Registration number: 00094531

# Guardian Media Group plc

Annual Report and Consolidated Financial Statements

for the year ended 3 April 2022

Guardian Media Group

# Guardian Media Group plc

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# Guardian Media Group plc

## Company Information

| | |
|---|---|
| **Chairman** | Charles Gurassa |
| **Directors** | Katharine Viner<br>Keith Underwood<br>Emily Bell<br>Jennifer Duvalier<br>Anders Jensen<br>Yasmin Jetha<br>Nigel Morris<br>Baroness Gail Rebuck<br>Rene Rechtman<br>Mary Ann Sieghart<br>Coram Williams |
| **Company secretary** | Stephen Godsell |
| **Registered office** | PO Box 68164<br>Kings Place<br>90 York Way<br>London<br>N1P 2AP |
| **Solicitor** | Freshfields Bruckhaus Deringer LLP<br>65 Fleet Street<br>London<br>EC4Y 1HS |
| **Banker** | The Royal Bank of Scotland plc<br>Corporate and Institutional Banking<br>135 Bishopsgate<br>London<br>EC2M 3UR |
| **Independent auditor** | BDO LLP<br>Chartered Accountants and Statutory Auditors<br>55 Baker Street<br>London<br>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 3 April 2022.

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

The Group owns a portfolio of investments which are held 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**
It is 200 years since the Guardian was formed to champion reform, progress and the truth. In a year of tumultuous world events - from the pandemic, to the global cost of living crisis and war in Europe, that purpose has never been more important.

Our journalism continues to pull in millions of readers from around the world. A strong network of foreign correspondents meant we were well positioned to provide comprehensive coverage and analysis of the fall of Afghanistan to the Taliban and the invasion of Ukraine. Our climate journalism continues to be comprehensive and forensic and give a voice to those most affected. Traffic to our environmental content has been one of our fastest growing areas of coverage during the past five years. Covid-19 has remained a major backdrop to our reporting, from science-based explanatory journalism to examination of what can be done to build a better world post-pandemic.

We produced some of our biggest and boldest news investigations ever. The Pegasus project revealed how NSO Group's hacking technology was used by authoritarian governments to target activists, politicians, journalists and others. The Pandora Papers revealed the offshore secrets of some of the worlds richest and most powerful. Both were large-scale global collaborations in which Guardian journalists played leading roles.

Guardian journalism continued to win critical acclaim. The Black Cop became the first ever Guardian documentary to win a BAFTA Film Award, making the Guardian the first news organisation to win both an Oscar, for Colette, and a Bafta. We were a joint winner of the prestigious 2021 George Polk awards in journalism for the Pegasus project and were named news provider of the year at the British Journalism Awards.

Our corporate strategy - which prioritises investment in high-quality journalism, and growth in digital reader revenues - led to our best set of financial results in many years.

Revenues increased by over £30 million (13.4%) to £255.8 million - our highest revenue since 2007/08. Growth was primarily driven by digital reader revenues and advertising. In November, we passed one million recurring digital supporters, with a further half a million one-off financial contributions during the financial year. 55% of digital reader revenue now comes from outside the UK - a testament to our international growth strategy.

Our international businesses have continued their strong growth, with revenues from outside the UK increasing by 15.3% year on year to £79.9m. Guardian Australia has grown to become the fifth most popular news website in the country and Guardian US has established an influential position in a competitive landscape.

Revenue growth, in combination with careful cost management, meant that we ended the year with a positive cash flow of £6.7 million, a £22.3 million improvement on 2021. This strong cash performance provides a sustainable platform for long term strategic investment.

Six years since we first asked readers to contribute financially to support Guardian journalism, our supporter strategy has proven to be both innovative and highly successful.

## Guardian Media Group plc

## Strategic Report

Of course, the environment we are operating in is far from certain; some of our revenue streams face sustained structural challenges, and inflation is putting pressure on our business costs, our supply chain and the cost of living for our many supporters.

However, with our enduring values, our world-class journalism, and the financial resources to invest in growth, we are well placed to expand our reach and impact across the globe.

**Principal risks and uncertainties**
The Group has aligned its Corporate Governance with the 2018 Listed Company Code, including provisions pertaining to risk management. Further detail is contained within the Corporate Governance statement which can be found on the Guardian Media Group website: www.theguardian.com/gmg.

An assessment of risks that may impact the Group's future success has been undertaken, including those potentially impacting strategy, reputation, financial performance and operations. These are set out below.

The Group is exposed to external uncertainties including those arising from economic conditions and the conflict in the Ukraine, such as the potential impact of increased cost of living on revenues and cost base; ongoing competition for subscription revenues; and pressures on future advertising revenues arising from evolving data protection requirements or platform policy changes.

The Group is mitigating these risks through placing journalism and reader relationships at the heart of its business strategy.

We continue to invest in outstanding journalism, and seek to mitigate risks to our reputation by maintaining robust editorial, legal and commercial policies. We maintain strong focus on our ESG ambitions, including maintaining our B-Corp status, significant diversity and inclusion initiatives, and our ongoing commitment to the environment, both through our journalism and our climate pledge. We have this year introduced validation of targets by the Science Based Targets initiative.

Our business model continues to shift further towards reader funded growth. Success is dependent on factors both outside and within our control. These include the news cycle, our ability to reach new audiences, engagement with our products, best in class technology and data capabilities and making it easier for our readers to become, and stay, subscribers. We are investing in these priorities, alongside managing risks to the endowment fund through diversified medium and long term investments, managed by specialist fund managers.

Along with many other organisations, we face competition for talent, particularly in key areas such as digital and data analytics. We mitigate risks to attraction and retention by fostering a distinct, inclusive culture that is reflective of our values. This includes initiatives relating to both race and gender pay. We have also this year introduced a hybrid working model to enable both flexibility and collaboration in the workplace.

Finally, we face operational risks, including those heightened by the geopolitical situation and our work in response to it. We face an increased threat to journalists working in dynamic and challenging environments, alongside the ever present threat of a significant cyber attack. We continue to apply the NIST Cybersecurity Framework and a robust, controlled approach to journalism safety.

**Viability statement**
The board has reviewed the prospects of the Group over the three-year period to March 2025 taking account of the company's strategic plans, a number of financial scenarios and further stress testing based on its principal risks as per above.

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 2025.

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

The current financial year is a 53 week period (2021: 52 weeks).

Key indicators of financial performance are:

## Guardian Media Group plc

## Strategic Report

| | 2022 £m | 2021 £m |
|---|---|---|
| Total revenue | 255.8 | 225.5 |
| Digital reader revenue | 76.1 | 68.7 |
| Adjusted operating profit | 11.7 | 3.1 |
| Adjusted net operating cash flow | 6.7 | (15.6) |
| Cash and endowment fund | 1,284.0 | 1,148.5 |

Group revenue increased 13.4% to £255.8 million (2021 £225.5 million) with continued growth from digital reader revenues which increased by 10.8% to £76.1 million (2021: £68.7 million) alongside growth in advertising revenues to £73.7million (2021: £61.3 million).

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.

There were no exceptional items in the current year, details of prior year 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.

In 2021/22, there was an adjusted net operating cash inflow of £6.7 million (2021: £15.6m outflow). This strong cash performance provides a sustainable platform for long term strategic investment.

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 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 £1,284.0 million (2021: £1,148.5 million). The increase in the value of these holdings reflects underlying growth in valuation of investments.

**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 net deferred tax liability in the balance sheet is £37.6 million (2021: £15.2 million). The net position consists of deferred tax assets of £19.1 million (2021: £17.6 million) relating to accelerated capital allowances, £3.1 million relating to short term timing differences (2021: £1.0 million) and £23.9 million (2021: £13.9 million) relating to tax losses available to be used in the future, less deferred tax liabilities of £83.7 million (2021: £47.7 million) arising on investments at fair value through profit and loss.

**Other balance sheet items**

The Group had net assets of £1,261.2 million at 3 April 2022 (2021: £1,138.1 million).

**Streamlined energy and carbon reporting**

The Group has committed to eliminating two thirds of it's greenhouse gas emissions between 2020 and 2030. In 2021 GMG committed to external validation of our reduction target by the Science-Based Targets initiative (SBTi). Corporate emissions reduction targets are considered 'science-based' if they are in line with what the latest science deems necessary to meet the goals of 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 (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3).

Total emissions by the UK business have increased slightly. This is mainly due to a change in the way that emissions from the excavation and transport of fuel are calculated by the UK government. As a result, our calculated scope 3 emissions from fuel purchased for business travel increased significantly, despite the total volume of purchased fuel falling. Gas consumption is broadly flat on the previous year but still elevated compared with pre-COVID levels due to maximum fresh air input at the London office, requiring increased heating/cooling.

Prior year comparatives for electricity consumption and corresponding emissions have been restated, to reflect final data replacing an estimate for the final month of the year.

# Guardian Media Group plc

## Strategic Report

| | 2022 UK | Restated 2021 UK |
|---|---|---|
| **Energy consumption used (KWh)** | | |
| Electricity | 3,638,060 | 3,278,969 |
| Gas | 2,069,215 | 2,041,490 |
| Transport fuel | 96,638 | 103,893.0 |
| Other energy sources | - | - |
| **Emissions (tCO2e)** | | |
| ***Scope 1*** | | |
| Emissions from combustion of gas | 379.0 | 375.4 |
| Emissions from combustion of fuel for transport purposes | - | - |
| ***Scope 2*** | | |
| Emissions from purchased electricity - location based | 772.5 | 764.5 |
| Emissions from purchased electricity - market based | 5.7 | 8.2 |
| ***Scope 3*** | | |
| Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel | 29.3 | 31.9 |
| Emissions from upstream transport and distribution losses and excavation and transport of fuels - location based | 357.5 | 235.6 |
| Emissions from upstream transport and distribution losses and excavation and transport of fuels - market based | 72.3 | 57.2 |
| TOTAL location-based | 1,538.3 | 1,407.3 |
| TOTAL market-based | 486.4 | 472.6 |
| **Intensity** | | |
| Revenue £m (Global) | 255.8 | 225.5 |
| Intensity ratio: tCO2e from Scope 1, 2 and 3 (fuel for business travel only) / £m | 1.90 | 2.10 |

# 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 legally prescribed 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 members as a whole, and in doing so 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 desirability of the company maintaining a 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 these matters into account include the following:

While Guardian journalism will always be the way in which we make our biggest impact on society, we believe it is equally important to maintain high standards through all our business and actions. We have many initiatives in place in areas such as diversity and inclusion and environmental sustainability and since the Group became a certified B Corporation in 2019, the B-Corp framework has provided an additional way to assess our performance and identify ways to improve business operations. In 2019 we committed to reaching net zero emissions; as part of this we have committed to eliminating two thirds of all emissions from our operations and supply chain by 2030. We have also formally committed to the Science Based Targets initiative - the recognised standard in carbon reduction targets for businesses that ensures plans are in line with the updated goals of the Paris Agreement. Our emissions reduction target is significantly ahead of the scientific advice to halve emissions by 2030.

Staff across the company are committed to helping the Guardian make a positive impact. The Group engages with employees frequently, including through regular company-wide briefings on Guardian strategy and business performance. We have a number of forums for two-way dialogue between leaders and employees on issues that matter most to staff. These include an employee forum, a diversity and inclusion forum and a remuneration consultation forum. The Guardian Lifestyle Pension Plan trustees also include staff representation. We maintain regular dialogue with two trade unions, both of which have formal representation in our employee and remuneration representative bodies. A number of new representatives were elected to the employee forum, remuneration consultation group and the pension trustee committee during the year.

The Guardian Lifestyle Pension Plan has now fully transitioned to a new Sustainable Future Fund, meaning pension savings in the default fund will no longer be used to buy shares in many of the world's most polluting companies. The Trustees also set new performance targets to make it easier for members to assess whether the fund performance has been in line with expectations. An independent review concluded that the Plan represents excellent value for money for its members.

During the year a set of pay principles was issued to staff, articulating the group's approach to pay and benefits. This followed widespread consultation with staff, unions and representative bodies, as well the Scott Trust and the GMG Board. Annual holiday entitlement is being aligned across the company in line with the pay principles as part of our commitment to address legacy policy differences wherever possible.

The pandemic led to significant changes to working practices, with the vast majority of the workforce working remotely and a small number of essential staff producing the website and newspaper from our offices in London. In early 2022 we began a phased return to the offices in the UK and around the world.

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## Strategic Report

We continue to prioritise good mental health and wellbeing, providing learning and development, training and workshops to support staff. We increased this support in response to greater need during the pandemic, including an expanded employee assistance scheme.

The Group's Race Steering Committee, chaired by the Interim Chief Executive and Editor-in-Chief, and composed of Guardian staff from around the world, monitors performance in relation to our race action plan and holds senior executives to account for actions. During the year, new roles were created to advance this important agenda, including a senior editor for diversity and development to liaise across editorial departments and with external stakeholders, and a diversity and inclusion lead to oversee organisation-wide projects.

During the year we reported on our gender and ethnicity pay gap for 2020 and 2021 (the 2020 data had been put on hold during the pandemic, in line with extended deadlines offered by the UK government). Overall the results present a mixed picture. Lack of representation in the top half of the organisation remains a key driver of both the gender and ethnicity pay gaps. While the pandemic had a material impact on our ability to drive change it is clear that we need to work harder to attract, develop and retain diverse talent, particularly at more senior levels.

The Group continues to engage regularly with Guardian and Observer readers through live events which bring our journalism to life both in-person and virtually (the latter having flourished in particular during the pandemic), letters pages, moderated comments on our digital platforms, and an independent readers' editor. Work is ongoing to ensure readers find it as simple and straightforward as possible to engage with and support Guardian journalism.

GMG and the Scott Trust continue to provide an annual grant to the Guardian Foundation to support its work which centres around the promotion of global press freedom and access to liberal journalism, engaging directly with journalists, news organisations, audiences and educators, in schools and across communities. As press freedom levels continue to worsen and misinformation becomes more prevalent than ever, the work of the Guardian Foundation to enhance people's ability to critically evaluate news, facilitate opportunities for inclusion in media and foster the capacity of liberal media to engage people with fact-based journalism, remains critical.

On behalf of the Board

**Keith Underwood**
**Director**

6 July 2022

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

## Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 3 April 2022.

### 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:

Charles Gurassa - Chairman (appointed 17 March 2022)

Neil Berkett (resigned 17 March 2022)

Katharine Viner

Keith Underwood

Annette Thomas (resigned 1 July 2021)

Emily Bell (appointed 10 November 2021)

Jennifer Duvalier

Anders Jensen

Yasmin Jetha

Nigel Morris

Baroness Gail Rebuck

Rene Rechtman

Mary Ann Sieghart (appointed 10 November 2021)

Coram Williams

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

### Dividends

On 17 March 2022 the GMG plc Board declared a dividend of 44.4p (2021: 33.3p) per share on the ordinary share capital amounting to £400,000 (2021: £300,000) which was paid to The Scott Trust Limited on 17 March 2022.

# Guardian Media Group plc

## Directors' Report

**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. During the year, the parent of Guardian Media Group plc (GMG), The Scott Trust Limited (STL), completed a corporate governance review, with a view to clarifying the roles of the STL and GMG boards. Following this review, two then-current STL Board members, Emily Bell and Mary Ann Sieghart, moved from the STL board to be appointed to the GMG board.

**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, liquidity and risks 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**
In addition to future developments that have been discussed in the strategic report, following the above noted corporate governance review, it is the intention of GMG to transfer some investments to another group company. This process is expected to continue over a number of financial years.

**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 2022 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 laws 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 3 April 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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 3 April 2022 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 UK adopted international accounting standards 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 are 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 Group's and Parent 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.

# Guardian Media Group plc

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

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

In the light of the knowledge and understanding of the Group and Parent 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:

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

- 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 Parent 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.

DocuSigned by:
Paul Etherington
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Paul Etherington (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London

6 July 2022

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 3 April 2022

| | Note | 2022 Before exceptional items £m | 2022 Exceptional items £m | 2022 Total £m | 2021 Before exceptional items £m | 2021 Exceptional items £m | 2021 Total £m |
|---|---|---|---|---|---|---|---|
| **Revenue** | 5 | 255.8 | - | 255.8 | 225.5 | - | 225.5 |
| Raw materials and consumables used | 7 | (13.0) | - | (13.0) | (10.3) | - | (10.3) |
| Staff costs | 12 | (131.0) | - | (131.0) | (121.0) | (9.6) | (130.6) |
| Depreciation and amortisation expense | 7 | (10.0) | - | (10.0) | (11.4) | - | (11.4) |
| Other expenses | | (91.1) | - | (91.1) | (81.8) | (1.5) | (83.3) |
| **Operating profit/(loss)** | | 10.7 | - | 10.7 | 1.0 | (11.1) | (10.1) |
| Finance income | | 2.0 | - | 2.0 | 2.4 | - | 2.4 |
| Finance costs | | (3.5) | - | (3.5) | (4.0) | - | (4.0) |
| Net finance cost | 8 | (1.5) | - | (1.5) | (1.6) | - | (1.6) |
| Other gains and losses | 9 | 133.5 | - | 133.5 | 210.0 | - | 210.0 |
| Share of loss of equity investments in joint ventures and associates | 17 | - | - | - | (0.1) | - | (0.1) |
| **Profit/(loss) before tax** | | 142.7 | - | 142.7 | 209.3 | (11.1) | 198.2 |
| Income tax (expense)/credit | 13 | (22.4) | - | (22.4) | (18.0) | 1.2 | (16.8) |
| Profit/(loss) for the period | | 120.3 | - | 120.3 | 191.3 | (9.9) | 181.4 |

The above results were derived from continuing operations.

Exceptional items are detailed in note 10.

## Consolidated Statement of Comprehensive Income for the year ended 3 April 2022

| | Note | 2022<br>£m | 2021<br>£m |
|---|---|---|---|
| Profit for the period | | 120.3 | 181.4 |
| **Other comprehensive income/(expense):** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Actuarial gain/(loss) on defined benefit pension schemes before tax | 29 | 3.2 | (6.4) |
| Income tax effect | 13 | (0.6) | 1.2 |
| | | 2.6 | (5.2) |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation gains | | 0.6 | 0.5 |
| Total comprehensive income for the period | | 123.5 | 176.7 |

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 3 April 2022

| | Note | 2022 £m | 2021 £m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | 4.2 | 2.7 |
| Intangible assets | 15 | 2.7 | 2.2 |
| Right-of-use assets | 16 | 56.8 | 62.8 |
| Investments in joint ventures | 17 | - | - |
| Investments held at fair value through profit or loss | 18 | 1,156.1 | 1,015.7 |
| Unlisted shares | 18 | 0.2 | 0.2 |
| Deferred tax assets | 13 | 14.7 | - |
| | | 1,234.7 | 1,083.6 |
| **Current assets** | | | |
| Inventories | 19 | 0.8 | 0.4 |
| Trade and other receivables | 20 | 69.9 | 61.9 |
| Income tax asset | | 1.3 | 0.6 |
| Cash and cash equivalents | 21 | 54.1 | 53.7 |
| Investments held at fair value through profit or loss | 18 | 75.9 | 77.2 |
| Other financial assets | 18 | - | 1.9 |
| | | 202.0 | 195.7 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 22 | 44.1 | 36.5 |
| Other current financial liabilities | 18 | 2.1 | - |
| Provisions | 23 | 6.4 | 10.3 |
| Current portion of long term lease liabilities | 24 | 8.3 | 8.2 |
| | | 60.9 | 55.0 |
| **Net current assets** | | 141.1 | 140.7 |
| Total assets less current liabilities | | 1,375.8 | 1,224.3 |
| **Non-current liabilities** | | | |
| Retirement benefit obligations | 29 | 1.7 | 4.8 |
| Provisions | 23 | 5.0 | 5.4 |
| Deferred tax liabilities | 13 | 52.3 | 15.2 |
| Long term lease liabilities | 24 | 55.6 | 60.8 |
| | | 114.6 | 86.2 |
| **Net assets** | | 1,261.2 | 1,138.1 |

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 3 April 2022

| | Note | 2022<br>£ m | 2021<br>£ m |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 25 | 0.9 | 0.9 |
| Revaluation reserve | | 0.7 | 0.7 |
| Other reserves | | 0.1 | 0.1 |
| Retained earnings | | 1,259.5 | 1,136.4 |
| Equity attributable to owners of the company | | 1,261.2 | 1,138.1 |

These financial statements were approved by the Board on 6 July 2022 and signed on its behalf by:

Keith Underwood
Director

## Guardian Media Group plc

## Consolidated Statement of Changes in Equity for the year ended 3 April 2022

| | Share capital £m | Revaluation reserve £m | Other reserves £m | Retained earnings £m | Total equity £m |
|---|---|---|---|---|---|
| At 29 March 2021 | 0.9 | 0.7 | 0.1 | 1,136.4 | 1,138.1 |
| Profit for the period | - | - | - | 120.3 | 120.3 |
| Other comprehensive income | - | - | - | 3.2 | 3.2 |
| Total comprehensive income | - | - | - | 123.5 | 123.5 |
| Dividends | - | - | - | (0.4) | (0.4) |
| At 3 April 2022 | 0.9 | 0.7 | 0.1 | 1,259.5 | 1,261.2 |

| | 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 income | - | - | - | (4.7) | (4.7) |
| Total comprehensive income | - | - | - | 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 |

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

# Guardian Media Group plc

## Consolidated Statement of Cash Flows for the year ended 3 April 2022

| | Note | 2022<br>£ m | 2021<br>£ m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash from/(used in) operations | 27 | 15.0 | (5.8) |
| Income taxes paid | | (1.0) | (0.6) |
| Net cash from/(used in) operating activities | | 14.0 | (6.4) |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | 15 | (2.3) | - |
| Purchase of property, plant and equipment | 14 | (3.7) | (1.4) |
| Purchase of investments held at FVTPL | 18 | (133.3) | (164.4) |
| Sale of investments held at FVTPL | 18 | 133.3 | 194.3 |
| Interest received | | - | 0.1 |
| Dividends and other income received from unlisted investments | | 0.4 | - |
| Net cash flows (used in)/from investing activities | | (5.6) | 28.6 |
| **Cash flows from financing activities** | | | |
| Lease payments | 24 | (8.1) | (10.0) |
| Net increase in cash and cash equivalents | | 0.3 | 12.2 |
| Cash and cash equivalents at 29 March | | 53.7 | 41.8 |
| Effect of exchange rate fluctuations on cash held | | 0.1 | (0.3) |
| Cash and cash equivalents at 3 April | 21 | 54.1 | 53.7 |

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 3 April 2022

### 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 approved by the Board on 6 July 2022.

### 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 United Kingdom 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.

**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 and are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current year cover the 53 weeks ended 3 April 2022 and for the comparative year cover the 52 weeks ended 28 March 2021.

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.

## Notes to the Financial Statements for the year ended 3 April 2022

**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. 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 any impairment losses. Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of property, plant and equipment has been calculated to write off original cost by equal instalments over the estimated useful life of the asset concerned. Depreciation is charged 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% |

### 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.

### 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.

Evidence that the financial asset is credit-impaired include the following:

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the group on terms that the group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

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); and
- 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 Group 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 Group 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 Group 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 Group. 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 Group under residual value guarantees;
• The exercise price of a purchase option if the Group 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 Group, 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 Group 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group 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 Group.

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 at the point in which the dividends are approved by the Company's directors.

**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 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 spread 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% (2021: 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 £6.3 million lower or £5.7 million higher (2021: £6.5 million lower or £5.8 million higher); however, as the Group's policy is to hedge 100% (2021: 100%) of the USD denominated exposure, the risk would be reduced to £nil (2021: £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 £12.4 million lower or £11.2 million higher (2021: £7.1 million lower or £6.5 million higher); as the Group's policy is to hedge 0% (2021: 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.

#### 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 | +/- 1.3 |
| Deflation hedging | +/- 0.1 |
| Emerging markets | +/- 0.4 |
| Inflation sensitive | +/- 0.2 |
| Hedge funds | +/- 0.3 |
| Private equity | +/- 4.6 |

#### 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 (2021: £0.8 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.

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 (2021: 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:

| | 2022 £m | 2021 £m |
|---|---|---|
| Digital reader revenue | 76.1 | 68.7 |
| Print reader revenue | 71.5 | 70.8 |
| Advertising | 73.7 | 61.3 |
| Other revenue | 34.5 | 24.7 |
| | 255.8 | 225.5 |

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:

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| United Kingdom | 175.9 | 156.2 |
| USA & Canada | 38.5 | 35.3 |
| Australia & New Zealand | 22.3 | 16.7 |
| Europe (excl. UK) | 15.6 | 14.3 |
| Rest of the world | 3.5 | 3.0 |
| | 255.8 | 225.5 |

**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-GAAP key performance indicators, being adjusted operating profit/(loss) and adjusted net operating cash flow.

| | Note | 2022 Before exceptional items £m | 2022 Exceptional items £m | 2022 Total £m | 2021 Before exceptional items £m | 2021 Exceptional items £m | 2021 Total £m |
|---|---|---|---|---|---|---|---|
| **Revenue** | 5 | 255.8 | - | 255.8 | 225.5 | - | 225.5 |
| Raw materials and consumables used | 7 | (13.0) | - | (13.0) | (10.3) | - | (10.3) |
| Staff costs | 12 | (131.0) | - | (131.0) | (121.0) | (9.6) | (130.6) |
| Other expenses | | (91.1) | - | (91.1) | (81.8) | (1.5) | (83.3) |
| Depreciation on right-of-use assets | 16 | (6.0) | - | (6.0) | (6.1) | - | (6.1) |
| Interest expense on leases | 8 | (3.0) | - | (3.0) | (3.2) | - | (3.2) |
| **Adjusted operating profit/(loss)** | | 11.7 | - | 11.7 | 3.1 | (11.1) | (8.0) |

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 | 2022 Before exceptional items £m | 2022 Exceptional items £m | 2022 Total £m | 2021 Before exceptional items £m | 2021 Exceptional items £m | 2021 Total £m |
|---|---|---|---|---|---|---|---|
| Operating profit/(loss) | | 10.7 | - | 10.7 | 1.0 | (11.1) | (10.1) |
| Less: Depreciation expense | 7 | 2.2 | - | 2.2 | 2.0 | - | 2.0 |
| Less: Amortisation expense | 7 | 1.8 | - | 1.8 | 3.3 | - | 3.3 |
| Add: Interest expense on leases | 8 | (3.0) | - | (3.0) | (3.2) | - | (3.2) |
| **Adjusted operating profit/(loss)** | | 11.7 | - | 11.7 | 3.1 | (11.1) | (8.0) |

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 | 2022 £m | 2021 £m |
|---|---|---|---|
| **Cash flow** | | | |
| Net increase in cash and cash equivalents | | 0.3 | 12.2 |
| **Adjusted for:** | | | |
| Increase in receivables due from related parties | 27 | 6.4 | 2.1 |
| Purchase of investments held at FVTPL | | 133.3 | 164.4 |
| Sale of investments held at FVTPL | | (133.3) | (194.3) |
| **Adjusted net operating cash flow** | | 6.7 | (15.6) |

## 7 Operating costs

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Raw materials and consumables used | 13.0 | 10.3 |
| Depreciation expense | 2.2 | 2.0 |
| Amortisation expense | 1.8 | 3.3 |
| Depreciation on right-of-use assets | 6.0 | 6.1 |

## 8 Finance income and costs

| | 2022 £m | 2021 £m |
|---|---|---|
| **Finance income** | | |
| Interest income on investments held at fair value through profit or loss | 2.0 | 2.3 |
| Interest income on bank deposits | - | 0.1 |
| Total finance income | 2.0 | 2.4 |
| **Finance costs** | | |
| Foreign exchange losses | (0.5) | (0.8) |
| Interest expense on leases | (3.0) | (3.2) |
| Total finance costs | (3.5) | (4.0) |
| Net finance costs | (1.5) | (1.6) |

## 9 Other gains and losses

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Dividend income | 0.4 | - |
| Net gain on investments held at fair value through profit or loss | 137.5 | 197.6 |
| (Loss)/gain from forward contracts to hedge foreign currency investments | (4.4) | 12.4 |
| | 133.5 | 210.0 |

## 10 Exceptional items

| | 2022 £m | 2021 £m |
|---|---|---|
| **Operating costs (excluding depreciation and amortisation)** | | |
| Operating costs | - | (11.1) |

There were no exceptional items during the year. In the prior 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 were considered exceptional as they are not linked to the performance of the Group.

## 11 Auditors' remuneration

| | 2022 £m | 2021 £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 | 0.2 |
| | 0.3 | 0.3 |

### 12. Employees and directors

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Wages and salaries | 107.9 | 101.2 |
| Social security costs | 11.1 | 10.8 |
| Other pension costs | 9.2 | 8.3 |
| Redundancy costs | 2.8 | 10.3 |
| | 131.0 | 130.6 |

In the prior financial year, the Group claimed £1.6m 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 prior year income statement as the initial receipt had been reversed in the same period, the amount repayable is reflected in prior year 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:

| | 2022 No. | 2021 No. |
|---|---|---|
| Editorial and production | 924 | 902 |
| Sales, distribution and support | 565 | 595 |
| | 1,489 | 1,497 |

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Salaries and short-term employee benefits | 5.8 | 4.2 |
| Post-employment benefits | 0.2 | 0.2 |
| Termination payments | - | 0.3 |
| | 6.0 | 4.7 |

**Directors' remuneration**

| | | Base salary £000 | Benefits £000 | Pension contributions & allowances £000 | Total 2022 £000 | Total 2021 £000 |
|---|---|---|---|---|---|---|
| Charles Gurassa (*from 17 March 2022) | 1 | 6 | - | - | 6 | - |
| Neil Berkett (*to 17 March 2022) | 2 | 116 | - | - | 116 | 96 |
| Katharine Viner | 3 | 392 | 2 | 39 | 433 | 349 |
| Keith Underwood (*from 6 July 2020) | 4 | 496 | 1 | 42 | 539 | 309 |
| Annette Thomas (*to 1 July 2021) | 5 | 881 | - | 89 | 970 | 616 |
| **Independent directors** | | | | | | |
| Emily Bell (*from 10 November 2021) | 6 | 12 | - | - | 12 | - |
| Jennifer Duvalier | 7 | 39 | - | - | 39 | 31 |
| Anders Jensen | | 34 | - | - | 34 | 27 |
| Yasmin Jetha | | 34 | - | - | 34 | 27 |
| Nigel Morris | | 34 | - | - | 34 | 27 |
| Baroness Gail Rebuck | 8 | 44 | - | - | 44 | 35 |
| Rene Rechtman | | 34 | - | - | 34 | 27 |
| Mary Ann Sieghart (*from 10 November 2021) | 9 | 12 | - | - | 12 | - |
| Coram Williams | 10 | 39 | - | - | 39 | 31 |
| Total | | 2,173 | 3 | 170 | 2,346 | 1,575 |

* 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 which will be £0 where the Lifetime Allowance has been reached or £4,000 where contributions are made, reduced from £10,000 from April 2020. 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. Where applicable, and noted below, allowances include the value of accrued holiday paid to Executives when leaving the Guardian.

In the prior year, 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. Three directors received an increase in remuneration as noted per items 3, 4 and 5 below. There were no other increases in remuneration for any directors in the year.

1 - Charles Gurassa joined as Chairman on 17 March 2022. His annualised remuneration is £140,000.

2 - Neil Berkett stepped down as Chairman on 17 March 2022. His annualised remuneration was £120,000.

## Guardian Media Group plc

## Notes to the Financial Statements for the year ended 3 April 2022

*3* - Katharine Viner's base salary for the year was independently reviewed by the Scott Trust and was increased on 1 January 2022 to £495,000. Her salary prior to this 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 for the year was 10% of base salary. Katharine received a one-off payment of £500 during the year as part of a business-wide scheme. Katharine's base salary was increased by 3% to £509,850 effective from 1 April 2022. This increase will be reflected in her total pay for 2022/23 in next year's Directors' Remuneration Report.

*4* - Keith Underwood's base salary for his role as CFOO was increased to £430,500, an increase of 2.5%, effective 1 April 2021. This increase was agreed as part of the 2021 annual salary review and was applied in November 2021 and backdated to 1 April 2021. With effect from 1 July 2021 Keith was appointed as interim CEO and has received an 'acting up' allowance of 20%, which equates to £86,100 per annum in recognition of his additional responsibilities. During 2020/21 his salary was voluntarily reduced by 20% for the period 22 June 2020 to 31 December 2020. Keith's company pension contribution rate increased from 8% to 9% of base salary during the year in line with an agreed age related increase under the scheme. Keith received a one-off payment of £500 during the year as part of a business-wide scheme. Keith's base salary was increased by 3% to £443,415 effective from 1 April 2022. This increase will be reflected in his total pay for 2022/23 in next year's Directors' Remuneration Report.

*5* - Annette Thomas left the Company on 30 June 2021. Annette's base salary for the year was £630,000 and her company pension contribution rate was 11% of salary. In line with contractual commitments Annette received a one-off payment, inclusive of a 4% uplift to her basic salary applied for the 2021/22 financial year, in respect of salary, pension and health insurance premium for her 12 month notice period totalling £795,396. She did not receive any other payments in relation to leaving the Guardian.

*6* - Emily Bell joined as an Independent Director on 10 November 2021. Her annualised remuneration is £34,000.

*7* - Jennifer Duvalier's remuneration included a fee for chairing the Remuneration Committee.

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

*9* - Mary Ann Sieghart joined as an Independent Director on 10 November 2021. Her annualised remuneration is £34,000.

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

### 13 Income tax

**Tax charged in the income statement**

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| **Current taxation** | | |
| **Current taxation** | | |
| UK corporation tax | 0.3 | - |
| Foreign taxes | 0.3 | 0.4 |
| Total current income tax | 0.6 | 0.4 |
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | 15.2 | 16.4 |
| Arising from changes in tax rates and laws | 5.9 | - |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | 0.7 | - |
| Total deferred taxation | 21.8 | 16.4 |
| Tax expense in the income statement | 22.4 | 16.8 |

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

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| Deferred tax charge/(credit) on actuarial loss | 0.6 | (1.2) |
| | 0.6 | (1.2) |

**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 (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| Profit before tax | 142.7 | 198.2 |
| Tax on profit calculated at standard rate of 19% (2021: 19%) | 27.1 | 37.7 |
| **Adjustments relating to current tax:** | | |
| (Income not taxable)/expenses not deductible | 0.4 | (1.1) |
| Foreign taxes payable | 0.3 | 0.4 |
| Impact of overseas tax rate differences | 0.2 | 0.2 |
| Utilised tax losses in the year | (1.2) | (1.9) |
| Losses not utilised in the year | - | 0.9 |
| Capital allowances in excess of depreciation | (3.5) | - |
| Adjustment to tax charge on investments held at FVTPL | (22.7) | (35.8) |
| **Current tax charge for the year** | 0.6 | 0.4 |

| | 2022 £m | 2021 £m |
|---|---|---|
| **Adjustments relating to deferred taxation:** | | |
| Adjustment to tax charge on investments held at FVTPL | 27.0 | 36.9 |
| Short term timing differences on accounting provisions | 0.1 | - |
| Recognition of deferred tax asset | (17.1) | (20.6) |
| Remeasurement of deferred tax for changes in tax rate | 11.1 | - |
| Adjustments in respect of prior years | 0.7 | 0.1 |
| **Deferred tax charge for the year** | 21.8 | 16.4 |
| **Total tax charge** | 22.4 | 16.8 |

**Tax on exceptional items**
In the prior year 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.

**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.

**Capital allowances in excess of depreciation**
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.

**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 asset**
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 future gains and a deferred tax asset in relation to carried forward losses and capital allowances.

**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. The Group has therefore remeasured its UK deferred tax assets and liabilities at this higher rate of tax where these are expected to be realised or settled on or after 1 April 2023.

**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 29 March 2021 £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 | Temporary differences arising in the year recognised in the consolidated statement of comprehensive income £m | Balance as at 3 April 2022 £m |
|---|---|---|---|---|---|
| Accelerated capital allowances on fixed assets | 17.6 | - | 1.5 | - | **19.1** |
| Short term and other timing differences | 1.0 | (0.1) | 2.8 | (0.6) | **3.1** |
| Investments held at FVTPL | (47.7) | 1.8 | (37.8) | - | **(83.7)** |
| Tax losses carried forward - UK | 11.4 | (2.4) | 0.2 | - | **9.2** |
| Tax losses carried forward - Overseas | 2.5 | - | 12.2 | - | **14.7** |
| **Total deferred tax liability** | (15.2) | (0.7) | (21.1) | (0.6) | (37.6) |

£14.7m is included within the balance sheet within non-current assets and £52.3m is included within non-current liabilities.

| | 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 | Recognition of deferred tax asset in the income statement £m | Temporary differences arising in the year recognised in the consolidated statement of comprehensive 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 liability** | - | (0.1) | (36.9) | 20.6 | 1.2 | (15.2) |

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 losses carried forward on which it is not recognising a deferred tax asset on of £97.8m (2021: losses of £178m including £64m of overseas losses, plus £9m in relating to timing differences on which deferred tax has not been recognised).

## 14 Property, plant and equipment

| | Furniture, fittings and equipment £m | Plant and machinery £m | Total £m |
|---|---|---|---|
| **Cost or valuation** | | | |
| 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 |
| At 29 March 2021 | 26.3 | 13.6 | 39.9 |
| Additions | 0.5 | 3.2 | 3.7 |
| Disposals | (0.2) | (4.2) | (4.4) |
| At 3 April 2022 | 26.6 | 12.6 | 39.2 |
| **Depreciation** | | | |
| At 30 March 2020 | 26.0 | 14.3 | 40.3 |
| Charge for 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 |
| At 29 March 2021 | 25.4 | 11.8 | 37.2 |
| Charge for the period | 0.5 | 1.7 | 2.2 |
| Eliminated on disposal | (0.2) | (4.2) | (4.4) |
| At 3 April 2022 | 25.7 | 9.3 | 35.0 |
| **Carrying amount** | | | |
| At 3 April 2022 | 0.9 | 3.3 | 4.2 |
| At 28 March 2021 | 0.9 | 1.8 | 2.7 |
| At 30 March 2020 | 1.4 | 2.0 | 3.4 |

### 15 Intangible assets

| | Internally generated digital assets (software) £ m |
|---|---|
| **Cost** | |
| At 30 March 2020 | 22.9 |
| Disposals | (5.7) |
| At 28 March 2021 | 17.2 |
| At 29 March 2021 | 17.2 |
| Additions | 2.3 |
| Disposals | (1.4) |
| At 3 April 2022 | 18.1 |
| **Amortisation** | |
| At 30 March 2020 | 17.4 |
| Amortisation charge | 3.3 |
| Amortisation eliminated on disposals | (5.7) |
| At 28 March 2021 | 15.0 |
| At 29 March 2021 | 15.0 |
| Amortisation charge | 1.8 |
| Amortisation eliminated on disposals | (1.4) |
| At 3 April 2022 | 15.4 |
| **Carrying amount** | |
| At 3 April 2022 | 2.7 |
| At 28 March 2021 | 2.2 |
| At 30 March 2020 | 5.5 |

## 16 Right of use assets

| | Property £m |
|---|---|
| **Cost or valuation** | |
| At 30 March 2020 | 73.5 |
| Additions | 0.1 |
| Disposals | (0.2) |
| At 28 March 2021 | 73.4 |
| At 29 March 2021 | 73.4 |
| Additions | 0.1 |
| Disposals | (0.1) |
| At 3 April 2022 | 73.4 |
| **Depreciation** | |
| At 30 March 2020 | 4.7 |
| Charge for period | 6.1 |
| Eliminated on disposal | (0.2) |
| At 28 March 2021 | 10.6 |
| At 29 March 2021 | 10.6 |
| Charge for the period | 6.0 |
| At 3 April 2022 | 16.6 |
| **Carrying amount** | |
| At 3 April 2022 | 56.8 |
| At 28 March 2021 | 62.8 |

## 17 Investments in joint ventures

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

**Reconciliation of carrying value**

| | 2022 £m | 2021 £m |
|---|---|---|
| At 29 March 2021 | - | 0.1 |
| Share of loss for the period | - | (0.1) |
| **At 3 April 2022** | - | - |

### 18 Other financial assets

| | 2022 £m | 2021 £m |
|---|---|---|
| **Non current - other financial assets** | | |
| Investments held at fair value through profit or loss | 1,156.1 | 1,015.7 |
| Unlisted shares | 0.2 | 0.2 |
| | 1,156.3 | 1,015.9 |

| | 2022 £m | 2021 £m |
|---|---|---|
| **Current - other financial assets** | | |
| Investments held at fair value through profit or loss | 75.9 | 77.2 |
| Other financial assets | - | 1.9 |
| | 75.9 | 79.1 |

| | 2022 £m | 2021 £m |
|---|---|---|
| Global investment funds | 1,067.0 | 929.8 |
| Non-current short term funds held for reinvestment | 89.1 | 85.9 |
| | 1,156.1 | 1,015.7 |
| Derivative financial instruments | (2.1) | 1.9 |
| Long term investment fund | 1,154.0 | 1,017.6 |
| Corporate and government bonds | 75.7 | 61.9 |
| Current short term funds held for reinvestment | 0.2 | 15.3 |
| Medium term fund | 75.9 | 77.2 |

The Group has committed to future investments of £143.0 million (2021: £133.6 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 29.

| As at 3 April 2022 | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|---|---|---|---|---|
| Financial assets - FVTPL | 582.6 | 74.6 | 574.8 | 1,232.0 |
| Derivative financial instruments | - | (2.1) | - | (2.1) |
| | 582.6 | 72.5 | 574.8 | 1,229.9 |

| | Level 1<br>£ m | Level 2<br>£ m | Level 3<br>£ m | Total<br>£ 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 |

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<br>£ m |
|---|---|
| At 29 March 2021 | 455.6 |
| Additions into Level 3 | 68.3 |
| Disposals | (68.0) |
| Fair value gains recognised in income statement | 118.9 |
| **At 3 April 2022** | 574.8 |

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 £21.8 million lower or £19.7 million higher.

The gains or losses on the investments would have been £10.0 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:

| | 2022<br>£ m | 2021<br>£ m |
|---|---|---|
| Sterling | 773.2 | 738.8 |
| US Dollar | 414.1 | 316.5 |
| Euros | 44.7 | 37.6 |
| | 1,232.0 | 1,092.9 |

## 19 Inventories

| | 2022 £m | 2021 £m |
|---|---|---|
| Raw materials and consumables | 0.8 | 0.4 |

The Group consumed £12.8 million (2021: £10.3 million) of inventories during the year.

## 20 Trade and other receivables

| | 2022 £m | 2021 £m |
|---|---|---|
| Trade receivables | 19.1 | 20.2 |
| Loss allowance | (0.3) | (0.4) |
| Net trade receivables | 18.8 | 19.8 |
| Receivables from related parties | 33.8 | 27.4 |
| Accrued income | 8.6 | 8.0 |
| Prepayments | 6.5 | 4.7 |
| Other receivables | 2.2 | 2.0 |
| Total current trade and other receivables | 69.9 | 61.9 |

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Cash at bank | 8.0 | 9.9 |
| Short-term deposits | 46.1 | 43.8 |
| | 54.1 | 53.7 |

## 22 Trade and other payables

| | 2022 £m | 2021 £m |
|---|---|---|
| Trade payables | 6.8 | 1.9 |
| Accrued expenses | 14.2 | 14.1 |
| Deferred income | 22.3 | 18.7 |
| Social security and other taxes | 0.2 | 1.3 |
| Other payables | 0.6 | 0.5 |
| | 44.1 | 36.5 |

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 29 March 2021 | 6.4 | 4.2 | 5.1 | 15.7 |
| Additional provisions | 0.1 | - | 1.3 | 1.4 |
| Provisions used | (0.4) | (4.1) | (0.8) | (5.3) |
| Unused provision reversed | - | - | (0.4) | (0.4) |
| At 3 April 2022 | 6.1 | 0.1 | 5.2 | 11.4 |
| Non-current liabilities | 5.0 | - | - | 5.0 |
| Current liabilities | 1.1 | 0.1 | 5.2 | 6.4 |

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

The restructuring provisions primarily relate to severances, during the prior year the Group commenced a strategic restructure of its cost base.

Other provisions primarily represent annual leave obligations.

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

### 24 Leases

Breakdown of leases:

| | 2022 £m | 2021 £m |
|---|---|---|
| Current portion of long term lease liabilities | 8.3 | 8.2 |
| Long term lease liabilities | 55.6 | 60.8 |
| | 63.9 | 69.0 |

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Less than one year | 8.2 | 8.2 |
| 2 years | 8.2 | 8.2 |
| 3 years | 8.0 | 8.2 |
| 4 years | 7.6 | 8.0 |
| 5 years | 7.6 | 7.5 |
| 6 years | 6.9 | 7.5 |
| 7 years | 6.9 | 6.9 |
| 8 years | 7.0 | 6.9 |
| 9 years | 7.0 | 7.0 |
| 10 years | 7.0 | 7.0 |
| Between 10 to 15 years | 5.2 | 12.2 |
| Total lease liabilities (undiscounted) | 79.6 | 87.6 |

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

| | 2022 £m | 2021 £m |
|---|---|---|
| **Payment** | | |
| Right of use assets | 8.1 | 10.0 |

**25 Share capital**

**Allotted, called up and fully paid shares**

| | 2022 No. m | 2022 £m | 2021 No. m | 2021 £m |
|---|---|---|---|---|
| Ordinary Shares of £1 each | 0.9 | 0.9 | 0.9 | 0.9 |

**26 Dividends paid**

| | 2022 £m | 2021 £m |
|---|---|---|
| Dividend of £0.444 (2021: £0.333) per ordinary share | 0.4 | 0.3 |

On 17 March 2022 the Board declared a dividend of 44.4p (2021: 33.3p) per share on the ordinary share capital amounting to £400,000 (2021: £300,000) which was paid to The Scott Trust Limited on 17 March 2022.

### 27 Cash flows from operating activities

| | Note | 2022 £m | 2021 £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | | 142.7 | 198.2 |
| Adjustments for: | | | |
| Depreciation | 14, 16 | 8.2 | 8.1 |
| Amortisation of other intangible assets | 15 | 1.8 | 3.3 |
| Finance costs | 8 | 3.5 | 4.0 |
| Finance income | 8 | (2.0) | (2.4) |
| Other gains and losses | 9 | (133.5) | (210.0) |
| Pensions | 29 | 0.1 | (0.1) |
| Share of loss of joint ventures after taxation | 17 | - | 0.1 |
| (Decrease)/increase in provisions | 23 | (4.3) | 5.2 |
| | | 16.5 | 6.4 |
| Working capital adjustments | | | |
| Increase in inventories | | (0.4) | - |
| Increase in receivables due from related parties | | (6.4) | (2.1) |
| Increase in trade and other receivables | | (1.6) | (0.9) |
| Increase/(decrease) in trade and other payables | | 6.9 | (9.2) |
| Cash from/(used in) operations | | 15.0 | (5.8) |

### 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

| | 2022 £m | 2021 £m |
|---|---|---|
| Pension costs, defined contribution scheme | 9.2 | 8.3 |

**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, 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 Scheme was performed as at 1 April 2019 which resulted in the 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 which was paid to the Scheme before 31 March 2020. This contribution cleared 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 (2021: £nil) were paid to the Scheme.

The valuation for the Scheme has been updated to 3 April 2022 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:

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| Fair value of scheme assets | 41.1 | 44.8 |
| Present value of scheme liabilities | (42.8) | (49.6) |
| Defined benefit pension scheme deficit | (1.7) | (4.8) |

**Scheme assets**

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Fair value at start of period | 44.8 | 48.2 |
| Interest income | 0.8 | 1.1 |
| Return on plan assets, excluding amounts included in interest income/(expense) | (3.1) | (1.0) |
| Benefits paid | (1.4) | (3.5) |
| Fair value at end of period | 41.1 | 44.8 |

**Analysis of assets**

The major categories of scheme assets are as follows:

| | 2022 £m | 2021 £m |
|---|---|---|
| Cash and cash equivalents | 0.2 | 0.3 |
| Equity instruments | 14.8 | 10.0 |
| Debt instruments | - | 12.9 |
| Insurance annuity | 9.5 | 10.6 |
| Investment funds | 4.7 | 11.0 |
| Diversified credit | 11.9 | - |
| | 41.1 | 44.8 |

**Equity instruments**

Equity instruments can be further categorised as follows:

| | 2022 £m | 2021 £m |
|---|---|---|
| **Quoted** | | |
| Equity instruments | 14.8 | 10.0 |

**Debt instruments**

Debt instruments can be further categorised as follows:

| | 2022 £m | 2021 £m |
|---|---|---|
| **Quoted** | | |
| Corporate bonds | - | 12.9 |
| Diversified credit | 11.9 | - |
| | 11.9 | 12.9 |

### Investment funds

Investment funds can be further categorised as follows:

| | 2022 £m | 2021 £m |
|---|---|---|
| **Quoted** | | |
| LDI | 4.7 | 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:

| | 2022 £m | 2021 £m |
|---|---|---|
| Present value at start of period | 49.6 | 46.7 |
| Actuarial gains arising from changes in demographic assumptions | (0.9) | (0.4) |
| Actuarial (gains)/losses arising from changes in financial assumptions | (5.4) | 5.8 |
| Interest cost | 0.9 | 1.1 |
| Benefits paid | (1.4) | (3.6) |
| Present value at end of period | 42.8 | 49.6 |

### 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:

| | 2022 % | 2021 % |
|---|---|---|
| Discount rate | 2.6 | 1.9 |
| RPI Inflation rate | 3.6 | 3.2 |

### Post retirement mortality assumptions

| | 2022 Years | 2021 Years |
|---|---|---|
| Current UK pensioners at retirement age - male | 20.8 | 21.2 |
| Current UK pensioners at retirement age - female | 23.3 | 23.6 |
| Future UK pensioners at retirement age - male | 22.0 | 22.5 |
| Future UK pensioners at retirement age - female | 24.8 | 25.0 |

### Amounts recognised in the income statement

| | 2022 £m | 2021 £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 | (0.9) | (1.1) |
| Interest income on plan assets | 0.8 | 1.1 |
| Recognised in other finance cost | (0.1) | - |
| Total recognised in the income statement | (0.1) | - |

### Amounts taken to the Statement of Comprehensive Income

| | 2022 £m | 2021 £m |
|---|---|---|
| Actuarial gains arising from changes in demographic assumptions | 0.9 | 0.4 |
| Actuarial gains/(losses) arising from changes in financial assumptions | 5.4 | (5.8) |
| Return on plan assets, excluding amounts included in interest income/(expense) | (3.1) | (1.0) |
| Amounts recognised in the Statement of Comprehensive Income | 3.2 | (6.4) |

### Sensitivity analysis

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Discount rate +0.25% | (1.9) | (2.4) |
| Inflation +0.25% | 0.3 | 0.5 |
| Increase of 1 year in life expectancy | 2.0 | 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 subsidiaries 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 are:

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| Purchases | - | 1.1 |
| Sales | 1.6 | 2.2 |

At year-end, balances outstanding in relation to these related parties amounted to £0.7m (2021: £1.2m).

The total transaction for the year with The Scott Trust Limited is £7.6m (2021: £2.1m). At year end, the balance receivable from The Scott Trust Limited is £33.8m (2021: £27.4m).

The Group paid £109,000 (2021: £102,000) to one director (2021: one director) of The Scott Trust Limited for services rendered to Guardian News & Media Limited in the normal course of business at arm's length.

The Group paid £20,000 (2021: £21,000) to the partner of one director (2021: one) for services rendered to Guardian News & Media Limited in the normal course of business at arm's length.

The Group paid £540,000 (2021: £527,000) 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 3 April 2022 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 2022 | 2021 |
|---|---|---|---|---|
| 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 3 April 2022 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 | |
|---|---|---|---|---|
| | | | 2022 | 2021 |
| 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 New City Court, 20 St. Thomas Street, London, SE1 9RS.

# Guardian Media Group plc

## (Registration number: 00094531)
## Statement of Financial Position as at 3 April 2022

| | Note | 2022 £m | 2021 £m |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments | 6 | 18.9 | 18.9 |
| Investments held at fair value through profit or loss | 9 | 1,133.5 | 1,004.2 |
| | | 1,152.4 | 1,023.1 |
| **Current assets** | | | |
| Trade receivables | 7 | 38.4 | 28.5 |
| Cash at bank and in hand | 8 | 39.1 | 37.3 |
| Income tax asset | | - | 0.6 |
| Investments held at fair value through profit or loss | 9 | 75.9 | 77.2 |
| Other financial assets | 9 | - | 1.9 |
| | | 153.4 | 145.5 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | (17.9) | (1.3) |
| Income tax liability | 5 | 1.3 | - |
| Other current financial liabilities | 11 | (2.1) | - |
| Creditors: Amounts falling due within one year | | (18.7) | (1.3) |
| Net current assets | | 134.7 | 144.2 |
| Total assets less current liabilities | | 1,287.1 | 1,167.3 |
| Deferred tax liabilities | 5 | (73.4) | (36.4) |
| Net assets excluding pension asset/(liability) | | 1,213.7 | 1,130.9 |
| Net pension liability | 13 | (1.7) | (4.8) |
| Net assets | | 1,212.0 | 1,126.1 |
| **Equity** | | | |
| Called up share capital | 12 | 0.9 | 0.9 |
| Other reserves | | 0.1 | 0.1 |
| Retained earnings | | 1,211.0 | 1,125.1 |
| Shareholders' funds | | 1,212.0 | 1,126.1 |

The profit for the year is £83.7 million (2021: £517.1 million).

Keith Underwood
Director

The notes on pages 65 to 74 form an integral part of these financial statements.

## Statement of Changes in Equity for the year ended 3 April 2022

| | Share capital £ m | Other reserves £ m | Retained earnings £ m | Total £ m |
|---|---|---|---|---|
| At 29 March 2021 | 0.9 | 0.1 | 1,125.1 | 1,126.1 |
| Profit for the period | - | - | 83.7 | 83.7 |
| Other comprehensive income | - | - | 2.6 | 2.6 |
| Total comprehensive expense | - | - | 86.3 | 86.3 |
| Dividends | - | - | (0.4) | (0.4) |
| At 3 April 2022 | 0.9 | 0.1 | 1,211.0 | 1,212.0 |

| | 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 |

The notes on pages 65 to 74 form an integral part of these financial statements.

# Guardian Media Group plc

## Notes to the Financial Statements for the year ended 3 April 2022

### 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 £83.7 million (2021: £517.1 million). The profit in the year includes a non-taxable UK dividend of £nil (2021: £796.0 million)) 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 53 weeks ended 3 April 2022 and for the comparative period cover the 52 weeks ended 28 March 2021.

**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 118 (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:

| | 2022 £m | 2021 £m |
|---|---|---|
| Wages and salaries | 0.7 | 0.7 |
| Social security costs | 0.1 | 0.1 |
| Pension costs, defined benefit scheme | 0.1 | - |
| | 0.9 | 0.8 |

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

| | 2022 No. | 2021 No. |
|---|---|---|
| Administration and support | 12 | 11 |
| | 12 | 11 |

## 3 Directors' remuneration

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

## 4 Auditors' remuneration

| | 2022 £m | 2021 £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 £nil (2021: £1.4m).

**Deferred tax**
Deferred tax assets and liabilities

Deferred tax movement during the period:

| | At 29 March 2021 £m | Recognised in income statement £m | Recognised in other comprehensive income £m | At 3 April 2022 £m |
|---|---|---|---|---|
| Pension benefit obligations | 0.9 | - | (0.5) | 0.4 |
| Financial assets at fair value through profit or loss | (47.6) | (34.3) | - | (81.9) |
| Tax losses carry-forwards | 10.3 | (2.2) | - | 8.1 |
| Net tax assets/(liabilities) | (36.4) | (36.5) | (0.5) | (73.4) |

Deferred tax movement during the prior period:

| | At 30 March 2020 £m | Recognised in income statement £m | Recognised in other comprehensive 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) |
| Tax losses carry-forwards | 5.4 | 4.9 | - | 10.3 |
| Net tax assets/(liabilities) | (5.7) | (31.9) | 1.2 | (36.4) |

## 6 Investments

| Subsidiaries | £m |
|---|---|
| **Cost or valuation** | |
| At 30 March 2020 | 1,163.2 |
| Additions | 20.0 |
| At 28 March 2021 | 1,183.2 |
| At 29 March 2021 | 1,183.2 |
| At 3 April 2022 | 1,183.2 |
| **Provision** | |
| At 30 March 2020 | 732.9 |
| Charge | 431.4 |
| At 28 March 2021 | 1,164.3 |
| At 29 March 2021 | 752.9 |
| Charge | 411.4 |
| At 3 April 2022 | 1,164.3 |
| **Carrying amount** | |
| At 3 April 2022 | 18.9 |
| At 28 March 2021 | 18.9 |
| At 30 March 2020 | 430.3 |

## 7 Trade and other receivables

| | 2022 £m | 2021 £m |
|---|---|---|
| Receivables from related parties | 38.1 | 28.5 |
| Prepayments | 0.3 | - |
| Total current trade and other receivables | 38.4 | 28.5 |

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Cash at bank | 0.3 | 0.3 |
| Short-term deposits | 38.8 | 37.0 |
| | 39.1 | 37.3 |

### 9 Other financial assets

| | 2022 £m | 2021 £m |
|---|---|---|
| **Non-current financial assets** | | |
| Investments held at fair value through profit or loss | 1,133.5 | 1,004.2 |

| | 2022 £m | 2021 £m |
|---|---|---|
| **Current financial assets** | | |
| Investments held at fair value through profit or loss | 75.9 | 77.2 |
| Derivative financial instruments | - | 1.9 |
| | 75.9 | 79.1 |

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

| | 2022 £m | 2021 £m |
|---|---|---|
| Trade payables | 0.1 | - |
| Accrued expenses | 1.4 | 0.9 |
| Amounts due to related parties | 15.6 | (0.2) |
| Social security and other taxes | - | (0.1) |
| Other payables | 0.8 | 0.7 |
| | 17.9 | 1.3 |

### 11 Other financial liabilities

| | 2022 £m | 2021 £m |
|---|---|---|
| **Current financial liabilities** | | |
| Derivative financial instruments | 2.1 | - |

### 12 Share capital

**Allotted, called up and fully paid shares**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | 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 £5,670 (2021: £32,766).

**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 (2021 - £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 scheme was performed as at 1 April 2019 which resulted in the 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 which was 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:

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| Fair value of scheme assets | 41.1 | 44.8 |
| Present value of scheme liabilities | (42.8) | (49.6) |
| Defined benefit pension scheme deficit | (1.7) | (4.8) |

***Scheme assets***

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

| | 2022<br>£m | 2021<br>£m |
|---|---|---|
| Fair value at start of period | 44.8 | 48.2 |
| Interest income | 0.8 | 1.1 |
| Return on plan assets, excluding amounts included in interest income/(expense) | (3.1) | (1.0) |
| Benefits paid | (1.4) | (3.5) |
| Fair value at end of period | 41.1 | 44.8 |

*Analysis of assets*

The major categories of scheme assets are as follows:

| | 2022 £m | 2021 £m |
|---|---|---|
| Cash and cash equivalents | 0.2 | 0.3 |
| Equity instruments | 14.8 | 10.0 |
| Debt instruments | - | 12.9 |
| Investment funds | 4.7 | 11.0 |
| Diversified credit | 11.9 | - |
| Insurance annuity | 9.5 | 10.6 |
| | 41.1 | 44.8 |

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:

| | 2022 £m | 2021 £m |
|---|---|---|
| Present value at start of period | 49.6 | 46.7 |
| Actuarial gains arising from changes in demographic assumptions | (0.9) | (0.4) |
| Actuarial (gains) and losses arising from changes in financial assumptions | (5.4) | 5.7 |
| Interest cost | 0.9 | 1.1 |
| Benefits paid | (1.4) | (3.5) |
| Present value at end of period | 42.8 | 49.6 |

*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:

| | 2022 % | 2021 % |
|---|---|---|
| Discount rate | 2.6 | 1.9 |
| Future pension increases | 3.0 | 3.0 |
| Inflation | 3.6 | 3.2 |

*Post retirement mortality assumptions*

| | 2022 Years | 2021 Years |
|---|---|---|
| Current UK pensioners at retirement age - male | 20.8 | 21.2 |
| Current UK pensioners at retirement age - female | 23.3 | 23.6 |
| Future UK pensioners at retirement age - male | 22.0 | 22.5 |
| Future UK pensioners at retirement age - female | 24.8 | 25.0 |

*Amounts recognised in the income statement*

| | 2022 £ m | 2021 £ m |
|---|---|---|
| **Amounts recognised in operating profit** | | |
| Recognised in operating profit | - | - |
| **Amounts recognised in finance income or costs** | | |
| Net interest | 0.1 | - |
| Total recognised in the income statement | 0.1 | - |

*Amounts taken to the Statement of Comprehensive Income*

| | 2022 £ m | 2021 £ m |
|---|---|---|
| Actuarial gains arising from changes in demographic assumptions | 0.9 | 0.4 |
| Actuarial (losses) and gains arising from changes in financial assumptions | 5.4 | (5.7) |
| Return on plan assets, excluding amounts included in interest income/(expense) | (3.1) | (1.0) |
| Amounts recognised in the Statement of Comprehensive Income | 3.2 | (6.3) |

## 14 Dividends

| | 2022 £ m | 2021 £ m |
|---|---|---|
| Final dividend of £0.444 (2021 - £0.333) per each ordinary share | 0.4 | 0.3 |

On 17 March 2022 the Board declared a dividend of 44.4p (2021: 33.3p) per share on the ordinary share capital amounting to £400,000 (2021: £300,000)which was paid to The Scott Trust Limited on 17 March 2022.

### 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 (2021: £435,000) 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 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.