysis of the Group's revenue for the period from continuing operations is as follows:

	2021 £ m	2020 £ m
Digital reader revenue	68.7	42.6
Print reader revenue	70.8	76.0
Advertising	61.3	71.0
Other revenue	24.7	33.9
	225.5	223.5

The Group considers its business activities fall into the following revenue categories:

Digital reader revenue- *Digital reader revenue is from reader focused operations where the content is served online, including mobile and apps. The key revenue streams within this category are subscriptions and contributions.*

Print reader revenue - *Print reader revenue is from reader focused operations where the servicing is via print media. The key revenue streams within this category are newsstand and print subscriptions.*

Advertising - *Advertising encompasses all advertising operations, served both online, including mobile and apps and also through print media.*

Other revenues - *Other revenues include all remaining revenues not included in the above and could be services both online, including mobile and apps or through print media. Revenue streams include content licensing, events and philanthropic.*

The analysis of the Group's revenue by geographical market is as follows:

	2021 £ m	2020 £ m
United Kingdom	156.2	168.3
USA & Canada	35.3	27.0
Australia & New Zealand	16.7	13.1
Europe (excl. UK)	14.3	11.9
Rest of the world	3.0	3.2
	225.5	223.5

Performance obligations

Performance obligations are specified within our contracts with customers. Key revenue streams and how they are accounted for based on assessment of performance obligations are detailed in the accounting polices.

The Group has taken advantage of the practical expedients in IFRS 15 not to disclose information on unsatisfied performance obligations: as the performance obligation is part of a contract that has an original expected duration of one year or less (paragraph 121); not to recognise a significant financing component (paragraph 63); and costs to obtain a contract (paragraph 94).

Contract balances

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Due to the nature of the Group's contracts, which are generally short term or of a service nature, the Group does not have significant contract assets or liabilities other than accrued income per note 20 and deferred income per note 22.

6 Non-statutory performance measures

The Group uses two key non-statutory key performance indicators, being adjusted operating profit/(loss) and adjusted net operating cash flow.

	Note	2021 Before exceptional items £ m	2021 Exceptional items £ m	2021 Total £ m	2020 Before exceptional items £ m	2020 Exceptional items £ m	2020 Total £ m
Revenue	**5**	**225.5**	**-**	**225.5**	**223.5**	**-**	**223.5**
Raw materials and consumables used	7	(10.3)	-	**(10.3)**	(16.7)	-	**(16.7)**
Staff costs	12	(121.0)	(9.6)	**(130.6)**	(120.9)	(3.2)	**(124.1)**
Other expenses	7	(81.8)	(1.5)	**(83.3)**	(92.8)	1.9	**(90.9)**
Depreciation on right-of-use assets	7	(6.1)	-	**(6.1)**	(5.0)	-	**(5.0)**
Interest expense on leases	8	(3.2)	-	**(3.2)**	(2.7)	-	**(2.7)**
Adjusted operating profit/(loss)		**3.1**	**(11.1)**	**(8.0)**	**(14.6)**	**(1.3)**	**(15.9)**

Adjusted net operating profit/(loss) represents profit or loss items that management consider to be key in the day-today performance of the business. As per below, this is calculated as statutory operating profit/(loss) adjusted for the follow items: exclusion of depreciation (on property, plant and equipment) and amortisation expense and inclusion of interest expense on leases.

	Note	2021 Before exceptional items £ m	2021 Exceptional items £ m	2021 Total £ m	2020 Before exceptional items £ m	2020 Exceptional items £ m	2020 Total £ m
Operating profit/(loss)		1.0	(11.1)	**(10.1)**	(16.2)	(1.3)	**(17.5)**
Less: Depreciation expense	7	2.0	-	**2.0**	2.1	-	**2.1**
Less: Amortisation expense	7	3.3	-	**3.3**	2.2	-	**2.2**
Add: Interest expense on leases	8	(3.2)	-	**(3.2)**	(2.7)	-	**(2.7)**
Adjusted operating profit/(loss)		**3.1**	**(11.1)**	**(8.0)**	**(14.6)**	**(1.3)**	**(15.9)**

Adjusted net operating cash flow represents cash items that management consider to be key in the operations of the business. As per below, this is calculated as statutory net cash flow adjusted for the following items: exclusion of loans to the Group's parent company for investing purposes and transactions/development and cash injections/withdrawals relating to the Group endowment fund investments.

	Note	2021 £ m	2020 £ m
Cash flow			
Net increase/(decrease) in cash and cash equivalents		12.2	(7.9)
Adjusted for:			
Increase in receivables due from related parties	27	2.1	9.0
Purchase of investments held at FVTPL		164.4	308.2
Sale of investments held at FVTPL		(194.3)	(338.3)
Adjusted net operating cash flow		(15.6)	(29.0)

7 Operating costs

Operating loss is arrived at after charging:

	2021 £ m	2020 £ m
Raw materials and consumables used	10.3	16.7
Depreciation expense	2.0	2.1
Amortisation expense	3.3	2.2
Depreciation on right-of-use assets	6.1	5.0

8 Finance income and costs

	2021 £ m	2020 £ m
Finance income		
Interest income on investments held at fair value through profit or loss	2.3	3.7
Interest income on bank deposits	0.1	0.4
Total finance income	2.4	4.1
Finance costs		
Foreign exchange losses	(0.8)	-
Interest expense on leases	(3.2)	(2.7)
Total finance costs	(4.0)	(2.7)
Net finance (costs)/income	(1.6)	1.4

9 Other gains and losses

The analysis of the Group's other gains and losses for the period is as follows:

	2021 £ m	2020 £ m
Net gain/(loss) on investments held at fair value through profit or loss	197.6	(10.6)
Gain/(loss) from forward contracts to hedge foreign currency investments	12.4	(14.3)
Gain on disposal of property, plant and equipment	-	4.8
	210.0	(20.1)

10 Exceptional items

	2021 £ m	2020 £ m
Operating costs (excluding depreciation and amortisation)		
Operating costs	(11.1)	(1.3)

Guardian News & Media £(11.1)m (2020: £(0.6)m)
During the year, the Group commenced a strategic restructure of its cost base resulting in severance costs of £(9.6)m. In addition, the Group incurred costs in relation to office space previously assigned to a third party. The associated onerous costs of £(1.5)m are considered exceptional as they are not linked to the performance of the Group.

The prior year included final costs in relation to the three year plan commenced in 2015/16 to boost revenues and reduce its cost base. These include severance costs of £(1.7)m and release of onerous leases provisions previously raised as exceptional items £2.6m. These transactions represent a fundamental restructuring of its operations and as such have been categorised as exceptional. In addition, the Group recognised a provision for annual leave not previously reflected for £(1.5)m. The provision was considered immaterial for prior period adjustment, but on the basis it relates to prior periods it has been categorised as an exceptional item.

Other GMG Group £nil (2020: £(0.7)m)
Following the prior outsourcing of print operations, the Group incurred £(0.7)m in 2020 in relation to winding down residual assets which have now been disposed of. As this is considered to be the completion of the transformative activity, this is considered to be an exceptional item.

	2021 £ m	2020 £ m
Other gains and losses		
Gain on disposal of property, plant and equipment	-	4.8

Following the outsourcing of print operations, the Group has disposed of its remaining property that was used for printing. The gain on disposal of £nil (2020: £4.8m) has been treated as an exceptional item as it is the completion of a transformative project.

11 Auditors' remuneration

	2021 £ m	2020 £ m
Audit of these financial statements	0.1	0.1
Audit of the financial statements of subsidiaries of the company pursuant to legislation	0.2	0.1
	0.3	0.2
Other fees to auditors		
Tax-related services	-	0.1

12 Employees and directors

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ m	2020 £ m
Wages and salaries	101.2	103.3
Social security costs	10.8	10.6
Other pension costs	8.3	8.5
Redundancy costs	10.3	1.7
	130.6	124.1

During the financial year, the Group claimed £1.6m (2020: £nil) of government grants from the Coronavirus Job Retention Scheme relating to furloughed employees. Subsequently, the Group voluntarily elected to repay these grants and therefore there is no impact to the income statement as the initial receipt has been reversed, the amount repayable is reflected in accruals and was paid during April 2021. The Group does not have any unfulfilled obligations relating to this programme.

The monthly average number of persons employed by the group (including directors) during the period, analysed by category was as follows:

	2021 No.	2020 No.
Editorial and production	902	869
Sales, distribution and support	595	626
	1,497	1,495

Key management compensation, comprising directors and certain other senior management of the Group:

	2021 £ m	2020 £ m
Salaries and short-term employee benefits	4.2	6.2
Post-employment benefits	0.2	0.2
Termination benefits	0.3	0.2
	4.7	6.6

Directors' remuneration

		Base salary £ 000	Benefits £ 000	Pension contributions & allowances £ 000	Total 2021 £ 000	Total 2020 £ 000
Neil Berkett		96	-	-	96	120
Annette Thomas (*from 17 March 2020)	*1*	546	1	69	616	58
David Pemsel (*to 2 December 2019)	*2*	-	-	-	-	679
Katharine Viner	*3*	309	2	38	349	391
Keith Underwood (*from 6 July 2020)	*4*	282	1	26	309	-
Richard Kerr (*to 27 March 2020)	*5*	-	-	-	-	471
Independent directors						
Jennifer Duvalier	*6*	31	-	-	31	39
Anders Jensen (*from 17 March 2020)	*7*	27	-	-	27	1
Yasmin Jetha		27	-	-	27	34
Nigel Morris		27	-	-	27	34
John Paton (*to 2 September 2019)	*8*	-	-	-	-	17
Baroness Gail Rebuck	*9*	35	-	-	35	44
Rene Rechtman (*from 17 March 2020)	*10*	27	-	-	27	1
Coram Williams	*11*	31	-	-	31	39
Total		1,438	4	133	1,575	1,928

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

Executive directors' pension arrangements are paid in two parts. Contributions to the company pension are restricted to the annual tax- approvable limit of £10,000. Any value above this limit is paid as cash in lieu of pension contributions and subject to PAYE. Benefits comprise solely healthcare and life and income protection. The latter is calculated as a percentage of base salary.

In response to the financial pressure and economic uncertainty resulting from the outbreak of the Covid-19 pandemic the executive directors agreed to take a 20% voluntary salary reduction and the non-executive directors agreed to take a 30% voluntary reduction to their fees. These voluntary reductions applied for the period 1 May - 31 December 2020. With effect from 1 January 2021 the reductions ceased and salaries/fees returned to their pre-covid level. None of the executive directors or non-executive directors received an increase to their underlying base salary during the year.

1 - Annette Thomas' base salary for the year was £630,000, and was voluntarily reduced by 20% for the period 1 May 2020 to 31 December 2020. Annette's company pension contribution rate increased from 10% to 11% of base salary during the year in line with an age related increase under the scheme. Annette's salary, benefits and pension for 2019/20 were pro-rated to reflect her service during the year following her appointment.

2 - David's annualised base salary was £630,000. David's company pensions contribution rate was 17% of base salary. David did not receive any performance related variable compensation. David left his role effective 2 December 2019 and in line with a contractual commitment in respect of the remaining 3 months of his notice period he received a one off payment for salary and pension totalling £184,275. His salary, benefits and pension were pro-rated to reflect his service during the year 2019/20. He did not receive any other payments in relation to leaving the Guardian.

3 - Katharine Viner's base salary for the year was £357,000, and was voluntarily reduced by 20% for the period 1 May 2020 to 31 December 2020. Katharine's company pension contribution rate increased from 9% to 10% of base salary during the year in line with an age related increase under the scheme.

4 - Keith Underwood's base salary for the year was £420,000, and was voluntarily reduced by 20% for the period 22 June 2020 to 31 December 2020. Keith's company pension contribution rate was 8% of base salary. Keith's salary, benefits and pension for 2020/21 were pro-rated to reflect his service during the year following his appointment.

5 - Richard Kerr's base was £420,000. Richard's company pension contribution rate was 9% of base salary. Richard resigned from his role on 27 March 2020. Richard's unused holiday was paid in line with contractual arrangements. Richard did not receive any payments in relation to leaving the Guardian.

6 - Jennifer Duvalier's remuneration included an additional fee for chairing the Remuneration Committee.

7 - Anders Jensen joined as an Independent Director on 17 March 2020. His annualised remuneration is £34,000.

8 - John Paton stepped down as an Independent Director on 2 September 2019. His annualised remuneration was £34,000.

9 - Baroness Gail Rebuck's remuneration included a fee for acting as Senior Independent Director.

10 - Rene Rechtman joined as an Independent Director on 17 March 2020. His annualised remuneration is £34,000.

11 - Coram Williams' remuneration included an additional fee for chairing the Audit Committee.

13 Income tax

Tax charged in the income statement

	2021 £ m	2020 £ m
Current taxation		
Foreign taxes	0.4	0.3
Deferred taxation		
Arising from origination and reversal of temporary differences	16.4	0.3
Tax expense in the income statement	16.8	0.6

Tax on items charged/(credited) to the consolidated statement of comprehensive income

	2021 £ m	2020 £ m
Deferred tax credit on actuarial loss	(1.2)	(0.3)
	(1.2)	(0.3)

Factors affecting tax charge for the year

The tax on profit/(loss) before tax for the period is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ m	2020 £ m
Profit/(loss) before tax	198.2	(36.8)
Tax on profit calculated at standard rate of 19% (2020: 19%)	37.7	(7.0)
Adjustments relating to current tax:		
(Income not taxable)/expenses not deductible	(1.1)	0.7
Foreign taxes paid	0.4	0.3
Impact of overseas tax rate differences	0.2	-
Utilised tax losses in the year	(1.9)	(0.7)
Losses not utilised in the year	0.9	0.1
Depreciation in excess of capital allowances	-	0.7
Adjustment to tax charge on investments held at FVTPL	(35.8)	6.8
Tax relief on pension contributions	-	(0.5)
Short term timing differences on accounting provisions	-	(0.1)
Current tax charge/(credit) for the year	0.4	0.3

	2021 £ m	2020 £ m
Adjustments relating to deferred taxation:		
Depreciation in excess of capital allowances	-	(0.5)
Adjustment to tax charge on investments held at FVTPL	36.9	(9.9)
Tax relief on pension contributions	-	0.5
Short term timing differences on accounting provisions	-	0.1
Impairment/(recognition) of deferred tax asset	(20.6)	9.5
Losses utilised in the year	-	0.6
Adjustments in respect of prior years	0.1	-
Deferred tax charge/(credit) for the year	16.4	0.3
Total tax charge/(credit)	16.8	0.6

Tax on exceptional items

The tax credit on exceptional costs of £11m is £1.2m. This is lower than the expected tax credit of £2.1 due to an increase of £0.9m of provisions disallowed in the period.

In the prior year the tax credit on exceptional income of £3.5m was £3.1m. This was lower than the expected tax charge of £0.7m due to a reduction of £3.8m tax loss on disposal of capital assets and £0.3m tax relief on release of provisions previously disallowed and £0.3m tax increase due to expenses not deductible for tax purposes.

Income not taxable/expenses not deductible

Certain types of income such as dividends are not taxable. 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.

Foreign taxes paid

The majority of the Group's activities are performed and taxed in the UK. However certain local taxes are incurred by the Group's activities in overseas territories. Withholding taxes are also incurred on certain overseas revenue streams, currently no double tax relief is available as there is insufficient UK tax payable on the foreign income against which the foreign tax was charged.

Utilised tax losses in the year

The Group has utilised historic brought forward losses to offset profits and gains recognised in the income statement which has resulted in a reduction in the corporate tax charge in the year. This includes brought forward losses which have not been recognised as a deferred tax asset.

Current year losses not utilised in the year

The Group has incurred losses in the year which have not been utilised in the year. These losses are carried forward to be utilised against future profits earned by the Group.

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 not available on all the depreciation. Instead, capital allowances are available to be claimed on certain fixed assets as a tax relief provided in law.

Adjustment to tax charge on investments held at fair value through profit or loss (FVTPL)
The accounting treatment of investments held at FVTPL 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 when the assets are disposed of. The Group is also required by law to disregard for tax purposes the accounting transactions associated with derivatives entered into relating to these assets. The disregarded transactions are subsequently brought into account for tax purposes when the underlying assets are disposed of. The resulting timing differences result in a deferred tax liability which represents the future net tax due on the disposal of the assets based on their valuation at the balance sheet date.

Tax relief on pension contributions
The Group is entitled to claim a tax deduction for the payment of contributions into its pension schemes and recognise a deferred tax asset on any future contributions to cover an actuarial loss.

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 or liability which represents the future tax relief or tax payable available on the utilisation of the provisions.

Recognition of deferred tax liability
The inherent future gains in the investments held at fair value through profit and loss are greater than the amount of carried forward losses, short term timing differences and capital allowances that will be available by law to offset these gains. A deferred tax liability has been recognised in relation to the amount of excess future gains.

Factors that may affect future tax charges
In the 2021 Budget the government announced the UK corporation tax rate will increase to 25% with effect from 1 April 2023. There is no impact on these financial statements as at the balance sheet date as the legislation had not been substantively enacted at this point.

Deferred taxation
Deferred tax is calculated in full on temporary timing differences under the liability method using the rate at which the balances are expected to be unwound.

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

	Balance as at 30 March 2020 £ m	Adjustments in respect of prior years recognised in the income statement £ m	Temporary differences arising in the year recognised in the income statement £ m	(Impairment) /recognition of deferred tax asset in the income statement £ m	Temporary differences arising in the year recognised in the con-solidated statement of comp-rehensive income £ m	Balance as at 28 March 2021 £ m
Accelerated capital allowances on fixed assets	5.6	-	-	12.0	-	**17.6**
Short term and other timing differences	(0.2)	-	-	-	1.2	**1.0**
Investments held at FVTPL	(10.8)	-	(36.9)	-	-	**(47.7)**
Tax losses carried forward	5.4	(0.1)	-	8.6	-	**13.9**
Total deferred tax asset/(liability)	-	(0.1)	(36.9)	20.6	1.2	(15.2)

	Balance as at 1 April 2019 £ m	Adjustments in respect of prior years recognised in the income statement £ m	Temporary differences arising in the year recognised in the income statement £ m	(Impairment)/ recognition of deferred tax asset in the income statement £ m	Temporary differences arising in the year recognised in the con-solidated statement of comp - rehensive income £ m	Balance as at 29 March 2020 £ m
Accelerated capital allowances on fixed assets	10.4	0.5	0.5	(5.8)	-	**5.6**
Short term and other timing differences	-	-	(0.6)	0.1	0.3	**(0.2)**
Investments held at FVTPL	(18.7)	-	9.9	(2.0)	-	**(10.8)**
Tax losses carried forward	8.3	(0.5)	(0.6)	(1.8)	-	**5.4**
Total deferred tax asset/(liability)	-	-	9.2	(9.5)	0.3	-

Deferred tax assets have not been recognised where they relate to losses and tax reliefs in companies where their future utilisation cannot be considered probable. The Group has an unrecognised deferred tax asset at the balance sheet date of £34.4m (2020: £47.9m), including overseas trading losses of £12.2m (2020: £17.4m).

14 Property, plant and equipment

	Land and buildings £ m	Furniture, fittings and equipment £ m	Plant and vehicles £ m	Total £ m
Cost or valuation				
At 1 April 2019	37.0	26.0	15.4	78.4
Additions	-	1.4	1.1	2.5
Disposals	(37.0)	-	(0.2)	(37.2)
At 29 March 2020	-	27.4	16.3	43.7
At 30 March 2020	-	27.4	16.3	43.7
Additions	-	0.1	1.3	1.4
Disposals	-	(1.2)	(4.0)	(5.2)
At 28 March 2021	-	26.3	13.6	39.9
Depreciation				
At 1 April 2019	34.2	25.7	12.8	72.7
Charge for period	0.1	0.3	1.7	2.1
Eliminated on disposal	(34.3)	-	(0.2)	(34.5)
At 29 March 2020	-	26.0	14.3	40.3
At 30 March 2020	-	26.0	14.3	40.3
Charge for the period	-	0.5	1.5	2.0
Eliminated on disposal	-	(1.1)	(4.0)	(5.1)
At 28 March 2021	-	25.4	11.8	37.2
Carrying amount				
At 28 March 2021	-	0.9	1.8	2.7
At 29 March 2020	-	1.4	2.0	3.4
At 1 April 2019	2.8	0.3	2.6	5.7

15 Intangible assets

	Internally generated digital assets £ m
Cost	
At 1 April 2019	18.3
Additions	4.6
At 29 March 2020	22.9
At 30 March 2020	22.9
Disposals	(5.7)
At 28 March 2021	17.2
Amortisation	
At 1 April 2019	15.2
Amortisation charge	2.2
At 29 March 2020	17.4
At 30 March 2020	17.4
Amortisation charge	3.3
Amortisation eliminated on disposals	(5.7)
At 28 March 2021	15.0
Carrying amount	
At 28 March 2021	2.2
At 29 March 2020	5.5
At 1 April 2019	3.1

16 Right of use assets

	Property £ m
Cost or valuation	
At 1 April 2019	47.1
Additions	26.7
Disposals	(0.3)
At 29 March 2020	73.5
At 30 March 2020	73.5
Additions	0.1
Disposals	(0.2)
At 28 March 2021	73.4
Depreciation	
Charge for period	5.0
Eliminated on disposal	(0.3)
At 29 March 2020	4.7
At 30 March 2020	4.7
Charge for the period	6.1
Eliminated on disposal	(0.2)
At 28 March 2021	10.6
Carrying amount	
At 28 March 2021	62.8
At 29 March 2020	68.8

17 Investments in joint ventures

Ozone Project Limited

The Group owns 25% of the share capital of Ozone Project Limited.

Reconciliation of carrying value

	2021 £ m	2020 £ m
At 30 March 2020	0.1	0.7
Share of loss for the period	(0.1)	(0.6)
At 28 March 2021	-	0.1

18 Other financial assets

	2021 £ m	2020 £ m
Non current - other financial assets		
Investments held at fair value through profit or loss	1,015.7	814.7
Unlisted shares	0.2	0.2
	1,015.9	814.9

	2021 £ m	2020 £ m
Current - other financial assets		
Investments held at fair value through profit or loss	77.2	104.5
Other financial assets	1.9	-
	79.1	104.5

	2021 £ m	2020 £ m
Global investment funds	929.8	758.8
Non-current short term funds held for reinvestment	85.9	55.9
	1,015.7	814.7
Derivative financial instruments	1.9	(6.8)
Long term investment fund	1,017.6	807.9
Corporate and government bonds	61.9	81.9
Current short term funds held for reinvestment	15.3	22.6
Medium term fund	77.2	104.5

The Group has committed to future investments of £133.6 million (2020: £120.2 million). The Group considers that any associated risk with meeting these commitments is low as they will be met from disposal of existing funds.

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 has classified some of these as non-current as it currently has 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 28.

	Level 1 £ m	Level 2 £ m	Level 3 £ m	Total £ m
As at 28 March 2021				
Financial assets - FVTPL	575.4	61.9	455.6	1,092.9
Derivative financial instruments	-	1.9	-	1.9
	575.4	63.8	455.6	1,094.8

	Level 1 £ m	Level 2 £ m	Level 3 £ m	Total £ m
As at 29 March 2020				
Financial assets - FVTPL	434.9	81.8	402.5	919.2
Derivative financial instruments	-	(6.8)	-	(6.8)
	434.9	75.0	402.5	912.4

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

	Level 3 £ m
At 30 March 2020	402.5
Additions into Level 3	64.9
Disposals	(71.1)
Fair value gains recognised in income statement	59.3
At 28 March 2021	455.6

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 £16.7 million lower or £15.1 million higher.

The gains or losses on the investments would have been £5.5 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.

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.

Other financial assets are denominated in the following currencies:

	2021 £ m	2020 £ m
Sterling	738.8	558.2
US Dollar	316.5	328.2
Euros	37.6	21.2
Other	-	11.6
	1,092.9	919.2

19 Inventories

	2021 £ m	2020 £ m
Raw materials and consumables	0.4	0.4

The Group consumed £10.3 million (2020: £16.5 million) of inventories during the year.

20 Trade and other receivables

	2021 £ m	2020 £ m
Trade receivables	20.2	19.1
Loss allowance	(0.4)	(0.6)
Net trade receivables	19.8	18.5
Receivables from related parties	27.4	25.3
Accrued income	8.0	7.9
Prepayments	4.7	3.0
Other receivables	2.0	4.0
Total current trade and other receivables	61.9	58.7

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and the identified impairment loss was immaterial.

Contract assets included in the above balances will fully unwind in the current year.

21 Cash and cash equivalents

	2021 £ m	2020 £ m
Cash at bank	9.9	7.3
Short-term deposits	43.8	34.5
	53.7	41.8

22 Trade and other payables

	2021 £ m	2020 £ m
Trade payables	1.9	7.1
Accrued expenses	14.1	17.0
Deferred income	18.7	16.4
Social security and other taxes	1.3	2.8
Other payables	0.5	1.6
	36.5	44.9

The trade and other payables classified as financial instruments are at carrying value which is considered to be the fair value by the Group.

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

Contract liabilities included in the above balances will fully unwind in the current year.

23 Provisions

	Building £ m	Restructuring £ m	Other provisions £ m	Total £ m
At 30 March 2020	4.9	0.8	4.8	10.5
Additional provisions	1.5	3.4	1.4	6.3
Provisions used	-	-	(0.4)	(0.4)
Unused provision reversed	-	-	(0.7)	(0.7)
At 28 March 2021	6.4	4.2	5.1	15.7
Non-current liabilities	5.0	-	0.4	5.4
Current liabilities	1.4	4.2	4.7	10.3

The building provisions relate to dilapidations provisions expected to be utilised over the life of the lease of twelve years.

The restructuring provisions primarily relate to severances, during the year the Group commenced a strategic restructure of its cost base. The provision is expected to be fully utilised within six months.

Other provisions primarily relate to annual leave obligations.

Provisions are not discounted as any impact is not considered material.

24 Leases

Breakdown of leases:

	2021 £ m	2020 £ m
Current portion of long term lease liabilities	8.2	9.9
Long term lease liabilities	60.8	65.8
	69.0	75.7

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2021 £ m	2020 £ m
Less than one year	8.2	10.0
2 years	8.2	8.2
3 years	8.2	8.2
4 years	8.0	8.2
5 years	7.5	8.0
6 years	7.5	7.6
7 years	6.9	7.6
8 years	6.9	6.9
9 years	7.0	6.9
10 years	7.0	7.0
Between 10 to 15 years	12.2	19.1
Total lease liabilities (undiscounted)	87.6	97.7

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

Payment	2021 £ m	2020 £ m
Right of use assets	10.0	7.9

25 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. m	£ m	No. m	£ m
Ordinary Shares of £1 each	0.9	0.9	0.9	0.9

26 Dividends paid

	2021 £ m	2020 £ m
Dividend of £0.333 (2020: £0.306) per ordinary share	0.3	0.3

On 16 March 2021 the Board declared a dividend of 33.3p (2020: 30.6p) per share on the ordinary share capital amounting to £300,000 (2020: £275,000) which was paid to The Scott Trust Limited on 16 March 2021.

27 Cash flows from operating activities

	Note	2021 £ m	2020 £ m
Cash flows from operating activities			
Profit/(loss) for the period		198.2	(36.8)
Adjustments for:			
Depreciation	14	8.1	7.1
Amortisation of other intangible assets	15	3.3	2.2
Gain on disposal of property, plant and equipment	14	-	(4.7)
Finance costs	8	4.0	2.7
Finance income	8	(2.4)	(4.1)
Other gains and losses	9	(210.0)	24.9
Pensions	29	(0.1)	(2.6)
Share of loss of joint ventures after taxation	17	0.1	0.6
Increase/(decrease) in provisions	23	5.2	(6.2)
		6.4	(16.9)
Working capital adjustments			
Decrease in inventories		-	0.1
Increase in receivables due from related parties		(2.1)	(9.0)
(Decrease)/increase in trade and other receivables		(0.9)	2.8
Decrease in trade and other payables		(9.2)	(7.8)
Cash used in operations		(5.8)	(30.8)

28 Non adjusting events after the financial period

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

29 Pension commitments

	2021 £ m	2020 £ m
Pension costs, defined contribution scheme	8.3	8.5

Trafford Park Printers 1990 Pension Scheme

Trafford Park Printers 1990 Pension Scheme ("the Scheme"), is a defined benefit scheme, which provides benefits based on final pensionable pay. The Scheme was closed to new entrants on 1 April 1998 and closed to future accrual on 31 December 2006.

On 5 March 2020 GPC Manchester Limited was replaced as the Scheme's principal employer with Guardian Media Group plc. There was no impact on the Group's results from this transfer.

The scheme provides pension benefits payable to members (and potentially their spouses/dependents) for life. The level of benefits provided depends on the members' length of service and their salary in the years leading up to closure to future accrual. Pensions in payment are generally increased in line with price inflation.

The scheme is governed by a board of trustees, composed of representatives of the Company and scheme participants. The board of trustees have control over the operation of the scheme and its funding and investment strategies. Investment decisions and agreement on contribution schedules are the joint responsibility of the Group and the trustees.

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

UK legislation requires the trustees of the 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. The most recent actuarial valuation for the TPP Scheme was performed as at 1 April 2019 which resulted in the TPP Scheme having assets sufficient to cover 93% of the liabilities accrued in respect of members. Following the valuation of the Scheme a revised recovery plan was agreed. This recovery plan covered a period of 1 year and required a one-off contribution of £2,690,600 to be paid to the Scheme before 31 March 2020. It is expected that this contribution will clear the deficit as calculated by the scheme's actuary. As such the expected contributions payable to the Scheme for the next reporting period are £nil. The next triennial valuation will be carried out as at 31 March 2022.

During the year, contributions totalling £nil (2020: £2,690,600) were paid to the TPP Scheme.

The valuation for the TPP Scheme has been updated to 28 March 2021 for accounting purposes by a qualified independent actuary.

Risks

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 scheme holds a proportion of equities, which are expected to outperform corporate bonds in the long-term but they expose the scheme to volatility and risk in the short-term.

As the scheme matures, 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 scheme 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 scheme 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 scheme 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 scheme obligations and cash flow requirements from the Group.

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

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2021 £ m	2020 £ m
Fair value of scheme assets	44.8	48.2
Present value of scheme liabilities	(49.6)	(46.7)
Defined benefit pension scheme (deficit)/surplus	(4.8)	1.5

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2021 £ m	2020 £ m
Fair value at start of period	48.2	47.1
Interest income	1.1	1.1
Return on plan assets, excluding amounts included in interest income/(expense)	(1.0)	(1.0)
Employer contributions	-	2.7
Benefits paid	(3.5)	(1.7)
Fair value at end of period	44.8	48.2

Analysis of assets

The major categories of scheme assets are as follows:

	2021 £ m	2020 £ m
Cash and cash equivalents	0.3	2.7
Equity instruments	10.0	7.8
Debt instruments	12.9	27.3
Insurance annuity	10.6	10.4
Investment funds	11.0	-
	44.8	48.2

Equity instruments

Equity instruments can be further categorised as follows:

	2021 £ m	2020 £ m
Quoted		
Equity instruments	10.0	7.8

Debt instruments

Debt instruments can be further categorised as follows:

	2021 £ m	2020 £ m
Quoted		
Gilts	-	14.8
Corporate bonds	12.9	12.5
	12.9	27.3

Investment funds

Investment funds can be further categorised as follows:

	2021 £ m	2020 £ m
Quoted		
LDI	11.0	-

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2021 £ m	2020 £ m
Present value at start of period	46.7	46.8
Actuarial (gains) arising from changes in demographic assumptions	(0.4)	(0.2)
Actuarial losses/(gains) arising from changes in financial assumptions	5.8	1.4
Actuarial losses/(gains) arising from experience adjustments	-	(0.7)
Interest cost	1.1	1.1
Benefits paid	(3.6)	(1.7)
Present value at end of period	49.6	46.7

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2021 %	2020 %
Discount rate	1.9	2.4
RPI Inflation rate	3.2	2.6

In the prior year CPI of 2.0% was disclosed as the inflationary measure. For the current year RPI has been used as the inflationary measure and a comparative provided.

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	21.2	21.4
Current UK pensioners at retirement age - female	23.6	23.7
Future UK pensioners at retirement age - male	22.5	22.7
Future UK pensioners at retirement age - female	25.0	25.1

Amounts recognised in the income statement

	2021 £ m	2020 £ m
Amounts recognised in operating profit		
Recognised in arriving at operating profit	-	-
Amounts recognised in finance income or costs		
Interest expense on defined benefit obligation	(1.1)	(1.1)
Interest income on plan assets	1.1	1.1
Recognised in other finance cost	-	-
Total recognised in the income statement	-	-

Amounts taken to the Statement of Comprehensive Income

	2021 £ m	2020 £ m
Actuarial gains arising from changes in demographic assumptions	0.4	0.2
Actuarial (losses)/gains arising from changes in financial assumptions	(5.8)	(1.4)
Actuarial (losses)/gains arising from experience adjustments	-	0.7
Return on plan assets, excluding amounts included in interest income/(expense)	(1.0)	(1.0)
Amounts recognised in the Statement of Comprehensive Income	(6.4)	(1.5)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	2021 £ m
Discount rate +0.25%	(2.4)
Inflation +0.25%	0.5
Increase of 1 year in life expectancy	2.4

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 scheme's assets.

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 venture, associate and other related parties. The aggregated transactions which are considered to be material are:

	2021 £ m	2020 £ m
Purchases	1.1	1.4
Sales	2.2	0.8

At year-end, balances outstanding in relation to these related parties amounted to £1.2m (2020: £0.4m).

The total transaction for the year with The Scott Trust Limited is £2.1m (2020: £9.0m). At year end, the balance receivable from The Scott Trust Limited is £27.4m (2020: £25.3m).

The Group paid £102,000 (2020: £102,000) to one director (2020: one director) of The Scott Trust Limited for services rendered to Guardian News & Media Limited in the normal course of business at arms length.

The Group paid £21,000 (2020: £18,000) to the partner of one director (2020: one) for services rendered to Guardian News & Media Limited in the normal course of business at arms length.

The Group paid £527,000 (2020: £537,000) in charitable donations and gifts in kind to the Guardian Foundation.

31 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is The Scott Trust Limited.

The most senior parent entity producing publicly available financial statements is The Scott Trust Limited. These financial statements are available upon request from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

32 Investments in subsidiaries and joint ventures

Details of the group subsidiaries as at 28 March 2021 are as follows:

Name of subsidiary	Description of shares held	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2021	2020
Channel M Television Limited	£1 ordinary shares	England and Wales	100%	100%
ContentNext Media Inc	$0.001 ordinary shares $0.001 pref shares	United States of America	100%	100%
GMG B2B Limited*	£1 ordinary shares	England and Wales	100%	100%
GMG Investco 3 Limited*	£0.00000000492 ordinary shares **	England and Wales	100%	100%
GMGRM North Limited*	£1 ordinary shares	England and Wales	100%	100%
GNM Australia Pty Limited	AUD$1 ordinary shares	Australia	100%	100%
GPC Manchester Limited*	£1 ordinary shares	England and Wales	100%	100%
Guardian News & Media (Holdings) Limited*	£1 ordinary shares	England and Wales	100%	100%
Guardian News & Media Limited	£1 ordinary shares	England and Wales	100%	100%
Guardian News and Media LLC	Membership interest	United States of America	100%	100%
Northprint Manchester Limited*	£1 ordinary shares	England and Wales	50%	50%
OG Enterprises Limited	£1 ordinary shares	England and Wales	100%	100%
Rawnam Limited*	£1 ordinary shares	England and Wales	60%	60%

* indicates direct investment of Guardian Media Group plc

** GMG Investco 3 Limited reduced the nominal value of its shares from £0.10 per share to £0.00000000492 per share on 29 January 2021

The registered office for the companies incorporated in:

• England and Wales is PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP

• Australia is 19 Foster Street, Surry Hills, NSW 2010

• United States of America is 160 Greentree Drive, Suite 101, Dover, DE 19904

Details of the group joint ventures as at 28 March 2021 are as follows:

Name of Joint-ventures	Description of total shares	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2021	2020
Ozone Project Limited	£0.01 ordinary shares	England and Wales	25%	25%

* indicates direct investment of Guardian Media Group plc

The registered office for Ozone Project Limited is 3 Marshalsea Road, London, SE1 1EP.

Guardian Media Group plc

(Registration number: 00094531)
Statement of Financial Position as at 28 March 2021

	Note	2021 £ m	2020 £ m
Non-current assets			
Investments	6	18.9	430.3
Investments held at fair value through profit or loss	9	1,004.2	808.1
		1,023.1	1,238.4
Current assets			
Trade receivables	7	28.5	99.5
Cash at bank and in hand	8	37.3	28.6
Income tax asset		0.6	-
Investments held at fair value through profit or loss	9	77.2	104.5
Other financial assets	9	1.9	-
		145.5	232.6
Current liabilities			
Trade and other payables	10	(1.3)	(845.6)
Other current financial liabilities	11	-	(6.8)
Creditors: Amounts falling due within one year		(1.3)	(852.4)
Net current assets/(liabilities)		144.2	(619.8)
Total assets less current liabilities		1,167.3	618.6
Deferred tax liabilities	5	(36.4)	(5.7)
Net assets excluding pension asset/(liability)		1,130.9	612.9
Net pension (liability)/asset	13	(4.8)	1.5
Net assets		1,126.1	614.4
Equity			
Called up share capital	12	0.9	0.9
Other reserves		0.1	0.1
Retained earnings		1,125.1	613.4
Shareholders' funds		1,126.1	614.4

The profit for the year is £517.1 million (2020: £53.6 million loss).

These financial statements were approved by the Board on 6 July 2021 and signed on its behalf by:

Keith Underwood
Director

The notes on pages 65 to 73 form an integral part of these financial statements.

Guardian Media Group plc

Statement of Changes in Equity for the year ended 28 March 2021

	Share capital £ m	Other reserves £ m	Retained earnings £ m	Total £ m
At 30 March 2020	0.9	0.1	613.4	614.4
Profit for the period	-	-	517.1	517.1
Other comprehensive income	-	-	(5.1)	(5.1)
Total comprehensive expense	-	-	512.0	512.0
Dividends	-	-	(0.3)	(0.3)
At 28 March 2021	0.9	0.1	1,125.1	1,126.1

	Share capital £ m	Other reserves £ m	Retained earnings £ m	Total £ m
At 1 April 2019	0.9	0.1	663.6	664.6
Loss for the period	-	-	(53.6)	(53.6)
Other comprehensive income	-	-	3.6	3.6
Total comprehensive expense	-	-	(50.0)	(50.0)
Dividends	-	-	(0.2)	(0.2)
At 29 March 2020	0.9	0.1	613.4	614.4

The notes on pages 65 to 73 form an integral part of these financial statements.

Guardian Media Group plc

Notes to the Financial Statements for the year ended 28 March 2021

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 profit for the year is £517.1 million (2020: £53.6 million loss). The profit in the year includes a non-taxable UK dividend of £796.0m (2020: £nil)) from a subsidiary following a reduction in its share capital.

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 28 March 2021 and for the comparative period cover the 52 weeks ended 29 March 2020.

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.

Other accounting policies
All other accounting policies are as per the Group section of this report, note 2.

2 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ m	2020 £ m
Wages and salaries	0.7	1.3
Social security costs	0.1	0.1
Pension costs, defined contribution scheme	-	0.1
	0.8	1.5

The monthly average number of persons employed by the group (including directors) during the period, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	11	13
	11	13

3 Directors' remuneration

This information is shown on page 40 of Guardian Media Group plc annual report and financial statements.

4 Auditors' remuneration

	2021 £ m	2020 £ m
Audit of the financial statements	0.1	0.1

5 Deferred tax

The deferred tax liability recognised at year end relates to unrealised profits earned from the Company's investments held at fair value through profit or loss. This is offset in part by the recognition of a deferred tax asset on losses which are available to be offset against the future profits.

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 £1.4m (2020: £nil).

Deferred tax
Deferred tax assets and liabilities

Deferred tax movement during the period:

	At 30 March 2020 £ m	Recognised in income £ m	Recognised in other comp-rehensive income £ m	At 28 March 2021 £ m
Pension benefit obligations	(0.3)	-	1.2	0.9
Financial assets at fair value through profit or loss	(10.8)	(36.8)	-	(47.6)
Other items	-	-	-	-
Tax losses carry-forwards	5.4	4.9	-	10.3
Net tax assets/(liabilities)	(5.7)	(31.9)	1.2	(36.4)

Deferred tax movement during the prior period:

	At 1 April 2019 £ m	Recognised in income £ m	Recognised in other comp-rehensive income £ m	At 29 March 2020 £ m
Pension benefit obligations	-	0.4	(0.7)	(0.3)
Financial assets at fair value through profit or loss	(18.8)	8.0	-	(10.8)
Other items	-	-	-	-
Tax losses carry-forwards	8.4	(3.0)	-	5.4
Net tax assets/(liabilities)	(10.4)	5.4	(0.7)	(5.7)

6 Investments

Subsidiaries	£ m
Cost or valuation	
At 1 April 2019	1,163.2
At 29 March 2020	1,163.2
At 30 March 2020	1,163.2
Additions	20.0
At 28 March 2021	1,183.2
Provision	
At 1 April 2019	732.9
At 29 March 2020	732.9
At 30 March 2020	732.9
Charge	431.4
At 28 March 2021	1,164.3
Carrying amount	
At 28 March 2021	18.9
At 29 March 2020	430.3
At 1 April 2019	430.3

7 Trade receivables

	2021 £ m	2020 £ m
Receivables from related parties	28.5	99.5
Total current trade and other receivables	28.5	99.5

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

8 Cash at bank and in hand

	2021 £ m	2020 £ m
Cash at bank	0.3	0.3
Short-term deposits	37.0	28.3
	37.3	28.6

9 Other financial assets

	2021 £ m	2020 £ m
Non-current financial assets		
Investments held at fair value through profit or loss	1,004.2	808.1

	2021 £ m	2020 £ m
Current financial assets		
Investments held at fair value through profit or loss	77.2	104.5
Derivative financial instruments	1.9	-
	79.1	104.5

Details of investments held at fair value through profit or loss are shown in the Group section of the report in note 18.

10 Trade and other payables

	2021 £ m	2020 £ m
Trade payables	-	0.1
Accrued expenses	0.9	0.6
Amounts due to related parties	(0.2)	844.3
Social security and other taxes	(0.1)	(0.1)
Other payables	0.7	0.7
	1.3	845.6

11 Other financial liabilities

	2021 £ m	2020 £ m
Current financial liabilities		
Derivative financial instruments	-	6.8

12 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. m	£ m	No. m	£ m
Ordinary shares of £1 each	0.9	0.9	0.9	0.9

13 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £32,766 (2020: £57,209).

Defined benefit pension schemes
Trafford Park Printers 1990 Pension Scheme

Trafford Park Printers 1990 Pension Scheme (the "Scheme"), is a defined benefit scheme, which provides benefits based on final pensionable pay. The Scheme was closed to new entrants on 1 April 1998 and closed to future accrual on 31 December 2006.

The scheme provides pension benefits payable to members (and potentially their spouses/dependents) for life. The level of benefits provided depends on the members' length of service and their salary in the years leading up to closure to future accrual. Pensions in payment are generally increased in line with price inflation.

The scheme is governed by a board of trustees, comprising trustees appointed by the company and trustees nominated by members of the Scheme. The board of trustees has control over the operation of the Scheme and its funding and investment strategies. Investment decisions and agreement on contribution schedules are the joint responsibility of the Group and the trustees.

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

On 5 March 2020 GPC Manchester Limited was replaced as the Scheme's principal employer with Guardian Media Group plc. The Scheme's deficit, for accounting purposes, of £4,814,000 was transferred at the same time. This resulted in a loss to the company equal to the value of the pension liability at the date of transfer.

Contributions payable to the pension scheme at the end of the period are £Nil (2020 - £Nil).

The expected contributions to the plan for the next reporting period are £Nil.

The scheme was most recently valued on 1 April 2019. UK legislation requires the trustees of the 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. The most recent actuarial valuation for the TPP Scheme was performed as at 1 April 2019 which resulted in the TPP Scheme having assets sufficient to cover 93% of the liabilities accrued in respect of members. Following the valuation of the Scheme a revised recovery plan was agreed. This recovery plan covered a period of 1 year and required a one-off contribution of £2,690,600 to be paid to the Scheme before 31 March 2020. As such the expected contributions payable to the Scheme for the next reporting period are £nil. The next triennial valuation will be carried out as at 31 March 2022.

Risks

Investment risk
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 scheme holds a proportion of equities, which are expected to outperform corporate bonds in the long-term but they expose the scheme to volatility and risk in the short-term.

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).

Life expectancy risk

The majority of the scheme 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 scheme liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2021 £ m	2020 £ m
Fair value of scheme assets	44.8	48.2
Present value of scheme liabilities	(49.6)	(46.7)
Defined benefit pension scheme (deficit)/surplus	(4.8)	1.5

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2021 £ m	2020 £ m
Transfer of assets	-	48.4
Fair value at start of period	48.2	-
Interest income	1.1	0.1
Return on plan assets, excluding amounts included in interest income/(expense)	(1.0)	(3.0)
Employer contributions	-	2.7
Benefits paid	(3.5)	-
Fair value at end of period	44.8	48.2

Analysis of assets

The major categories of scheme assets are as follows:

	2021 £ m	2020 £ m
Cash and cash equivalents	0.3	2.7
Equity instruments	10.0	7.8
Debt instruments	12.9	27.3
Investment funds	11.0	-
Insurance annuity	10.6	10.4
	44.8	48.2

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2021 £ m	2020 £ m
Transfer of liabilities	-	53.2
Present value at start of period	46.7	-
Actuarial (gains) arising from changes in demographic assumptions	(0.4)	-
Actuarial losses and (gains) arising from changes in financial assumptions	5.7	(6.6)
Interest cost	1.1	0.1
Benefits paid	(3.5)	-
Present value at end of period	49.6	46.7

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2021 %	2020 %
Discount rate	1.9	2.4
Future pension increases	3.0	2.6
Inflation	3.2	2.6

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	21.2	21.4
Current UK pensioners at retirement age - female	23.6	23.7
Future UK pensioners at retirement age - male	22.5	22.7
Future UK pensioners at retirement age - female	25.0	25.1

Amounts recognised in the income statement

	2021 £ m	2020 £ m
Amounts recognised in operating profit		
Recognised in operating profit	-	-
Amounts recognised in finance income or costs		
Recognised in other finance cost	-	-
Total recognised in the income statement	-	-

Amounts taken to the Statement of Comprehensive Income

	2021 £ m	2020 £ m
Actuarial gains arising from changes in demographic assumptions	0.4	-
Actuarial (losses) and gains arising from changes in financial assumptions	(5.7)	6.6
Return on plan assets, excluding amounts included in interest income/(expense)	(1.0)	(3.0)
Amounts recognised in the Statement of Comprehensive Income	(6.3)	3.6

14 Dividends

	2021 £ m	2020 £ m
Final dividend of £0.333 (2020 - £0.306) per each ordinary share	0.3	0.3

On 16 March 2021 the Board declared a dividend of 33.3p (2020: 30.6p) per share on the ordinary share capital amounting to £300,000(2020: £275,000)which was paid to The Scott Trust Limited on 16 March 2021.

15 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.

The Company paid £435,000 (2020: £450,000) in charitable donations to the Guardian Foundation.

16 Parent and ultimate parent undertaking

The Company's immediate and ultimate parent is The Scott Trust Limited.

The ultimate parent is The Scott Trust Limited.

The most senior parent entity producing publicly available financial statements is The Scott Trust Limited. These financial statements are available upon request from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.