

Company Registration Number 06706464

**THE SCOTT TRUST LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2012**

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# THE SCOTT TRUST LIMITED

## Contents

Directors and advisers	2
Report of the directors	3
Directors' remuneration report	5
Corporate governance	6
Independent auditors' report to the members of The Scott Trust Limited	8
Consolidated income statement	9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	12
Notes relating to the financial statements	13
Company financial statements of The Scott Trust Limited	17
Guardian Media Group plc annual report and financial statements 2012	Appendix 1

# THE SCOTT TRUST LIMITED

## Directors and advisers

### Directors

Dame Liz Forgan DBE  
Larry Elliott (resigned 7 September 2011)  
Andrew Graham  
Will Hutton  
Maleiha Malik  
Andrew Miller  
Geraldine Proudler  
Alan Rusbridger  
Anthony Salz  
Jonathan Scott  
Heather Stewart (appointed 7 September 2011)

### 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

The directors present their report and the 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 1 April 2012.

In order to simplify these financial statements the Guardian Media Group plc annual report and financial statements 2012 have been included in Appendix 1. Cross references to the Guardian Media Group plc annual report and financial statements have been made where the information is the same. Also for simplicity the note numbers in both sets of financial statements are the same.

### Activities and business review

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

The Group results for the period are set out in the consolidated income statement on page 9. A review of the Group's performance and future prospects are contained in the annual report and financial statements 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.

### Employee involvement and employment of disabled persons

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

### Creditor payment policy

The Group's policy on creditor payments is set out in the report of the directors in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Donations

Details of donations paid are set out in the report of the directors in the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Directors

The directors of the Company at the date of signing these financial statements are listed on page 2. Mr Larry Elliott, who was a director on 3 April 2011, resigned as a director on 7 September 2011. Ms Heather Stewart was appointed as a director on 7 September 2011. All other directors served throughout the year.

### Statement of directors' responsibilities

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

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

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

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

# THE SCOTT TRUST LIMITED

## Report of the directors (continued)

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

### Disclosure of information to auditors

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 Group and 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 review of operations. 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 annual report and financial statements of Guardian Media Group plc in Appendix 1.

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

### Events after the reporting period

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

### By Order of the Board



Andrew Miller

Director  
29 June 2012

SCOTT TRUST LIMITED - REGISTERED IN ENGLAND AND WALES 06706464

# THE SCOTT TRUST LIMITED

## Directors' remuneration report for the year ended 1 April 2012

### Remuneration policy for chair and independent directors

The level of fees for the chair and independent directors is reviewed biennially and approved by the chair of Guardian Media Group plc. The chair and independent directors are not eligible for pension fund membership and will not participate in any of the Group's variable compensation plans. There was no increase in any fees approved at the biennial review in 2011/12. The fees are next due for review in 2013/14. 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	1 year 10 months	None	None
Larry Elliott <sup>1</sup>				
Heather Stewart <sup>1</sup>	7 September 2011	6 years 5 months		
Andrew Graham	1 October 2008	3 years	None	None
Will Hutton	1 October 2008	2 years 10 months	None	None
Maleiha Malik	1 October 2008	5 years	None	None
Andrew Miller <sup>2</sup>				
Geraldine Proudler <sup>3</sup>			None	None
Alan Rusbridger <sup>2</sup>				
Anthony Salz	9 March 2009	7 years	None	None
Jonathan Scott	1 October 2008	Not applicable	None	None

<sup>1</sup> Larry Elliott retired as journalist director on 7 September 2011 and he was succeeded from that date 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 annual report and financial statements of Guardian Media Group plc in Appendix 1.

<sup>3</sup> Geraldine Proudler's term of office expired in January 2012 and she will retire as a director following the appointment of a successor.

### Directors' emoluments

	Directors fees 2012 £000	Directors fees 2011 £000
Dame Liz Forgan DBE	53	53
Larry Elliott (to 7 September 2011)		6
	2	
Heather Stewart (from 7 September 2011)		-
	3	
Andrew Graham	11	11
Will Hutton	11	11
Maleiha Malik	11	11
Andrew Miller <sup>4</sup>	-	-
Geraldine Proudler	11	11
Alan Rusbridger <sup>4</sup>	-	-
Anthony Salz	11	11
Jonathan Scott	13	13
<b>Total</b>	<b>126</b>	<b>127</b>

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

# THE SCOTT TRUST LIMITED

## Corporate governance

Following the incorporation of The Scott Trust Limited (STL) in September 2008, the STL 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 and financial statements of Guardian Media Group plc in Appendix 1.

In addition, the following is relevant to STL:

### The Board

The STL Board currently 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 independence criteria set out in the UK Corporate Governance Code, together with the chief executive of Guardian Media Group, who has customarily been invited to become a director, and a member of the Scott family. There is also a reciprocal arrangement whereby the chair of the Board is invited to attend all Guardian Media Group Board meetings and in turn the chair of Guardian Media Group is invited to attend all STL Board meetings.

Details of all the directors and the company secretary are set out on pages 16 and 17 of the annual report and financial statements 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 STL 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.

Performance appraisals of Board members and effectiveness reviews of the Board are undertaken on a triennial basis. Board member appraisals and an effectiveness review of the Board are next due in 2013/14.

A nominations committee was established, as a sub-committee of the Board, in 2011 (following the effectiveness review undertaken during 2010/11). The nominations committee meets as and when required and comprises the chair, the editor-in chief of the Guardian and two independent directors.

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 and of the nominations committee held in the financial year ended 1 April 2012, with details of individual attendance by directors, is set out in the table below.

Director	Board meetings	Nominations committee meetings
Dame Liz Forgan DBE	5	2
Andrew Graham	5	-
Will Hutton	5	2
Maleiha Malik	5	2
Larry Elliott (resigned 7 September 2011)	3	-
Heather Stewart (appointed 7 September 2011)	3	-
Andrew Miller	5	-
Geraldine Proudler	4	-
Alan Rusbridger	5	2
Anthony Salz	5	-
Jonathan Scott	5	-
<b>Number of meetings held</b>	<b>5</b>	<b>2</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 1 April 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows 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 statement of directors' responsibilities 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 1 April 2012 and of its loss 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.

### 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 1 April 2012.



**John Baker (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2012

# THE SCOTT TRUST LIMITED

## Consolidated income statement For the year ended 1 April 2012

	Note	2012 Before exceptional items £m	2012 Exceptional items £m	2012 Total £m	2011 Before exceptional items £m	2011 Exceptional items £m	2011 Total £m
<b>Continuing operations</b>							
Revenue	3	254.4	-	254.4	255.1	-	255.1
Operating costs	4	(319.0)	(64.7)	(383.7)	(309.8)	(4.1)	(313.9)
<b>Operating loss</b>		<b>(64.6)</b>	<b>(64.7)</b>	<b>(129.3)</b>	<b>(54.7)</b>	<b>(4.1)</b>	<b>(58.8)</b>
Income from other financial assets	6	5.1	-	5.1	15.3	-	15.3
Finance costs	7	(2.1)	-	(2.1)	(2.3)	-	(2.3)
Finance income	7	72.8	-	72.8	73.7	-	73.7
Other financing income	7	0.1	-	0.1	2.5	-	2.5
Share of post-tax loss of joint ventures	13	(22.7)	-	(22.7)	(21.1)	-	(21.1)
Share of post-tax profit/(loss) of associates	13	0.3	-	0.3	(0.5)	-	(0.5)
<b>(Loss)/profit before taxation</b>		<b>(11.1)</b>	<b>(64.7)</b>	<b>(75.8)</b>	<b>12.9</b>	<b>(4.1)</b>	<b>8.8</b>
Income tax income/(expense)	8	2.8	1.2	4.0	(3.6)	-	(3.6)
<b>(Loss)/profit attributable to equity shareholders'</b>		<b>(8.3)</b>	<b>(63.5)</b>	<b>(71.8)</b>	<b>9.3</b>	<b>(4.1)</b>	<b>5.2</b>

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

# THE SCOTT TRUST LIMITED

## Consolidated statement of comprehensive income For the year ended 1 April 2012

	Note	2012 £m	2011 £m
<b>(Loss)/profit attributable to equity shareholders'</b>		<b>(71.8)</b>	5.2
Actuarial loss on post employment benefit obligations	27	(1.6)	(0.4)
Deferred taxation credit on actuarial loss	22	0.4	0.2
Derecognition of changes in fair value on disposals of investments	9	(5.6)	(15.8)
Fair value (loss)/gain - non-current other financial assets	9	(0.7)	10.0
Fair value gain - current other financial assets		0.3	-
Joint venture - share of movements on cash flow hedges and other items	13	(1.1)	3.6
Other comprehensive expense		(8.3)	(2.4)
<b>Total comprehensive (expense)/income for the year</b>		<b>(80.1)</b>	2.8

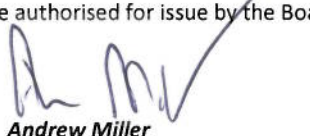
The notes on pages 13 to 16 are an integral part of these financial statements.

**THE SCOTT TRUST LIMITED**  
**Consolidated balance sheet**  
**As at 1 April 2012**

	Note	2012 £m	2011 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10	14.1	63.0
Other intangible assets	11	69.0	86.9
Property, plant and equipment	12	33.1	37.5
Investments accounted for using the equity method - joint ventures	13	249.6	301.3
Investments accounted for using the equity method - associates	13	3.7	3.5
Deferred income tax assets	22	16.1	16.5
Other financial assets - available for sale	9	151.2	122.6
Other financial assets and loans and receivables	13	1.6	1.6
		<b>538.4</b>	<b>632.9</b>
<b>Current assets</b>			
Inventories	14	1.5	1.8
Trade and other receivables	15	49.6	45.0
Other financial assets - available for sale	9	20.0	60.0
Derivative financial instruments	9	0.6	-
Cash and cash equivalents	16	54.6	14.8
		<b>126.3</b>	<b>121.6</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	17	6.0	6.1
Trade and other payables	18	48.9	47.7
Current tax liabilities	19	0.4	0.4
Provision for other liabilities and charges	21	9.7	6.7
		<b>65.0</b>	<b>60.9</b>
<b>Net current assets</b>		<b>61.3</b>	<b>60.7</b>
<b>Total assets less current liabilities</b>		<b>599.7</b>	<b>693.6</b>
<b>Non-current liabilities</b>			
Financial liabilities	17	52.7	58.8
Retirement benefit liabilities	27	0.3	0.6
Other non-current liabilities	20	13.0	13.1
Deferred income tax liabilities	22	14.2	18.9
Provision for other liabilities and charges	21	7.6	10.2
		<b>87.8</b>	<b>101.6</b>
<b>Net assets</b>		<b>511.9</b>	<b>592.0</b>
<b>Shareholders' equity</b>			
Share capital	23	0.2	0.2
Consolidation reserve		836.1	836.1
Reserves		(324.4)	(244.3)
<b>Total shareholders' equity</b>		<b>511.9</b>	<b>592.0</b>

These financial statements on pages 9 to 16 were authorised for issue by the Board of directors on 29 June 2012 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 changes in equity For the year ended 1 April 2012

	Share capital (note 23)	Consolidation reserve	Retained earnings	Total equity
	£m	£m	£m	£m
At 28 March 2010	0.2	836.1	(250.4)	585.9
Profit for the year	-	-	5.2	5.2
Loss recognised directly in the consolidated statement of comprehensive income	-	-	(2.4)	(2.4)
Step up in carrying value of joint venture	-	-	3.3	3.3
At 3 April 2011	0.2	836.1	(244.3)	592.0
Loss for the year	-	-	(71.8)	(71.8)
Loss recognised directly in the consolidated statement of comprehensive income	-	-	(8.3)	(8.3)
<b>At 1 April 2012</b>	<b>0.2</b>	<b>836.1</b>	<b>(324.4)</b>	<b>511.9</b>

### Consolidated statement of cash flows For the year ended 1 April 2012

	Note	2012 £m	2011 £m
<b>Cash flow from operating activities</b>			
Cash used by operations	25	(55.0)	(54.8)
Income tax paid		(0.1)	(2.5)
<b>Net cash used in operating activities</b>		<b>(55.1)</b>	<b>(57.3)</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries		-	(0.1)
Acquisition of shares in associates	13	-	(0.4)
Purchase of other intangible assets	11	(4.3)	(5.6)
Purchase of other non-current financial assets	9	(52.6)	(82.4)
Divestment - investment fund	9	30.6	50.0
Sale of other non-current financial assets	9	32.3	83.1
Proceeds from sale of property, plant and equipment		0.5	0.2
Purchase of property, plant and equipment	12	(3.1)	(1.5)
Other loans advanced		-	(0.1)
Interest received		0.4	1.6
Dividends received from associates	13	0.1	0.6
Dividends received from joint venture	13	81.8	-
Preference share redemption - joint venture	13	18.3	-
Loan redemption - joint venture	13	0.2	-
<b>Net cash generated in investing activities</b>		<b>104.2</b>	<b>45.4</b>
<b>Cash flow from financing activities</b>			
Finance lease principal payments		(6.2)	(7.1)
Interest paid		(2.6)	(2.7)
Exchange loss		(0.5)	(0.5)
<b>Net cash used in financing activities</b>		<b>(9.3)</b>	<b>(10.3)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>39.8</b>	<b>(22.2)</b>
Cash and cash equivalents at beginning of the year		14.8	37.0
<b>Cash and cash equivalents at end of the year</b>	16	<b>54.6</b>	<b>14.8</b>

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

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements

### For the year ended 1 April 2012

#### 1. Accounting policies

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

#### 2. Financial risk management

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

#### 3. Segmental information

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

#### 4. Operating costs

	2012	2011
	£m	£m
Raw materials and consumables	26.0	27.4
Staff costs (see note 5)	130.2	124.6
Depreciation of property, plant and equipment	7.2	6.5
Other expenses	220.3	155.4
	<b>383.7</b>	<b>313.9</b>

Other expenses includes exceptional items totalling £64.7 million (2011 £4.1 million) which relate to the impairment of goodwill and other intangibles of £54.2 million and restructuring costs of £10.5 million. In the prior year, the exceptional items related to restructuring costs.

	2012	2011
	£m	£m
The following items have been included in arriving at operating loss:		
Impairment of goodwill	48.9	-
Impairment of other intangible assets	5.3	-
Amortisation of other intangible assets	16.6	14.6
Impairment of property, plant and equipment	-	1.7
Profit on sale of property, plant and equipment	0.1	0.1
Other operating lease rentals payable:		
- Plant and machinery	5.0	4.7
- Property	5.2	5.2
Repairs and maintenance expenditure on property, plant and equipment	1.1	0.6
Trade receivables impairment	0.7	0.4

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

Details of services provided by the Group's auditors are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 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 annual report and 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 annual report and financial statements of Guardian Media Group plc in Appendix 1 note 6.

### **7. Finance income and costs**

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

### **8. Income tax**

Details of income tax are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 8.

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

Details of non-current other financial assets – available for sale are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 9.

### **10. Goodwill**

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

### **11. Other intangible assets**

Details of other intangible assets are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 11.

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

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

### **13. Investments**

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

### **14. Inventories**

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

### **15. Trade and other receivables**

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

### **16. Cash and cash equivalents**

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

### **17. Financial liabilities – borrowings**

Details of financial liabilities - borrowings are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 17.

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

Details of trade and other payables are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 18.

# THE SCOTT TRUST LIMITED

## Notes relating to the financial statements (continued)

### 19. Current tax

Details of current tax is set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 19.

### 20. Other non-current liabilities

Details of other non-current liabilities are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 20.

### 21. Provisions for other liabilities and charges

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

### 22. Deferred taxation

Details of deferred taxation are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 22.

### 23. Share capital

	2012	2011
	£m	£m
Authorised, issued, called up and fully paid: 1,000 ordinary shares of £250 each	0.2	0.2

### 24. Dividends received

On 21 March 2012, the Guardian Media Group plc Board declared a dividend of 22.2p (2011 22.2p) per share on the ordinary share capital amounting to £200,000 (2011 £200,000) which was paid to The Scott Trust Limited on 21 March 2012.

### 25. Cash flow from operating activities

		2012	2011
		£m	£m
<b>Cash used in operations</b>			
(Loss)/profit before income tax		(75.8)	8.8
Adjustments for:			
Depreciation	12	7.2	6.5
Impairment of property, plant and equipment	12	-	1.7
Loss on sale of trade and assets		0.7	-
Profit on disposal of property, plant and equipment		(0.1)	(0.1)
Impairment of goodwill	10	48.9	-
Amortisation of other intangible assets	11	16.6	14.6
Impairment of other intangible assets	11	5.3	-
Income from non-current financial assets		(5.1)	(15.3)
Finance costs	7	2.1	2.3
Finance income	7	(72.8)	(73.7)
Other financing income	7	(0.1)	(2.5)
Pensions	27	(1.9)	(1.9)
Share of results of joint ventures after taxation		22.7	21.1
Share of results of associates after taxation		(0.3)	0.5
Increase/(decrease) in provisions		0.4	(20.1)
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):			
Decrease/(increase) in inventories		0.3	(0.5)
(Increase)/decrease in trade and other receivables		(4.5)	12.9
Increase/(decrease) in trade and other payables		1.4	(9.1)
<b>Cash used in operations</b>		<b>(55.0)</b>	<b>(54.8)</b>

### 26. Events after the reporting period

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

### 27. Pension commitments

Details of pension commitments are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 27.



## THE SCOTT TRUST LIMITED

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

#### **28. Operating leases and similar commitments**

Details of operating lease and similar commitments are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 28.

#### **29. Capital commitments authorised**

Details of capital commitments authorised are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 29.

#### **30. Related party transactions**

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

Details of related party transactions are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 30.

#### **31. Ultimate controlling party**

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

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

Principal subsidiaries, joint ventures and associates of the Guardian Media Group plc are set out in the annual report and financial statements of Guardian Media Group plc in Appendix 1 note 32.

**THE SCOTT TRUST LIMITED**

**2012 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 1 April 2012.

### Activities and business review

The Company is the holding company for the Group. The profit for the year was £56,684, (2011 £68,748).

### Creditor payment policy

The Group's policy on creditor payments is set out in the report of the directors of the annual report and financial statements of Guardian Media Group plc in Appendix 1.

### Directors

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

### Tax status

The Company is a close company for tax purposes.

### Statement of directors' responsibilities in respect of the annual report and financial statements

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 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 whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### Disclosure of information to auditors

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

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

### Going concern

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

By Order of the Board

  
Andrew Miller  
Director  
29 June 2012

# 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 1 April 2012 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 statement of directors' responsibilities set out on page 18, 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 the 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 1 April 2012;
- 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.

### Other matter

We have reported separately on the Group financial statements of The Scott Trust Limited for the year ended 1 April 2012.



John Baker (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2012

# THE SCOTT TRUST LIMITED

## Company balance sheet

As at 1 April 2012

	Note	2012 £m	2011 £m
<b>Fixed assets</b>			
Investment in subsidiary undertaking	4	0.2	0.2
<b>Current assets</b>			
Amounts owed by group undertaking		0.3	0.2
<b>Creditors: amounts falling due within one year</b>			
Amounts owed to group undertaking		0.1	-
<b>Net current assets</b>		0.2	0.2
<b>Net assets</b>		0.4	0.4
<b>Capital and reserves</b>			
Share capital	6	0.2	0.2
Profit and loss reserve	7	0.2	0.2
<b>Total shareholders' funds</b>		0.4	0.4

The financial statements on pages 20 to 21 were approved by the Board of directors on 29 June 2012 and signed on its behalf by:

  
**Dame Liz Forgan DBE**  
Chair

  
**Andrew Miller**  
Director

SCOTT TRUST LIMITED – COMPANY REGISTRATION NO. 06706464

## Notes relating to the financial statements

### 1. Accounting policies

#### Accounting basis

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

#### Cash flow statement

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

#### Investments

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

#### Taxation

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

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

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

### 2. Directors' emoluments

This information is shown on page 5 of The Scott Trust Limited annual report and financial statements.

### 3. Auditors' remuneration

The Company has incurred fees of £6,273 (2011 £6,000) during the year in respect of audit services.

### 4. Subsidiary undertaking

	£m
<b>Cost and net book value</b>	
At 1 April 2012 and 3 April 2011	<b>0.2</b>

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 £34,344 (2011 £41,634) 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

	2012 £m	2011 £m
Authorised, issued, called up and fully paid:		
1,000 ordinary shares of £250 each	<b>0.2</b>	0.2
	<b>0.2</b>	0.2

### 7. Profit and loss reserve

	2012 £m	2011 £m
At 3 April 2011	<b>0.2</b>	0.1
Profit for the year	-	0.1
<b>At 1 April 2012</b>	<b>0.2</b>	0.2

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

### 8. Related party transactions

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