

Registration number: 06706464

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# The Scott Trust Limited

Annual Report and Consolidated Financial Statements

for the year ended 2 April 2023

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# **The Scott Trust Limited**

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# **The Scott Trust Limited**

## **Company Information**

|                            |                                                                                                                                                                  |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Chair</b>               | Ole Jacob Sunde                                                                                                                                                  |
| <b>Directors</b>           | Tracy Corrigan<br>David Olusoga<br>Stuart Proffitt<br>Haroon Siddique<br>Matthew Ryder<br>Vivian Schiller<br>Margaret Simons<br>Katharine Viner<br>Russell Scott |
| <b>Company secretary</b>   | Stephen Godsell                                                                                                                                                  |
| <b>Registered office</b>   | PO Box 68164<br>Kings Place<br>90 York Way<br>London<br>N1P 2AP                                                                                                  |
| <b>Solicitors</b>          | Freshfields Bruckhaus Deringer LLP<br>65 Fleet Street<br>London<br>EC4Y 1HS                                                                                      |
| <b>Bankers</b>             | The Royal Bank of Scotland plc<br>Corporate and Institutional Banking<br>135 Bishopsgate<br>London<br>EC2M 3UR                                                   |
| <b>Independent auditor</b> | BDO LLP<br>Statutory Auditors<br>55 Baker Street<br>London<br>W1U 7EU                                                                                            |

# **The Scott Trust Limited**

## **Strategic Report**

The directors present their strategic report, the report of the directors and the audited financial statements for the Group, comprising The Scott Trust Limited (the "Company") and its subsidiaries, joint ventures and associate investments ("the Group"), for the year ended 2 April 2023.

### **Activities and business review**

This is the Annual Report of The Scott Trust Limited group (the "Group"), comprising The Scott Trust Limited ("STL"), The Scott Trust Endowment Limited ("STEL") and Guardian Media Group plc ("GMG") and its subsidiaries.

STL is charged with securing the financial and editorial independence of the Guardian in perpetuity and safeguarding its journalistic freedom and liberal values, free from commercial or political interference.

STL is the sole shareholder and ultimate owner of GMG; the business responsible for the publication of Guardian journalism on a global basis. The GMG Board's remit includes all organisational functions and these are specifically addressed in the Annual Report of GMG.

STL controls a portfolio of investments which are held in an endowment fund to generate returns to secure the long-term future of the Guardian. During the year, STL began a transfer of the endowment fund from GMG to a new subsidiary of STL; The Scott Trust Endowment Limited ('STEL'). The purpose of this transfer is to better reflect the separate management of the operating business and the investment activities. This follows on from the Scott Trust governance review announced in April 2021.

### **Strategy and future outlook**

The past few years have been momentous ones for STL and for GMG, the world-class media organisation of which we are privileged to be the sole shareholder.

More than one million readers support our journalism financially each month, with many hundreds of thousands more making single one-off contributions, buying or subscribing to our newspapers, attending our events, or engaging with us in other ways. The Guardian is continually evolving into a more reader-funded organisation, and our distinctive brand is recognised and highly trusted by readers and advertisers alike. We are also more international than ever; our operations in the US and Australia, where we have just celebrated our 10th anniversary, continue to grow both in revenue terms and in the authority and impact of our journalism.

The STL purpose is to secure the financial and editorial independence of the Guardian in perpetuity - an ownership structure which differentiates us from most global news organisations. Our journalism stays independent from any outside influence whatsoever, whether financial, political or commercial. This principle reflects our founding purpose and values, and has proved to be as important in the digital age as in the preceding two hundred years. Our ownership model also ensures that all surplus financial returns are reinvested in our endeavours to produce high quality journalism reaching a global audience, rather than benefiting a proprietor or shareholders.

We know this ownership model matters deeply to our readers, and indeed motivates many of them to support the Guardian financially, and so everything we do takes our independence as its starting point. In tumultuous times over the last decade, both politically, economically and for the media sector itself, our editorial purpose and our independent ownership model have served us well.

Guardian journalism continues to cover the most important national and global issues affecting the world and our readers, producing remarkable investigations in politics, business, technology which have a major impact. Our work on the ongoing climate crisis, wider environmental themes, society, economics, culture and the arts remains world class.

The Guardian's pioneering business model, based on an open approach to reader financial support rather than paywalls, continues to be a major success, with more than one million readers globally now helping to fund its journalism. Other important revenue streams include print reader revenues, advertising, licensing, and philanthropic funding, among others. Each plays an important role in supporting our business, and all are carried out in line with our purpose and our values. The Guardian is more international, more digital and more reader-funded than ever - trends which we believe will continue.

# **The Scott Trust Limited**

## **Strategic Report**

Following our 2021 governance review, we have added highly experienced and talented directors to the STL board, giving us more digital, global, investment and news media experience to support our long-term goals. As well as the specific expertise they bring to the board, each of the STL's directors also contribute to our responsibility to safeguard and strengthen the Guardian's values and independence as the worlds of journalism and digital media evolve at pace - safeguarding what CP Scott called our 'moral as well as material existence'.

In addition to these responsibilities, STL also oversees GMG's independent global readers' editor. In an era in which information sources are becoming harder to trust and less accountable, we are proud that the Guardian maintains a route for readers to raise issues, observations, and complaints, and to have them explored and investigated in an independent way. The role of a readers' editor serves to increase transparency and ultimately trust in Guardian and Observer journalism.

2023 also saw the publication of STL's legacies of enslavement project researching and responding to the links between the Manchester Guardian's founders and transatlantic slavery. The key findings, and our apology and restorative justice proposals can be read on the Guardian website at [www.theguardian.com/the-scott-trust](http://www.theguardian.com/the-scott-trust). As the owners of the Guardian, STL apologised to the affected communities identified in the research and surviving descendants of the enslaved for the part the Guardian and its founders had in this crime against humanity, perpetrated against their ancestors. In March 2023 we set out a plan for restorative justice which we will fund and support for at least the next decade.

Finally, we are proud to be the principal funder of the Guardian Foundation, reflecting STL's subsidiary interest in promoting the causes of freedom in the press and liberal journalism, both in Britain and elsewhere. In 2023 the Foundation progressed vital activities to support media literacy in the UK and media freedom and capacity building in parts of the world where those rights are under threat. Its annual report can be read on the Guardian Foundation website at [theguardianfoundation.org](http://theguardianfoundation.org).

The need for journalism like the Guardian's is greater than ever, and STL's role is to protect and facilitate the work of our talented editors, journalists and commercial colleagues. Despite the challenges in the global media ecosystem, STL's belief is that we have the financial independence, leadership team and strategy required for the Guardian to thrive, now and far into the future.

Our long-term outlook is perhaps best summed up by the GMG's new strategy, set out in April 2023 by the editor-in-chief Katharine Viner and chief executive Anna Bateson. The Guardian will be open to all, funded by many, beholden to no one.

STL exists to support and promote this strategy, and with the support of Guardian readers, staff and many other partners and colleagues, we look forward to strengthening the Guardian and our other activities in the years ahead.

### **Principal risks and uncertainties**

The Group's approach to risk management is contained in the Corporate Governance Report which can be found on The Scott Trust Limited website: [www.theguardian.com/the-scott-trust](http://www.theguardian.com/the-scott-trust) the annual financial reports section.

An assessment of the principal risks facing the Group has been carried out, including emerging risks, that would threaten its business model, future performance, solvency or liquidity.

STL is the ultimate custodian of the organisation's values, ethics and reputation.

Trust in our brand and reputation is critical to our ongoing success. Any event or incident affecting our reputation could impact our strategic objectives. To mitigate this risk, the Group adheres to comprehensive editorial and commercial legal policies, and manages its reputation proactively throughout the business.

The GMG Board's remit includes all organisational functions and the management of all associated risks. GMG's management and operation of these risks is included in the annual report and financial statements of GMG.

# The Scott Trust Limited

## Strategic Report

### Operating and financial performance

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

The current financial year is a 52 week period (2022: 53 weeks).

Key indicators of financial performance are:

|                                     | 2023<br>£ m    | 2022<br>£ m    |
|-------------------------------------|----------------|----------------|
| GMG Revenue                         | 264.4          | 255.8          |
| GMG adjusted net operating cashflow | (21.0)         | 6.7            |
| Endowment fund                      | <u>1,239.8</u> | <u>1,291.8</u> |

Group revenue increased 3.4% to £264.4 million (2022 £255.8 million) driven by continued growth in digital reader revenues which increased by 7.6% to £81.9 million (2022: £76.1 million). As a result of our investment in international expansion, we increased our revenue from outside the UK by 17% to £93.2m; now 35% of total revenue (2022: 31%).

### GMG adjusted net operating cash flow

Adjusted net operating cash flow is the primary measure for GMG in terms of financial sustainability. This represents cash items that management consider to be key in the operations of the business. A calculation and reconciliation of this measure is provided in the financial statements of GMG.

In 2022/23, there was a GMG adjusted net operating cash outflow of £21.0 million (2022: £6.7m inflow). This movement reflects planned investment decisions taken to bolster the international reach and impact of journalism and drive future revenue growth.

### 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 total value of the Scott Trust endowment fund decreased from £1,291.8 million to £1,239.8 million. This decrease reflects the operating cash requirements of GMG and the underlying performance of the fund.

During the year, STL began a transfer of the endowment fund from GMG to a new subsidiary of STL; The Scott Trust Endowment Limited ('STEL'). The purpose of this transfer is to better reflect the separate management of the operating business and the investment activities. This follows on from the Scott Trust governance review announced in April 2021.

### 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 £41.0 million (2022: £44.3 million). The net position consists of deferred tax assets of £16.1 million (2022: £19.1 million) relating to accelerated capital allowances, £nil relating to short term timing differences (2022: £3.1 million) and £24.8 million (2022: £24.0 million) relating to tax losses available to be used in the future, less deferred tax liabilities of £81.9 million (2022: £90.5 million) arising on investments at fair value through profit and loss.

### Balance sheet

The Group had net assets of £1,226.3m at 2 April 2023 (2022: £1,282.6m).

# The Scott Trust Limited

## Strategic Report

### Streamlined energy and carbon reporting

GMG has committed to eliminating two thirds of its greenhouse gas emissions between 2020 and 2030.

GMG reports the energy and GHG emissions figures according to the UK government mandatory specification Streamlined Energy and Carbon Reporting (SECR) in the GMG financial statements.

### Section 172 of the Companies Act

The Directors of The Scott Trust Limited (including principal UK subsidiaries The Scott Trust Endowment Limited, Guardian Media Group plc and 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.

In the case of STL the members have no beneficial ownership, their duties are to secure the financial and editorial independence of the Guardian in perpetuity and to safeguard its journalistic freedom and liberal values, free from commercial or political interference.

Examples of how the Directors take these matters into account include the following:

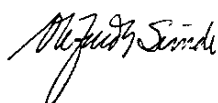
The Scott Trust takes a proactive stance to responsible investing, believing that sustainable, long-term returns are dependent on well-functioning, well-governed, social, environmental and economic systems.

March 2023 saw the publication of the Scott Trust's legacies of enslavement project researching and responding to the links between the Manchester Guardian's founders and transatlantic slavery. In March 2023 we set out a plan for restorative justice which we will fund and support for at least the next decade.

The Scott Trust also provides 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 noted above, GMG is responsible for managing all organisational functions of the Group. Through this subsidiary, the Group takes a wide range of proactive steps to make a positive impact for staff, readers and the wider community, across all areas of the business, including environmental sustainability. Please refer to the GMG Annual Report for more details.

On behalf of the Board



**Ole Jacob Sunde**  
Chair

3 July 2023

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

# **The Scott Trust Limited**

## **Directors' Report**

The directors present their report and the audited consolidated financial statements for the year ended 2 April 2023.

### **Employee involvement and employment of disabled persons**

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.

### **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:

Ole Jacob Sunde - Chair

Tracy Corrigan (appointed 18 November 2022)

Catherine Howarth (resigned 16 September 2022)

David Olusoga

Nils Pratley (resigned 15 June 2022)

Stuart Proffitt

Haroon Siddique (appointed 15 June 2022)

Matthew Ryder

Vivian Schiller

Margaret Simons (appointed 7 September 2022)

Katharine Viner

Russell Scott

No director had any material transactions with the Group other than those set out in in directors' remuneration report and in note 28.

### **Dividends**

The directors do not recommend a dividend to be paid.

### **Corporate governance**

The Group's statement on corporate governance can be found on The Scott Trust website: [www.theguardian.com/the-scott-trust](http://www.theguardian.com/the-scott-trust) within the annual financial reports section. During the prior year, The Scott Trust Limited (STL) completed a corporate governance review, with a view to clarifying the roles of the STL and Guardian Media Group plc (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.

### **Directors' confirmations**

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

# **The Scott Trust Limited**

## **Directors' Report**

- 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.

### **Section 172 of the Companies Act**

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

### **Going concern**

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

In addition, note 4 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group is supported by an endowment fund which generates returns to secure the long term future of the Guardian. The scale of the fund, and the diversified nature of assets therein, gives the Directors a high expectation that the Group has adequate resources to continue in operational existence for the next year and the foreseeable future.

As noted, trust in our brand and reputation is also critical to ongoing performance. To mitigate this risk, the Group adheres to comprehensive editorial and commercial legal policies, and manages its reputation proactively throughout the business.

Given the above, the consolidated financial statements are prepared on a going concern basis.

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

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

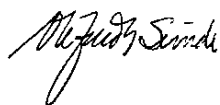
### **Future developments**

Future developments have been discussed in the strategic report.

### **Directors' liabilities**

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

On behalf of the Board



**Ole Jacob Sunde**  
Chair

3 July 2023

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

## **The Scott Trust Limited**

### **Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

## The Scott Trust Limited

### Directors' Remuneration

#### Remuneration policy for chair and independent directors

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

#### Directors' contracts

Details of the terms of appointment of those directors in office on 2 April 2023 (being the year-end), or appointed subsequently, are as follows:

|                 | Appointment date  | Contract unexpired term (3 July 2023) | Notice period | Contractual termination payments |
|-----------------|-------------------|---------------------------------------|---------------|----------------------------------|
| Ole Jacob Sunde | 17 September 2015 | 2 years 3 months                      | None          | None                             |
| Tracy Corrigan  | 18 November 2027  | 4 years 4 months                      | None          | None                             |
| David Olusoga   | 11 June 2018      | 2 months                              | None          | None                             |
| Stuart Proffitt | 17 September 2015 | 3 months                              | None          | None                             |
| Matthew Ryder   | 27 March 2020     | 1 year 8 months                       | None          | None                             |
| Vivian Schiller | 17 September 2015 | 1 year 3 months                       | None          | None                             |
| Russell Scott   | 17 September 2015 | 2 years 3 months                      | None          | None                             |
| Haroon Siddique | 15 June 2022      | 3 years 11 months                     | None          | None                             |
| Margaret Simons | 7 September 2027  | 4 years 2 months                      | None          | None                             |

Katharine Viner is employed as Editor in Chief of the Guardian and Annette Thomas (resigned 1 July 2021) was GMG Chief Executive, their respective appointments as directors of The Scott Trust Limited are co-terminous with their respective executive positions.

#### Directors' emoluments

|                                               | 2023<br>£000 | 2022<br>£000 |
|-----------------------------------------------|--------------|--------------|
| Ole Jacob Sunde                               | 68           | 56           |
| Emily Bell (resigned 10 November 2021)        | -            | 9            |
| Tracy Corrigan (*from 18 November 2022)       | 9            | -            |
| Catherine Howarth (*to 16 September 2022)     | 6            | 14           |
| David Olusoga                                 | 14           | 14           |
| Nils Pratley (* to 15 June 2022)              | 4            | 14           |
| Stuart Proffitt                               | 14           | 14           |
| Matthew Ryder                                 | 14           | 14           |
| Vivian Schiller                               | 14           | 14           |
| Russell Scott                                 | 14           | 14           |
| Haroon Siddique (*from 15 June 2022)          | 11           | -            |
| Mary Ann Sieghart (resigned 10 November 2021) | -            | 9            |
| Margaret Simons (*from 7 September 2022)      | 8            | -            |
| Annette Thomas (*to 1 July 2021)              | -            | 970          |
| Katharine Viner                               | 562          | 433          |
|                                               | <b>738</b>   | <b>1,575</b> |

The emoluments of Katharine Viner and Annette Thomas relate to their executive roles within Guardian Media Group plc. 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**

#### **Opinion on the revised group financial statements**

In our opinion:

- the revised financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 2 April 2023 and of the Group's loss for the year then ended;
- the revised Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the revised Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the revised financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements of The Scott Trust Limited ("the Parent company") and its subsidiaries ("the Group") for the year ended 2 April 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of changes in equity, Consolidated Statement Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

These revised financial statements replace the original financial statements approved by the directors on 3 July 2023 and consist of the attached supplementary note together with the original financial statements.

The revised financial statements have been prepared in accordance with The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and as such do not consider events which have taken place after the date on which the original financial statements were approved.

#### **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 original 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.

## **The Scott Trust Limited**

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

#### **Emphasis of matter - revision to update disclosure of subsidiary undertakings exempt from audit under s479A of the Companies Act 2006**

We draw attention to the supplementary note to note 30 concerning the need to revise the original financial statements in respect of subsidiary undertakings and the disclosure required by s479A of the Companies Act 2006. GMG B2B Limited, Guardian News & Media (Holdings) Limited, OG Enterprises Limited, and The Scott Trust Endowment Limited, are exempt from audit by virtue of this section. The original financial statements were approved on 3 July 2023 and our previous audit report was signed on 3 July 2023. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

#### **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 our opinion, the original financial statements for the period ended 2 April 2023 failed to comply with the requirements of the Companies Act 2006 in the respect of the matter identified by the Directors in the supplementary note to the revised financial statements.

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 Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as it has effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008, 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.

## **The Scott Trust Limited**

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

#### **Responsibilities of the Directors**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
  - enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
  - obtaining an understanding of the legal and regulatory framework in which the company operates. The key laws considered are international accounting standards in conformity with the Companies Act 2006.
- We have responded to risks identified by performing procedures including the following:
  - enquiry of in-house management concerning actual and potential litigation and claims;
  - performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
  - reading the minutes of meetings of those charged with governance.
- Our audit planning identified fraud risk of inappropriate or incorrect recognition of revenue (revenue recognition assessed for each revenue stream). We reviewed the revenue recognition process per stream and identified potential gaps in the process to identify what could go wrong and how it could result in incorrect revenue recognition. We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.
- 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.

## **The Scott Trust Limited**

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

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 Companies (Revision of Defective Accounts and Reports) Regulations 2008. 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:  
  
E10CC9CF40A84CC

Paul Etherington BSc FCA CF (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London

13 October 2023

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

## **The Scott Trust Limited**

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

#### **Opinion on the group 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 2 April 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Scott Trust Limited ("the Parent company") and its subsidiaries ("the Group") for the year ended 2 April 2023 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of changes in equity, Consolidated Statement Cash Flows, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice) as applied in accordance with the provisions of 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.

## **The Scott Trust Limited**

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

#### **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.

## **The Scott Trust Limited**

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

#### **Responsibilities of the Directors**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
  - enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations; and
  - obtaining an understanding of the legal and regulatory framework in which the company operates. The key laws considered are international accounting standards in conformity with the Companies Act 2006.
- We have responded to risks identified by performing procedures including the following:
  - enquiry of in-house management concerning actual and potential litigation and claims;
  - performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
  - reading the minutes of meetings of those charged with governance.
- Our audit planning identified fraud risk of inappropriate or incorrect recognition of revenue (revenue recognition assessed for each revenue stream). We reviewed the revenue recognition process per stream and identified potential gaps in the process to identify what could go wrong and how it could result in incorrect revenue recognition. We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls.
- 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.

## **The Scott Trust Limited**

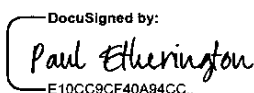
### **Independent auditors' report to the Members of The Scott Trust Limited**

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:  
  
E10CC9CF40A94CC..

Paul Etherington BSc FCA CF (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London

3 July 2023

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

## The Scott Trust Limited

### Consolidated Income Statement for the year ended 2 April 2023

|                                       | Note     | 2023<br>£ m          | 2022<br>£ m         |
|---------------------------------------|----------|----------------------|---------------------|
| <b>Revenue</b>                        | <b>5</b> | <b>264.4</b>         | <b>255.8</b>        |
| Raw materials and consumables used    |          | (17.1)               | (13.0)              |
| Employee benefits expense             |          | (152.8)              | (131.0)             |
| Depreciation and amortisation expense |          | (9.7)                | (10.0)              |
| Other expenses                        |          | <u>(108.6)</u>       | <u>(92.4)</u>       |
| <b>Operating (loss)/profit</b>        |          | <b><u>(23.8)</u></b> | <b><u>9.4</u></b>   |
| Finance income                        |          | 2.6                  | 2.0                 |
| Finance costs                         |          | <u>(2.2)</u>         | <u>(3.5)</u>        |
| Net finance income/(cost)             | 8        | 0.4                  | (1.5)               |
| Other gains and losses                | 9        | <u>(38.0)</u>        | <u>148.4</u>        |
| <b>(Loss)/profit before tax</b>       |          | <b><u>(61.4)</u></b> | <b><u>156.3</u></b> |
| Income tax credit/(expense)           | 12       | <u>1.8</u>           | <u>(26.5)</u>       |
| <b>(Loss)/profit for the period</b>   |          | <b><u>(59.6)</u></b> | <b><u>129.8</u></b> |

The above results were derived from continuing operations.

## The Scott Trust Limited

### Consolidated Statement of Comprehensive Income for the year ended 2 April 2023

|                                                                           | Note | 2023<br>£ m          | 2022<br>£ m         |
|---------------------------------------------------------------------------|------|----------------------|---------------------|
| (Loss)/profit for the period                                              |      | <u>(59.6)</u>        | <u>129.8</u>        |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |      |                      |                     |
| Actuarial gain/(loss) on defined benefit pension schemes before tax       |      | 4.2                  | 3.2                 |
| Income tax effect                                                         | 12   | <u>(1.1)</u>         | <u>(0.6)</u>        |
|                                                                           |      | 3.1                  | 2.6                 |
| <b>Items that may be reclassified subsequently to profit or loss</b>      |      |                      |                     |
| Foreign currency translation gains                                        |      | <u>0.2</u>           | <u>0.6</u>          |
| <b>Total comprehensive (expense)/income for the period</b>                |      | <u><b>(56.3)</b></u> | <u><b>133.0</b></u> |

The notes on pages 20 to 57 form an integral part of these financial statements.

# The Scott Trust Limited

(Registration number: 06706464)

## Consolidated Statement of Financial Position as at 2 April 2023

|                                                       | Note | 2023<br>£ m    | 2022<br>£ m    |
|-------------------------------------------------------|------|----------------|----------------|
| <b>Assets</b>                                         |      |                |                |
| <b>Non-current assets</b>                             |      |                |                |
| Property, plant and equipment                         | 13   | 3.9            | 4.2            |
| Intangible assets                                     | 14   | 2.0            | 2.7            |
| Right of use assets                                   | 15   | 51.5           | 56.8           |
| Investments in joint ventures                         |      | -              | -              |
| Investments held at fair value through profit or loss | 17   | 1,177.5        | 1,156.1        |
| Deferred tax assets                                   | 12   | 13.0           | 14.7           |
| Other financial assets through profit and loss        | 17   | 60.8           | 62.1           |
| Retirement benefit asset                              | 27   | 2.4            | -              |
|                                                       | 16   | <u>1,311.1</u> | <u>1,296.6</u> |
| <b>Current assets</b>                                 |      |                |                |
| Inventories                                           | 18   | 0.9            | 0.8            |
| Trade and other receivables                           | 19   | 39.6           | 36.0           |
| Income tax asset                                      | 12   | 0.7            | 1.4            |
| Cash and cash equivalents                             | 20   | 47.9           | 54.1           |
| Investments held at fair value through profit or loss | 17   | -              | 75.9           |
| Other financial assets                                | 17   | <u>1.7</u>     | <u>-</u>       |
|                                                       |      | <u>90.8</u>    | <u>168.2</u>   |
| <b>Liabilities</b>                                    |      |                |                |
| <b>Current liabilities</b>                            |      |                |                |
| Trade and other payables                              | 21   | 51.5           | 44.1           |
| Other current financial liabilities                   | 17   | -              | 2.1            |
| Provisions                                            | 22   | 6.1            | 6.4            |
| Current portion of long term lease liabilities        | 23   | <u>8.4</u>     | <u>8.3</u>     |
|                                                       |      | <u>66.0</u>    | <u>60.9</u>    |
| <b>Net current assets</b>                             |      | <u>24.8</u>    | <u>107.3</u>   |
| <b>Total assets less current liabilities</b>          |      | <u>1,335.9</u> | <u>1,403.9</u> |
| <b>Non-current liabilities</b>                        |      |                |                |
| Retirement benefit obligations                        | 27   | -              | 1.7            |
| Provisions                                            | 22   | 5.1            | 5.0            |
| Deferred tax liabilities                              | 12   | 54.0           | 59.0           |
| Long term lease liabilities                           | 23   | <u>50.5</u>    | <u>55.6</u>    |
|                                                       |      | <u>109.6</u>   | <u>121.3</u>   |
| <b>Net assets</b>                                     |      | <u>1,226.3</u> | <u>1,282.6</u> |

The notes on pages 20 to 57 form an integral part of these financial statements.

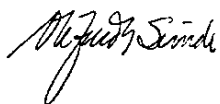
## The Scott Trust Limited

(Registration number: 06706464)

### Consolidated Statement of Financial Position as at 2 April 2023

|                       | Note | 2023<br>£ m    | 2022<br>£ m    |
|-----------------------|------|----------------|----------------|
| <b>Equity</b>         |      |                |                |
| Share capital         | 24   | 0.2            | 0.2            |
| Consolidation reserve |      | 836.1          | 836.1          |
| Retained earnings     |      | <u>390.0</u>   | <u>446.3</u>   |
| Total equity          |      | <u>1,226.3</u> | <u>1,282.6</u> |

These financial statements were approved by the Board on 3 July 2023 and signed on its behalf by:



Ole Jacob Sunde  
Chair

## The Scott Trust Limited

### Consolidated Statement of Changes in Equity for the year ended 2 April 2023

|                             | Share capital<br>£ m | Consolidation<br>reserve<br>£ m | Retained<br>earnings<br>£ m | Total equity<br>£ m |
|-----------------------------|----------------------|---------------------------------|-----------------------------|---------------------|
| At 4 April 2022             | 0.2                  | 836.1                           | 446.3                       | 1,282.6             |
| Loss for the period         | -                    | -                               | (59.6)                      | (59.6)              |
| Other comprehensive income  | -                    | -                               | 3.3                         | 3.3                 |
| Total comprehensive expense | -                    | -                               | (56.3)                      | (56.3)              |
| <b>At 2 April 2023</b>      | <b>0.2</b>           | <b>836.1</b>                    | <b>390.0</b>                | <b>1,226.3</b>      |

|                            | Share capital<br>£ m | Consolidation<br>reserve<br>£ m | Retained<br>earnings<br>£ m | Total equity<br>£ m |
|----------------------------|----------------------|---------------------------------|-----------------------------|---------------------|
| At 29 March 2021           | 0.2                  | 836.1                           | 313.3                       | 1,149.6             |
| Profit for the period      | -                    | -                               | 129.8                       | 129.8               |
| Other comprehensive income | -                    | -                               | 3.2                         | 3.2                 |
| Total comprehensive income | -                    | -                               | 133.0                       | 133.0               |
| <b>At 3 April 2022</b>     | <b>0.2</b>           | <b>836.1</b>                    | <b>446.3</b>                | <b>1,282.6</b>      |

## The Scott Trust Limited

### Consolidated Statement of Cash Flows for the year ended 2 April 2023

|                                                               | Note | 2023<br>£ m   | 2022<br>£ m |
|---------------------------------------------------------------|------|---------------|-------------|
| <b>Cash flows from operating activities</b>                   |      |               |             |
| Cash from/(used in) operations                                | 25   | (12.5)        | 20.3        |
| Income taxes paid                                             | 12   | -             | (0.9)       |
| <b>Net cash from/(used in) operating activities</b>           |      | <b>(12.5)</b> | <b>19.4</b> |
| <b>Cash flows from investing activities</b>                   |      |               |             |
| Purchase of intangible assets                                 |      | -             | (2.3)       |
| Purchase of property, plant and equipment                     |      | (2.5)         | (3.7)       |
| Purchase of investments held at FVTPL                         |      | (167.1)       | (138.9)     |
| Sale of investments held at FVTPL                             |      | 182.4         | 133.5       |
| Interest received                                             |      | 0.9           | -           |
| Dividends and other income received from unlisted investments |      | 0.4           | 0.4         |
| Net cash flows (used in)/from investing activities            |      | 14.1          | (11.0)      |
| <b>Cash flows from financing activities</b>                   |      |               |             |
| Lease payments                                                |      | (8.6)         | (8.1)       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |      | <b>(7.0)</b>  | <b>0.3</b>  |
| Cash and cash equivalents at 4 April                          |      | 54.1          | 53.7        |
| Effect of exchange rate fluctuations on cash held             |      | 0.8           | 0.1         |
| <b>Cash and cash equivalents at 2 April</b>                   |      | <b>47.9</b>   | <b>54.1</b> |

# **The Scott Trust Limited**

## **Notes to the Financial Statements for the year ended 2 April 2023**

### **1 General information**

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

The address of its registered office is:

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

These financial statements were authorised for issue by the board on 3 July 2023.

### **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 52 weeks ended 2 April 2023 and for the comparative year cover the 53 weeks ended 2 April 2022.

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.

# **The Scott Trust Limited**

## **Notes to the Financial Statements for the year ended 2 April 2023**

### **Revenue recognition**

#### *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 once right of use of the Group's content has been granted to customers.

### **Going concern**

STL is supported by an endowment fund which generates returns to secure the long term future of the Guardian. The scale of the fund, and the diversified nature of assets therein, gives the Directors a high expectation that the Group has adequate resources to continue in operational existence for the next year and the foreseeable future.

As noted, trust in our brand and reputation is also critical to ongoing performance. To mitigate this risk, the Group adheres to comprehensive editorial and commercial legal policies, and manages its reputation proactively throughout the business.

Given the above, the consolidated financial statements are prepared on a going concern basis.

# **The Scott Trust Limited**

## **Notes to the Financial Statements for the year ended 2 April 2023**

### **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.

### **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, The Scott Trust Limited.

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.

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

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                      | Depreciation method and rate |
|----------------------------------|------------------------------|
| Plant and machinery              | 6.7% - 50%                   |
| Fixtures, fittings and equipment | 10% - 33%                    |

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 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.

#### Trade payables

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

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **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 purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date.

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 fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (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 at 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 fair value through the profit or loss (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.

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **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 at 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 investments 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 the 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 the 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

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

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. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

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 trading income.

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 balance sheet 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.

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **Fair value estimation**

With respect to the other financial assets - available for sale, also referred to as the investment fund, the Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

For investments included in level 3, valuations are provided by the fund manager based on broker quotes, comparable transactions and discounted cash flow analyses taking into account illiquidity in the fund. Management receive reports from the investment fund manager on a monthly basis detailing the performance and valuation of the fund. These highlight any concern over the performance of any of the investments and valuations are adjusted accordingly.

#### **Provisions**

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted where the effect is material.

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **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.

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **Share capital**

Ordinary shares are classified as equity.

#### **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.

#### **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.

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **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 judgement around provisions principally relate to dilapidations of premises.

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.

## **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**

Market risk covers foreign exchange, equity price and interest rate 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% (2022: 100%) of the exposure to the US Dollar denominated hedge funds using US Dollar forward contracts.

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 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 £4.3 million lower or £3.9 million higher (2022: £6.3 million lower or £5.7 million higher); however, as the Group's policy is to hedge 100% (2022: 100%) of the USD denominated exposure, the risk would be reduced to £nil (2022: £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 £11.0 million lower or £9.9 million higher (2022: £12.4 million lower or £11.2 million higher); as the Group's policy is to hedge 0% (2022: 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 of 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       | +/- 3.2 |
| Deflation hedging   | +/- 0.3 |
| Emerging markets    | +/- 0.5 |
| Inflation sensitive | +/- 0.1 |
| Hedge funds         | +/- 0.8 |
| Private equity      | +/- 4.8 |

#### 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 £0.6 million (2022: £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 are accepted.

## **The Scott Trust Limited**

### **Notes to the Financial Statements for the year ended 2 April 2023**

#### **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 17).

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 5 Revenue

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

|                        | 2023<br>£ m  | 2022<br>£ m  |
|------------------------|--------------|--------------|
| Digital reader revenue | 81.9         | 76.1         |
| Print reader revenue   | 68.7         | 71.5         |
| Advertising            | 71.3         | 73.7         |
| Other revenue          | 42.5         | 34.5         |
|                        | <u>264.4</u> | <u>255.8</u> |

The Group considers its business offerings 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. Revenue streams include content licensing, jobs listings, events and philanthropic.

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

|                         | 2023<br>£ m  | 2022<br>£ m  |
|-------------------------|--------------|--------------|
| United Kingdom          | 171.2        | 175.9        |
| USA & Canada            | 46.4         | 38.5         |
| Australia & New Zealand | 27.8         | 22.3         |
| Europe (excl. UK)       | 15.4         | 15.6         |
| Rest of the world       | 3.6          | 3.5          |
|                         | <u>264.4</u> | <u>255.8</u> |

### 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 policies.

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).

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 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 19 and deferred income per note 21.

#### 6 Segmental information

The Group's activities are presented below in respect of the Group's business segments based on the management and internal reporting structure.

The operating business segments represents the news publishing organisation. The investments segment represents the portfolio of investments which are held to generate returns to secure the long term future of the Guardian.

|                                | Operating<br>business<br>£ m | Investments<br>£ m | Parent<br>£ m | Total<br>£ m |
|--------------------------------|------------------------------|--------------------|---------------|--------------|
| <b>Year ended 2 April 2023</b> |                              |                    |               |              |
| Revenue                        | 264.4                        | -                  | -             | 264.4        |
| Operating profit/(loss)        | (19.5)                       | (4.0)              | (0.3)         | (23.8)       |
| Net finance income/(expense)   | (1.3)                        | 1.7                | -             | 0.4          |
| Other gains and (losses)       | 0.4                          | (38.4)             | -             | (38.0)       |
| Profit/(loss) before tax       | (20.4)                       | (40.7)             | (0.3)         | (61.4)       |

|                                | Operating<br>business<br>£ m | Investments<br>£ m | Parent<br>£ m | Total<br>£ m |
|--------------------------------|------------------------------|--------------------|---------------|--------------|
| <b>Year ended 3 April 2022</b> |                              |                    |               |              |
| Revenue                        | 255.8                        | -                  | -             | 255.8        |
| Operating profit/(loss)        | 13.4                         | (3.7)              | (0.3)         | 9.4          |
| Net finance income/(expense)   | (3.5)                        | 0.2                | -             | (3.3)        |
| Other gains and (losses)       | 0.4                          | 14.8               | -             | 15.2         |
| Profit/(loss) before tax       | 10.3                         | 11.3               | (0.3)         | 21.3         |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 7 Operating costs

Operating loss arrived at after charging/(crediting)

|                                     | 2023<br>£ m | 2022<br>£ m |
|-------------------------------------|-------------|-------------|
| Raw materials and consumables used  | 17.1        | 13.0        |
| Depreciation expense                | 2.8         | 2.2         |
| Depreciation on right of use assets | 6.1         | 6.0         |
| Amortisation expense                | 0.8         | 1.8         |

### 8 Finance income and costs

|                                                                          | 2023<br>£ m | 2022<br>£ m  |
|--------------------------------------------------------------------------|-------------|--------------|
| <b>Finance income</b>                                                    |             |              |
| Interest income on investments held at fair value through profit or loss | 1.7         | 2.0          |
| Interest income on bank deposits                                         | 0.9         | -            |
| Total finance income                                                     | 2.6         | 2.0          |
| <b>Finance costs</b>                                                     |             |              |
| Foreign exchange gains/(losses)                                          | 0.6         | (0.5)        |
| Interest expense on leases                                               | (2.8)       | (3.0)        |
| Total finance costs                                                      | (2.2)       | (3.5)        |
| <b>Net finance income/(costs)</b>                                        | <b>0.4</b>  | <b>(1.5)</b> |

### 9 Other gains and losses

Reconciliation of carrying value

|                                                                          | 2023<br>£ m | 2022<br>£ m |
|--------------------------------------------------------------------------|-------------|-------------|
| Net (loss)/gain on investments held at fair value through profit or loss | (30.2)      | 152.4       |
| Loss from forward contracts to hedge foreign currency investments        | (8.2)       | (4.4)       |
| Dividend income                                                          | 0.4         | 0.4         |
|                                                                          | (38.0)      | 148.4       |

### 10 Auditors' remuneration

|                                                                                          | 2023<br>£ m | 2022<br>£ m |
|------------------------------------------------------------------------------------------|-------------|-------------|
| Audit of these financial statements                                                      | 0.1         | 0.1         |
| Audit of the financial statements of subsidiaries of the company pursuant to legislation | 0.4         | 0.2         |
|                                                                                          | 0.5         | 0.3         |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 11 Employees and directors

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

|                                            | <b>2023</b>  | <b>2022</b>  |
|--------------------------------------------|--------------|--------------|
|                                            | <b>£ m</b>   | <b>£ m</b>   |
| Wages and salaries                         | 127.5        | 107.9        |
| Social security costs                      | 13.4         | 11.1         |
| Pension costs, defined contribution scheme | 10.4         | 9.2          |
| Redundancy costs                           | 1.5          | 2.8          |
|                                            | <u>152.8</u> | <u>131.0</u> |

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

|                                 | <b>2023</b>  | <b>2022</b>  |
|---------------------------------|--------------|--------------|
|                                 | <b>No.</b>   | <b>No.</b>   |
| Editorial and production        | 1,015        | 924          |
| Sales, distribution and support | 621          | 573          |
|                                 | <u>1,636</u> | <u>1,497</u> |

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

|                                             | <b>2023</b> | <b>2022</b> |
|---------------------------------------------|-------------|-------------|
|                                             | <b>£ m</b>  | <b>£ m</b>  |
| Salaries and short-term employment benefits | 5.3         | 6.0         |
| Post-employment benefits                    | 0.1         | 0.2         |
| Termination benefits                        | 0.3         | -           |
|                                             | <u>5.7</u>  | <u>6.2</u>  |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 12 Income tax

Tax charged in the income statement

|                                                                                                    | 2023<br>£ m         | 2022<br>£ m        |
|----------------------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>Current taxation</b>                                                                            |                     |                    |
| UK corporation tax                                                                                 | 0.6                 | 0.2                |
| Foreign tax                                                                                        | <u>1.0</u>          | <u>0.3</u>         |
| <b>Total current income tax</b>                                                                    | <u><b>1.6</b></u>   | <u><b>0.5</b></u>  |
| <b>Deferred taxation</b>                                                                           |                     |                    |
| Arising from origination and reversal of temporary differences                                     | (2.3)               | 17.9               |
| Arising from changes in tax rates and laws                                                         | (2.4)               | 7.5                |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | <u>1.3</u>          | <u>0.6</u>         |
| Total deferred taxation                                                                            | <u>(3.4)</u>        | <u>26.0</u>        |
| <b>Tax (credit)/expense in the income statement</b>                                                | <u><b>(1.8)</b></u> | <u><b>26.5</b></u> |

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

|                                       | 2023<br>£ m | 2022<br>£ m |
|---------------------------------------|-------------|-------------|
| Deferred tax charge on actuarial gain | <u>1.1</u>  | <u>0.6</u>  |

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

|                                                              | 2023<br>£ m       | 2022<br>£ m       |
|--------------------------------------------------------------|-------------------|-------------------|
| (Loss)/profit before tax                                     | <u>(61.4)</u>     | <u>156.3</u>      |
| Tax on profit calculated at standard rate of 19% (2022: 19%) | (11.7)            | 29.7              |
| <b>Adjustments relating to current tax:</b>                  |                   |                   |
| (Income not taxable)/expenses not deductible                 | 0.8               | 0.4               |
| Foreign taxes paid                                           | 1.0               | 0.3               |
| Impact of overseas tax rate difference                       | 0.1               | 0.2               |
| Utilised tax losses in the year                              | -                 | (1.2)             |
| Capital allowances in excess of depreciation                 | (2.7)             | (3.5)             |
| Adjustment to tax charge on investments held at FVTPL        | <u>14.1</u>       | <u>(25.4)</u>     |
| <b>Current tax charge for the year</b>                       | <u><b>1.6</b></u> | <u><b>0.5</b></u> |

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

|                                                        | 2023<br>£ m  | 2022<br>£ m |
|--------------------------------------------------------|--------------|-------------|
| <b>Adjustments relating to deferred taxation:</b>      |              |             |
| Adjustment to tax charge on investments held at FVTPL  | (2.3)        | 29.6        |
| Short term timing differences on accounting provisions | -            | 0.1         |
| Recognition of deferred tax asset                      | -            | (17.1)      |
| Adjustments in respect of prior years                  | 1.3          | 0.6         |
| Remeasurement of deferred tax for changes in tax rates | (2.4)        | 12.8        |
| <b>Deferred tax (credit)/charge for the year</b>       | <b>(3.4)</b> | <b>26.0</b> |
| <b>Total tax (credit)/charge</b>                       | <b>(1.8)</b> | <b>26.5</b> |

#### 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 prior 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.

#### 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.

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 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.

### 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 liability is as shown below:

|                                                | Balance<br>as at 4<br>April<br>2022<br>£ m | Prior<br>year<br>adjustments<br>£ m | Recognised<br>in the<br>income<br>statement<br>£ m | Foreign<br>exchange<br>movements<br>£ m | Recognised<br>in OCI<br>£ m | Balance as<br>at 2 April<br>2023<br>£ m |
|------------------------------------------------|--------------------------------------------|-------------------------------------|----------------------------------------------------|-----------------------------------------|-----------------------------|-----------------------------------------|
| Accelerated capital allowances on fixed assets | 19.1                                       | 0.5                                 | (3.5)                                              | -                                       | -                           | 16.1                                    |
| Short term and other timing differences        | 3.1                                        | (2.4)                               | 0.4                                                | -                                       | (1.1)                       | -                                       |
| Investments held at FVTPL                      | (90.5)                                     | 0.6                                 | 8.0                                                | -                                       | -                           | (81.9)                                  |
| Tax losses carried forward - UK                | 9.3                                        | 0.6                                 | 1.9                                                | -                                       | -                           | 11.8                                    |
| Tax losses carried forward - Overseas          | 14.7                                       | (0.6)                               | (2.1)                                              | 1.0                                     | -                           | 13.0                                    |
| <b>Total deferred tax asset/(liability)</b>    | <b>(44.3)</b>                              | <b>(1.3)</b>                        | <b>4.7</b>                                         | <b>1.0</b>                              | <b>(1.1)</b>                | <b>(41.0)</b>                           |

£13.0m (2022: £14.7m) is included within the balance sheet within non-current assets and £54.0m (2022: £59.0m) is included within non-current liabilities.

|                                                | Balance as at<br>29 March 2021<br>£ m | Prior year<br>adjustments<br>£ m | Recognised<br>in the<br>income<br>statement<br>£ m | Recognised<br>in OCI<br>£ m | Balance as<br>at 3 April<br>2022<br>£ 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                      | (50.2)                                | 1.9                              | (42.2)                                             | -                           | (90.5)                                  |
| Tax losses carried forward - UK                | 11.4                                  | (2.3)                            | 0.2                                                | -                           | 9.3                                     |
| Tax losses carried forward - Overseas          | 2.5                                   | -                                | 12.2                                               | -                           | 14.7                                    |
| <b>Total deferred tax asset/(liability)</b>    | <b>(17.7)</b>                         | <b>(0.5)</b>                     | <b>(25.5)</b>                                      | <b>(0.6)</b>                | <b>(44.3)</b>                           |

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 (2022: £97.8).

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 13 Property, plant and equipment

|                          | <b>Furniture,<br/>fittings and<br/>equipment<br/>£ m</b> | <b>Plant and<br/>machinery<br/>£ m</b> | <b>Total<br/>£ m</b> |
|--------------------------|----------------------------------------------------------|----------------------------------------|----------------------|
| <b>Cost or valuation</b> |                                                          |                                        |                      |
| 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                 |
| At 4 April 2022          | 26.6                                                     | 12.6                                   | 39.2                 |
| Additions                | 0.3                                                      | 2.2                                    | 2.5                  |
| Disposals                | -                                                        | (0.2)                                  | (0.2)                |
| At 2 April 2023          | 26.9                                                     | 14.6                                   | 41.5                 |
| <b>Depreciation</b>      |                                                          |                                        |                      |
| At 29 March 2021         | 25.4                                                     | 11.8                                   | 37.2                 |
| Charge for 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                 |
| At 4 April 2022          | 25.7                                                     | 9.3                                    | 35.0                 |
| Charge for the period    | 0.3                                                      | 2.5                                    | 2.8                  |
| Eliminated on disposal   | -                                                        | (0.2)                                  | (0.2)                |
| At 2 April 2023          | 26.0                                                     | 11.6                                   | 37.6                 |
| <b>Carrying amount</b>   |                                                          |                                        |                      |
| <b>At 2 April 2023</b>   | <b>0.9</b>                                               | <b>3.0</b>                             | <b>3.9</b>           |
| <b>At 3 April 2022</b>   | <b>0.9</b>                                               | <b>3.3</b>                             | <b>4.2</b>           |
| At 29 March 2021         | 0.9                                                      | 1.8                                    | 2.7                  |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 14 Intangible assets

|                                      | <b>Internally<br/>generated<br/>software<br/>development<br/>costs<br/>£ m</b> |
|--------------------------------------|--------------------------------------------------------------------------------|
| <b>Cost or valuation</b>             |                                                                                |
| At 29 March 2021                     | 17.2                                                                           |
| Additions                            | 2.3                                                                            |
| Disposals                            | <u>(1.4)</u>                                                                   |
| At 3 April 2022                      | <u>18.1</u>                                                                    |
| At 4 April 2022                      | 18.1                                                                           |
| Disposals                            | <u>(0.1)</u>                                                                   |
| At 2 April 2023                      | <u>18.0</u>                                                                    |
| <b>Amortisation</b>                  |                                                                                |
| At 29 March 2021                     | 15.0                                                                           |
| Amortisation charge                  | 1.8                                                                            |
| Amortisation eliminated on disposals | <u>(1.4)</u>                                                                   |
| At 3 April 2022                      | <u>15.4</u>                                                                    |
| At 4 April 2022                      | 15.4                                                                           |
| Amortisation charge                  | 0.7                                                                            |
| Amortisation eliminated on disposals | <u>(0.1)</u>                                                                   |
| At 2 April 2023                      | <u>16.0</u>                                                                    |
| <b>Carrying amount</b>               |                                                                                |
| <b>At 2 April 2023</b>               | <u><b>2.0</b></u>                                                              |
| <b>At 3 April 2022</b>               | <u><b>2.7</b></u>                                                              |
| At 29 March 2021                     | <u>2.2</u>                                                                     |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 15 Right of use assets

|                          | Property<br>£ m |
|--------------------------|-----------------|
| <b>Cost or valuation</b> |                 |
| At 29 March 2021         | 73.4            |
| Additions                | 0.1             |
| Disposals                | (0.1)           |
| At 3 April 2022          | 73.4            |
| At 4 April 2022          | 73.4            |
| Additions                | 0.8             |
| Disposals                | (0.2)           |
| At 2 April 2023          | 74.0            |
| <b>Depreciation</b>      |                 |
| At 29 March 2021         | 10.6            |
| Charge for period        | 6.0             |
| At 3 April 2022          | 16.6            |
| At 4 April 2022          | 16.6            |
| Charge for the period    | 6.1             |
| Eliminated on disposal   | (0.2)           |
| At 2 April 2023          | 22.5            |
| <b>Carrying amount</b>   |                 |
| At 2 April 2023          | 51.5            |
| At 3 April 2022          | 56.8            |

### 16 Investments - Interests in joint ventures

#### Ozone Project Limited

The Group owns 17.8% (2022: 25%) of the share capital of Ozone Project Limited. The reduced ownership is due to the issuance of new shares to other shareholders. As the Group has retained joint control through the voting structure, Ozone Project Limited is still considered to be a joint venture.

#### Reconciliation of carrying value

|                              | 2023<br>£ m | 2022<br>£ m |
|------------------------------|-------------|-------------|
| At 4 April 2022              | -           | -           |
| Share of loss for the period | -           | -           |
| At 2 April 2023              | -           | -           |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 17 Other financial assets

|                                                       | 2023<br>£ m    | 2022<br>£ m    |
|-------------------------------------------------------|----------------|----------------|
| <b>Other financial assets</b>                         |                |                |
| Investments held at fair value through profit or loss | 1,177.5        | 1,156.1        |
| Other financial assets through profit or loss         | 60.8           | 62.1           |
|                                                       | <u>1,238.3</u> | <u>1,218.2</u> |
|                                                       |                |                |
|                                                       | 2023<br>£ m    | 2022<br>£ m    |
| <b>Other financial assets</b>                         |                |                |
| Investments held at fair value through profit or loss | -              | 75.9           |
| Other financial assets                                | 1.7            | -              |
| Other current financial liabilities                   | -              | (2.1)          |
|                                                       | <u>1.7</u>     | <u>73.8</u>    |
|                                                       |                |                |
|                                                       | 2023<br>£ m    | 2022<br>£ m    |
| Global investment funds                               | 1,208.8        | 1,204.6        |
| Non-current short term funds held for reinvestment    | 29.3           | 89.3           |
| Derivative financial instruments                      | 1.7            | (2.1)          |
|                                                       | <u>1,239.8</u> | <u>1,291.8</u> |
| <b>Endowment fund</b>                                 |                |                |
| Unlisted shares                                       | 0.2            | 0.2            |
|                                                       | <u>1,240.0</u> | <u>1,292.0</u> |

The Group has committed to future investments of £145.8 million (2022: £143.0 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.

|                                  | Level 1<br>£ m | Level 2<br>£ m | Level 3<br>£ m | Total<br>£ m   |
|----------------------------------|----------------|----------------|----------------|----------------|
| As at 2 April 2023               |                |                |                |                |
| Financial assets - FVTPL         | 522.3          | 54.4           | 661.6          | 1,238.3        |
| Derivative financial instruments | -              | 1.7            | -              | 1.7            |
|                                  | <u>522.3</u>   | <u>56.1</u>    | <u>661.6</u>   | <u>1,240.0</u> |

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

|                                  | Level 1<br>£ m | Level 2<br>£ m | Level 3<br>£ m | Total<br>£ m   |
|----------------------------------|----------------|----------------|----------------|----------------|
| As at 3 April 2022               |                |                |                |                |
| Financial Assets - FVTPL         | 582.6          | 74.6           | 636.9          | 1,294.1        |
| Derivative financial instruments | -              | (2.1)          | -              | (2.1)          |
|                                  | <u>582.6</u>   | <u>72.5</u>    | <u>636.9</u>   | <u>1,292.0</u> |

The following table shows a summary of the changes in the fair value of the above Level 3 unlisted shares during the year:

|                                                 | Level 3<br>£ m      |
|-------------------------------------------------|---------------------|
| At 4 April 2022                                 | 636.6               |
| Additions                                       | 385.3               |
| Disposals                                       | (332.9)             |
| Fair value gains recognised in income statement | <u>(27.4)</u>       |
| <b>At 2 April 2023</b>                          | <b><u>661.6</u></b> |

Sensitivity analysis for Level 3 positions:

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in level 3 US Dollar-denominated financial assets would have been approximately £16.1 million higher or £17.7 million lower.

The gains or losses on the investments would have been £3.5 million higher/lower if the actual returns had been 5% higher/lower over the last 12 months, with all other variables held constant.

There have been no significant transfers between Level 1 and Level 2 during the year.

The fair value of fund assets held in Level 1 is based on their current bid prices in an active market.

For investments included in level 3, valuations are provided by the fund manager based on recent funding rounds or comparable transactions in public or private markets. The fund manager reports on a quarterly basis detailing the investment performance and valuation of the fund. These reports highlight any concerns about the performance of particular investments and valuations are adjusted accordingly.

Other financial assets are denominated in the following currencies:

|           | 2023<br>£ m    | 2022<br>£ m    |
|-----------|----------------|----------------|
| Sterling  | 848.2          | 819.9          |
| US Dollar | 340.6          | 427.3          |
| Euros     | <u>51.2</u>    | <u>44.8</u>    |
|           | <u>1,240.0</u> | <u>1,292.0</u> |

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 18 Inventories

|                               | 2023<br>£ m | 2022<br>£ m |
|-------------------------------|-------------|-------------|
| Raw materials and consumables | <u>0.9</u>  | <u>0.8</u>  |

The Group consumed £15.4 million (2022 £ 12.8 million) of inventories during the year.

#### 19 Trade and other receivables

|                                                  | 2023<br>£ m        | 2022<br>£ m        |
|--------------------------------------------------|--------------------|--------------------|
| Trade receivables                                | 19.0               | 19.1               |
| Provision for impairment of trade receivables    | <u>(0.3)</u>       | <u>(0.3)</u>       |
| Net trade receivables                            | 18.7               | 18.8               |
| Accrued income                                   | 10.5               | 8.6                |
| Prepayments                                      | 5.6                | 6.6                |
| Other receivables                                | <u>4.8</u>         | <u>2.0</u>         |
| <b>Total current trade and other receivables</b> | <b><u>39.6</u></b> | <b><u>36.0</u></b> |

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.

#### 20 Cash and cash equivalents

|                     | 2023<br>£ m | 2022<br>£ m |
|---------------------|-------------|-------------|
| Cash at bank        | 8.9         | 8.0         |
| Short-term deposits | <u>39.0</u> | <u>46.1</u> |
|                     | <u>47.9</u> | <u>54.1</u> |

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 21 Trade and other payables

|                                 | 2023<br>£ m | 2022<br>£ m |
|---------------------------------|-------------|-------------|
| Trade payables                  | 6.7         | 6.8         |
| Accrued expenses                | 18.1        | 14.2        |
| Deferred income                 | 21.6        | 22.3        |
| Social security and other taxes | 4.2         | 0.2         |
| Other payables                  | 0.9         | 0.6         |
|                                 | <u>51.5</u> | <u>44.1</u> |

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.

#### 22 Other provisions

|                           | Building<br>£ m | Other<br>provisions<br>£ m | Total<br>£ m |
|---------------------------|-----------------|----------------------------|--------------|
| At 4 April 2022           | 6.1             | 5.3                        | 11.4         |
| Additional provisions     | 0.1             | 2.5                        | 2.6          |
| Provisions used           | (1.1)           | (1.6)                      | (2.7)        |
| Unused provision reversed | -               | (0.1)                      | (0.1)        |
| At 2 April 2023           | <u>5.1</u>      | <u>6.1</u>                 | <u>11.2</u>  |
| Non-current liabilities   | <u>5.1</u>      | <u>-</u>                   | <u>5.1</u>   |
| Current liabilities       | <u>-</u>        | <u>6.1</u>                 | <u>6.1</u>   |

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

Other provisions primarily represent annual leave obligations, severances and IT related costs.

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

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 23 Leases

Breakdown of leases:

|                                                | 2023<br>£ m | 2022<br>£ m |
|------------------------------------------------|-------------|-------------|
| Current portion of long term lease liabilities | 8.4         | 8.3         |
| Long term lease liabilities                    | <u>50.5</u> | <u>55.6</u> |
|                                                | <u>58.9</u> | <u>63.9</u> |

### Lease liabilities maturity analysis

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

|                                        | 2023<br>£ m | 2022<br>£ m |
|----------------------------------------|-------------|-------------|
| Less than one year                     | 8.4         | 8.2         |
| 2 years                                | 8.2         | 8.2         |
| 3 years                                | 7.7         | 8.0         |
| 4 years                                | 7.7         | 7.6         |
| 5 years                                | 6.9         | 7.6         |
| 6 years                                | 6.9         | 6.9         |
| 7 years                                | 7.0         | 6.9         |
| 8 years                                | 7.0         | 7.0         |
| 9 years                                | 7.0         | 7.0         |
| 10 years                               | 5.2         | 7.0         |
| Between 10 to 15 years                 | <u>-</u>    | <u>5.2</u>  |
| Total lease liabilities (undiscounted) | <u>72.0</u> | <u>79.6</u> |

### Total cash outflows related to leases

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

|                     | 2023<br>£ m | 2022<br>£ m |
|---------------------|-------------|-------------|
| <b>Payment</b>      |             |             |
| Right of use assets | <u>8.6</u>  | <u>8.1</u>  |

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 24 Share capital

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

|                              | 2023         |            | 2022         |            |
|------------------------------|--------------|------------|--------------|------------|
|                              | No.          | £ m        | No.          | £ m        |
| Ordinary Shares of £250 each | <u>1,000</u> | <u>0.2</u> | <u>1,000</u> | <u>0.2</u> |

#### 25 Cash flows from operating activities

|                                             | Note | 2023<br>£ m          | 2022<br>£ m        |
|---------------------------------------------|------|----------------------|--------------------|
| <b>Cash flows from operating activities</b> |      |                      |                    |
| (Loss)/profit for the period before tax     |      | (61.4)               | 156.3              |
| Adjustments for:                            |      |                      |                    |
| Depreciation                                |      | 8.9                  | 8.2                |
| Amortisation of other intangible assets     |      | 0.7                  | 1.8                |
| Finance costs                               |      | 2.2                  | 3.5                |
| Finance income                              |      | (2.6)                | (2.0)              |
| Other gains and losses                      |      | 38.0                 | (148.4)            |
| Pensions                                    |      | 0.1                  | 0.1                |
| Increase/(decrease) in provisions           |      | <u>(0.2)</u>         | <u>(4.3)</u>       |
|                                             |      | <b>(14.3)</b>        | <b>15.2</b>        |
| Working capital adjustments                 |      |                      |                    |
| Increase in inventories                     |      | (0.1)                | (0.4)              |
| Increase in trade and other receivables     |      | (3.6)                | (1.6)              |
| Increase in trade and other payables        |      | <u>5.5</u>           | <u>7.1</u>         |
| <b>Cash from/(used in) operations</b>       |      | <b><u>(12.5)</u></b> | <b><u>20.3</u></b> |

#### 26 Non-adjusting events after the financial year

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

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 27 Pension commitments

|                                            | 2022<br>£ m | 2021<br>£ m |
|--------------------------------------------|-------------|-------------|
| Pension costs, defined contribution scheme | 10.4        | 9.2         |

#### 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, 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 31 March 2022 which resulted in the Scheme having assets sufficient to cover 94% of the liabilities accrued in respect of members.

Following the valuation date there has been significant volatility in respect of financial market experience. The Company and the Trustees, having considered guidance from the Pension Regulator, have agreed to make allowance for the Scheme's experience since the valuation date for the purposes of determining the appropriate Recovery Plan and Schedule of Contributions.

For the purpose of the 31 March 2022 valuation the Recovery Plan was calculated by reference to market conditions at 28 February 2023 which resulted in the Scheme having assets sufficient to cover 105% of the liabilities accrued in respect of members. As the updated results confirm a funding surplus on the Technical Provisions basis, there is no requirement for a Recovery Plan to be put in place and there will be no contributions due to the scheme.

The next triennial valuation will be carried out as at 31 March 2025.

During the year, contributions totalling £nil (2022: £nil) were paid to the Scheme.

The valuation for the Scheme has been updated to 2 April 2023 for accounting purposes by a qualified independent actuary.

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 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:

|                                                         | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|---------------------------------------------------------|---------------------------|---------------------------|
| Fair value of scheme assets                             | 32.1                      | 41.1                      |
| Present value of scheme liabilities                     | (29.7)                    | (42.8)                    |
| <b>Defined benefit pension scheme surplus/(deficit)</b> | <b>2.4</b>                | <b>(1.7)</b>              |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### *Scheme assets*

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

|                                                                                | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|--------------------------------------------------------------------------------|---------------------------|---------------------------|
| Fair value at start of period                                                  | 41.1                      | 44.8                      |
| Interest income                                                                | 1.0                       | 0.8                       |
| Return on plan assets, excluding amounts included in interest income/(expense) | (8.5)                     | (3.1)                     |
| Benefits paid                                                                  | (1.5)                     | (1.4)                     |
| Fair value at end of period                                                    | <u>32.1</u>               | <u>41.1</u>               |

### *Analysis of assets*

The major categories of scheme assets are as follows:

|                           | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|---------------------------|---------------------------|---------------------------|
| Cash and cash equivalents | -                         | 0.2                       |
| Equity instruments        | 4.7                       | 14.8                      |
| Debt instruments          | 13.9                      | -                         |
| Insurance annuity         | 7.1                       | 9.5                       |
| Investment funds          | 6.4                       | 4.7                       |
| Diversified credit        | -                         | 11.9                      |
|                           | <u>32.1</u>               | <u>41.1</u>               |

### **Equity instruments**

Equity instruments can be further categorised as follows:

|                    | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|--------------------|---------------------------|---------------------------|
| <b>Quoted</b>      |                           |                           |
| Equity instruments | <u>4.7</u>                | <u>14.8</u>               |

### **Debt instruments**

Debt instruments can be further categorised as follows:

|                    | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|--------------------|---------------------------|---------------------------|
| <b>Quoted</b>      |                           |                           |
| Diversified credit | -                         | 11.9                      |
| Gilts              | 8.5                       | -                         |
| Corporate bonds    | 5.4                       | -                         |
|                    | <u>13.9</u>               | <u>11.9</u>               |

### **Investment funds**

Investment funds can be further categorised as follows:

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

|               | 2023<br>£ m | 2022<br>£ m |
|---------------|-------------|-------------|
| <b>Quoted</b> |             |             |
| LDI           | <u>6.4</u>  | <u>4.7</u>  |

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:

|                                                                            | 2023<br>£ m | 2022<br>£ m |
|----------------------------------------------------------------------------|-------------|-------------|
| Present value at start of period                                           | 42.8        | 49.6        |
| Actuarial gains and losses arising from changes in demographic assumptions | 0.1         | (0.9)       |
| Actuarial gains and losses arising from changes in financial assumptions   | (11.9)      | (5.4)       |
| Actuarial gains and losses arising from experience adjustment              | (0.9)       | -           |
| Interest cost                                                              | 1.1         | 0.9         |
| Benefits paid                                                              | (1.5)       | (1.4)       |
| Present value at end of period                                             | <u>29.7</u> | <u>42.8</u> |

#### ***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:

|                          | 2023<br>%  | 2022<br>%  |
|--------------------------|------------|------------|
| Discount rate            | 4.7        | 2.6        |
| Future pension increases | 3.0        | 3.0        |
| RPI Inflation rate       | <u>3.5</u> | <u>3.6</u> |

#### ***Post retirement mortality assumptions***

|                                                  | 2023<br>Years | 2022<br>Years |
|--------------------------------------------------|---------------|---------------|
| Current UK pensioners at retirement age - male   | 20.9          | 20.8          |
| Current UK pensioners at retirement age - female | 23.4          | 23.3          |
| Future UK pensioners at retirement age - male    | 22.1          | 22.0          |
| Future UK pensioners at retirement age - female  | <u>24.8</u>   | <u>24.8</u>   |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### *Amounts recognised in the income statement*

|                                                      | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|------------------------------------------------------|---------------------------|---------------------------|
| <b>Amounts recognised in operating profit</b>        |                           |                           |
| Recognised in arriving at operating profit           | -                         | -                         |
| <b>Amounts recognised in finance income or costs</b> |                           |                           |
| Interest expense on defined benefit obligation       | (1.1)                     | (0.9)                     |
| Interest income on plan assets                       | 1.0                       | 0.8                       |
| Recognised in other finance cost                     | (0.1)                     | (0.1)                     |
| <b>Total recognised in the income statement</b>      | <b>(0.1)</b>              | <b>(0.1)</b>              |

### *Amounts taken to the Statement of Comprehensive Income*

|                                                                                | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|--------------------------------------------------------------------------------|---------------------------|---------------------------|
| Actuarial gains and losses arising from changes in demographic assumptions     | (0.1)                     | 0.9                       |
| Actuarial gains and losses arising from changes in financial assumptions       | 11.9                      | 5.4                       |
| Actuarial gains and losses arising from experience adjustments                 | 0.9                       | -                         |
| Return on plan assets, excluding amounts included in interest income/(expense) | (8.5)                     | (3.1)                     |
| <b>Amounts recognised in the Statement of Comprehensive Income</b>             | <b>4.2</b>                | <b>3.2</b>                |

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

|                                       | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|---------------------------------------|---------------------------|---------------------------|
| Discount rate +0.5% (2022: +0.25%)    | (2.1)                     | (1.9)                     |
| Inflation +0.5% (2022: +0.25%)        | 0.3                       | 0.3                       |
| Increase of 1 year in life expectancy | 1.2                       | 2.0                       |

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 assets.

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 28 Related party transactions

Transactions between subsidiaries of The Scott Trust Limited 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:

|       | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|-------|---------------------------|---------------------------|
| Sales | <u>2.1</u>                | <u>1.6</u>                |

At year-end, balances outstanding in relation to these related parties amounted to £1.8m (2022: £0.7m).

The Group paid £103,000 (2022: £113,000) to five directors (2022: three directors) of The Scott Trust Limited for services rendered to Guardian News & Media Limited in the normal course of business.

The Group paid £21,000 (2022: £20,000) to the partner of one director (2022: one) for services rendered to Guardian News & Media Limited in the normal course of business at arm's length.

The Group paid £792,000 (2022: £540,000) in charitable donations and gifts in kind to the Guardian Foundation.

#### 29 Ultimate controlling party

There is no ultimate controlling party.

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

#### 30 Investments in subsidiaries, joint ventures and associates

Details of the group subsidiaries as at 2 April 2023 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 |      |
|------------------------------------------|------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------|------|
|                                          |                                                |                                                          | 2023                                                                 | 2022 |
| Channel M Television Limited             | £1 ordinary shares                             | England and Wales                                        | 100%                                                                 | 100% |
| ContentNext Media Inc                    | \$0.001 ordinary shares<br>\$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% |
| GMG Ventures LP*                         | N/A **                                         | Limited Partnership England and Wales                    | 0%                                                                   | 0%   |
| 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 Media Group plc*                | £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 & 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%  |
| The Scott Trust Endowment Limited*       | £1 ordinary shares                             | England and Wales                                        | 100%                                                                 | 100% |

\* indicates direct investment of The Scott Trust Limited

\*\* whilst the parent company holds no ownership or voting rights in GMG Ventures LP, it is considered to be a subsidiary by virtue of control of its activities by the parent company

## The Scott Trust Limited

### Notes to the Financial Statements for the year ended 2 April 2023

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

#### Group joint ventures

Details of the group joint ventures as at 2 April 2023 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 |      |
|------------------------|-----------------------------|----------------------------------------------------------|----------------------------------------------------------------------|------|
|                        |                             |                                                          | 2023                                                                 | 2022 |
| Ozone Project Limited  | £0.01 ordinary shares       | England and Wales                                        | 17.8%                                                                | 25%  |

\* indicates direct investment of The Scott Trust Limited

The registered office for Ozone Project Limited is New City Court, 20 St. Thomas Street, London, SE1 9RS.

#### Supplementary note to note 30 of the financial statements of The Scott Trust Limited for the year ended 2 April 2023

The Scott Trust Limited has issued a parent company guarantee pursuant to Section 479C of the UK Companies Act 2006 for the financial year ended 2 April 2023 on behalf of the following subsidiaries:

- GMG B2B Limited - 07200470
- Guardian News & Media (Holdings) Limited - 03673142
- OG Enterprises Limited - 05291229
- The Scott Trust Endowment Limited - 13856227

The parent company guarantee applies to all the outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided for Section 479A of the UK Companies Act 2006.

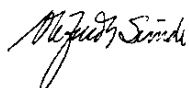
The inclusion of the paragraph above is the only revision from the original financial statements signed on 3 July 2023.

#### Directors' Statement in relation to the above supplementary note

The above note revises in certain respects the original report and financial statements of the Group and Parent Company for the year ended 2 April 2023 and is to be treated as forming part of those financial statements.

The financial statements of the Group and Parent Company have been revised as at the date of the original report and financial statements and not as at the date of revision and accordingly do not deal with the events between those dates.

This supplementary note was signed on behalf of the Board on 13 October 2023 by:



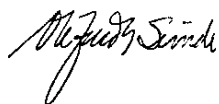
Ole Jacob Sunde - Chair

**The Scott Trust Limited**  
**(Registration number: 06706464)**  
**Statement of Financial Position as at 2 April 2023**

|                             | Note | 2023<br>£ m   | 2022<br>£ m   |
|-----------------------------|------|---------------|---------------|
| <b>Non-current assets</b>   |      |               |               |
| Investments                 | 4    | 37.5          | 34.2          |
| Deferred tax assets         | 5    | <u>0.2</u>    | <u>0.1</u>    |
|                             |      | <u>37.7</u>   | <u>34.3</u>   |
| <b>Current assets</b>       |      |               |               |
| Trade and other receivables | 6    | 0.2           | -             |
| Income tax asset            |      | <u>-</u>      | <u>0.1</u>    |
|                             |      | 0.2           | 0.1           |
| <b>Current liabilities</b>  |      |               |               |
| Trade and other payables    | 7    | <u>(36.8)</u> | <u>(33.7)</u> |
| Net current liabilities     |      | <u>(36.6)</u> | <u>(33.6)</u> |
| Net assets                  |      | <u>1.1</u>    | <u>0.7</u>    |
| <b>Equity</b>               |      |               |               |
| Called up share capital     | 8    | 0.2           | 0.2           |
| Retained earnings           |      | <u>0.9</u>    | <u>0.5</u>    |
| Shareholders' funds         |      | <u>1.1</u>    | <u>0.7</u>    |

The result for the year is £0.4m (2022: £0.2m).

These statements were approved by the Board on 3 July 2023 and signed on its behalf by:



Ole Jacob Sunde  
Chair

**The Scott Trust Limited**  
**Statement of Changes in Equity for the year ended 2 April 2023**

|                            | <b>Share capital<br/>£ m</b> | <b>Retained<br/>earnings<br/>£ m</b> | <b>Total<br/>£ m</b> |
|----------------------------|------------------------------|--------------------------------------|----------------------|
| At 4 April 2022            | <u>0.2</u>                   | <u>0.5</u>                           | <u>0.7</u>           |
| Profit for the period      | <u>-</u>                     | <u>0.4</u>                           | <u>0.4</u>           |
| Total comprehensive income | <u>-</u>                     | <u>0.4</u>                           | <u>0.4</u>           |
| At 2 April 2023            | <u>0.2</u>                   | <u>0.9</u>                           | <u>1.1</u>           |
|                            | <b>Share capital<br/>£ m</b> | <b>Retained<br/>earnings<br/>£ m</b> | <b>Total<br/>£ m</b> |
| At 29 March 2021           | <u>0.2</u>                   | <u>0.3</u>                           | <u>0.5</u>           |
| Profit for the period      | <u>-</u>                     | <u>0.2</u>                           | <u>0.2</u>           |
| Total comprehensive income | <u>-</u>                     | <u>0.2</u>                           | <u>0.2</u>           |
| At 3 April 2022            | <u>0.2</u>                   | <u>0.5</u>                           | <u>0.7</u>           |

# The Scott Trust Limited

## Notes to the Financial Statements for the year ended 2 April 2023

### 1 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

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

#### Basis of preparation

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

A separate profit and loss account dealing with the results of the company has not been presented, as permitted by Section 408 of the Companies Act 2006. The result for the year is £0.4m (2022: £0.2m).

The financial statements of the company are made up to the Sunday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks ended 2 April 2023 and for the comparative period cover the 53 weeks ended 3 April 2022.

#### Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payment, business combinations, non-current assets held for sale, financial instruments, fair value measurements, capital management, revenue from contracts with customers, presentation of comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment property, presentation of a cash-flow statement, the effects of new standards not yet effective, impairment of assets and disclosures in respect of the compensation of key management personnel and of transactions with a management entity that provides key management personnel services to the company.

#### 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 Directors' remuneration

This information is shown the director's remuneration report in the Group section of the annual report and financial statements. There are no other employees of the company other than the directors.

### 3 Auditors' remuneration

|                                   | 2023<br>£ m | 2022<br>£ m |
|-----------------------------------|-------------|-------------|
| Audit of the financial statements | <u>0.1</u>  | <u>0.1</u>  |

**The Scott Trust Limited**  
**Notes to the Financial Statements for the year ended 2 April 2023**

**4 Investments**

**Subsidiaries**

**£ m**

**Cost or valuation**

At 29 March 2021

27.9

Additions

6.3

At 3 April 2022

34.2

At 4 April 2022

34.2

Additions

3.3

At 2 April 2023

37.5

**Provision**

At 3 April 2022

-

At 2 April 2023

-

**Cost and carrying amount**

At 2 April 2023

37.5

At 3 April 2022

34.2

**5 Deferred tax**

**Deferred tax**

Deferred tax assets and liabilities

Deferred tax movement during the period:

|                                         | <b>At 4 April<br/>2022<br/>£ m</b> | <b>Recognised in<br/>income<br/>£ m</b> | <b>At<br/>2 April 2023<br/>£ m</b> |
|-----------------------------------------|------------------------------------|-----------------------------------------|------------------------------------|
| Relating to losses and other deductions | <u>0.1</u>                         | <u>0.1</u>                              | <u>0.2</u>                         |
|                                         | <u>0.1</u>                         | <u>0.1</u>                              | <u>0.2</u>                         |

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.

**The Scott Trust Limited**  
**Notes to the Financial Statements for the year ended 2 April 2023**

**6 Trade and other receivables**

|                                  | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|----------------------------------|---------------------------|---------------------------|
| Receivables from related parties | <u>0.2</u>                | <u>-</u>                  |

**7 Trade and other payables**

|                                | <b>2023</b><br><b>£ m</b> | <b>2022</b><br><b>£ m</b> |
|--------------------------------|---------------------------|---------------------------|
| Amounts due to related parties | <u>36.8</u>               | <u>33.7</u>               |

**8 Share capital**

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

|                                   | <b>No.</b>   | <b>2023</b><br><b>£ m</b> | <b>No.</b>   | <b>2022</b><br><b>£ m</b> |
|-----------------------------------|--------------|---------------------------|--------------|---------------------------|
| 1000 ordinary shares of £250 each | <u>1,000</u> | <u>0.2</u>                | <u>1,000</u> | <u>0.2</u>                |

**9 Related party transactions**

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

**10 Ultimate controlling party**

There is no ultimate controlling party.