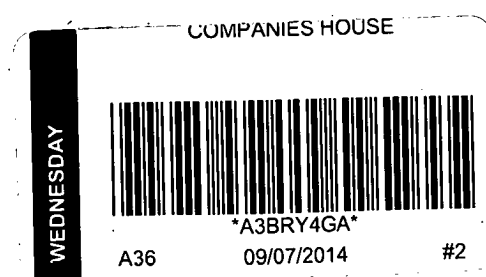


Company Registration Number 06706464

## **THE SCOTT TRUST LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS 2014**



# THE SCOTT TRUST LIMITED

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# THE SCOTT TRUST LIMITED

## List of directors and advisers

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

Dame Liz Forgan DBE

Emily Bell

Andrew Graham

Alexander Graham

Will Hutton

Maleiha Malik

Andrew Miller

Alan Rusbridger

Sir Anthony Salz

Jonathan Scott

Heather Stewart

### Company secretary

Philip Tranter

### Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

### Solicitors

Freshfields Bruckhaus Deringer LLP

65 Fleet Street

London

EC4Y 1HS

### Registered Office

PO Box 68164

Kings Place

90 York Way

London

N1P 2AP

### Bankers

The Royal Bank of Scotland Group

Division of Large Corporate Banking

280 Bishopsgate

London

EC2M 4RB

# THE SCOTT TRUST LIMITED

## Strategic report

The directors present their strategic report, the report of the directors and the audited consolidated financial statements for the Group, comprising The Scott Trust Limited (the "Company") and its subsidiaries, joint ventures and associate investments ("the Group"), for the year ended 30 March 2014.

In order to simplify these financial statements the Guardian Media Group plc annual report and financial statements 2014 have been included in Appendix 1. Cross references to the Guardian Media Group plc annual report and financial statements have been made where the information is the same. Also for simplicity the note numbers in both sets of financial statements are the same.

### Activities and business review

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

### Operating and financial performance

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

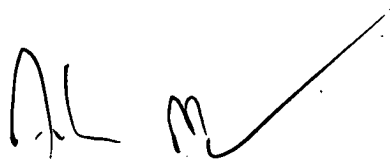
A review of the Group's performance and future prospects are contained in the strategic report in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Principal risks and uncertainties

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

### By Order of the Board

Andrew Miller  
Director  
2 July 2014

A handwritten signature in black ink, appearing to be 'ALM' followed by a long, sweeping horizontal line.

THE SCOTT TRUST LIMITED - REGISTERED IN ENGLAND AND WALES 06706464

# THE SCOTT TRUST LIMITED

## Report of the directors

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

### Employee involvement and employment of disabled persons

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

### Directors and directors' interests

The directors of the Group who were in office during the year and up to the date of signing the financial statements are shown on page 2.

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

### Corporate governance

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

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

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

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

### Going concern

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

## THE SCOTT TRUST LIMITED

### Report of the directors (continued)

In addition, note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. These reports are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

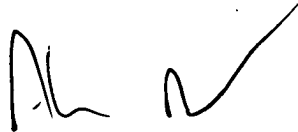
After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report of the directors and financial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

#### Events after the reporting year

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

#### By Order of the Board

Andrew Miller  
Director  
2 July 2014

A handwritten signature in black ink, appearing to be 'AM' followed by a stylized flourish.

THE SCOTT TRUST LIMITED - REGISTERED IN ENGLAND AND WALES 06706464

# THE SCOTT TRUST LIMITED

## Directors' remuneration report for the year ended 30 March 2014

### Remuneration policy for chair and independent directors

The level of fees for the chair and independent directors is reviewed biennially and approved by the chair of Guardian Media Group plc. The chair and independent directors are not eligible for pension fund membership and will not participate in any of the Group's variable compensation plans. There was no increase in any fees approved at the biennial review in 2013/14. The fees are next due for review in 2015/16. Directors who are also executive directors of Guardian Media Group plc do not receive a fee.

### Directors' contracts

Details of the service contracts of directors are as follows:

	Contract date	Contract unexpired term	Notice period	Contractual termination payments
Dame Liz Forgan DBE	1 October 2008	10 months	None	None
Heather Stewart	7 September 2011	4 years 5 months		
Andrew Graham	1 October 2008	1 year 1 month	None	None
Alexander Graham	1 December 2013	7 years 8 months	None	None
Will Hutton	1 October 2008	1 year 1 month	None	None
Maleiha Malik	1 October 2008	3 years 3 months	None	None
Andrew Miller <sup>1</sup>				
Alan Rusbridger <sup>1</sup>				
Emily Bell	1 December 2013	7 years 8 months	None	None
Sir Anthony Salz	9 March 2009	4 years 11 months	None	None
Jonathan Scott	1 October 2008	Not applicable	None	None

<sup>1</sup> Details of the contracts of Andrew Miller and Alan Rusbridger are set out in the directors' remuneration report on the GMG website: [www.gmgplc.co.uk](http://www.gmgplc.co.uk)

### Directors' emoluments

	Directors fees 2014 £000	Directors fees 2013 £000
Dame Liz Forgan DBE	53	53
Heather Stewart	5	5
Alexander Graham (from 1 December 2012)	11	4
Andrew Graham	11	11
Will Hutton	11	11
Maleiha Malik	11	11
Andrew Miller <sup>2</sup>	-	-
Geraldine Proudler (to 28 February 2013)	-	10
Alan Rusbridger <sup>2</sup>	-	-
Emily Bell (from 1 December 2013)	15	-
Sir Anthony Salz	11	11
Jonathan Scott	13	13
<b>Total</b>	<b>141</b>	<b>129</b>

<sup>2</sup> The emoluments of Andrew Miller and Alan Rusbridger are set out in note 4 of the annual report and financial statements of Guardian Media Group plc in Appendix 1. They are not paid a separate fee for their services as directors of The Scott Trust Limited.

# THE SCOTT TRUST LIMITED

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

### Report on the group financial statements

#### **Our opinion**

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 March 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

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

The group financial statements (the "financial statements"), which are prepared by Guardian Media Group plc, comprise:

- the consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the consolidated balance sheet at 30 March 2014;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

#### **What an audit of financial statements involves**

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

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

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

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

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

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

##### **Adequacy of information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

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



# THE SCOTT TRUST LIMITED

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

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### Other matter

We have reported separately on the parent company financial statements of The Scott Trust Limited for the year ended 30 March 2014.



**John Baker (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
2 July 2014

# THE SCOTT TRUST LIMITED

## Consolidated income statement For the year ended 30 March 2014

	Note	2014 Before exceptional items £m	2014 Exceptional items £m	2014 Total £m	Restated 2013 Before exceptional items £m	Restated 2013 Exceptional items £m	Restated 2013 Total £m
<b>Continuing operations</b>							
Revenue		210.2	-	210.2	196.8	-	196.8
Operating costs	3	(251.2)	(7.5)	(258.7)	(243.0)	(7.7)	(250.7)
<b>Operating loss</b>		<b>(41.0)</b>	<b>(7.5)</b>	<b>(48.5)</b>	<b>(46.2)</b>	<b>(7.7)</b>	<b>(53.9)</b>
Income from other financial assets	5	5.4	-	5.4	7.6	-	7.6
Finance costs	6	(2.2)	-	(2.2)	(2.1)	-	(2.1)
Finance income	6	60.8	-	60.8	54.2	-	54.2
Other financing income/(costs)	6	4.1	-	4.1	(1.9)	-	(1.9)
Share of post-tax loss of joint ventures	12	(45.9)	-	(45.9)	(18.5)	-	(18.5)
Share of post-tax profit of associates	12	-	-	-	-	-	-
<b>(Loss)/profit before taxation</b>		<b>(18.8)</b>	<b>(7.5)</b>	<b>(26.3)</b>	<b>(6.9)</b>	<b>(7.7)</b>	<b>(14.6)</b>
Income tax (charge)/credit	7	(3.1)	1.7	(1.4)	4.1	2.0	6.1
<b>(Loss)/profit for the year from continuing operations</b>		<b>(21.9)</b>	<b>(5.8)</b>	<b>(27.7)</b>	<b>(2.8)</b>	<b>(5.7)</b>	<b>(8.5)</b>
Profit for the year attributable to discontinued operations	22	39.9	524.3	564.2	43.5	(2.0)	41.5
<b>Profit attributable to equity shareholders</b>		<b>18.0</b>	<b>518.5</b>	<b>536.5</b>	<b>40.7</b>	<b>(7.7)</b>	<b>33.0</b>

The notes on pages 13 to 16 are an integral part of these financial statements.

# THE SCOTT TRUST LIMITED

## Consolidated statement of comprehensive income For the year ended 30 March 2014

	Note	2014 £m	Restated 2013 £m
<b>Profit attributable to equity shareholders</b>		<b>536.5</b>	<b>33.0</b>
Actuarial loss on post employment benefit obligations	27	1.0	(1.7)
Deferred taxation credit on actuarial loss	21	(0.2)	0.4
<b>Total items that will not be reclassified subsequently to the consolidated income statement</b>		<b>0.8</b>	<b>(1.3)</b>
Foreign exchange translation differences		(0.5)	(0.3)
Derecognition of changes in fair value on disposals of investments	8	(4.2)	(9.4)
Fair value gain - non-current other financial assets	8	1.0	17.8
Derecognition of fair value (loss)/gain - current other financial assets		(0.5)	0.2
Joint venture - share of movements on cash flow hedges and other items (continuing operations)	12	(0.3)	0.2
Joint venture - share of movements on cash flow hedges and other items (discontinued operations)	12	(0.9)	(0.2)
<b>Total items that may be subsequently reclassified to the consolidated income statement</b>		<b>(5.4)</b>	<b>8.3</b>
<b>Other comprehensive (expense)/income</b>		<b>(4.6)</b>	<b>7.0</b>
<b>Total comprehensive income for the year</b>		<b>531.9</b>	<b>40.0</b>
<b>Total comprehensive income for the year arises from:</b>			
- Continuing operations		(31.4)	(1.3)
- Discontinued operations	22	563.3	41.3
		<b>531.9</b>	<b>40.0</b>

The notes on pages 13 to 16 are an integral part of these financial statements.

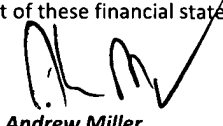
**THE SCOTT TRUST LIMITED**  
**Consolidated balance sheet**  
**As at 30 March 2014**

	Note	2014 £m	2013 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	9	-	14.1
Other intangible assets	10	1.5	5.1
Property, plant and equipment	11	20.4	24.0
Investments accounted for using the equity method - joint ventures	12	293.3	322.9
Investments accounted for using the equity method - associates	12	3.4	3.5
Deferred income tax assets	21	7.0	14.8
Retirement benefit assets	27	2.4	-
Other financial assets - available for sale	8	161.8	154.8
Other financial assets	12	2.2	0.2
		<b>492.0</b>	<b>539.4</b>
<b>Current assets</b>			
Inventories	13	1.2	2.1
Trade and other receivables	14	40.1	42.5
Derivative financial instruments	8	0.5	-
Cash and cash equivalents	15	680.9	98.9
		<b>722.7</b>	<b>143.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	16	6.4	6.1
Trade and other payables	17	52.5	46.4
Current tax liabilities	18	0.4	0.4
Derivative financial instruments	8	-	1.4
Provision for other liabilities and charges	20	3.9	4.9
		<b>63.2</b>	<b>59.2</b>
<b>Net current assets</b>		<b>659.5</b>	<b>84.3</b>
<b>Total assets less current liabilities</b>		<b>1,151.5</b>	<b>623.7</b>
<b>Non-current liabilities</b>			
Financial liabilities	16	48.4	49.1
Retirement benefit liabilities	27	-	0.5
Other non-current liabilities	19	13.4	14.5
Deferred income tax liabilities	21	-	0.4
Provision for other liabilities and charges	20	5.9	7.3
		<b>67.7</b>	<b>71.8</b>
<b>Net assets</b>		<b>1,083.8</b>	<b>551.9</b>
<b>Shareholders' equity</b>			
Share capital	23	0.2	0.2
Consolidation reserve		836.1	836.1
Reserves		247.5	(284.4)
<b>Total shareholders' equity</b>		<b>1,083.8</b>	<b>551.9</b>

These financial statements on pages 9 to 16 were authorised for issue by the Board of directors on 2 July 2014 and signed on its behalf by:

The notes on pages 13 to 16 form an integral part of these financial statements.

  
**Dame Liz Forgan DBE**  
Chair

  
**Andrew Miller**  
Director

THE SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464

# THE SCOTT TRUST LIMITED

## Consolidated statement of changes in equity For the year ended 30 March 2014

	Share capital (note 23)	Consolidation reserve	Retained earnings	Total equity
	£m	£m	£m	£m
At 1 April 2012	0.2	836.1	(324.4)	511.9
Profit for the year	-	-	33.0	33.0
Profit recognised directly in the consolidated statement of comprehensive income	-	-	7.0	7.0
At 31 March 2013	0.2	836.1	(284.4)	551.9
Profit for the year	-	-	536.5	536.5
Loss recognised directly in the consolidated statement of comprehensive income	-	-	(4.6)	(4.6)
At 30 March 2014	0.2	836.1	247.5	1,083.8

## Consolidated statement of cash flows For the year ended 30 March 2014

	Note	2014 £m	2013 £m
<b>Cash flow from operating activities</b>			
Cash used by operations	25	(40.4)	(47.1)
Income tax paid		(0.1)	(0.1)
<b>Net cash used in operating activities</b>		<b>(40.5)</b>	<b>(47.2)</b>
<b>Cash flow from investing activities</b>			
Purchase of other intangible assets	10	(1.4)	(2.3)
Repayment of terms deposits/loans		-	2.8
Proceeds from other non-current financial assets		-	1.3
Purchase of other non-current financial assets	8	(40.7)	(54.7)
Reclassification/net divestment from the investment fund to cash	8	-	30.6
Sale of other non-current financial assets	8	34.9	54.7
Proceeds from sale of property, plant and equipment	11	-	1.2
Purchase of property, plant and equipment	11	(1.6)	(1.5)
Proceeds from the sale of trade and assets		-	2.3
Interest received	6	0.6	0.6
Dividends received from unlisted investments		-	0.4
Purchase of unlisted investments		(2.0)	-
Repayment of loans and interest from joint venture	12	310.2	-
Proceeds from the sale of share in joint venture		306.6	-
Proceeds from the sale of subsidiaries	22	16.7	61.7
<b>Net cash generated in investing activities</b>		<b>623.3</b>	<b>97.1</b>
<b>Cash flow from financing activities</b>			
Finance lease principal payments		(6.1)	(6.0)
Drawdown of external borrowings	16	5.2	2.5
Interest paid	6	(1.6)	(1.9)
Exchange loss		1.7	(0.2)
<b>Net cash used in financing activities</b>		<b>(0.8)</b>	<b>(5.6)</b>
<b>Net increase in cash and cash equivalents</b>		<b>582.0</b>	<b>44.3</b>
Cash and cash equivalents at beginning of the year		98.9	54.6
<b>Cash and cash equivalents at end of the year</b>	15	<b>680.9</b>	<b>98.9</b>

The notes on pages 13 to 16 form an integral part of these financial statements.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### For the year ended 30 March 2014

#### 1. Accounting policies

The accounting policies of The Scott Trust Limited are the same as those adopted by Guardian Media Group plc and are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 1.

#### 2. Financial risk management

Details of financial risk management are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 2.

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

	2014	Restated 2013
	£m	£m
Raw materials and consumables	18.9	20.2
Staff costs (see note 4)	118.0	111.5
Depreciation of property, plant and equipment	4.7	6.1
Other expenses	117.1	112.9
	<b>258.7</b>	<b>250.7</b>

Included within staff costs are exceptional items totalling £7.5 million (2013 £7.7 million) which relate to the Guardian News and Media restructuring costs of £7.2 million (2013 £7.6 million) and Other Group activities restructuring costs of £0.3 million (2013 £0.1 million).

	2014	Restated 2013
	£m	£m
The following items have been included in arriving at operating loss:		
Amortisation of other intangible assets	1.5	9.4
Profit on sale of property, plant and equipment	-	(0.5)
Reversal of impairment of other financial assets	-	(1.3)
Other operating lease rentals payable:		
- Plant and machinery	0.1	0.1
- Property	6.3	5.0
Repairs and maintenance expenditure on property, plant and equipment	1.1	1.2
Trade receivables impairment	0.1	-

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

Details of services provided by the Group's auditors are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 3.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### **4. Employees and directors**

Details of employees and directors are set out in the directors' remuneration report on page 6 and in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 4.

### **5. Income from other financial assets**

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

### **6. Finance income and costs**

Details of finance income and costs are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 6.

### **7. Income tax**

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

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

Details of non-current other financial assets – available for sale are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 8.

### **9. Goodwill**

Details of goodwill are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 9.

### **10. Other intangible assets**

Details of other intangible assets are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 10.

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

Details of property, plant and equipment are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 11.

### **12. Investments**

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

### **13. Inventories**

Details of inventories are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 13.

### **14. Trade and other receivables**

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

### **15. Cash and cash equivalents**

Details of cash and cash equivalents are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 15.

### **16. Financial liabilities – borrowings**

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

### **17. Trade and other payables – current**

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

### **18. Current tax liabilities**

Details of current tax is set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 18.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### 19. Other non-current liabilities

Details of other non-current liabilities are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 19.

### 20. Provisions for other liabilities and charges

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

### 21. Deferred taxation

Details of deferred taxation are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 21.

### 22. Discontinued operations

On 17 December 2013, the Group disposed of its interests in the Property Services division, disposed of its 50.1% interest in its joint venture Trader Media Group Limited and also disposed of its interests in the Radio division on 24 June 2012. Analysis of the results of these discontinued operations and the loss on their disposal are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 22.

### 23. Share capital

	2014 £m	2013 £m
Authorised, issued, called up and fully paid:		
1,000 ordinary shares at £250 each	0.2	0.2

### 24. Dividends received

On 18 March 2014, the Guardian Media Group plc Board declared a dividend of 22.2p (2013 22.2p) per share on the ordinary share capital amounting to £200,000 (2013 £200,000) which was paid to The Scott Trust Limited on 18 March 2014.

### 25. Cash flow from operating activities

		2014 £m	2013 £m
	Note		
Loss before income tax (continuing operations)		(26.3)	(14.6)
Profit/(loss) before tax of discontinued operations (wholly owned)	22	0.6	(1.6)
Profit after tax of discontinued operations (joint venture)	22	19.1	10.6
Interest receivable before tax (from joint venture)	22	26.1	27.6
<b>Profit before income tax (continuing and discontinued operations)</b>		<b>19.5</b>	<b>22.0</b>
Adjustments for:			
Depreciation	11	4.8	6.4
Reversal of impairment of other financial assets	3	-	(1.3)
Profit on sale of trade and assets		-	(2.9)
Profit on disposal of property, plant and equipment		-	(0.5)
Amortisation of other intangible assets	10	1.8	12.8
Income from non-current financial assets	5	(5.4)	(7.6)
Finance costs	6	2.2	2.1
Finance income	6	(86.9)	(81.8)
Other financing (income)/costs	6	(4.1)	1.9
Pensions	27	(2.0)	(1.6)
Share of loss of joint ventures after taxation	12	26.8	7.9
Decrease in provisions		(2.4)	(5.1)
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):			
Decrease/(increase) in inventories		0.9	(0.6)
Decrease/(increase) in trade and other receivables		0.1	(3.3)
Increase in trade and other payables		4.3	4.5
<b>Cash used in operations</b>		<b>(40.4)</b>	<b>(25.1)</b>



## Notes relating to the financial statements (continued)

- 26. Events after the reporting year**  
Details of events after the reporting year are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 26.
- 27. Pension commitments**  
Details of pension commitments are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 27.
- 28. Operating leases and similar commitments**  
Details of operating lease and similar commitments are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 28.
- 29. Capital commitments authorised**  
Details of capital commitments authorised are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 29.
- 30. Related party transactions**  
Transactions between subsidiary members of The Scott Trust Limited are not required to be disclosed as these transactions are fully eliminated on consolidation.
- Details of related party transactions are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 30.
- 31. Ultimate controlling party**  
The Scott Trust Limited is the ultimate controlling party of Guardian Media Group plc.
- 32. Principal subsidiaries, joint ventures and associates**  
Principal subsidiaries, joint ventures and associates of the Guardian Media Group plc are set out in the annual report and financial statements of Guardian Media Group plc in note 32.

# THE SCOTT TRUST LIMITED

## Report of the directors

The directors present their report and audited financial statements for the Company for the year ended 30 March 2014.

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

### Activities and business review

The Company is the holding company for the Group. The profit for the year was £20,662 (2013 £56,100).

### Directors

This information is shown on page 2 of The Scott Trust Limited report of the directors and financial statements.

### Tax status

The Company is a close company for tax purposes.

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

The directors confirm that so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each director has 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.

This statement is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

### Going concern

The Group's statement on going concern is set out in the report of the directors in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 1.

### By Order of the Board



Andrew Miller  
Director  
2 July 2014

# THE SCOTT TRUST LIMITED

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

### Report on the parent Company financial statements

#### **Our Opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the parent Company's affairs as at 30 March 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

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

The parent Company financial statements (the "financial statements"), which are prepared by Guardian Media Group plc, comprise:

- the Company balance sheet as at 30 March 2014; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

#### **What an audit of financial statements involves**

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

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

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

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

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

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

##### **Adequacy of information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

## THE SCOTT TRUST LIMITED

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

#### **Directors' remuneration**

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

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

#### **Other matter**

We have reported separately on the group financial statements of The Scott Trust Limited for the year ended 30 March 2014.



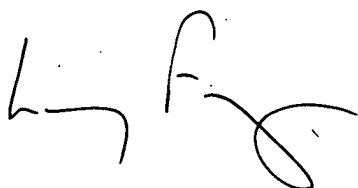
**John Baker (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
2 July 2014

# THE SCOTT TRUST LIMITED


## Company balance sheet As at 30 March 2014

	Note	2014 £m	2013 £m
<b>Fixed assets</b>			
Investment in subsidiary undertaking	4	0.2	0.2
<b>Current assets</b>			
Amounts owed by group undertaking		0.7	0.4
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to group undertaking		0.4	0.1
<b>Net current assets</b>		0.3	0.3
<b>Net assets</b>		0.5	0.5
<b>Capital and reserves</b>			
Share capital	6	0.2	0.2
Profit and loss reserve	7	0.3	0.3
<b>Total shareholders' funds</b>		0.5	0.5

The financial statements on pages 21 to 22 were approved by the Board of directors on 2 July 2014 and signed on its behalf by:



**Dame Liz Forgan DBE**  
Chair



**Andrew Miller**  
Director

THE SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### 1. Accounting policies

#### Accounting basis

The financial statements on pages 20 to 21 have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (UK GAAP). Set out below is a summary of the more important accounting policies, which have been applied consistently throughout the year.

#### Cash flow statement

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

#### Investments

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

#### Taxation

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

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

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

### 2. Directors' emoluments

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

### 3. Auditors' remuneration

The Company has incurred fees of £6,623 (2013 £6,429) during the year in respect of audit services.

### 4. Subsidiary undertaking

	£m
<b>Cost and net book value</b>	
At 30 March 2014 and 31 March 2013	<b>0.2</b>

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

### 5. Deferred taxation

The Company has an unprovided deferred tax asset of £155,757 (2013 £138,018) at the balance sheet date. No deferred tax is recognised on these trading losses as it is not regarded as more likely than not that there will be suitable taxable profits/gains against which they can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

### 6. Share capital

	2014 £m	2013 £m
Authorised, issued, called up and fully paid:		
1,000 ordinary shares of £250 each	<b>0.2</b>	<b>0.2</b>
	<b>0.2</b>	<b>0.2</b>

### 7. Profit and loss reserve

	2014 £m	2013 £m
At 31 March 2013	<b>0.3</b>	<b>0.2</b>
Profit for the year	-	<b>0.1</b>
<b>At 30 March 2014</b>	<b>0.3</b>	<b>0.3</b>

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

### 8. Related party transactions

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