

DC Thomson & Company Limited

Directors' report

Directors' report to the ninety first Annual General Meeting of DC Thomson & Company Limited, to be held at 22 Meadowside, Dundee on 28 November 1995 at 12 noon.

The directors submit the audited accounts of the company and of the group for the year ended 31 March 1995.

Results and dividends

The results for the year and transfer to reserves are set out in the profit and loss account on page 3.

The directors recommend that a final dividend of £4,343,067 be paid, which together with the interim dividend of £620,459 already paid, will make a total of £4,963,526 for the year.

Activities

The principal activities of the group are the printing and publishing of newspapers, magazines and books.

Review of business

Revenue from sales and advertising showed no significant change on the previous year, but overall turnover rose slightly.

There was an increase in contract printing for other publishers. In particular the company took over the printing of the Scottish Editions of the Daily Express and the Star in Glasgow from March 1995.

There has been a large rise in the price of newsprint and other grades of paper. This is likely to reduce profit and lead to increases in face prices of the company's publications.

Every effort is made to control costs. In particular employee costs remained steady with slightly reduced staff numbers.

A new monthly publication for the mother and baby market was launched in October 1994 with modest success. Ongoing study of possibilities for further publications in various markets is carried out, but most are already well catered for.

Fixed assets

Information relating to changes in fixed tangible assets is given in note 11 to these accounts.

In the opinion of the directors, the market value of the land and buildings is not less than the book value stated in the accounts.

Directors

The directors in office throughout the year were Messrs BH Thomson, DB Thomson, AF Thomson, AG Thomson and LM Thomson.



DC Thomson & Company Limited

Directors' report *(continued)*

Directors *(continued)*

Mr CHW Thomson was appointed a director on 1 October 1995. In terms of the Articles of Association, he retires at the Annual General Meeting and being eligible, offers himself for re-election.

The directors' interests in the issued share capital of the company are shown in note 30 to these accounts.

In terms of the Articles of Association, Messrs AG Thomson and LM Thomson retire by rotation and being eligible, offer themselves for re-election.

Employees

Information relating to employees is given in note 4 to these accounts.

It is the policy of the group to do everything possible to ensure the health and safety at work of all employees.

Careful attention is given to the employment of disabled persons where practicable, and to ensuring that they have full consideration in the development of their careers.

Good relations with employees are recognised as of first importance. Communication is maintained through departmental overseers and other seniors and by regular visits by management to all departments and by head office management to branch offices, when matters of interest concerning the business are discussed. The majority of employees are members of the Thomson-Leng Provident and Superannuation Funds.

Exports

The value of exports from the United Kingdom was £5,163,507 (1994 - £2,836,415).

Charitable and political contributions

Most of the group's charitable contributions are made by charitable trusts the capital of which was privately contributed. In addition the group made charitable donations of £700 (1994 - £1,200). The group made no political contributions during the year.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



I Douglas

Joint Secretary

Dundee
31 October 1995

DC Thomson & Company Limited

Consolidated profit and loss account for the year ended 31 March 1995

	Note	1995 £ 000	1994 £ 000
Turnover	2	100,406	94,686
Decrease in stock of finished goods and work in progress	630		280
Regional Development Grants	(112)		(132)
Raw materials and consumables	24,327		21,924
Other external charges	175		274
		25,020	22,346
		75,386	72,340
Staff costs	36,871		36,219
Depreciation	4,687		4,703
Other operating charges	23,553		18,984
		65,111	59,906
Trading profit before exceptional items		10,275	12,434
Share of profits of associated undertaking		-	7,323
Income from fixed asset investments	6	13,633	10,219
Other interest receivable	7	5,866	5,519
Profit before exceptional items		29,774	35,495
Exceptional items	8	1,166	35,458
Profit on ordinary activities before taxation		30,940	70,953
Taxation	9	6,965	22,204
Profit after taxation		23,975	48,749
Appropriations:			
Transfer to reserves	21	15,500	38,750
Dividends paid and proposed	10	4,964	4,667
		20,464	43,417
Retained profit for the year		3,511	5,332

A statement of reserves is given in notes 21 and 22 to these accounts.

There are no recognised gains or losses other than the profit for the financial year of £23,975,000 (1994- £48,749,000).

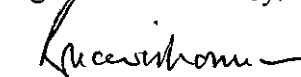
DC Thomson & Company Limited


Consolidated balance sheet

At 31 March 1995

	Note	1995 £000	1994 £000
Fixed assets			
Tangible assets	11	100,551	99,176
Investments	12	63,507	52,043
		<u>164,058</u>	<u>151,219</u>
Current assets			
Stocks	13	15,571	14,855
Debtors	14	21,087	20,385
Investments	15	17,180	17,180
Short-term deposits		56,413	121,734
Cash at bank and in hand		4,420	3,511
		<u>114,671</u>	<u>177,665</u>
Creditors: amounts falling due within one year	16	<u>(17,784)</u>	<u>(47,256)</u>
Net current assets		96,887	130,409
Total assets less current liabilities		<u>260,945</u>	<u>281,628</u>
Provisions for liabilities and charges	17	(9,426)	(9,166)
Accruals and deferred income	18	(781)	(893)
		<u>250,738</u>	<u>271,569</u>
Capital and reserves			
Called up share capital	19	4,596	6,000
Capital redemption reserve	20	1,404	-
Capital reserve	21	-	1,214
Reserve fund	21	157,087	180,215
Staff benefit and pension reserve	21	21,912	21,912
Stock reserve	21	8,700	8,700
Profit and loss account	22	57,039	53,528
		<u>250,738</u>	<u>271,569</u>

The accounts on pages 3 to 22 were approved by the Board of Directors on 31 October 1995 and signed on its behalf by:


BH Thomson
Director


BB Thomson
Director

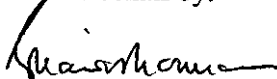
DC Thomson & Company Limited


Balance sheet

At 31 March 1995

	Note	£000	1995 £000	1994 £000
Fixed assets				
Tangible assets	11		99,310	97,840
Investments, including subsidiary companies	12		62,312	52,690
			<u>161,622</u>	<u>150,530</u>
Current assets				
Stocks	13	11,629		11,314
Debtors	14	19,606		17,500
Investments	15	17,180		17,180
Short-term deposits		49,214		113,252
Cash at bank and in hand		1,447		744
			<u>99,076</u>	<u>159,990</u>
Creditors: amounts falling due within one year	16	(16,379)		(44,693)
Net current assets			<u>82,697</u>	<u>115,297</u>
Total assets less current liabilities			<u>244,319</u>	<u>265,827</u>
Provisions for liabilities and charges	17		(9,444)	(9,190)
Accruals and deferred income	18		(781)	(893)
			<u>234,094</u>	<u>255,744</u>
Capital and reserves				
Called up share capital	19		4,596	6,000
Capital redemption reserve	20		1,404	-
Capital reserve	21		-	1,214
Reserve fund	21		156,464	179,592
Staff benefit and pension reserve	21		21,912	21,912
Stock reserve	21		8,700	8,700
Profit and loss account	22		41,018	38,326
			<u>234,094</u>	<u>255,744</u>

The accounts on pages 3 to 22 were approved by the Board of Directors on 31 October 1995 and signed on its behalf by:


BH Thomson
 Director


DB Thomson
 Director

DC Thomson & Company Limited

Consolidated cash flow statement

For the year ended 31 March 1995

	Note	1995 £000	1994 £000
Net cash inflow from operating activities	24	11,290	13,830
Returns on investments and servicing of finance			
Income from fixed asset investments		13,633	7,924
Other interest receivable		5,853	5,393
Dividends paid		(4,667)	(4,440)
Dividend from associated undertaking		-	2,022
Net cash inflow from returns on investments and servicing of finance		14,819	10,899
Taxation			
Tax paid		(20,857)	(2,326)
Investing activities			
Purchase of tangible fixed assets		(6,668)	(3,468)
Sale of tangible fixed assets		1,843	570
Purchase of investments		(31,945)	(35,189)
Sale of investments		7,448	15,211
Sale of associated undertaking		-	44,105
Cash outlay re purchase of subsidiary	25	(500)	(2,056)
Net cash (outflow)/inflow from investing activities		(29,822)	19,173
Net cash (outflow)/inflow before financing		(24,570)	41,576
Financing			
Repurchase of ordinary shares		(39,842)	-
(Decrease)/increase in cash and cash equivalents	26	(64,412)	41,576

DC Thomson & Company Limited

Notes

(forming part of the accounts)

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The consolidated accounts include the results of the company and all its subsidiaries and also the group's share of the results of its associated company. Goodwill arising on acquisition of subsidiaries and associates is written off to reserves in the year the cost is incurred.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account of DC Thomson & Company Limited is not presented.

Investment income

Investment income is dealt with on the basis of cash receipts in the year with, in the case of franked investment income, the addition of related tax credits.

Depreciation

The cost of fixed tangible assets, except freehold land, is depreciated to estimated residual value over their estimated useful economic lives as follows:-

Freehold buildings	-	2%	Reducing balance
Plant and equipment	-	4 to 40 years	Straight line

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

Government grants

Government grants are credited to profit and loss over the period of the estimated useful economic lives of the assets to which they relate. The grants shown in the balance sheet consist of the total grants received and receivable to date less amounts so far credited to profits.

Pension costs

The group operates a defined benefit pension scheme covering all eligible employees. Payments to the scheme are charged against profits and are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. Independent actuarial values of the scheme are made every three years.

Payments in respect of defined contribution schemes are charged against profits when due.

DC Thomson & Company Limited

Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods for resale, the average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of overheads.

Deferred taxation

Deferred taxation is provided at the rates at which the liabilities are expected to arise in respect of short term timing differences and the excess of capital allowances over depreciation where such liabilities are expected to crystallise in the foreseeable future.

2 Turnover

Turnover represents amounts invoiced in respect of goods provided during the year excluding value added tax.

3 Trading profit is stated after charging:

	1995 £000	1994 £000
Auditors' remuneration	63	61
Auditors' remuneration for non-audit work	43	38
Loss on sale of fixed tangible assets	12	-
	<u> </u>	<u> </u>

In addition auditors' remuneration for non-audit work not expensed through the profit and loss account was £19,250 (1994 - £33,000).

and after crediting:

Gain on sale of fixed tangible assets	-	131
Net income from rents	62	62
	<u> </u>	<u> </u>

4 Employees

	Number	Number
The average weekly number of employees during the year was:	2,005	2,068
	<u> </u>	<u> </u>
	£000	£000
Employee costs during the year (including directors remuneration) amounted to:		
Wages and salaries	34,156	33,869
Social security costs	2,703	2,604
Other pension costs (note 29)	(12)	(254)
	<u> </u>	<u> </u>
	36,871	36,219
	<u> </u>	<u> </u>

DC Thomson & Company Limited

Notes (continued)

5 Directors' emoluments

	1995	1994
	£000	£000
Management remuneration	413	393
Pension scheme contributions	61	50
	<u>474</u>	<u>443</u>

The emoluments, excluding pension contributions, of the chairman and highest paid director amounted to £87,291 (1994 - £83,221).

All directors received emoluments, excluding pension contributions, in the following ranges:-

	Number	Number
£75,001 - £80,000	3	3
£80,001 - £85,000	-	2
£85,001 - £90,000	2	-
	<u>5</u>	<u>5</u>

6 Income from fixed asset investments

	£000	£000
Listed	13,507	10,080
Unlisted	126	139
	<u>13,633</u>	<u>10,219</u>

7 Other interest receivable

Income from listed UK government securities	496	118
Income from short-term deposits and other sources	5,370	5,401
	<u>5,866</u>	<u>5,519</u>

8 Exceptional items

(Loss)/gain on disposal of investments	(4)	4,687
Gain on disposal of associated undertaking	-	30,802
Provision against unlisted investments	(18)	(31)
Gain on disposal of fixed assets	1,188	-
	<u>1,166</u>	<u>35,458</u>
Taxation thereon	-	13,324

DC Thomson & Company Limited

Notes (continued)

9 Tax on profit on ordinary activities

	1995 £000	1994 £000
UK corporation tax at 33%	4,125	16,795
Transfer to deferred tax	245	449
Tax on franked investment income	2,632	2,231
Attributable tax of associated undertaking	-	3,387
	<hr/>	<hr/>
	7,002	22,862
Adjustment for previous years:		
Corporation tax	(2)	(397)
Higher rate taxation	(50)	(177)
Deferred tax	15	(84)
	<hr/>	<hr/>
	6,965	22,204
	<hr/>	<hr/>

10 Dividends

Ordinary shares - interim of 13.5p paid (1994 - 10p)	621	600
- proposed final of 94.5 p per share (1994 - 88.5p)	4,343	4,067
	<hr/>	<hr/>
	4,964	4,667
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DC Thomson & Company Limited

Notes (continued)

11 Fixed tangible assets

Group	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
<i>Cost</i>				
At 31 March 1994	47,907	108,645	264	156,816
Additions	4,917	1,582	230	6,729
Disposals	(596)	(6,023)	-	(6,619)
Transfers	-	223	(223)	-
At 31 March 1995	52,228	104,427	271	156,926
<i>Depreciation</i>				
At 31 March 1994	12,140	45,500	-	57,640
Charge for year	784	3,903	-	4,687
Disposals	(34)	(5,918)	-	(5,952)
At 31 March 1995	12,890	43,485	-	56,375
<i>Net book value</i>				
At 31 March 1995	39,338	60,942	271	100,551
At 31 March 1994	35,767	63,145	264	99,176

DC Thomson & Company Limited

Notes (continued)

11 Fixed tangible assets (continued)

Company	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
<i>Cost</i>				
At 31 March 1994	46,672	103,974	264	150,910
Additions	4,917	1,506	230	6,653
Disposals	(596)	(3,835)	-	(4,431)
Transfers	-	223	(223)	-
At 31 March 1995	50,993	101,868	271	153,132
<i>Depreciation</i>				
At 31 March 1994	11,992	41,078	-	53,070
Charge for year	769	3,784	-	4,553
Disposals	(34)	(3,767)	-	(3,801)
At 31 March 1995	12,727	41,095	-	53,822
<i>Net book value</i>				
At 31 March 1995	38,266	60,773	271	99,310
At 31 March 1994	34,680	62,896	264	97,840

The cost of freehold property includes the cost of land, a significant part of which is not separately identifiable and is depreciated.

12 Fixed asset investments

Group	Listed £000	Unlisted £000	Total £000
<i>Shares</i>			
<i>Cost less provisions</i>			
At 31 March 1994	48,943	3,100	52,043
Additions	17,285	1,649	18,934
Disposals	(7,452)	-	(7,452)
Provisions	-	(18)	(18)
Transfers	46	(46)	-
At 31 March 1995	58,822	4,685	63,507

DC Thomson & Company Limited

Notes (continued)

12 Fixed asset investments (continued)

Company	Subsidiary companies unlisted £000	Other companies		
		Listed £000	Unlisted £000	Total £000
Shares				
<i>Cost less provisions</i>				
At 31 March 1994	3,870	44,352	2,730	50,952
Additions	105	16,363	1,544	18,012
Disposals	-	(7,422)	-	(7,422)
Provisions	-	-	(18)	(18)
Transfers	(175)	46	129	-
At 31 March 1995	<u>3,800</u>	<u>53,339</u>	<u>4,385</u>	<u>61,524</u>
<i>Loans less provisions</i>				
At 31 March 1994	1,738	-	-	1,738
Additions	500	-	-	500
Repayments	(1,450)	-	-	(1,450)
At 31 March 1995	<u>788</u>	<u>-</u>	<u>-</u>	<u>788</u>
<i>Total</i>				
At 31 March 1995	<u>4,588</u>	<u>53,339</u>	<u>4,385</u>	<u>62,312</u>
At 31 March 1994	<u>5,608</u>	<u>44,352</u>	<u>2,730</u>	<u>52,690</u>

The accumulated provision against cost of unlisted investments is £3,013,000 (1994 - £6,566,000) for the group and £5,375,000 (1994- £8,928,000) for the company.

DC Thomson & Company Limited

Notes (continued)

12 Fixed asset investments (continued)

Valuation	1995		1994	
	Group £000	Company £000	Group £000	Company £000
At market value -				
Fully listed	<u>462,740</u>	<u>387,215</u>	<u>449,611</u>	<u>372,236</u>
Quoted on Unlisted Securities Market (included in unlisted investments)	<u>-</u>	<u>-</u>	<u>705</u>	<u>705</u>
At directors valuation -				
Unlisted	<u>13,528</u>	<u>13,228</u>	<u>4,276</u>	<u>3,976</u>
Potential tax liability if sold at this value	<u>98,094</u>	<u>82,676</u>	<u>102,922</u>	<u>86,380</u>

The principal companies in which the company's interest is more than 10% are as follows:-

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Subsidiary companies			
John Leng & Company Limited	Scotland	Investment Company	100% Ordinary £1 shares
Meadowside Leasing Limited	Scotland	Plant Leasing	100% Ordinary £1 shares
Peter Haddock Limited	England	Publisher	100% Ordinary £1 shares
Scots Magazine Limited	Scotland	Dormant	100% Ordinary £1 shares
Taytel Limited	Scotland	Publisher	100% Redeemable £1 shares
Opera Now Limited	England	Publisher	100% Ordinary 10p shares
Unlisted companies			
Starstream Limited	England	Satellite Television Programming	18.77% Ordinary £1 shares
Wendy Promotions Limited	England	Merchandising	50% Ordinary shares

DC Thomson & Company Limited

Notes (continued)

13 Stocks

Group

	1995 £000	1994 £000
Raw materials and consumables	7,902	7,365
Work in progress	2,515	2,327
Finished goods and goods for resale	5,154	5,163
	<u>15,571</u>	<u>14,855</u>

Company

Raw materials and consumables	7,902	7,365
Work in progress	2,515	2,327
Finished goods and goods for resale	1,212	1,622
	<u>11,629</u>	<u>11,314</u>

14 Debtors

	Due within one year £000	1995 Due outwith one year £000	Total £000	Due within one year £000	1994 Due outwith one year £000	Total £000
Group						
Trade debtors	11,337	-	11,337	11,994	-	11,994
Other debtors	5,933	1,367	7,300	3,396	1,307	4,703
Prepayments and accrued income	2,450	-	2,450	3,688	-	3,688
	<u>19,720</u>	<u>1,367</u>	<u>21,087</u>	<u>19,078</u>	<u>1,307</u>	<u>20,385</u>
Company						
Trade debtors	9,972	-	9,972	10,342	-	10,342
Other debtors	5,884	1,367	7,251	3,398	1,307	4,705
Group relief	7	-	7	7	-	7
Prepayments and accrued income	2,376	-	2,376	2,446	-	2,446
	<u>18,239</u>	<u>1,367</u>	<u>19,606</u>	<u>16,193</u>	<u>1,307</u>	<u>17,500</u>

DC Thomson & Company Limited

Notes (continued)

15 Current asset investments

Group and Company	1995 £000	1994 £000
<i>Cost</i>		
Listed	17,180	17,180
<i>Valuation</i>		
Market value of listed investments	19,668	19,613
Potential tax liability if sold at this value	Nil	NIL

16 Creditors: amounts falling due within one year

	1995		1994	
	Group £000	Company £000	Group £000	Company £000
Trade creditors	1,832	1,102	2,450	854
Corporation tax	4,603	3,896	19,786	19,352
Other taxes and social security	1,187	1,184	1,055	1,047
Other creditors	5,198	5,233	19,298	18,773
Interim dividend paid since date of balance sheet	621	621	600	600
Proposed final dividend	4,343	4,343	4,067	4,067
	<u>17,784</u>	<u>16,379</u>	<u>47,256</u>	<u>44,693</u>

DC Thomson & Company Limited

Notes (continued)

17 Provisions for liabilities and charges

Deferred taxation:	Accelerated capital allowances £000	Other timing differences £000	Total £000
<i>As provided</i>			
Group			
At 31 March 1994	8,954	212	9,166
Transfer from profit and loss account	-	260	260
	<u>8,954</u>	<u>472</u>	<u>9,426</u>
At 31 March 1995	<u>8,954</u>	<u>472</u>	<u>9,426</u>
Company			
At 31 March 1994	8,954	236	9,190
Transfer from profit and loss account	-	254	254
	<u>8,954</u>	<u>490</u>	<u>9,444</u>
At 31 March 1995	<u>8,954</u>	<u>490</u>	<u>9,444</u>
<i>On full deferral basis</i>			
Group			
At 31 March 1995	17,986	415	18,401
	<u>16,636</u>	<u>286</u>	<u>16,922</u>
At 31 March 1994	<u>16,636</u>	<u>286</u>	<u>16,922</u>
Company			
At 31 March 1995	17,986	490	18,476
	<u>16,636</u>	<u>236</u>	<u>16,872</u>
At 31 March 1994	<u>16,636</u>	<u>236</u>	<u>16,872</u>

18 Accruals and deferred income

Group and Company	£000
Government grants	
At 31 March 1994	893
Credited to operating profit	112
	<u>781</u>
At 31 March 1995	<u>781</u>

DC Thomson & Company Limited

Notes (continued)

19 Called up share capital

	Authorised		Allotted, called up and fully paid			
	1995 £000	1994 £000	1995 No	£000	1994 No	£000
Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>	<u>4,595,986</u>	<u>4,596</u>	<u>6,000,000</u>	<u>6,000</u>

During the year, the company purchased 1,404,014 ordinary shares of £1 each for a total consideration of £39,593,194. This represents 23.4% of the called up share capital.

	Group		Company	
	1995 £000	1994 £000	1995 £000	1994 £000
20 Capital redemption reserve				
Transfer from reserve fund	<u>1,404</u>	-	<u>1,404</u>	-

21 Reserves

	Capital £000	Reserve Fund £000	Staff Benefit and Pension £000	Stock £000
Group				
At 31 March 1994	1,214	180,215	21,912	8,700
Cost of share buy back	(1,214)	(37,224)	-	-
Transfer to capital redemption reserve	-	(1,404)	-	-
Transfer from profit and loss account	-	15,500	-	-
At 31 March 1995	<u>-</u>	<u>157,087</u>	<u>21,912</u>	<u>8,700</u>
Company				
At 31 March 1994	1,214	179,592	21,912	8,700
Cost of share buy back	(1,214)	(37,224)	-	-
Transfer to capital redemption reserve	-	(1,404)	-	-
Transfer from profit and loss account	-	15,500	-	-
At 31 March 1995	<u>-</u>	<u>156,464</u>	<u>21,912</u>	<u>8,700</u>

DC Thomson & Company Limited

Notes (continued)

22 Profit and loss account

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Retained profits at beginning of year	53,528	48,475	38,326	24,601
Goodwill written off	-	(1,246)	-	-
Goodwill previously written off now realised	-	967	-	-
Retained profit for the year	3,511	5,332	2,692	13,725
	<u>57,039</u>	<u>53,528</u>	<u>41,018</u>	<u>38,326</u>

The cumulative goodwill written off to date is £1,246,000.

All the reserves detailed in notes 21 and 22 above are distributable.

23 Reconciliation of movements in shareholders' funds

	1995	1994
	£000	£000
Profit for the financial year	23,975	48,749
Dividends	(4,964)	(4,667)
	<u>19,011</u>	<u>44,082</u>
Goodwill written off	-	(1,246)
Goodwill previously written off now realised	-	967
Share buyback - nominal value of shares	(1,404)	-
- other	(38,438)	-
	<u>(20,831)</u>	<u>43,803</u>
Net (reduction in)/addition to shareholders' funds	(20,831)	43,803
Opening shareholders funds	271,569	227,766
	<u>250,738</u>	<u>271,569</u>

24 Reconciliation of trading profit to net cash inflow from operating activities

Trading profit	10,275	12,434
Depreciation	4,687	4,703
Loss/(gain) on sale of fixed assets	12	(131)
Amortisation of Regional Development Grants	(112)	(132)
(Increase)/decrease in stock	(716)	297
Increase in debtors	(1,720)	(2,473)
Decrease in creditors	(1,136)	(868)
	<u>11,290</u>	<u>13,830</u>
Net cash inflow from operating activities	11,290	13,830

DC Thomson & Company Limited

Notes (continued)

25	Purchase of subsidiary	1995	1994
	<i>Assets acquired</i>	£000	£000
	Fixed assets		822
	Stock		3,577
	Debtors		2,969
	Creditors		(3,984)
	Bank overdraft		(2,025)
	Deferred tax		(49)
			<hr/>
	Purchase consideration - paid in year		1,310
	- deferred		2,056
			500
			<hr/>
	Goodwill		1,246
			<hr/>

26 Analysis of changes in cash and cash equivalents

	Short term deposits £000	Cash at bank and in hand £000	Total £000
At 31 March 1993	85,112	652	85,764
On acquisition of subsidiary	-	(2,025)	(2,025)
Movement of year	36,622	4,884	41,506
	<hr/>	<hr/>	<hr/>
At 31 March 1994	121,734	3,511	125,245
Movement of year	(65,321)	909	(64,412)
	<hr/>	<hr/>	<hr/>
At 31 March 1995	56,413	4,420	60,833
	<hr/>	<hr/>	<hr/>

27 Contingent liabilities

The Company has guaranteed payments in favour of Customs and Excise in respect of raw materials imports and other materials the maximum liability under which would be £517,000 (1994 - £517,000).

The purchase and sale agreement for Peter Haddock Limited contains provisions for possible future payments for that company dependent upon a formula based on profit targets being achieved. There is a maximum for any further amounts payable not included in the purchase consideration reflected through the accounts of £3,500,000 (1994 - £3,500,000).

DC Thomson & Company Limited

Notes (continued)

28 Capital commitments

	1995 £000	1994 £000
Group and Company		
Contracted for but not provided	837	87
Authorised but not contracted for	916	5,107

29 Pension commitments

The group operates both defined benefit and defined contribution pension schemes covering the majority of employees with assets held in separate, trustee administered funds.

The pension credit for the year was £12,000 (1994 - £254,000) after a reduction of £173,000 (1994 - £410,000) in respect of the amortisation of existing surpluses over 13 years, the expected average remaining working lifetime of current employees.

Independent valuations are carried out by a qualified actuary every three years using the Projected Unit Credit Method.

The latest actuarial assessment was on 31 March 1994, when the overall level of funding was assessed at 139% of the accruing liabilities. The main assumptions used were a rate of interest of 8.5% per annum, salary increases at the rate of 6.5% per annum and post retirement pension increases of 4% per annum on the excess over the guaranteed minimum pension and 3% per annum on the post 1988 guaranteed minimum pension. The market value of assets in the scheme at that date was £177,780,000.

A prepayment of £2,290,000 (1994 - £2,117,000) included in debtors is the cumulative excess of contributions paid over funding requirements.

Contributions of £45,000 (1994 - £141,000) were paid in respect of defined contribution schemes.

DC Thomson & Company Limited

Notes (continued)

30 Directors interest in share capital

The directors who held office at the year end had the following interests in the £1 ordinary shares of the company:

	31 March 1995	31 March 1994
Beneficial interest:		
BH Thomson	23,454	33,272
DB Thomson	36,750	49,000
AF Thomson	45,333	54,842
AG Thomson	29,253	47,752
LM Thomson	48,975	65,300
As trustees without beneficial interest:		
BH Thomson	198,050	236,018
DB Thomson	399,451	532,597
AF Thomson	193,636	245,104
As joint trustees without beneficial interest:		
BH Thomson)		
DB Thomson)	334,554	446,072
BH Thomson)		
DB Thomson)	169,611	226,148
AF Thomson)		
AG Thomson)		
LM Thomson)	169,672	216,953

DC Thomson & Company Limited

Directors' responsibilities for the preparation of accounts

The Directors are required by law to prepare accounts which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit of the Group for the year. In addition, the Directors are responsible for ensuring that adequate accounting records are maintained, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The Directors confirm that the accounts of the Company and the Group for the year ended 31 March 1995 have been prepared on a going concern basis and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in their preparation and that applicable accounting standards have been followed.



Report of the auditors to the members of DC Thomson & Company Limited

We have audited the accounts on pages 3 to 22.

Respective responsibilities of the directors and auditors

As described above the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 March 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

Royal Exchange
Dundee
DD1 1DZ
31 October 1995

