

Company Registration Number 06706464

**THE SCOTT TRUST LIMITED**

**ANNUAL REPORT AND ACCOUNTS 2011**

# THE SCOTT TRUST LIMITED

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# THE SCOTT TRUST LIMITED

## List of directors and advisers

### **Directors**

Dame Liz Forgan DBE  
Larry Elliott  
Andrew Graham  
Will Hutton  
Maleiha Malik  
Carolyn McCall (resigned 30 June 2010)  
Andrew Miller (appointed 6 September 2010)  
Geraldine Proudler  
Alan Rusbridger  
Anthony Salz  
Jonathan Scott

### **Company secretary**

Phil Boardman

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

### **Solicitors**

Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London  
EC4Y 1HS

### **Registered Office**

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

# THE SCOTT TRUST LIMITED

## Report of the directors

For the year ended 3 April 2011

The directors present their report and audited financial statements for the Group, comprising The Scott Trust Limited ("the Company") and its subsidiaries, joint ventures and associate investments, for the year ended 3 April 2011. In order to simplify these accounts the Guardian Media Group plc Annual Report and Accounts 2011 have been included in Appendix 1. Cross references to these accounts have been made where the information is the same. Also for simplicity the note numbers in both sets of accounts are the same.

### **Activities and business review**

The Scott Trust Limited is the holding company for Guardian Media Group plc whose Annual Report and Accounts are contained in Appendix 1 to this report. The principal activity of the Group is the dissemination of news, information and advertising matter by way of print and other media.

The Group results for the year are set out in the Group income statement on page 10. A review of the Group's performance, future prospects and financial risks are contained in the consolidated accounts of Guardian Media Group plc in Appendix 1 within the statement from the chair, the chief executive's review of operations, the statement from the chair of the Scott Trust and the financial review.

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

### **Land and buildings**

Details of the market value and book value of land and buildings for the Group are set out in the report of the directors in the consolidated accounts of Guardian Media Group plc in Appendix 1.

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

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

### **Creditor payment policy**

The Group's policy on creditor payments is set out in the report of the directors in the consolidated accounts of Guardian Media Group plc in Appendix 1.

### **Donations**

Details of donations paid are set out in the report of the directors in the consolidated accounts of Guardian Media Group plc in Appendix 1.

### **Directors**

The directors of the company up to the date of signing these financial statements, and movements during the year, are listed on page 2.

### **Statement of directors' responsibilities**

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

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

# THE SCOTT TRUST LIMITED

## Report of the directors (continued)

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

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

The directors confirm they have complied with the above requirements in preparing these financial statements.

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

### **Auditors and disclosure of information to auditors**

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

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

### **Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the chief executive's report. The financial position of the Group, its cash flows, liquidity position and borrowing facility are described in the financial review. In addition, note 2 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. These reports are set out in the consolidated accounts of Guardian Media Group plc in Appendix 1.

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

### **Financial risk management**

The financial risk management objectives and policies of the Group are detailed in note 2 of the notes to the Guardian Media Group plc consolidated accounts in Appendix 1.

### **By Order of the Board**



**Phil Boardman**  
**Company secretary**  
**15 June 2011**

**SCOTT TRUST LIMITED - REGISTERED IN ENGLAND AND WALES 06706464**

## THE SCOTT TRUST LIMITED

### Directors' remuneration report for the year ended 3 April 2011

#### Remuneration policy for chair and independent directors

The level of fees for the chair and independent directors is reviewed biennially and approved by the chair of Guardian Media Group plc. The chair and independent directors are not eligible for pension fund membership and will not participate in any of the Group's bonus schemes. There was no increase in any fees approved at the biennial review in 2009/10. The fees are next due for review in 2011/12. Directors who are also executive directors of Guardian Media Group plc do not receive a fee.

#### Directors' contracts

Details of the service contracts of directors are as follows:

	Contract date	Contract unexpired term	Notice period	Contractual termination payments
Dame Liz Forgan DBE	1 October 2008	2 years 10 months	None	None
Larry Elliott <sup>1</sup>				
Andrew Graham	1 October 2008	4 years	None	None
Will Hutton	1 October 2008	3 years 10 months	None	None
Maleiha Malik	1 October 2008	6 years	None	None
Andrew Miller <sup>2</sup>				
Geraldine Proudler	1 October 2008	9 months	None	None
Alan Rusbridger <sup>2</sup>				
Anthony Salz	9 March 2009	8 years	None	None
Jonathan Scott	1 October 2008	Not applicable	None	None

<sup>1</sup> Larry Elliott will retire in September 2011 and be succeeded as journalist director by Heather Stewart.

<sup>2</sup> Details of the contracts of Andrew Miller and Alan Rusbridger are set out in the directors' remuneration report of the consolidated accounts of Guardian Media Group plc in Appendix 1.

#### Directors' emoluments

	Directors fees 2011 £000	Directors fees 2010 £000
Dame Liz Forgan DBE	53	53
Larry Elliott	6	6
Andrew Graham	11	11
Will Hutton	11	11
Maleiha Malik	11	11
Andrew Miller <sup>3</sup>	-	-
Geraldine Proudler	11	11
Alan Rusbridger <sup>3</sup>	-	-
Anthony Salz	11	11
Jonathan Scott	13	11
<b>Total</b>	<b>127</b>	<b>125</b>

<sup>3</sup> The emoluments of Andrew Miller and Alan Rusbridger are set out in the directors' remuneration report of the consolidated accounts of Guardian Media Group plc in Appendix 1. They are not paid a separate fee for their services as directors of The Scott Trust Limited.

# THE SCOTT TRUST LIMITED

## Corporate governance

Following its incorporation in September 2008, the Scott Trust Board has developed corporate governance processes and procedures for the Company in conjunction with Guardian Media Group's corporate governance statement, which is set out in the annual report of the consolidated accounts of Guardian Media Group plc in Appendix 1.

In addition, the following is relevant to The Scott Trust Limited (STL):

### The Board

The Scott Trust Limited Board comprises a chair, the editor-in-chief of the Guardian, a director drawn from among Guardian journalists and five independent directors, three of whom meet the independent criteria set out in the Combined Code. The chief executive of Guardian Media Group has customarily been invited to become a director. A member of the Scott family currently sits on the Board. There is also a reciprocal arrangement whereby the chair of the Board attends all Guardian Media Group meetings and in turn the chair of Guardian Media Group is invited to attend all STL meetings.

Details of all the directors and the company secretary are set out on pages 20 and 21 of the consolidated accounts of Guardian Media Group plc in Appendix 1. They indicate the directors' wide range of business and other relevant experience.

The Board intends to meet four/five times each year. Board papers are circulated to the directors by the company secretary in advance of Board meetings to ensure Board members are supplied in a timely manner with the information they need. There is a written schedule of specific matters reserved for Board consideration which includes approval of all Scott Trust Limited Board appointments and certain other Guardian Media Group Board and senior executive appointments and substantial investments, acquisitions and disposals by Guardian Media Group. Board meetings are minuted and minutes are circulated to all Board members by the company secretary.

On appointment to the Board, directors receive appropriate briefings on Guardian Media Group and its activities, and follow a tailored induction programme which includes meeting Guardian Media Group senior management.

All directors have access to the company secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. A procedure exists for directors to take independent professional advice, at the Group's expense, if necessary, in the furtherance of their duties.

During 2010/11 a first performance appraisal of Board members was undertaken by the chair. The effectiveness of the Board was reviewed, using an internal questionnaire approach. Output from this review included the decision to establish a nominations committee, as a sub-committee of the Board. This will comprise the chair, the editor-in chief of the Guardian and two independent directors. Future performance appraisals of Board members and effectiveness reviews of the Board will take place on a triennial basis.

The Company maintains an appropriate level of directors' and officers' insurance in respect of legal action against the directors. In accordance with the Company's Articles of Association, the directors and officers of the Company are all indemnified out of the assets of the Company, to the extent permitted by law, in respect of liabilities incurred as a result of their office. No cover is provided in the event that a director or officer has acted fraudulently.

## THE SCOTT TRUST LIMITED

### Corporate governance (continued)

The number of meetings of the Board held in the financial year ended 3 April 2011, with details of individual attendance by directors, is set out in the table below.

<b>Director</b>	<b>Board Meetings</b>
Dame Liz Forgan DBE	5
Larry Elliott	5
Andrew Graham	3
Will Hutton	5
Maleiha Malik	5
Carolyn McCall OBE (resigned 30 June 2010)	1
Andrew Miller (appointed 6 September 2010)	3
Geraldine Proudler	5
Alan Rusbridger	5
Anthony Salz	5
Jonathan Scott	5
<b>Number of meetings held</b>	<b>5</b>



# THE SCOTT TRUST LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCOTT TRUST LIMITED

We have audited the Group financial statements of The Scott Trust Limited for the year ended 3 April 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes relating to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 3 April 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## THE SCOTT TRUST LIMITED

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SCOTT TRUST LIMITED continued

### Matters on which we are required to report by exception

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

- 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.

### Other matter

We have reported separately on the parent company financial statements of The Scott Trust Limited for the year ended 3 April 2011.

A handwritten signature in black ink, appearing to read 'John Baker', is written over a horizontal line.

John Baker (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

15 June 2011

## THE SCOTT TRUST LIMITED

### Consolidated income statement

For the year ended 3 April 2011

	Note	2011 Before exceptional items £m	2011 Exceptional items £m	2011 Total £m	2010 Before exceptional items £m	2010 Exceptional items £m	2010 Total £m
<b>Continuing operations</b>							
Turnover	3	255.1	-	255.1	280.0	-	280.0
Operating costs	4	(309.8)	(4.1)	(313.9)	(334.1)	(81.4)	(415.5)
<b>Operating loss</b>	4	<b>(54.7)</b>	<b>(4.1)</b>	<b>(58.8)</b>	<b>(54.1)</b>	<b>(81.4)</b>	<b>(135.5)</b>
Income from other financial assets	6	15.3	-	15.3	1.5	-	1.5
Interest payable and similar charges	7	(2.3)	-	(2.3)	(2.6)	-	(2.6)
Other financing income	7	2.5	-	2.5	5.4	-	5.4
Interest receivable and similar income	7	73.7	-	73.7	89.1	-	89.1
Share of post-tax losses of joint ventures	14	(21.1)	-	(21.1)	(32.6)	(96.5)	(129.1)
Share of post-tax losses of associates	14	(0.5)	-	(0.5)	-	-	-
<b>Profit/(loss) before taxation</b>		<b>12.9</b>	<b>(4.1)</b>	<b>8.8</b>	<b>6.7</b>	<b>(177.9)</b>	<b>(171.2)</b>
Taxation	8	(3.6)	-	(3.6)	(0.5)	11.0	10.5
<b>Profit/(loss) from continuing operations</b>		<b>9.3</b>	<b>(4.1)</b>	<b>5.2</b>	<b>6.2</b>	<b>(166.9)</b>	<b>(160.7)</b>
<b>Discontinued activities</b>							
Profit/(loss) for year from discontinued activities	9	-	-	-	3.1	(47.0)	(43.9)
<b>Profit/(loss) attributable to equity shareholders</b>		<b>9.3</b>	<b>(4.1)</b>	<b>5.2</b>	<b>9.3</b>	<b>(213.9)</b>	<b>(204.6)</b>

## THE SCOTT TRUST LIMITED

### Consolidated statement of comprehensive income

For the year ended 3 April 2011

	Note	2011 £m	2010 £m
Profit/(loss) attributable to equity shareholders		5.2	(204.6)
Actuarial loss on post employment benefit obligations	28	(0.4)	(1.6)
Deferred taxation credit on actuarial loss	23	0.2	0.4
Derecognition of changes in fair value on disposals	10	(15.8)	(1.4)
Fair value gain - non-current other financial assets	10	10.0	36.1
Joint venture - share of:			
- movements on cash flow hedges and other items	14	3.6	3.9
- Currency translation differences on foreign currency net investments	14	-	(0.8)
Net (expense)/income not recognised in the income statement		(2.4)	36.6
<b>Total income/(expense) for the year</b>		<b>2.8</b>	<b>(168.0)</b>

# THE SCOTT TRUST LIMITED


## Consolidated balance sheet

As at 3 April 2011

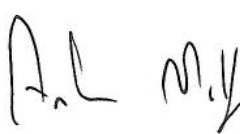
	Note	2011 £m	2010 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	11	63.0	63.0
Other intangible assets	12	86.9	95.9
Property, plant and equipment	13	37.5	44.3
Investments accounted for using the equity method	14	304.8	247.7
Deferred tax assets	23	16.5	24.2
Other financial assets - available for sale	10	122.6	173.8
Other financial assets	14	1.6	1.6
		<b>632.9</b>	<b>650.5</b>
<b>Current assets</b>			
Inventories	15	1.8	1.3
Trade and other receivables	16	45.0	57.9
Other financial assets - available for sale	10	60.0	50.0
Cash and cash equivalents	18	14.8	37.0
		<b>121.6</b>	<b>146.2</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	19	6.1	7.6
Derivative financial instruments	10	-	3.3
Trade and other payables	20	47.7	60.6
Current tax liabilities	17	0.4	2.3
Provisions	22	6.7	22.8
		<b>60.9</b>	<b>96.6</b>
<b>Net current assets</b>		<b>60.7</b>	<b>49.6</b>
<b>Total assets less current liabilities</b>		<b>693.6</b>	<b>700.1</b>
<b>Non-current liabilities</b>			
Financial liabilities	19	58.8	64.9
Retirement benefit liabilities	28	0.6	2.0
Other non-current liabilities	21	13.1	9.2
Deferred tax liabilities	23	18.9	23.9
Provisions	22	10.2	14.2
		<b>101.6</b>	<b>114.2</b>
<b>Net assets</b>		<b>592.0</b>	<b>585.9</b>
<b>Shareholders' equity</b>			
Share capital	24	0.2	0.2
Consolidation reserve		836.1	836.1
Retained earnings		(244.3)	(250.4)
<b>Total shareholders' equity</b>		<b>592.0</b>	<b>585.9</b>

These financial statements on pages 10 to 18 were approved by the Board of directors on 15 June 2011 and signed on its behalf by:

Dame Liz Forgan DBE  
Chair



Andrew Miller  
Director



SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464

# THE SCOTT TRUST LIMITED

## Consolidated statement of cash flows

For the year ended 3 April 2011

	Note	2011 £m	2010 £m
<b>Cash flow from operating activities</b>			
Cash used by operations	26	(54.8)	(36.9)
Interest received		1.6	0.5
Interest paid		(2.7)	(3.3)
Tax paid		(2.5)	(3.5)
<b>Net cash used by operating activities</b>		<b>(58.4)</b>	<b>(43.2)</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries		(0.1)	-
Acquisition of shares in associates	14	(0.4)	-
Disposal of trade and assets	9	-	7.4
Purchase of other intangible assets	12	(5.6)	(4.2)
Purchase of other non-current financial assets	10	(82.4)	(42.1)
Divestment - investment fund	10	50.0	-
Sale of other non-current financial assets	10	83.1	38.9
Proceeds from sale of property, plant and equipment		0.2	2.7
Purchase of property, plant and equipment	13	(1.5)	(1.9)
Other loans advanced		(0.1)	(0.1)
Dividend received		0.6	0.1
<b>Net cash generated in investing activities</b>		<b>43.8</b>	<b>0.8</b>
<b>Cash flow from financing activities</b>			
Finance lease principal payments		(7.1)	(6.9)
Exchange (loss)/gain on settlement of forward contracts		(0.5)	3.1
<b>Net cash used in financing activities</b>		<b>(7.6)</b>	<b>(3.8)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(22.2)</b>	<b>(46.2)</b>
Cash and cash equivalents at beginning of the year		37.0	83.2
<b>Cash and cash equivalents at end of the year</b>	18	<b>14.8</b>	<b>37.0</b>

## Consolidated statement of changes in equity

For the year ended 3 April 2011

	Share capital	Consolidation reserve	Profit and loss reserve	Total reserves
	£m	£m	£m	£m
At 29 March 2009	0.2	836.1	(82.4)	753.9
Loss for the year	-	-	(204.6)	(204.6)
Profit recognised directly in the statement of comprehensive income	-	-	36.6	36.6
At 28 March 2010	0.2	836.1	(250.4)	585.9
Profit for the year	-	-	5.2	5.2
Profit recognised directly in the statement of comprehensive income	-	-	(2.4)	(2.4)
Step up in carrying value of joint venture	-	-	3.3	3.3
At 3 April 2011	<b>0.2</b>	<b>836.1</b>	<b>(244.3)</b>	<b>592.0</b>

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

For the year ended 3 April 2011

### 1. Accounting policies

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

### 2. Financial risk management

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

### 3. Segmental information

Details of segmental information are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 3.

### 4. Operating loss

	2011	2010
	£m	£m
Raw materials and consumables	27.4	34.4
Other external charges	13.5	17.5
Staff costs (see note 5)	124.6	140.3
Depreciation of tangible fixed assets	6.5	6.7
Other expenses	141.9	216.6
	<b>313.9</b>	<b>415.5</b>

Exceptional items totalling £4.1 million (2010 £81.4 million) relates to restructuring costs. In the prior year, exceptional items related to the impairment of goodwill and intangibles £63.9 million, Guardian News & Media restructuring costs £12.9 million and onerous lease provision £4.6 million.

	2011	2010
	£m	£m
The following items have been included in arriving at operating loss:		
Impairment of goodwill	-	42.1
Amortisation of other intangible assets	14.6	16.0
Impairment of other intangible assets	-	21.8
Impairment of property, plant and equipment	1.7	20.2
Profit on sale of property, plant and equipment	(0.1)	(0.5)
Other operating lease rentals payable:		
- Plant and machinery	4.7	5.5
- Property	5.2	11.6
Repairs and maintenance expenditure on property, plant and equipment	0.6	1.9
Trade receivables impairment	0.4	3.7

### Services provided by the Group's auditors

Details of services provided by the Group's auditors are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 4.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### **5. Employees and directors**

Details of employees and directors are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 5.

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

Details of income from other financial assets are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 6.

### **7. Finance income and expenses**

Details of finance income and costs are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 7.

### **8. Taxation**

Details of taxation are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 8.

### **9. Discontinued activities**

Details of discontinued activities are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 9.

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

Details of non-current other financial assets – available for sale are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 10.

### **11. Goodwill**

Details of goodwill are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 11.

### **12. Other intangible assets**

Details of other intangible assets are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 12.

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

Details of property, plant and equipment are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 13.

### **14. Investments**

Details of investments are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 14.

### **15. Inventories**

Details of inventories are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 15.

### **16. Trade and other receivables**

Details of trade and other receivables are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 16.

### **17. Current tax**

Details of current tax are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 17.



# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### **18. Cash and cash equivalents**

Details of cash and cash equivalents are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 18.

### **19. Financial liabilities – borrowings**

Details of financial liabilities - borrowings are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 19.

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

Details of trade and other payables are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 20.

### **21. Other non-current liabilities**

Details of other non-current liabilities are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 21.

### **22. Provisions**

Details of provisions are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 22.

### **23. Deferred taxation**

Details of deferred taxation are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 23.

### **24. Share capital**

	2011	2010
	£m	£m
Authorised, issued, called up and fully paid: 1,000 ordinary shares of £250 each	<b>0.2</b>	0.2

### **25. Dividends paid**

Details of dividends paid are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 25.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### 26. Cash flow from operating activities

Reconciliation of profit/(loss) before tax to net cash outflow from operating activities:

		<b>2011</b>	2010
		£m	£m
<b>Cash used in operations</b>			
Profit/(loss) before taxation	Note	<b>8.8</b>	(215.1)
Adjustments for:			
Depreciation	13	<b>6.5</b>	10.9
Impairment of property, plant and equipment	13	<b>1.7</b>	20.2
Loss on sale of trade and assets	9	-	47.0
Profit on disposal of property, plant and equipment		<b>(0.1)</b>	(0.5)
Impairment of goodwill	11	-	42.1
Amortisation of other intangible assets	12	<b>14.6</b>	16.0
Impairment of other intangible assets	12	-	21.8
Income from non-current financial assets		<b>(15.3)</b>	(1.5)
Interest receivable and similar income	7	<b>(73.7)</b>	(89.1)
Interest payable and similar charges	7	<b>2.3</b>	2.6
Other financing (income)/expenses	7	<b>(2.5)</b>	(5.4)
Pensions	28	<b>(1.9)</b>	(1.9)
Share of results of joint ventures after taxation		<b>21.1</b>	129.1
Share of results of associates after taxation		<b>0.5</b>	-
(Decrease)/increase in provisions		<b>(20.1)</b>	21.0
Changes in working capital (excluding effects acquisitions and disposals of subsidiaries):			
(Increase)/decrease in inventories		<b>(0.5)</b>	0.2
Decrease/(increase) in trade and other receivables		<b>12.9</b>	(42.1)
(Decrease)/increase in trade and other payables		<b>(9.1)</b>	7.8
<b>Cash used in operations</b>		<b>(54.8)</b>	(36.9)

### 27. Events after the reporting date

Details of post balance sheet events are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 27.

### 28. Pension commitments

Details of pension commitments are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 28.

### 29. Operating lease commitments

Details of operating lease commitments are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 29.

## THE SCOTT TRUST LIMITED

### Notes relating to the financial statements (continued)

#### **30. Capital commitments authorised**

Details of capital commitments authorised are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 30.

#### **31. Related party transactions**

Transactions between subsidiary members of The Scott Trust Limited are not required to be disclosed as these transactions are fully eliminated on consolidation.

Details of related party transactions are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 31.

#### **32. Ultimate controlling party**

The Scott Trust Limited is the ultimate controlling party of Guardian Media Group plc.

#### **33. Principal subsidiaries, joint ventures and associates**

Principal subsidiaries, joint ventures and associates of the Guardian Media Group plc are set out in the consolidated financial statements of Guardian Media Group plc in Appendix 1 note 33.

**THE SCOTT TRUST LIMITED**

**2011 Company financial statements**

## THE SCOTT TRUST LIMITED

### Report of the directors

The directors present their report and audited financial statements for the Company for the year ended 3 April 2011.

#### **Activities and business review**

The Company is the holding company for the Group.

The retained profit for the year was £68,748 (2010 £57,116).

#### **Creditor payment policy**

The Group's policy on creditor payments is set out in the report of the directors of the consolidated accounts of Guardian Media Group plc in Appendix 1.

#### **Directors**

This information is shown on page 2 of The Scott Trust Limited Annual Report and Accounts.

#### **Tax status**

The Company is a close company for tax purposes.

#### **Statement of directors' responsibilities**

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

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

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

The directors confirm they have complied with the above requirements in preparing these financial statements.

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

#### **Auditors and disclosure of information to auditors**

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

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

## THE SCOTT TRUST LIMITED

### Report of the directors (continued)

#### Going concern

The Group's statement on going concern is set out in the report of the directors of the consolidated accounts of Guardian Media Group plc in Appendix 1.

#### By Order of the Board



Phil Boardman  
Company secretary  
15 June 2011

# THE SCOTT TRUST LIMITED

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

We have audited the parent company financial statements of The Scott Trust Limited for the year ended 3 April 2011 which comprise the Company balance sheet and the Notes relating to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 20, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 April 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 (continued)**

### **Other matter**

We have reported separately on the group financial statements of The Scott Trust Limited for the year ended 3 April 2011.

A handwritten signature in black ink, appearing to read 'John Baker', written over a horizontal line.

**John Baker (Senior Statutory Auditor)**

**for and on behalf of PricewaterhouseCoopers LLP**

**Chartered Accountants and Statutory Auditors**

**London**

**15 June 2011**



# THE SCOTT TRUST LIMITED

## Company balance sheet

As at 3 April 2011

	Note	2011 £m	2010 £m
<b>Investments</b>			
Subsidiary undertaking	4	0.2	0.2
<b>Current assets</b>			
Amounts owed by subsidiary		0.2	0.1
<b>Net assets</b>		<b>0.4</b>	<b>0.3</b>
<b>Capital and reserves</b>			
Share capital	6	0.2	0.2
Retained earnings	7	0.2	0.1
<b>Total shareholders' equity</b>		<b>0.4</b>	<b>0.3</b>

These financial statements on pages 24 to 26 were approved by the Board of directors on 15 June 2011 and signed on its behalf by:

  
**Dame Liz Forgan DBE**  
Chair

  
**Andrew Miller**  
Director



**SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464**

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### 1. Accounting policies

#### Accounting basis

The financial statements on pages 24 to 26 have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Set out below is a summary of the more important accounting policies, which have been applied consistently. The financial statements have been prepared on the historical cost basis.

#### Cash flow statement

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

#### Investments

Fixed asset investments are stated in the financial statements at cost less any provision required to reflect a diminution in value.

#### Taxation

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

### 2. Directors' emoluments

This information is shown on page 5 of The Scott Trust Limited Annual Report and Accounts.

### 3. Auditors' remuneration

The Company has incurred fees of £6,000 (2010 £6,000) during the year in respect of audit services.

### 4. Subsidiary undertaking

#### Cost and net book value

At 3 April 2011 and 28 March 2010

0.2

The company owns 100% of the share capital of Guardian Media Group plc.

### 5. Deferred taxation

The company has an unprovided deferred tax asset of £41,634 (2010 £39,826) relating to current year tax losses. No deferred tax is recognised on these trading losses as it is not regarded as more likely than not that there will be suitable taxable profits/gains against which they can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

### 6. Share capital

	2011	2010
	£m	£m
Authorised, issued, called up and fully paid:		
1,000 ordinary shares of £250 each	0.2	0.2
	0.2	0.2

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### 7. *Retained earnings*

The movement on retained earnings is analysed below:

	2011	2010
	£m	£m
At 29 March 2010	0.1	-
Retained profit for period	0.1	0.1
At 3 April 2011	0.2	0.1

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

### 8. *Related party transactions*

Transactions between subsidiary members of The Scott Trust Limited are not required to be disclosed as these transactions are fully eliminated on consolidation.