Registration number: 00094531

# Guardian Media Group plc

Annual Report and Consolidated Financial Statements

for the year ended 31 March 2019

# Guardian Media Group plc

## Contents

# Guardian Media Group plc

## Company Information

| | |
|---|---|
| **Chairman** | Neil Berkett |
| **Chief executive** | David Pemsel |
| **Directors** | Neil Berkett<br>David Pemsel<br>Katharine Viner<br>Richard Kerr<br>Jennifer Duvalier<br>Yasmin Jetha<br>Nigel Morris<br>John Paton<br>Baroness Gail Rebuck<br>Coram Williams |
| **Company secretary** | Stephen Godsell |
| **Registered office** | PO Box 68164<br>Kings Place<br>90 York Way<br>London<br>N1P 2AP |
| **Solicitors** | Freshfields Bruckhaus Deringer LLP<br>65 Fleet Street<br>London<br>EC4Y 1HS |
| **Bankers** | The Royal Bank of Scotland plc<br>Corporate and Institutional Banking<br>135 Bishopsgate<br>London<br>EC2M 3UR |
| **Independent auditors** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place<br>London<br>WC2N 6RH |

# Guardian Media Group plc

## Strategic Report

The directors present their strategic report, the report of the directors and the audited financial statements for the Group, comprising the Guardian Media Group plc (the "Company") and its subsidiaries ("the Group"), for the year ended 31 March 2019.

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

The Group has a portfolio of investments which are held in an endowment fund to generate returns to secure the long term future of the Guardian.

GMG's sole shareholder is The Scott Trust Limited, whose core purpose is to secure the financial and editorial independence of the Guardian, in perpetuity.

Further information on the activities of the Group can be found on the Guardian Media Group website: www.gmgplc.co.uk.

**Strategy and future outlook**
The Group has continued to implement its strategy to build deeper relationships with our audience based on their trust in our high quality independent journalism, which reflects our editorial purpose and our mission.

The Group continues to produce world-leading award-winning journalism aligned with its editorial mission and purpose. In the past twelve months significant areas of coverage have included the UK government's ongoing Brexit negotiations, the actions of the Trump administration, Australian federal politics, and the global environmental crisis. Other areas including business, sport, culture, lifestyle, features and opinion continue to perform well.

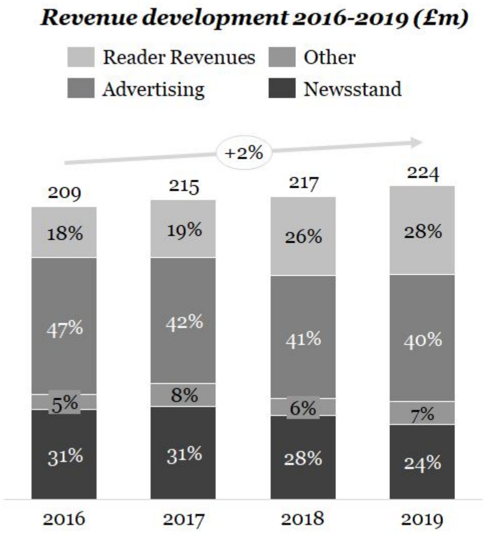
The appetite for our journalism is reflected in the growth of the Guardian's readership with a record 163 million unique browsers and 1.35 billion page views in March 2019. This growing reader audience has provided an increased level of financial income (through contributions and subscriptions) to the Guardian. The Guardian now has 655,000 regular paying supporters with an additional 300,000 one-off contributors in the last twelve months.

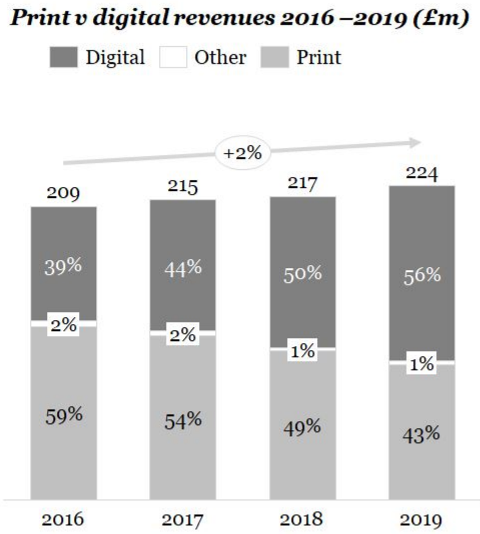
Innovations this year include the launch of a new daily podcast, Today In Focus, the relaunch of Guardian Weekly as an international news magazine, and the introduction of a new premium subscription version of our app. Each of these new products has delivered strong interest and engagement from audiences while also contributing to our commercial strategy.

The Group has delivered revenue growth in 2018/19 of 3% through growth in reader revenues and advertising more than offsetting the ongoing structural decline in newsstand. The Group has continued to increase its digital revenues (which now represent 56% of total revenues) with 80% of advertising revenues now being digital. The Group has delivered good international growth in particular in the US and Australia.

## Guardian Media Group plc

## Strategic Report



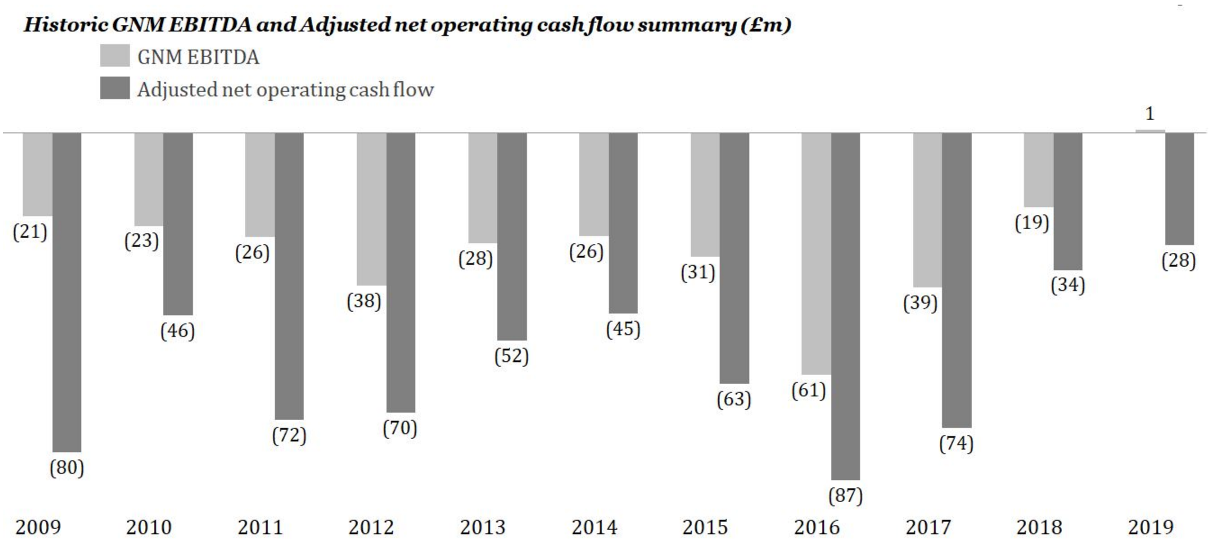




The Group has continued to manage costs across the organisation with operating costs (excluding depreciation and amortisation) before exceptional items reduced by 5% during the year.

The financial target of the three year plan set out in 2016 was for GMG's news and media business (GNM) to break even at an EBITDA level before exceptional items by April 2019 in order to provide a sustainable future for the Guardian. This target has been achieved with GNM delivering an EBITDA of £0.8 million in 2018-19.

The Group is supported by the Scott Trust Endowment Fund. The value of the fund and other cash holdings stands at £1.014 billion (2018: £1.005 billion). The value of these holdings reflects cash being transferred from the Endowment Fund to meet operational cash outflows of GNM, offset by the underlying growth in investments.

Over the decade 2008/9 to 2017/18, GNM's average EBITDA losses were £31 million and average Adjusted net operating cash outflows were £63 million. The endowment fund is expected to generate on average £25-30 million per annum in real terms to fund these cash outflows. As such the financial position was not sustainable and the Group was eroding the capital of the endowment fund and putting at risk the Scott Trust's core purpose of securing the financial and editorial independence of the Guardian, in perpetuity.



## Strategic Report

Achieving the EBITDA break even target for GNM has meant that the Adjusted net operating cash flow in 2018/19 was under £30 million and therefore the Group is in a sustainable position.

**Principal risks and uncertainties**
The Group operates in a challenging sector which is experiencing both structural and cyclical changes. There is a structural migration from print to online, and from desktop browser to mobile consumption of news, with resultant revenue implications for both print and digital business models. To mitigate this risk the Group continues to invest in developing its portfolio of digital products, its international reach and to grow additional revenues from readers (through contributions and subscriptions).

Given the size of the endowment fund and its importance to the sustainability of GMG, the risk of recession or poor return on investment has a material impact on liquidity and future funding for the Group. To mitigate this, the Group has invested in diversified medium and long term focussed investments managed by a number of specialist fund managers and monitored and overseen by an Investment Committee.

The Group is at risk of suffering significant business interruption as a result of a security vulnerability, cyber attack or breach of privacy. Mitigations to these risks include experienced information security and data protection teams, robust policies, systems and procedures as well as mature incident management plans.

The Group depends on a strong brand. Any failure to maintain, protect and strengthen the brand would reduce the Group's ability to retain or grow its business. To mitigate this risk the Group adheres to comprehensive editorial and commercial legal policies and procedures and has a strong communications team operating throughout the business.

**Viability statement**
The board has reviewed the prospects of the Group over the three-year period to March 2022 taking account of the company's strategic plans, a number of financial scenarios including a 'severe but plausible' downside case and further stress testing based on its principal risks.

Based on the results of these procedures, and considering the endowment fund and ongoing support from the Scott Trust, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending March 2022.

**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 (2018: 52 weeks).

Key indicators of financial performance are:

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Revenue | 224.5 | 217.0 |
| Digital revenue | 125.3 | 108.6 |
| Guardian News & Media EBITDA before exceptional items | 0.8 | (18.6) |
| Group EBITDA before exceptional items | (3.7) | (23.0) |
| Adjusted net operating cash flow | (28.1) | (34.4) |
| Cash and endowment fund | 1,013.8 | 1,005.0 |

Group revenue increased 3% to £224.5 million (2018: £217.0 million) as growth from increased reader revenues (across contributions and subscriptions), growth in digital advertising revenues and international growth more than offset declines in newsstand sales and print advertising revenues.

Group digital revenue for the year increased by 15% to £125.3 million (2018: £108.6 million) due to increased reader revenues and higher digital advertising revenues.

The Group's news and media operations, GNM, had earnings before interest, taxation, depreciation and amortisation (EBITDA) before exceptional items of £0.8 million, a £19.4 million improvement on prior year (2018: £18.6 million loss).

Group EBITDA loss before exceptional items was £3.7 million, 84% lower than prior year (2018: £23.0 million).

**Cash flow**

Adjusted net operating cash flow is a key target for the Group in terms of financial sustainability. This represents cash items that management consider to be key in the operations of the business. This is calculated as statutory net cash flow adjusted for the following items: exclusion of loans to the Group's parent company for investing purpose, transactions/development and cash injections/withdrawals relating to the group endowment fund investments and payments to terminate external borrowings all of which are presented above as other cash items.

The target is to ensure the Adjusted net operating cash flow does not exceed the expected £25-30 million average real returns that the endowment fund is expected to generate over the long term. In 2018/19 Group adjusted net operating cash flow was an outflow of £28.1 million (2018: £34.4 million) so within this target.

Other inflows and outflows are detailed in the consolidated statement of cash flows.

**Cash and endowment fund**

The Guardian is supported by the Scott Trust Endowment Fund, consisting of diversified medium and long term focussed investments managed by a number of specialist fund managers. The investments include global and emerging markets equity, fixed income, hedge funds and private equity and venture capital funds. Whilst the investments are a mixture of UK and non-UK assets, they are all held by UK tax resident companies which are fully subject to UK tax laws and regulations on the income and realised gains arising from all the investments held.

The value of the fund and other cash holdings stands at £1.014 billion (2018: £1.005 billion). The modest growth in the value of these holdings reflects cash being transferred from the Endowment Fund to meet operational cash outflows of GNM, offset by the underlying growth in investments.

**Taxation**

Guardian Media Group has business operations in the UK, US and Australia. The Group's assets are held entirely by companies in these countries and are fully subject to prevailing tax laws and regulations.

The £0.2 million tax charge for the year (2018 (restated due to implementation of new accounting standards): £0.2 million credit) includes a £1.8 million charge (2018 (restated): £3.8 million charge) before exceptional items and a £1.6 million credit (2018 (restated due to implementation of new accounting standards): £4.0million credit) on exceptional items.

The net deferred tax asset in the balance sheet is £nil (2018: £nil). The net position consists of assets of £nil (2018 £0.9 million) relating to other timing differences, £10.4 million (2018: £1.9 million) relating to accelerated capital allowances and £8.3 million (2018: £11.3 million) relating to tax losses available to be used in the future, less a deferred tax liability of £18.7 million (2018: £14.1 million) relating to future taxable gains and profits on investments held at fair value through profit or loss.

# Guardian Media Group plc

## Strategic Report

**Other balance sheet items**
The Group had net assets of £1001.7 million at 31 March 2019 (2018: £971.8 million). The Group has no borrowing.

On behalf of the Board

**Richard Kerr**
**Director**

2 July 2019

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

# Guardian Media Group plc

## Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2019.

**Employee involvement**
The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining it. The Group encourages the involvement of employees by means of regular communication programmes to the Group as a whole delivered by senior management, frequent internal e-mail and intranet updates and quarterly all staff financial results briefings.

The Group is committed to a working environment where our staff, clients and partners are treated equally. We aspire that our Group staffing at all levels reflects our values, based on equal opportunities for all employees, irrespective of gender, race, religion, disability, social background, age, sexual orientation, pregnancy & parenthood, gender reassignment or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

**Ownership**
Guardian Media Group plc is a public limited company incorporated in England and Wales and all the ordinary shares are owned by The Scott Trust Limited. The Company is domiciled in England and Wales and its registered address is PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.

**Directors of the Group**
The directors, who held office during the period and up to the date of signing, unless otherwise stated, were as follows:

Neil Berkett

David Pemsel

Katharine Viner

Richard Kerr

Jennifer Duvalier

Yasmin Jetha

Nigel Morris

John Paton

Baroness Gail Rebuck

Coram Williams

No director had any material transactions with the Group other than those set out in note 11 and note 30.

**Dividends**
On 13 March 2019 the GMG plc board declared a dividend of 33.3p (2018: 33.3p) per share on the ordinary share capital amounting to £300,000 (2018: £300,000) which was paid to The Scott Trust Limited on 13 March 2019.

**Corporate governance**
The Group's statement on corporate governance can be found on the Guardian Media Group website: www.gmgplc.co.uk.

**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, liquidity risk and cash flow risk.

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

**Events after the reporting year**
Details of events after the reporting year are given in note 28 on page 51.

**Future developments**
Future developments have been discussed in the strategic report on page 2.

On behalf of the Board

**Richard Kerr**
**Director**

2 July 2019

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

## Guardian Media Group plc

## Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 (IFRSs) as adopted by the European Union and company 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 group and the company and of the profit or loss of the group and 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 IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Directors' confirmations

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

- so far as the director is aware, there is no relevant audit information of which the group and 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 group and company’s auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Guardian Media Group plc

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

## Report on the audit of the group financial statements

### Our opinion

In our opinion, Guardian Media Group plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 March 2019 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.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position as at 31 March 2019; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

**Use of this report**

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

**Other required reporting**

**Companies Act 2006 exception reporting**

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

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

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

**Other matter**

We have reported separately on the company financial statements of Guardian Media Group plc for the year ended 31 March 2019.

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Samuel Tomlinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

2 July 2019

## Guardian Media Group plc

## Consolidated Income Statement for the year ended 31 March 2019

| | Note | 2019 Before exceptional items £ m | 2019 Exceptional items £ m | 2019 Total £ m | 2018 Before exceptional items (restated) £ m | 2018 Exceptional items £ m | 2018 Total (restated) £ m |
|---|---|---|---|---|---|---|---|
| **Revenue** | **5** | **224.5** | **-** | **224.5** | **217.0** | **-** | **217.0** |
| Operating costs (excluding depreciation and amortisation) | 7 | (228.2) | (9.2) | **(237.4)** | (240.0) | (25.8) | **(265.8)** |
| **EBITDA** | | | | | | | |
| Guardian News & Media | | 0.8 | (7.6) | **(6.8)** | (18.6) | (25.8) | **(44.4)** |
| Other GMG Group | | (4.5) | (1.6) | **(6.1)** | (4.4) | - | **(4.4)** |
| **Total EBITDA** | | **(3.7)** | **(9.2)** | **(12.9)** | **(23.0)** | **(25.8)** | **(48.8)** |
| Depreciation and amortisation | 7 | (3.7) | - | **(3.7)** | (4.7) | - | **(4.7)** |
| **Operating loss** | | **(7.4)** | **(9.2)** | **(16.6)** | **(27.7)** | **(25.8)** | **(53.5)** |
| Finance income | | 4.9 | - | **4.9** | 5.5 | 3.0 | **8.5** |
| Finance costs | | (0.3) | - | **(0.3)** | (0.5) | - | **(0.5)** |
| Net finance income | 12 | 4.6 | - | **4.6** | 5.0 | 3.0 | **8.0** |
| Other gains and losses | 8 | 42.9 | - | **42.9** | 20.5 | - | **20.5** |
| Share of loss of equity investments in joint ventures and associates | 17 | (0.1) | - | **(0.1)** | - | - | **-** |
| **Profit/(loss) before tax** | | **40.0** | **(9.2)** | **30.8** | **(2.2)** | **(22.8)** | **(25.0)** |
| Income tax (expense)/credit | 13 | (1.8) | 1.6 | **(0.2)** | (3.8) | 4.0 | **0.2** |
| **Profit/(loss) for the period** | | **38.2** | **(7.6)** | **30.6** | **(6.0)** | **(18.8)** | **(24.8)** |

The above results were derived from continuing operations.

The restatement is due to the implementation of new accounting standards, see note 2 for further details.

## Guardian Media Group plc

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

| | Note | 2019<br>£ m | 2018<br>Restated<br>£ m |
|---|---|---|---|
| Profit/(loss) for the period | | 30.6 | (24.8) |
| **Other comprehensive income/(expense):** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Actuarial gain/(loss) on defined benefit pension schemes before tax | 29 | - | 1.8 |
| Income tax effect | 13 | - | (0.3) |
| | | - | 1.5 |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation gains/(losses) | | - | 0.4 |
| **Total comprehensive income/(expense) for the period** | | **30.6** | **(22.9)** |

The restatement is due to the implementation of new accounting standards, see note 2 for further details.

## Guardian Media Group plc

## (Registration number: 00094531)
## Consolidated Statement of Financial Position as at 31 March 2019

| | Note | 2019 £ m | 2018 £ m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | 5.7 | 5.6 |
| Intangible assets | 15 | 3.1 | 0.8 |
| Investments in joint ventures | 17 | 0.7 | - |
| Investments held at fair value through profit or loss | 14 | 828.4 | 777.1 |
| Unlisted shares | 14 | 0.2 | 0.2 |
| Retirement benefit assets | 29 | 0.4 | 0.8 |
| | | 838.5 | 784.5 |
| **Current assets** | | | |
| Inventories | 18 | 0.5 | 0.5 |
| Trade and other receivables | 19 | 52.5 | 43.2 |
| Cash and cash equivalents | 20 | 50.1 | 71.9 |
| Investments held at fair value through profit or loss | 14 | 134.8 | 148.4 |
| Other financial assets | 14 | 0.5 | 7.6 |
| | | 238.4 | 271.6 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 22 | 51.5 | 52.7 |
| Provisions | 23 | 8.3 | 13.6 |
| | | 59.8 | 66.3 |
| **Net current assets** | | **178.6** | **205.3** |
| **Total assets less current liabilities** | | **1,017.1** | **989.8** |
| **Non-current liabilities** | | | |
| Provisions | 23 | 6.8 | 7.2 |
| Other non-current financial liabilities | 24 | 8.6 | 10.8 |
| | | 15.4 | 18.0 |
| **Net assets** | | **1,001.7** | **971.8** |

## Guardian Media Group plc

## (Registration number: 00094531)
## Consolidated Statement of Financial Position as at 31 March 2019

| | Note | 2019<br>£ m | 2018<br>£ m |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 25 | 0.9 | 0.9 |
| Revaluation reserve | | 0.7 | 0.7 |
| Other reserves | | 0.1 | 0.1 |
| Retained earnings | | 1,000.0 | 970.1 |
| Equity attributable to owners of the company | | 1,001.7 | 971.8 |

Approved by the Board on 2 July 2019 and signed on its behalf by:

.........................................

**Richard Kerr**

Director

**Guardian Media Group plc**

**Company Registration Number 00094531**

## Guardian Media Group plc

## Consolidated Statement of Changes in Equity for the year ended 31 March 2019

| | Share capital £ m | Revaluation reserve £ m | Other reserves £ m | Retained earnings £ m | Total equity £ m |
|---|---|---|---|---|---|
| At 2 April 2018 | 0.9 | 0.7 | 0.1 | 970.1 | 971.8 |
| Change in accounting policy | - | - | - | (0.4) | (0.4) |
| At 2 April 2018 (as restated) | 0.9 | 0.7 | 0.1 | 969.7 | 971.4 |
| Profit for the period | - | - | - | 30.6 | 30.6 |
| Total comprehensive profit | - | - | - | 30.6 | 30.6 |
| Dividends | - | - | - | (0.3) | (0.3) |
| **At 31 March 2019** | **0.9** | **0.7** | **0.1** | **1,000.0** | **1,001.7** |

| | Share capital £ m | Revaluation reserve £ m | Other reserves £ m | Retained earnings £ m | Total equity £ m |
|---|---|---|---|---|---|
| At 3 April 2017 | 0.9 | 0.7 | 0.1 | 993.3 | 995.0 |
| Loss for the period (restated) | - | - | - | (24.8) | (24.8) |
| Other comprehensive income (restated) | - | - | - | 1.9 | 1.9 |
| Total comprehensive expense | - | - | - | (22.9) | (22.9) |
| Dividends | - | - | - | (0.3) | (0.3) |
| **At 1 April 2018** | **0.9** | **0.7** | **0.1** | **970.1** | **971.8** |

The restatement is due to the implementation of new accounting standards, see note 2 for further details.

## Guardian Media Group plc

## Consolidated Statement of Cash Flows for the year ended 31 March 2019

| | Note | 2019 £ m | 2018 £ m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash used in operations | 27 | (31.6) | (41.0) |
| Income taxes paid | 13 | (0.2) | (0.1) |
| **Net cash used in operating activities** | | **(31.8)** | **(41.1)** |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | 15 | (3.2) | (0.5) |
| Purchase of property, plant and equipment | 16 | (2.9) | (0.6) |
| Proceeds from sale of property, plant and equipment | | 1.0 | - |
| Purchase of investments held at FVTPL | 14 | (215.7) | (558.1) |
| Sale of investments held at FVTPL | 14 | 231.5 | 463.7 |
| Interest received | | 0.4 | 0.3 |
| Purchase of unlisted investments | 14 | - | (0.5) |
| Sale of unlisted investments | | - | 4.5 |
| Investments in joint ventures | 17 | (0.8) | - |
| Net cash flows from investing activities | | 10.3 | (91.2) |
| **Cash flows from financing activities** | | | |
| Repayment of external borrowings | | - | (15.6) |
| **Net decrease in cash and cash equivalents** | | **(21.5)** | **(147.9)** |
| Cash and cash equivalents at 2 April | | 71.9 | 219.9 |
| Effect of exchange rate fluctuations on cash held | | (0.3) | (0.1) |
| **Cash and cash equivalents at 31 March** | **20** | **50.1** | **71.9** |

The notes on pages 19 to 59 form an integral part of these financial statements.

### 1 General information

The company is an unlisted public company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:
PO Box 68164
Kings Place
90 York Way
London
N1P 2AP

These financial statements were authorised for issue by the Board on 2 July 2019.

### 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 European Union 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***
No new standards, amendments and interpretations which are effective for the financial year beginning on 2 April 2018 have had a material impact on the group other than IFRS 9 and IFRS 15 as detailed below.

***New standards, amendments and interpretations not yet effective***

At the date of authorisation of the financial statements, other than IFRS 16 as set out below, there are no other new standards, amendments and interpretations issued by the IASB, but not yet applicable that will have a significant impact on the Consolidated financial statements.

*IFRS 16 'Leases'*

In January 2016, the IASB issued IFRS 16. The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. For lessee accounting, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise a right-of-use (ROU) asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements from the existing leasing standard (IAS 17) and a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The Group has elected to apply the modified retrospective approach whereby the ROU asset at the date of initial application is measured at an amount equal to the lease liability. The ROU asset is adjusted for any prepaid lease payments and incentives relating to the relevant leases that were recognised on the balance sheet at 31 March 2019.

The application of IFRS 16 at 1 April 2019 is expected to increase property, plant and equipment by £48m (being the net increase in ROU assets referred to above), increase liabilities by £57m from recognising lease liabilities, and eliminate opening prepayments and deferred lease incentives by a net £9m. There is expected to be no impact on equity. In arriving at the estimated impact, as well as excluding leases whose terms end within 12 months, the group applies a single discount rate to each portfolio of leases by country. In addition to the choice of transition approach, the determination of the discount rate is the most significant area of judgement. The lease liabilities shown above differ from the amount of operating lease commitments disclosed in note 21 primarily due to the effects of discounting the lease liabilities.

**Changes resulting from adoption of IFRS 9 and IFRS 15**

*IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers* became mandatorily effective on 1 January 2018. The Group has applied both for the first time in this accounting period which has resulted in changes to the accounting policies. The nature and effect of these changes are described below.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets; and hedge accounting,

The adoption of IFRS 9 has resulted in changes to the accounting policies and presentation of where gains and losses in investments are recognised in the financial instruments.

In addition, non-current assets of £777.1 million and current assets of £148.4 million as at 1 April 2018 previously presented as available for sale financial assets in the statement of financial position are now described as investments at fair value through profit or loss, but there is no change to their value. As there is no change to the balance sheet, this is not required to be restated.

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, the impact of this is not material and no adjustments have been required.

The adoption of IFRS 15 has resulted in changes in the Group's accounting policies for the recognition and measurement of revenue.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations, introducing a five step approach to revenue recognition and applies to all revenue arising from contracts with its customers. This is explained in more detail in the revenue recognition policy.

The Group has adopted IFRS 15 using the cumulative effect method. The disclosure requirements in IFRS 15 have not been applied to the comparative information and the information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

An opening adjustment has been posted directly to equity of £432,000, which had the effect of reducing the opening balance of trade and other receivables on 2 April 2018 from £43.2m to £41.8m.

The following tables show how the adjustments impacted the financial statements for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

**Impact on Income Statement for the year ended 1 April 2018**

| | Note | As originally reported 01 April 2018 £ m | IFRS 9 adjustments £ m | IFRS 15 adjustments £ m | As restated 01 April 2018 £ m |
|---|---|---|---|---|---|
| Other gains / losses | | 75.9 | (55.4) | - | 20.5 |
| Income tax | | (10.6) | 10.8 | - | 0.2 |
| | | **(65.3)** | **44.6** | **-** | **(20.7)** |

**Impact on Statement of Comprehensive Income for the year ended 1 April 2018**

| | Note | As originally reported 01 April 2018 £ m | IFRS 9 adjustments £ m | IFRS 15 adjustments £ m | As restated 01 April 2018 £ m |
|---|---|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Surplus/(deficit) on revaluation of available for sale financial assets | | (55.4) | 55.4 | - | - |
| Income tax effect on loss on revaluation for available for sale financial assets | | 10.8 | (10.8) | - | - |
| | | **44.6** | **(44.6)** | **-** | **-** |

There was no material impact on the Group or Company's statement of cash flows for the year ended 1 April 2018.

**Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2019. The financial statements of the Group 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 31 March 2019 and for the comparative year cover the 52 weeks ended 1 April 2018.

Subsidiaries are all entities over which the Group has control. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

**Revenue recognition**

Revenue is recognised in the accounting period when control of the sold product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The application of the principles results in the following:

Revenue from contributions and donations is recognised as revenue upon receipt of funds.

Membership revenue is recognised on a straight-line basis over the life of the membership.

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.

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.

Marketing services revenue is recognised upon completion of the contract.

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.

Philanthropic revenue is accounted for under IAS 20 on a gross basis. Revenue is deferred and is recognised as digital revenue in line with when costs have been incurred for a nil contribution.

**Going concern**

The directors have a reasonable expectation that the Group has adequate resources in the endowment fund and cash balances held to continue in operational existence for the next year and the foreseeable future. Accordingly, the consolidated financial statements are prepared on a going concern basis.

**Joint ventures**

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A company is treated as a joint venture when the Group holds an interest on a long-term basis and jointly controls the company with one or more parties.

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of post acquisition profits or losses is included in the consolidated income statement. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the undertakings concerned.

**Exceptional items**

The separate reporting of non-recurring exceptional items helps to provide an indication of the Group's underlying business performance. These items are usually transformative in nature resulting in future changes to the business operations or as a result of significant legislative changes whereby any one-off impact of the legislation on the financial statements impacts the view of the underlying performance.

**Finance income and costs policy**

Income from bank and short-term deposits is included in the financial statements when receivable using the effective interest method.

Dividends receivable are recognised in the financial statements when the shareholder's right to receive payment is established.

**Foreign currency transactions and balances**

The consolidated financial statements are presented in Sterling, which is the functional and presentational currency of the parent company, Guardian Media Group plc.

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the year end; and
- income and expense items of overseas subsidiaries are translated at the average rate of exchange for the financial year.

Monetary assets and liabilities expressed in foreign currencies are translated into Sterling at market forward exchange rates at the balance sheet date. Transactions in foreign currency are converted to Sterling at the rate ruling at the date of the transaction, or where forward foreign currency contracts have been taken out, at contractual rates.

**Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

**Property, plant and equipment**

All property, plant and equipment is stated at cost less accumulated depreciation and 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.

Land and buildings are written off over their estimated useful lives or 50 years, whichever is the shorter. Freehold land is not depreciated. Depreciation of property, plant and equipment has been calculated to write off original cost by equal instalments over the estimated useful life of the asset concerned. Depreciation is charged to the consolidated income statement on assets from the time they become operational.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant cash-generating unit. Impairment amounts are charged to the consolidated income statement.

Assets that are being constructed for future use are classified as assets in the course of construction until such time as they are brought into use by the Group. Assets in the course of construction includes all directly attributable expenditure including borrowing costs. Upon completion the assets are transferred to the appropriate category within property, plant and equipment. No depreciation is charged on these items until after they have been transferred.

**Depreciation**

The principal annual rates used for depreciation are:

| **Asset class** | **Straight line depreciation rate** |
|---|---|
| Plant and vehicles | 6.7% - 50% |
| Fixtures, fittings and equipment | 10% - 33% |
| Buildings | 2% upwards |

**Intangible assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In calculating value in use, future cash flows are discounted and adjusted for the directors' assessment of risk. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The assessment of the recoverability of other intangible assets and the determination of the amortisation profile involve a significant degree of judgement based on historical trends and management estimation of future potential economic benefits. An incorrect amortisation profile could result in excess amounts being carried forward as intangible assets that would otherwise have been written off to the consolidated income statement in an earlier period.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Website and other digital development costs are capitalised only if all of the following conditions are met: the asset created can be identified; it is probable that the asset created will generate future economic benefits; and the development cost can be measured reliably. Such assets are amortised on a straight-line basis over their useful economic life up to a maximum of two years. Where no asset can be recognised, development expenditure is charged to the consolidated income statement in the period in which it is incurred.

**Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| **Asset class** | **Amortisation method and rate** |
|---|---|
| Internally generated digital assets | straight line over 2 years |

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown net of cash and cash equivalents where the Group has the right of net settlement. Short-term funds that are managed as part of the investment fund and are used solely in the acquisition and redemption of investments are classified as non-current investments held at fair value through profit or loss as management currently has no intention of using them for funding the Group's operations in the next financial year.

**Trade receivables**

Trade receivables are stated at fair value upon recognition and then amortised cost after provision for bad and doubtful debts. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and is considered immaterial. See note 19 for the net carrying amount of the receivables and associated impairment provision.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

**Trade payables**

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

**Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Financial instruments**

**Initial recognition**
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the financial assets or financial liabilities.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

The endowment fund is accounted for based on information received to 31 March, adjustments are made for material transactions that have occurred between this date and the Group's year end.

**Classification and measurement**
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at FVTPL.

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at FVTPL.

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

**Financial assets at amortised cost**
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

If a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

**Financial assets at fair value through other comprehensive income (FVTOCI)**
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:-
· the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

**Financial assets at fair value through 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

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**Derivative financial instruments**

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date.

In statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in other gains and losses through the profit or loss.

Whilst the Group's derivative financial instruments are used for hedging purposes, the Group does not apply hedge accounting per IFRS 9.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Fair value estimation**

With respect to the investments held at fair value through profit or loss, also referred to as the endowment fund, the Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- 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.

Contingent liabilities are not recognised, but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable.

**Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease. Incentives received are recorded as an accrual and spread over the term of the lease on a straight-line basis.

**Share capital**

Ordinary shares are classified as equity.

**Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 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 a financial asset or group of financial assets is impaired. This assessment involves considering whether there has been a significant or 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 evaluate its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity are described below.

### Investments held at fair value through profit or loss
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of appropriate methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. This is the Group's key accounting judgement and carrying values are disclosed in note 14 and sensitivities in note 4.

### Revenue recognition
The Group has a number of revenue streams which run over a number of months or years that require judgement to recognise revenue in the correct accounting period.

Subscription revenue associated with voucher schemes is deferred using estimated redemption rates which are based on historical experience.

**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.

**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 provision is calculated using the forecast spend over the contract period and the rebate entitlement set out in the trading agreement. Calculating the required provision therefore requires an estimate of future period spend in determining what tier of spend the agencies may reach over the agreement.

**Provisions**
The Group's provisions principally relate to dilapidations of premises, onerous property leases and severance costs incurred from restructuring its cost base.

Dilapidations are calculated based on the expected cost to return property to its original state and are built up over the life of the lease.

Onerous leases are calculated based on the expected vacancy rates of leased property.

When calculating the severances provision, management has estimated expected timings and payments based on written agreements and discussions that have taken place as part of the restructuring plan.

## 4 Financial risk management and impairment of financial assets

**Financial risk factors**
The Group's activities may expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk strategy seeks to minimise potential adverse effects on the Group's performance.

**Market risk**

**Foreign exchange risk**

The Group has investments in funds in non-sterling currencies and in funds which in turn invest in overseas assets and as a result is exposed to a degree of foreign exchange risk.

The Group's policy is to hedge 100% (2018: 100%) of the exposure to the US Dollars relating to the investments in hedge funds using US Dollar forward contracts.

**Sensitivity analysis**

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in hedge funds would have been approximately £13.1 million (2018: £12.6 million) lower/higher; however, as the Group's policy is to hedge 100% (2018: 100%) of the exposure, the risk would be reduced to £nil (2018: £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 £7.7 million (2018: £5.7 million) lower/higher; however as the Group's policy is to hedge 0% (2018: 0%) of the exposure, the risk would remain unchanged at £7.7 million (2018: £5.7 million).

**Equity price risk**

The Group is exposed to equity securities price risk because of the investments held by the Group. To manage the price risk arising from the investments, the Group has a diverse portfolio.

**Sensitivity analysis**

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

**Consolidated statement of comprehensive income movement**
**Investment category**

| | **£ m** |
|---|---|
| Global equity | **+/- 0.9** |
| Deflation hedging | **+/- 0.4** |
| Emerging markets | **+/- 0.1** |
| Hedge funds | **+/- 0.4** |
| Private equity | **+/- 0.5** |

**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 £1.3 million (2018: £1.5 million).

**Credit risk**
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 doubtful receivables.

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 (2018: Aa3) are accepted.

**Liquidity risk**
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group’s approach to managing liquidity is to ensure that it will always have sufficient funds available to meet its liabilities when due, under both normal and difficult trading conditions, and without incurring unacceptable losses or risking damage to the Group’s reputation. This is achieved through careful cash management including the production and review of regular cash flow forecasts and the optimisation of cash returns on funds held by the Group.

**Capital risk management**
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern.

Due to the nature of the Group's structure, the Company does not make changes to its equity structure. Debt is managed in line with the Group's treasury policy. The Group maintains a centralised treasury function which operates in accordance with Board approved policies. Its principal objectives are to minimise financial risk whilst maximising returns on cash deposits.

Deposits of funds are made with banks and financial institutions approved by the Board and within set credit limits. Variable rates of return are earned on these deposits.

**Cash flow risk**
The Group considers cash flow risk to be low due to the availability of liquid resources held in cash and the endowment fund.

**Fair value estimations**
The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market use fund managers' statements which are based on broker pricing or their own valuation techniques (note 14).

## 5 Revenue

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

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Digital revenue | 125.3 | 108.6 |
| Print, events and other revenue | 99.2 | 108.4 |
| | **224.5** | **217.0** |

The Group considers its business activities fall into the following operating segments:

**Digital** - *Digital revenue is from operations where the content is served online, including mobile and apps. The key revenue streams within this segment are advertising, subscriptions, contributions and philanthropic.*

**Print, events and other** - *Print, events and other revenue represents all revenue streams where the content is not served online. The key revenue streams within this segment are newsstand, print subscriptions and print advertising.*

Disaggregated revenue information for each segment is provided below.

| **Segment analysis by primary geographical markets** | **Digital<br>£m** | **Print, events and other<br>£m** |
|---|---|---|
| United Kingdom & ROW | 94.5 | 99.2 |
| USA | 21.5 | - |
| Australia | 9.3 | - |
| | 125.3 | 99.2 |

**Performance obligations**

Performance obligations are specified within our contracts with customers. Key revenue streams and how they are accounted for based on assessment of performance obligations are detailed in the accounting polices.

The Group has taken advantage of the practical expedients in IFRS 15 not to disclose information on unsatisfied performance obligations: as the performance obligation is part of a contract that has an original expected duration of one year or less (paragraph 121); not to recognise a significant financing component (paragraph 63); and costs to obtain a contract (paragraph 94).

**Contract balances**

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Due to the nature of the Group's contracts, which are generally short term or of a service nature, the Group does not have significant contract assets or liabilities other than accrued income per note 19 and deferred income per note 22.

### 6 Segmental information

The Group's activities are primarily split between Guardian News & Media ("GNM") and Other GMG Group activities. GNM represent the Group's news and media business. Other GMG Group activities principally include governance costs and the costs of managing the Group investments. The key metrics used by management to manage the business are GNM EBITDA and adjusted net operating cash flow and are presented below.

| | 2019 Before exceptional items £ m | 2019 Exceptional items £ m | 2019 Total £ m | 2018 Before exceptional items £ m | 2018 Exceptional items £ m | 2018 Total £ m |
|---|---|---|---|---|---|---|
| **EBITDA** | | | | | | |
| Guardian News & Media | 0.8 | (7.6) | **(6.8)** | (18.6) | (25.8) | **(44.4)** |
| Other GMG Group | (4.5) | (1.6) | **(6.1)** | (4.4) | - | **(4.4)** |
| | (3.7) | (9.2) | **(12.9)** | (23.0) | (25.8) | **(48.8)** |

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Cash flow** | | |
| Adjusted net operating cash flow | (28.1) | (34.4) |
| Other cash items | 6.6 | (11.4) |
| Net decrease in cash and cash equivalents | (21.5) | (45.8) |

Adjusted net operating cash flow represents cash items that management consider to be key in the operations of the business. This is calculated as statutory net cash flow adjusted for the following items: exclusion of loans to the Group's parent company for investing purpose, transactions/development and cash injections/withdrawals relating to the Group endowment fund investments and payments to terminate external borrowings all of which are presented above as other cash items.

## 7 Operating costs

**Operating costs before exceptional items**

| | 2019 £m | 2018 £m |
|---|---|---|
| Raw materials and consumables used | 17.4 | 18.0 |
| Staff costs | 115.9 | 116.7 |
| Other expenses | 94.9 | 105.3 |
| | 228.2 | 240.0 |

**Operating costs after exceptional items**

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Raw materials and consumables used | 17.4 | 18.1 |
| Staff costs | 121.2 | 126.6 |
| Other expenses | 98.8 | 121.1 |
| | 237.4 | 265.8 |

Operating loss is arrived at after charging:

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Raw materials and consumables used | 17.4 | 18.1 |
| Depreciation expense | 2.8 | 3.9 |
| Amortisation expense | 0.9 | 0.8 |
| Operating lease expense - property | 6.0 | 6.7 |
| Operating lease expense - plant and machinery | 0.1 | 0.1 |

## 8 Other gains and losses

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

| | 2019 £ m | 2018 Restated £ m |
|---|---|---|
| Net gain/(loss) on investments held at fair value through profit or loss | 67.7 | (5.3) |
| (Loss)/gain from forward contracts to hedge foreign currency investments | (25.8) | 25.9 |
| Net gain on disposal of other investments held at fair value through profit or loss | - | 0.4 |
| Gain/(loss) on disposal of property, plant and equipment | 1.0 | (0.5) |
| | 42.9 | 20.5 |

## 9 Exceptional items

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Operating costs (excluding depreciation and amortisation)** | | |
| Operating costs | (9.2) | (25.8) |

**Guardian News & Media £7.6m (2018: £25.8m)**
During the year, the Group undertook a number of transformative initiatives as part of the three year plan commenced in 2015/16 to boost revenues and reduce its cost base. These include severances of £4.3m (2018: £9.2m), compliance with GDPR of £1.7m (2018: £1.3m), vacation of office space (including onerous leases) of £1.6m (2018: £2.6m) and outsourcing of print operations (including onerous lease provisions with regard to print sites of £nil (2018: £12.7m). These transactions represent a fundamental restructuring of its operations and as such have been categorised as exceptional.

**Other GMG Group £1.6m (2018: £nil)**
Following a High Court ruling on 26 October 2018, a charge has been made for the impact of Guaranteed Minimum Pensions ('GMP') equalisation on the Group's remaining defined benefit scheme liabilities. Management estimated the impact of GMP to be £1.0m (2018: £nil) and treated this as a past service cost in the income statement. Due to the historical nature of this charge due to legislative change, is has been categorised as an Other GMG Group exceptional item. Following the prior year outstourcing of print operations, the Group incurred a further £0.6m (2018: £nil) in relation to winding down residual assets. As this is considered to be the completion of the transformative activity, this is considered to be an exceptional item.

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Loan interest** | | |
| Interest gain on termination of external loans | - | 3.0 |

During the prior financial year the Group settled its outstanding loan obligation. Due to the one off nature of the transaction, the Group classified the gain upon early settlement as exceptional.

## 10 Auditors' remuneration

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Audit of these financial statements | 0.1 | 0.1 |
| Audit of the financial statements of subsidiaries of the company pursuant to legislation | 0.1 | 0.1 |
| | 0.2 | 0.2 |
| **Other fees to auditors** | | |
| Tax-related services | 0.1 | 0.1 |

## 11 Employees and directors

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

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Wages and salaries | 98.0 | 98.2 |
| Social security costs | 10.1 | 11.2 |
| Other pension costs | 7.9 | 8.0 |
| Pension costs, defined benefit scheme | 0.9 | - |
| Redundancy costs | 4.3 | 9.2 |
| | 121.2 | 126.6 |

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

| | 2019<br>No. | 2018<br>No. |
|---|---|---|
| Editorial and production | 860 | 892 |
| Sales, distribution and support | 577 | 583 |
| | 1,437 | 1,475 |

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

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Salaries and short-term employee benefits | 6.0 | 5.3 |
| Post-employment benefits | 0.2 | 0.2 |
| Termination benefits | - | 0.1 |
| | 6.2 | 5.6 |

# Guardian Media Group plc

## Notes to the Financial Statements for the year ended 31 March 2019

**Directors' remuneration**

| | | Base salary £ 000 | Benefits £ 000 | Pension contributions & allowances £ 000 | Total 2019 £ 000 | Total 2018 £ 000 |
|---|---|---|---|---|---|---|
| Neil Berkett | | 120 | - | - | 120 | 120 |
| David Pemsel | *1* | 600 | 4 | 102 | 706 | 706 |
| Katharine Viner | *2* | 340 | 1 | 31 | 372 | 372 |
| Richard Kerr | *3* | 403 | 3 | 33 | 439 | 434 |
| **Independent directors** | | | | | | |
| Jennifer Duvalier | | 34 | - | - | 34 | 34 |
| Yasmin Jetha (*from 1 February 2018) | *4* | 34 | - | - | 34 | 6 |
| Nigel Morris | | 34 | - | - | 34 | 34 |
| John Paton | | 34 | - | - | 34 | 34 |
| Baroness Gail Rebuck | *5* | 44 | - | - | 44 | 34 |
| Coram Williams | *6* | 39 | - | - | 39 | 39 |
| **Former directors** | | | | | | |
| Judith Gibbons (*to 30 November 2017) | *7* | - | - | - | - | 25 |
| Jimmy Wales (*to 25 April 2017) | *8* | - | - | - | - | 3 |
| Total | | 1,682 | 8 | 166 | 1,856 | 1,851 |

* Date of appointment, resignation or other changes to directorships.

One director received an increase in remuneration due to company wide arrangements as noted per item 3 below. There were no other increases in remuneration for any directors in the year.

Benefits comprise solely healthcare and life and income protection. The latter is calculated as a percentage of base salary.

*1* - David Pemsel's base salary for the year was £600,000. David's company pension contributions were restricted to the annual tax-approvable limit of £10,000; the balance between 17% of base salary and the annual allowance was paid as cash in lieu of pension contributions and subject to PAYE. David does not receive any performance related variable compensation. David did not receive any increase in remuneration in the year. David's salary was reviewed during the year. His salary was increased by 5% to £630,000 with effect from 1 April 2019. This increase will be shown in his total pay for 2019/20 in next year's Directors' Remuneration Report.

*2* - Katharine Viner's base salary for the year was £340,000. Katharine's company pension contributions were restricted to the annual tax-approvable limit of £10,000; the balance between 9% of base salary and the annual allowance was paid as cash in lieu of pension contributions and subject to PAYE. Katharine did not receive any increase in remuneration in the year. Katharine's salary was reviewed during the year by the Scott Trust and was increased for the first time since her appointment in 2015. Her salary was increased by 5% to £357,000 with effect from 1 April 2019. This increase will be shown in her total pay for 2019/20 in next year's Directors' Remuneration Report.

*3* - Richard Kerr's base salary for the year increased from £400,000 to £406,000 due to a business-wide 1.5% increase with effect from 1 October 2018. Richard's company pension contribution rate increased from 8% to 9% during the year in line with an age related increase under the scheme rules. Richard's company pension contributions were restricted to the annual tax-approvable limit of £10,000; the balance between 8/9% of base salary and £10,000 was paid as cash in lieu of pension contribution and was subject to PAYE. Richard does not receive any performance related variable compensation. Richard's salary was reviewed during the year. He received the business-wide increase of 1.5% with effect from 1 October 2018. He will also receive an increase of 3.5% with effect from 1 April 2019. This will result in a base salary of £420,000 for 2019/20, as will be shown in next year's Directors' Remuneration Report.

*4* - Jennifer Duvalier's remuneration included an additional fee for chairing the Remuneration Committee which she waived for this financial year.

*5* - Baroness Gail Rebuck's remuneration included a fee for acting as Senior Independent Director from 3 April 2017.

*6* - Coram William's remuneration included an additional fee for chairing the audit committee from 3 April 2017.

*7* - Judith Gibbons stepped down as an Independent Director on the 30 November 2017. Her annualised remuneration was £34,000.

*8* - Jimmy Wales stepped down as an Independent Director on the 25 April 2017. His annualised remuneration was £34,000.

### 12 Finance income and costs

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| **Finance income** | | |
| Interest income on investments held at fair value through profit or loss | 4.5 | 5.2 |
| Interest income on bank deposits | 0.4 | 0.3 |
| Interest gain on termination of external loans | - | 3.0 |
| Total finance income | 4.9 | 8.5 |
| **Finance costs** | | |
| Foreign exchange losses | (0.3) | (0.5) |
| **Net finance income** | **4.6** | **8.0** |

### 13 Income tax

Tax charged/(credited) in the income statement

| | 2019<br>£ m | 2018<br>Restated<br>£ m |
|---|---|---|
| **Current taxation** | | |
| Foreign taxes | 0.2 | 0.2 |
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | - | (0.4) |
| **Tax expense/(credit) in the income statement** | **0.2** | **(0.2)** |

## Guardian Media Group plc

## Notes to the Financial Statements for the year ended 31 March 2019

**Tax on items charged to the consolidated statement of comprehensive income**

| | 2019 £ m | 2018 Restated £ m |
|---|---|---|
| Deferred tax credit on actuarial loss | - | 0.4 |
| | - | 0.4 |

**Factors affecting tax charge/(credit) for the year**

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

| | 2019 £ m | 2018 Restated £ m |
|---|---|---|
| Profit/(loss) before tax | 30.8 | (25.0) |
| Tax on profit calculated at standard rate of 19% (2018: 19%) | 5.9 | (4.7) |
| **Adjustments relating to current tax:** | | |
| Expenses not deductible for tax purposes | 1.4 | 0.1 |
| Foreign taxes paid | 0.2 | 0.2 |
| Accounting adjustments not taxable | - | (0.6) |
| Utilised tax losses in the year | (2.0) | (1.6) |
| Losses not utilised in the year | 0.4 | 2.2 |
| Depreciation in excess of capital allowances | 0.1 | 1.5 |
| Adjustment to tax charge on investments held at FVTPL | (4.7) | 3.1 |
| Tax relief on pension contributions | 0.1 | (0.1) |
| Short term timing differences on accounting provisions | (1.2) | 0.1 |
| **Current tax credit for the year** | **0.2** | **0.2** |
| **Adjustments relating to deferred taxation:** | | |
| Depreciation in excess of capital allowances | (0.2) | (1.9) |
| Adjustment to tax charge on investments held at FVTPL | 5.7 | (5.0) |
| Tax relief on pension contributions | (0.1) | 0.1 |
| Short term timing differences on accounting provisions | 1.2 | (0.1) |
| (Recognition)/impairment of deferred tax asset | (8.3) | 6.5 |
| Losses utilised in the year | 1.7 | - |
| **Deferred tax charge/(credit) for the year** | - | (0.4) |
| **Total tax charge/(credit)** | **0.2** | **(0.2)** |

**Expenses not deductible for tax purposes**
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.

**Accounting adjustments not taxable**
During the course of the previous year, the Group made an accounting adjustment to release interest on borrowings which had previously been accrued. As no tax deduction was taken for the original interest accrual, the subsequent release of the accrual was not taxable.

**Loss utilised in the year**
The Group has utilised historic losses to offset profits and gains recognised in the income statement which has resulted in a reduction in the corporate tax charge in the year.

**Losses not utilised in the year**
The Group has incurred losses in the year which have not been utilised in the year. These losses are carried forward to be utilised against future profits earned by the Group.

**Depreciation in excess of capital allowances**
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 the depreciation. Instead, capital allowances are available to be claimed on certain fixed assets as a tax relief provided in law. The depreciation charge was greater than the value of the capital allowances claimed and therefore contributed to an increase in the corporate tax charge in the year. The resulting timing difference between the depreciation charge and the capital allowance relief results in a deferred tax asset which represents the future tax relief available to the group from capital allowance claims.

**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 the investments held at FVTPL. 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.

**Tax relief on pension contributions**
The Group is entitled to claim a tax deduction for the payment of contributions into its pension schemes. The contribution paid in the year increased the scheme surplus and therefore the deferred tax liability arising on the surplus.

**Short term timing differences on accounting provisions**
Short term timing differences arise on items such as certain provisions because the treatment of these items is different for tax and accounting purposes. These timing differences result in a deferred tax asset which represents the future tax relief available on the utilisation of the provisions.

**Recognition of deferred tax asset**
The Group is carrying forward certain non-trading losses, short term timing differences and capital allowances that will be available by law to offset the taxable gains arising on the future disposal of investments held at FVTPL. The deferred tax asset recognised for the future use of these reliefs has been restated to reflect the increase in the value of the inherent investment gains in the current year. This has resulted in a deferred tax credit of £8.3 million being recognised in the income statement.

**Factors that may affect future tax charges**
The UK main corporation tax rate will be reduced to 17% from 1 April 2020. The closing deferred tax balances have been restated at the rate at which the balances are expected to be unwound. The impact of the re-measurements in these financial statements is an income statement charge of £0.2m.

**Deferred taxation**
Deferred tax is calculated in full on temporary timing differences under the liability method using the rate at which the balances are expected to be unwound.

The movement on the deferred tax asset is as shown below:

| | **Balance as at 2 April 2018 £ m** | **Adjustments in respect of prior years recognised in the income statement £ m** | **Temporary differences arising in the year recognised in the income statement £ m** | **Recognition of deferred tax asset in the income statement £ m** | **Temporary differences arising in the year recognised in the con-solidated statement of comp-rehensive income £ m** | **Balance as at 31 March 2019 £ m** |
|---|---|---|---|---|---|---|
| Accelerated capital allowances on fixed assets | 1.9 | 1.0 | 0.2 | 7.3 | - | **10.4** |
| Short term and other timing differences | 0.9 | - | (1.1) | 0.2 | - | **-** |
| Investments held at FVTPL | (14.1) | - | (5.7) | 1.1 | - | **(18.7)** |
| Tax losses carried forward | 11.3 | (1.0) | (1.7) | (0.3) | - | **8.3** |
| **Total deferred tax asset/(liability)** | - | - | (8.3) | 8.3 | - | - |

## Notes to the Financial Statements for the year ended 31 March 2019

| | Balance as at 3 April 2017 £ m | Adjustments in respect of prior years recognised in the income statement £ m | Temporary differences arising in the year recognised in the income statement (restated) £ m | Recognition of deferred tax asset in the income statement £ m | Temporary differences arising in the year recognised in the con-solidated statement of comp - rehensive income (restated) £ m | Balance as at 1 April 2018 £ m |
|---|---|---|---|---|---|---|
| Accelerated capital allowances on fixed assets | - | 9.8 | 1.9 | (9.8) | - | **1.9** |
| Short term and other timing differences | 1.8 | 0.3 | - | (0.8) | (0.4) | **0.9** |
| Investments held at FVTPL | (19.1) | - | 5.0 | - | - | **(14.1)** |
| Tax losses carried forward | 17.3 | (10.1) | - | 4.1 | - | **11.3** |
| **Total deferred tax asset/(liability)** | - | - | 6.9 | (6.5) | (0.4) | - |

Deferred tax assets have not been recognised where they relate to losses and tax reliefs in companies where their future utilisation cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £40.1 million (2018: £49.5 million).

### 14 Other financial assets

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| **Non current - other financial assets** | | |
| Investments held at fair value through profit or loss | 828.4 | 777.1 |
| Unlisted shares | 0.2 | 0.2 |
| | 828.6 | 777.3 |

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| **Current - other financial assets** | | |
| Investments held at fair value through profit or loss | 134.8 | 148.4 |
| Other financial assets | 0.5 | 7.6 |
| | 135.3 | 156.0 |

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Global investment funds | 805.3 | 734.3 |
| Non-current short term funds held for reinvestment | 23.1 | 42.8 |
| | 828.4 | 777.1 |
| Derivative financial instruments | 0.5 | 7.6 |
| **Long term investment fund** | **828.9** | **784.7** |
| Corporate and government bonds | 113.3 | 133.4 |
| Current short term funds held for reinvestment | 21.5 | 15.0 |
| **Medium term fund** | **134.8** | **148.4** |

The Group has committed to future investments of £88.0 million over the next three years (2018: £67.1 million). The Group considers that any associated risk with meeting these commitments is low as they will be met from disposal of existing funds.

The short-term funds held for reinvestment broadly represent highly liquid investments in money market deposit accounts and money market funds with a maturity date of three months or less. Management has classified some of these as non-current as it currently has no intention of using them in the Group's operations in the next financial year.

The following table presents the Group's assets and liabilities that are measured at fair value at the year end; descriptions of each level are included on page 26.

| | Level 1<br>£ m | Level 2<br>£ m | Level 3<br>£ m | Total<br>£ m |
|---|---|---|---|---|
| As at 31 March 2019 | | | | |
| Financial assets - FVTPL | 443.1 | 113.2 | 406.9 | 963.2 |
| Derivative financial instruments | - | 0.5 | - | 0.5 |
| | 443.1 | 113.7 | 406.9 | 963.7 |

| As at 1 April 2018 | Level 1<br>£ m | Level 2<br>£ m | Level 3<br>£ m | Total<br>£ m |
|---|---|---|---|---|
| Financial assets - FVTPL | 401.5 | 133.2 | 390.8 | 925.5 |
| Derivative financial instruments | - | 7.6 | - | 7.6 |
| | 401.5 | 140.8 | 390.8 | 933.1 |

The following table shows a summary of the changes in the fair value of the Group's Level 3 financial assets - FVTPL during the year:

| | Level 3<br>£ m |
|---|---|
| At 2 April 2018 | 390.8 |
| Additions into Level 3 | 90.1 |
| Disposals | (100.8) |
| Fair value gains recognised in income statement | 26.8 |
| **At 31 March 2019** | 406.9 |

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 £16.4 million lower/higher.

The gains or losses on the investments would have been £3.8 million higher/lower if the actual returns had been 5% higher/lower over the last 12 months, with all other variables held constant.

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

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

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

Other financial assets are denominated in the following currencies:

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Sterling | 480.6 | 453.2 |
| US Dollar | 422.2 | 426.8 |
| Euros | 25.5 | 25.0 |
| Other | 34.9 | 20.5 |
| | 963.2 | 925.5 |

### 15 Intangible assets

| | Internally generated digital assets £ m |
|---|---|
| **Cost** | |
| At 3 April 2017 | 14.7 |
| Additions | 0.5 |
| Disposals | (0.1) |
| At 1 April 2018 | 15.1 |
| At 2 April 2018 | 15.1 |
| Additions | 3.2 |
| At 31 March 2019 | 18.3 |
| **Amortisation** | |
| At 3 April 2017 | 13.5 |
| Amortisation charge | 0.8 |
| At 1 April 2018 | 14.3 |
| At 2 April 2018 | 14.3 |
| Amortisation charge | 0.9 |
| At 31 March 2019 | 15.2 |
| **Carrying amount** | |
| **At 31 March 2019** | **3.1** |
| **At 1 April 2018** | **0.8** |
| At 3 April 2017 | 1.2 |

Amortisation charge includes some accelerated write-downs for assets where useful economic lives have been reassessed.

### 16 Property, plant and equipment

| | Land and buildings £ m | Furniture, fittings and equipment £ m | Plant and vehicles £ m | Total £ m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 3 April 2017 | 37.0 | 29.2 | 86.8 | 153.0 |
| Additions | - | - | 0.6 | 0.6 |
| Disposals | - | (3.4) | (74.7) | (78.1) |
| At 1 April 2018 | 37.0 | 25.8 | 12.7 | 75.5 |
| At 2 April 2018 | 37.0 | 25.8 | 12.7 | 75.5 |
| Additions | - | 0.2 | 2.7 | 2.9 |
| At 31 March 2019 | 37.0 | 26.0 | 15.4 | 78.4 |
| **Depreciation** | | | | |
| At 3 April 2017 | 33.2 | 24.4 | 86.1 | 143.7 |
| Charge for period | 0.5 | 3.2 | 0.2 | 3.9 |
| Eliminated on disposal | - | (3.2) | (74.5) | (77.7) |
| At 1 April 2018 | 33.7 | 24.4 | 11.8 | 69.9 |
| At 2 April 2018 | 33.7 | 24.4 | 11.8 | 69.9 |
| Charge for the period | 0.5 | 1.3 | 1.0 | 2.8 |
| At 31 March 2019 | 34.2 | 25.7 | 12.8 | 72.7 |
| **Carrying amount** | | | | |
| **At 31 March 2019** | **2.8** | **0.3** | **2.6** | **5.7** |
| **At 1 April 2018** | **3.3** | **1.4** | **0.9** | **5.6** |
| At 3 April 2017 | 3.8 | 4.8 | 0.7 | 9.3 |

### 17 Investments in joint ventures

**Ozone Project Limited**
The Group acquired 25% of the share capital of Ozone Project Limited during the year.

**Reconciliation of carrying value**

| | 2019 £ m |
|---|---|
| At 2 April 2018 | - |
| Initial investment | 0.8 |
| Share of loss for the period | (0.1) |
| **At 31 March 2019** | 0.7 |

### 18 Inventories

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Raw materials and consumables | 0.5 | 0.5 |

The Group consumed £17.4 million (2018: £18.1 million) of inventories during the year (note 7).

### 19 Trade and other receivables

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Trade receivables | 20.6 | 22.3 |
| Loss allowance | (0.1) | (0.1) |
| Net trade receivables | 20.5 | 22.2 |
| Receivables from related parties | 16.3 | 7.1 |
| Accrued income | 8.9 | 8.5 |
| Prepayments | 4.0 | 3.4 |
| Other receivables | 2.8 | 2.0 |
| **Total current trade and other receivables** | **52.5** | **43.2** |

The comparative for other receivables has been represented to split out the balance between receivables from related parties and other receivables, the sum of these two lines equals the amount previously presented as other receivables.

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.

### 20 Cash and cash equivalents

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Cash at bank | 9.7 | 10.1 |
| Short-term deposits | 40.4 | 61.8 |
| | 50.1 | 71.9 |

### 21 Obligations under leases and hire purchase contracts

**Operating leases**

The total future value of minimum lease payments is as follows:

| | 31 March 2019 £ m | 01 April 2018 £ m |
|---|---|---|
| Within one year | 7.8 | 7.7 |
| In two to five years | 25.5 | 24.5 |
| In over five years | 43.9 | 61.5 |
| | 77.2 | 93.7 |

The amount of non-cancellable operating lease payments recognised as an expense during the period was £6,000,000 (2018: £6,700,000).

### 22 Trade and other payables

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Trade payables | 9.3 | 8.7 |
| Accrued expenses | 22.6 | 23.6 |
| Deferred income | 16.7 | 16.7 |
| Social security and other taxes | 2.4 | 3.1 |
| Other payables | 0.5 | 0.6 |
| | 51.5 | 52.7 |

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.

## 23 Provisions

| | Building £ m | Restructuring £ m | Other provisions £ m | Total £ m |
|---|---|---|---|---|
| At 2 April 2018 | 13.7 | 1.6 | 5.5 | 20.8 |
| Additional provisions | 2.4 | 4.7 | 1.4 | 8.5 |
| Provisions used | (2.5) | (5.9) | (1.8) | (10.2) |
| Unused provision reversed | (2.5) | - | (1.5) | (4.0) |
| At 31 March 2019 | 11.1 | 0.4 | 3.6 | 15.1 |
| Non-current liabilities | 5.2 | - | 1.6 | 6.8 |
| Current liabilities | 5.9 | 0.4 | 2.0 | 8.3 |

The building provisions relate to obligations in relation to onerous leases which are expected to be utilised within two years and dilapidations provisions are expected to be utilised over the life of the lease of fourteen years.

The Group is in the process of transforming its cost base. This has resulted in a number of restructuring changes within the business, including severances. The provision is expected to be fully utilised within six months.

## 24 Other non-current liabilities

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Other non-current financial liabilities | 8.6 | 10.8 |

Other non-current liabilities is comprised of deferred lease incentives.

## 25 Share capital

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

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | No. m | £ m | No. m | £ m |
| Ordinary Shares of £1 each | 0.9 | 0.9 | 0.9 | 0.9 |

### 26 Dividends paid

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Dividend of £0.333 (2018: £0.333) per ordinary share | 0.3 | 0.3 |

On 13 March 2019 the Board declared a dividend of 33.3p (2018: 33.3p) per share on the ordinary share capital amounting to £300,000 (2018: £300,000) which was paid to The Scott Trust Limited on 13 March 2019.

### 27 Cash flows from operating activities

| | Note | 2019 £ m | 2018 Restated £ m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the period | | 30.8 | (25.0) |
| Adjustments for: | | | |
| Depreciation | 16 | 2.8 | 3.9 |
| Amortisation of other intangible assets | 15 | 0.9 | 0.8 |
| Finance costs | 12 | 0.3 | 0.5 |
| Finance income | 12 | (4.9) | (8.5) |
| Other gains and losses | 8 | (42.9) | (20.5) |
| Pensions | 29 | 0.4 | (0.3) |
| Share of loss of joint ventures after taxation | 17 | 0.1 | - |
| (Decrease)/increase in provisions | 23 | (5.7) | 5.2 |
| | | **(18.2)** | **(43.9)** |
| Working capital adjustments | | | |
| Decrease in inventories | | - | 0.3 |
| (Increase)/decrease in trade and other receivables | | (9.7) | 3.1 |
| (Decrease) in trade and other payables | | (3.7) | (0.5) |
| **Cash used in operations** | | **(31.6)** | **(41.0)** |

### 28 Non adjusting events after the financial period

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

**29 Pension commitments**

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Pension costs, defined contribution scheme | 7.9 | 8.0 |

**Defined benefit pension schemes**

The Group had one (2018: one) defined benefit pension scheme in the year, accounted for in accordance with IAS 19 (revised) ‘Employee benefits’.

The scheme provides pension benefits payable to members (and potentially their spouses/dependants) for life. The level of benefits provided depends on the members’ length of service and their salary in the final years leading up to retirement. 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 majority of benefits are paid from trustee-administered funds, with a small number of unfunded pensions where the Group meets the benefit payment obligation as it falls due.

The scheme assets are held in trusts and governed by local regulations and practice.

The Trafford Park Printers 1990 Pension Scheme ('TPP Scheme') was closed to future accrual with effect from 31 December 2006. UK legislation requires the trustees of each 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 TPP Scheme was performed as at 1 April 2016 which resulted in the TPP Scheme having assets sufficient to cover 90% of the liabilities accrued in respect of members. Following the valuation of the TPP Scheme a revised recovery plan was agreed. The expected contributions payable to the Scheme for the next reporting period are £462,700. It is expected that the deficit as calculated by the scheme's actuary will be removed by 31 March 2022. The next trienniel valualtion is currently in the process of being calculated.

The opening asset and liability positions for the defined benefit pension scheme have been adjusted in the current year by equal amounts of £11.7m to include an insurance annuity policy that was previously excluded. There is no impact on the net defined benefit asset, income statement, statement of comprehensive income, statement of financial position, statement of changes in equity or statement of cash flows. As the adjustment is not material to these financial statements, no restatement has been made. In the current year reconciliation of changes in fair value of assets and liabilities an adjustment has been made to gross up the opening balances.

During the year, contributions totalling £462,700 were paid to the TPP Scheme.

The valuation for the TPP Scheme has been updated to 31 March 2019 for accounting purposes by a qualified independent actuary.

**Risks**

**Asset volatility**

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield (all else being equal), this will create a shortfall. The scheme holds a proportion of equities, which are expected to outperform corporate bonds in the long-term but they expose the scheme to volatility and risk in the short-term.

As the scheme matures, the Group (and trustees) intend(s) to reduce the level of investment risk by investing more in assets that better match the movement in the liabilities (for example gilts and bonds). However, the Group believes that due to the long-term nature of the scheme liabilities and the strength of the sponsoring employer, a controlled level of equity investment is an appropriate element of the Group's long-term strategy to manage the scheme efficiently.

**Changes in gilts / corporate bond yields**

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the schemes assets held in corporate bonds.

**Inflation risk**

The majority of the pension obligations are linked to inflation (i.e. the associated increases on the pensions before and after retirement are generally linked to price inflation). Higher inflation will lead to higher liabilities (although, some caps apply to the level of inflationary increases, which minimises the exposure to high inflation rates).

The schemes hold a proportion of the assets in index-linked gilts, whose value changes with movements in price inflation. Higher inflation will increase their value and offset some of the liability exposure.

**Life expectancy**

The majority of the scheme obligations are to provide pension benefits for the life of the member (or the lifetime of their spouse / dependants). Therefore, increases in life expectancy will result in an increase in the scheme liabilities.

**Regulations**

Actions taken by the UK pensions regulator, or changes to European legislation, could result in stronger funding standards, which could materially affect the scheme obligations and cash flow requirements from the Group.

The Group, along with the trustees of the scheme, manages the funding and investment strategy of the scheme to minimise these risks as much as possible.

**Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

| | 2019<br>£ m | 2018<br>£ m |
|---|---|---|
| Fair value of scheme assets | 47.1 | 33.7 |
| Present value of scheme liabilities | (46.8) | (32.9) |
| **Defined benefit pension scheme surplus** | **0.3** | **0.8** |

**Scheme assets**

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

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Fair value at start of period | 33.7 | 33.1 |
| Grossing of insurance annuity | 11.7 | - |
| Interest income | 1.2 | 0.9 |
| Return on plan assets, excluding amounts included in interest income/(expense) | 1.2 | (0.2) |
| Employer contributions | 0.5 | 0.5 |
| Benefits paid | (1.2) | (0.6) |
| Fair value at end of period | 47.1 | 33.7 |

**Analysis of assets**

The major categories of scheme assets are as follows:

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Equity instruments | 9.0 | 8.4 |
| Debt instruments | 26.6 | 25.3 |
| Insurance annuity | 11.5 | - |
| | 47.1 | 33.7 |

**Equity instruments**

Equity instruments can be further categorised as follows:

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Quoted** | | |
| Equity instruments | 9.0 | 8.4 |

**Debt instruments**

Debt instruments can be further categorised as follows:

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Quoted** | | |
| Gilts | 14.2 | 13.3 |
| Corporate bonds | 12.4 | 12.0 |
| | 26.6 | 25.3 |

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:

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Present value at start of period | 32.9 | 34.5 |
| Grossing of insurance annuity | 11.7 | - |
| Past service cost | 1.0 | - |
| Actuarial (gains) arising from changes in demographic assumptions | (0.5) | (1.2) |
| Actuarial losses/(gains) arising from changes in financial assumptions | 1.5 | (0.6) |
| Actuarial losses/(gains) arising from experience adjustments | 0.2 | (0.1) |
| Interest cost | 1.2 | 0.9 |
| Benefits paid | (1.2) | (0.6) |
| Present value at end of period | 46.8 | 32.9 |

### 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:

| | 2019 % | 2018 % |
|---|---|---|
| Discount rate | 2.5 | 2.7 |
| CPI Inflation rate | 2.3 | 2.3 |

### Post retirement mortality assumptions

| | 2019 Years | 2018 Years |
|---|---|---|
| Current UK pensioners at retirement age - male | 21.6 | 21.7 |
| Current UK pensioners at retirement age - female | 23.5 | 23.7 |
| Future UK pensioners at retirement age - male | 23.0 | 23.2 |
| Future UK pensioners at retirement age - female | 25.1 | 25.3 |

### Amounts recognised in the income statement

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Amounts recognised in operating profit** | | |
| Past service cost | (1.0) | - |
| **Amounts recognised in finance income or costs** | | |
| Interest expense on defined benefit obligation | (1.2) | (0.9) |
| Interest income on plan assets | 1.2 | 0.9 |
| Recognised in other finance cost | - | - |
| **Total recognised in the income statement** | **(1.0)** | **-** |

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

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Actuarial gains arising from changes in demographic assumptions | 0.5 | 1.2 |
| Actuarial (losses)/gains arising from changes in financial assumptions | (1.5) | 0.6 |
| Actuarial (losses)/gains arising from experience adjustments | (0.2) | 0.1 |
| Return on plan assets, excluding amounts included in interest income/(expense) | 1.2 | (0.1) |
| Amounts recognised in the Statement of Comprehensive Income | - | 1.8 |

**Sensitivity analysis**

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

| | TPP scheme % |
|---|---|
| Discount rate +0.5% p.a. | (9) |
| Discount rate - 0.5% p.a. | 11 |
| Price inflation* +0.25% p.a. | 2 |
| Price inflation* -0.25% p.a. | (1) |
| Life expectancy -1 year | 4 |
| Life expectancy +1 year | (4) |

* The impact shown implies the same change in both RPI and CPI. However, where the pension increases (before or after retirement) are subject to a cap which applies, no change to the assumption has been applied.

The above sensitivity analysis is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be linked. In practice, changes in financial conditions could well lead to changes in the value of the scheme's assets.

### 30 Related party transactions

Transactions between subsidiary members of Guardian Media Group plc are not required to be disclosed as these transactions are fully eliminated on consolidation. In the course of normal operations, the Group has traded on an arm's length basis with joint venture, associate and other related parties. The aggregated transactions which are considered to be material are:

| | **2019** **£ m** | **2018** **£ m** |
|---|---|---|
| Purchases | 1.1 | 0.9 |
| Sales | 0.1 | - |

At year-end, balances outstanding in relation to these related parties amounted to £nil (2018: £nil).

The Group paid £98,000 (2018: £97,000) to one director (2018: one director) of The Scott Trust Limited for services rendered to Guardian News & Media Limited in the normal course of business.

The Group paid £585,000 (2018: £598,000) in charitable donations and gifts in kind to the Guardian Foundation.

### 31 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is The Scott Trust Limited.

The most senior parent entity producing publicly available financial statements is The Scott Trust Limited. These financial statements are available upon request from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

### 32 Investments in subsidiaries and joint ventures

Details of the group subsidiaries as at 31 March 2019 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 2019 | 2018 |
|---|---|---|---|---|
| Channel M Television Limited | £1 ordinary shares | England and Wales | 100% | 100% |
| ContentNext Media Inc | Membership interest | United States of America | 100% | 100% |
| Contributoria Limited ^* | £1 ordinary shares | England and Wales | 0% | 100% |
| FSE World Limited ^ | £1 ordinary shares | England and Wales | 0% | 100% |
| GMG B2B Limited* | £1 ordinary shares | England and Wales | 100% | 100% |
| GMG Investco Limited ^* | £1 ordinary shares & £0.85 ordinary shares | England and Wales | 0% | 100% |
| GMG Investco 2 Limited ^ | £1 ordinary shares | England and Wales | 0% | 100% |
| GMG Investco 3 Limited* | £0.10 ordinary shares | England and Wales | 100% | 100% |
| GMGRM North Limited* | £1 ordinary shares | England and Wales | 100% | 100% |
| GMGRM South 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 Education Interactive Limited ^ | £1 ordinary shares | England and Wales | 0% | 100% |
| Guardian News & Media (Holdings) Limited* | £1 ordinary shares | England and Wales | 100% | 100% |
| Guardian News & Media Limited | £1 ordinary shares | England and Wales | 100% | 100% |
| Guardian News and Media LLC | Membership interest | United States of America | 100% | 100% |
| Northprint Manchester Limited* | £1 ordinary shares | England and Wales | 50% | 50% |
| Notice Limited ^* | £1 ordinary shares | England and Wales | 0% | 100% |
| OG Enterprises Limited | £1 ordinary shares | England and Wales | 100% | 100% |
| Rawnam Limited* | £1 ordinary shares | England and Wales | 60% | 60% |

| | | | | |
|---|---|---|---|---|
| The Observer Limited ^* | £1 ordinary shares | England and Wales | 0% | 100% |
| York Way 1001 Limited ^ | £1 ordinary shares | England and Wales | 0% | 100% |

* indicates direct investment of Guardian Media Group plc
^ Liquidated

The registered office for the companies incorporated in:

• England and Wales (except for companies liquidated) is PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.

• England and Wales (liquidated) is 92 London Street, Reading, Berkshire, RG1 4SJ.

• Australia is 19 Foster Street, Surry Hills, NSW 2010.

• United States of America is 160 Greentree Drive, Suite 101, Dover, DE 19904.

Details of the group joint ventures as at 31 March 2019 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** | |
|---|---|---|---|---|
| | | | **2019** | **2018** |
| Ozone Project Limited | £0.01 ordinary shares | England and Wales | 25% | 0% |

* indicates direct investment of Guardian Media Group plc
The registered office for the companies incorporated in:

England and Wales is 1 London Bridge Street, London SE1 9GF.

Registration number: 00094531

# Guardian Media Group plc

Company Financial Statements

for the year ended 31 March 2019

# Guardian Media Group plc

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

**Report on the audit of the company financial statements**

**Opinion**

In our opinion, Guardian Media Group plc's company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2019;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2019; the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Strategic Report and Directors' Report**
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report

## Responsibilities for the financial statements and the audit

**Responsibilities of the directors for the financial statements**
As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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

## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

**Other matter**
We have reported separately on the group financial statements of Guardian Media Group plc for the year ended 31 March 2019.

.....................................
Samuel Tomlinson (Senior Statutory Auditor)

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

2 July 2019

## Guardian Media Group plc

## (Registration number: 00094531)
## Statement of Financial Position as at 31 March 2019

| | Note | 2019 £ m | 2018 £ m |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments | 6 | 430.3 | 430.3 |
| Investments held at fair value through profit or loss | 7 | 823.6 | 775.1 |
| | | 1,253.9 | 1,205.4 |
| **Current assets** | | | |
| Trade receivables | 8 | 79.9 | 61.5 |
| Investments held at fair value through profit or loss | 7 | 134.8 | 148.4 |
| Cash at bank and in hand | 9 | 34.0 | 61.9 |
| | | 248.7 | 271.8 |
| **Current liabilities** | | | |
| Trade and other payables | 10 | (827.6) | (806.3) |
| Net current liabilities | | (578.9) | (534.5) |
| Total assets less current liabilities | | 675.0 | 670.9 |
| Deferred tax liabilities | 5 | (10.4) | (2.8) |
| Net assets | | 664.6 | 668.1 |
| **Equity** | | | |
| Called up share capital | 11 | 0.9 | 0.9 |
| Other reserves | | 0.1 | 0.1 |
| Retained earnings | | 663.6 | 667.1 |
| Shareholders' funds | | 664.6 | 668.1 |

The loss for the year is £3.2 million (2018 (restated due to implementation of new accounting standards, see note 1): £60.8 million loss).

Approved by the Board on 2 July 2019 and signed on its behalf by:

.........................................
Richard Kerr
Director

# Guardian Media Group plc

## Statement of Changes in Equity for the year ended 31 March 2019

| | Share capital £ m | Other reserves £ m | Retained earnings £ m | Total £ m |
|---|---|---|---|---|
| At 2 April 2018 | 0.9 | 0.1 | 667.1 | 668.1 |
| Loss for the period | - | - | (3.2) | (3.2) |
| Total comprehensive loss | - | - | (3.2) | (3.2) |
| Dividends | - | - | (0.3) | (0.3) |
| At 31 March 2019 | 0.9 | 0.1 | 663.6 | 664.6 |

| | Share capital £ m | Other reserves £ m | Retained earnings £ m | Total £ m |
|---|---|---|---|---|
| At 3 April 2017 | 0.9 | 0.1 | 728.2 | 729.2 |
| Loss for the period (restated) | - | - | (60.8) | (60.8) |
| Total comprehensive loss | - | - | (60.8) | (60.8) |
| Dividends | - | - | (0.3) | (0.3) |
| At 1 April 2018 | 0.9 | 0.1 | 667.1 | 668.1 |

The restatement is due to the implementation of new accounting standards, see note 1 for further detail

## 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 loss for the year is £3.2 million (2018 (restated): £60.8 million loss)).

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 31 March 2019 and for the comparative period cover the 52 weeks ended 1 April 2018.

**Summary of disclosure exemptions**
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

· IAS 1 'Presentation of financial statements': information on management of capital has not been presented. Comparative financial information in respect of paragraph 73 (E) of IAS 16 Property, plant and equipment and paragraph 118 (e) of IAS 38 Intangible assets has not been presented.
· IAS 7 'Statement of cash flows': a cash flow statement has not been presented.
· IAS 8 'Accounting policies, changes in accounting estimates and errors': disclosure in respect of new standards and interpretations that have been issued but which are not yet effective has not been provided.
· IAS 24 'Related party disclosures': key management personnel compensation has not been presented. Related party transactions entered into between two or more members of the group, provided that the subsidiary which is a party to the transaction is wholly owned by such a member have not been disclosed.
· IFRS 7 'Financial instruments disclosures': none of the disclosures required by IFRS 7 have been presented.
· IFRS 13 'Fair value measurement': none of the disclosures required by IFRS 13 have been presented.

**Going concern**
The financial statements have been prepared on a going concern basis.

**Changes resulting from adoption of IFRS 9 and IFRS 15**

*IFRS 9 Financial Instruments* and *IFRS 15 Revenue from Contracts with Customers* became mandatorily effective on 1 January 2018. The company has applied both for the first time in this accounting period which has resulted in changes to the accounting policies. The nature and effect of these changes are described below.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets; and hedge accounting,

The adoption of IFRS 9 has resulted in changes to the accounting policies and presentation of where gains and losses in investments are recognised in the financial instruments.

In addition, non-current assets of £775.1m and current assets of £148.4m as at 1 April 2018 previously presented as available for sale financial assets in the statement of financial position are now described as investments at fair value through profit or loss, there is no change to their value. As there is no change to the balance sheet, this is not required to be restated.

The adoption of IFRS 15 has had no impact on the company's results.

The impact of IFRS 9 on the 2018 results is to increase the loss for the period from £16.5m to £60.3m and reduce the other comprehensive loss from £44.3m to £nil.

**Other accounting policies**
All other accounting policies are as per the Group section of this report, note 2.

## 2 Staff costs

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

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Wages and salaries | 1.3 | 0.8 |
| Social security costs | 0.1 | 0.1 |
| | 1.4 | 0.9 |

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

| | 2019 No. | 2018 No. |
|---|---|---|
| Administration and support | 12 | 11 |
| | 12 | 11 |

## 3 Directors' remuneration

This information is shown on page 37 of Guardian Media Group plc annual report and financial statements.

## 4 Auditors' remuneration

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Audit of the financial statements | 0.1 | 0.1 |

## 5 Deferred tax

The deferred tax liability recognised at year end relates to unrealised profits earned from the Company's investments held at fair value through profit or loss. This is offset in part by the recognition of a deferred tax asset on losses which are available to be offset against the future profits.

Deferred tax assets have not been recognised where they relate to losses where their future utilisation against profits cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £nil (2018: £nil).

**Deferred tax**
Deferred tax assets and liabilities

Deferred tax movement during the period:

| | At 2 April 2018 £ m | Recognised in income £ m | At 31 March 2019 £ m |
|---|---|---|---|
| Pension benefit obligations | - | - | - |
| Financial assets at fair value through profit or loss | (14.2) | (4.6) | (18.8) |
| Tax losses carry-forwards | 11.4 | (3.0) | 8.4 |
| Other items | - | - | - |
| Net tax assets/(liabilities) | (2.8) | (7.6) | (10.4) |

Deferred tax movement during the prior period:

| | At 3 April 2017 £ m | Recognised in income (restated) £ m | At 1 April 2018 £ m |
|---|---|---|---|
| Pension benefit obligations | - | - | - |
| Financial assets at fair value through profit or loss | (19.1) | 4.9 | (14.2) |
| Tax losses carry-forwards | 17.4 | (6.0) | 11.4 |
| Other items | - | - | - |
| Net tax assets/(liabilities) | (1.7) | (1.1) | (2.8) |

## 6 Investments

| Subsidiaries | £ m |
|---|---|
| **Cost or valuation** | |
| At 3 April 2017 | 1,083.7 |
| Additions | 70.0 |
| Disposals | (0.5) |
| At 1 April 2018 | 1,153.2 |
| At 2 April 2018 | 1,153.2 |
| Additions | 10.0 |
| At 31 March 2019 | 1,163.2 |
| **Provision** | |
| At 3 April 2017 | 660.9 |
| Charge | 62.0 |
| At 1 April 2018 | 722.9 |
| At 2 April 2018 | 722.9 |
| Charge | 10.0 |
| At 31 March 2019 | 732.9 |
| **Carrying amount** | |
| At 31 March 2019 | 430.3 |
| At 1 April 2018 | 430.3 |
| At 3 April 2017 | 422.8 |

Details of the operating subsidiaries which are either wholly owned by the Company or its subsidiaries are shown in the Group section of this report in note 32.

The additions, disposals and impairment are due to the restructuring of the subsidiaries during the year.

## 7 Other financial assets

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Non-current financial assets** | | |
| Investments held at fair value through profit or loss | 823.6 | 775.1 |

| | 2019 £ m | 2018 £ m |
|---|---|---|
| **Current financial assets** | | |
| Investments held at fair value through profit or loss | 134.8 | 148.4 |

Details of investments held at fair value through profit or loss are shown in the Group section of the report in note 14.

### 8 Trade receivables

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Receivables from related parties | 79.9 | 61.3 |
| Other receivables | - | 0.2 |
| Total current trade and other receivables | 79.9 | 61.5 |

### 9 Cash at bank and in hand

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Cash at bank | 0.2 | 0.1 |
| Short-term deposits | 33.8 | 61.8 |
| | 34.0 | 61.9 |

### 10 Trade and other payables

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Trade payables | 0.1 | 0.2 |
| Accrued expenses | 0.9 | 1.7 |
| Amounts due to related parties | 826.5 | 811.3 |
| Social security and other taxes | (0.1) | (0.1) |
| Other payables | 0.2 | (6.8) |
| | 827.6 | 806.3 |

### 11 Share capital

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

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | No. m | £ m | No. m | £ m |
| Ordinary shares of £1 each | 0.9 | 0.9 | 0.9 | 0.9 |

### 12 Pension and other schemes

**Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £24,061 (2018: £45,884).

### 13 Dividends

| | 2019 £ m | 2018 £ m |
|---|---|---|
| Final dividend of £0.333 per each ordinary share | 0.3 | 0.3 |

## 14 Related party transactions

Transactions between subsidiary members of Guardian Media Group plc are not required to be disclosed as these transactions are fully eliminated on consolidation.

The Company paid £505,000 (2018: £561,000) in charitable donations to the Guardian Foundation.

## 15 Parent and ultimate parent undertaking

The Company's immediate and ultimate parent is The Scott Trust Limited.

The ultimate parent is The Scott Trust Limited.

The most senior parent entity producing publicly available financial statements is The Scott Trust Limited. These financial statements are available upon request from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, 90 York Way, London, N1P 2AP.