

DC Thomson & Company Limited

**Directors' report and IFRS Group financial statements
for the year ended 31 March 2013**

Registered number 5830

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DC Thomson & Company Limited

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DC Thomson & Company Limited

Directors' report

The Directors' report to the hundred and ninth Annual General Meeting of DC Thomson & Company Limited, to be held at 80 Kingsway East, Dundee on Tuesday 26thth November 2013 at 12 noon.

The Directors submit the audited accounts of the Company and of the Group for the year ended 31 March 2013.

Activities and dividends

The principal activity of the Group consists of the printing and publishing of Newspapers, the publishing of Magazines, Annuals and Books and the provision of Online Services and Content.

The Directors recommend that a final dividend of £13,853,000 (2012 - £13,481,000) be paid, which together with the interim dividend of £3,804,000 (2012 - £3,391,000) already paid, will make a total of £17,657,000 (2012 - £16,872,000) for the year.

Business overview

This has been another year of significant change for the Group. The Newspaper print facilities in Glasgow and Aberdeen were closed during the year after the completion of the refurbishment and rebuilding of the Dundee Newspaper Printing plant with a new high speed state of the art press. The Dundee plant is now one of the most modern in the world having heat set offset colour facilities and new inserting equipment. During the year all Newspaper distribution was transferred to an external provider.

The Publishing business has many challenges but in Newspapers and Magazines our performance was solid overall. The Book business was difficult. We continue to invest significantly in our Online Genealogy business.

Trading overview

The Group's 100% owned trading activities are in the main:

- The Printing and Publishing of Newspapers
- The Publishing of Magazines
- The Publishing of Books
- Online Publishing of content including Genealogy records.

The Newspaper Division of our business consists of our Regional Newspapers: The Press and Journal and The Evening Express (both based in Aberdeen) and The Courier and Advertiser and The Evening Telegraph (both based in Dundee). We also publish, of course, The Sunday Post, a National Title.

The Magazine Division consists of The Puzzler Magazines, our Women's Magazines (The People's Friend and My Weekly), our Children's Magazines (including The Beano), The Scots Magazine, This England titles and Scottish Wedding Directory which was acquired during the year.

Our Book Division consists in the main of Parragon which publishes a wide range of books in three main areas: Children's, Cookery and General Adult Reference. Within these categories, Parragon publishes own brand books and uses other brands under licence from their owners and publishes books in over 18 languages. Parragon Group sells to most of the major world consumer markets and services these markets through operations in the following countries: UK, USA, Germany, Netherlands, India, Australia, Hong Kong and Singapore.

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Directors' report (continued)

Business overview (continued)

Trading overview (continued)

Our Online business consists mainly of the brightsolid business which runs Online publishing and Online technology operations. The main publishing area of brightsolid is its significant Online genealogy research facility. The technology operation runs a server hosting facility that was doubled in size during the previous year.

The underlying operating position can be summarised as follows:

	2013		2012	
	Turnover	Operating profit	Turnover	Operating profit
	£m	£m	£m	£m
Newspapers and Magazines	122.3	16.3	126.8	12.6
Books	84.6	(1.0)	97.7	3.4
Online	22.1	3.7	24.4	5.6
	<u>229.0</u>	<u>19.0</u>	<u>248.9</u>	<u>21.6</u>

Newspapers & Magazines

Sales of our Regional Daily Newspapers are in Scotland. Sales of our Sunday Newspaper, The Sunday Post, are mainly in the UK. Sales of our Magazines are also mainly in the UK.

Circulation Revenues

Total Circulation revenues from our Newspapers business were almost unchanged as reductions in volume were balanced off by increases in face prices. The volume decline compared favourably with national and regional trends during the year as did Magazine circulation revenues.

Advertising Revenues

Total advertising revenues from our Newspapers were down 4.9% and Magazine advertising revenues fell by 4.7%. This compares favourably with competitor trends.

The commissioning of the new print plant in Dundee and the transfer of all distribution to an external source contributed to an improvement in underlying profit.

Books

Conditions were difficult in all markets, but especially Europe and Australia. The Book division was affected by sales decline. There was also significant discounting as competitors sought to reduce stock levels and this reduced gross margins. The business was able to mitigate some of this by cost reductions in overheads but not enough to fully offset the sales and margin pressures. In addition the business suffered some significant bad debts in our European business.

During the year, Parragon reorganised its operations in Australia and Europe and the Peter Haddock operation in Bridlington was closed.

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Directors' report (continued)

Trading Overview (continued)

Online

Our principle Online Genealogy Business had lower revenues in line with dataset availability and reduced revenues from The Friends Reunited website.

Change is underway in this business which will increase significantly the amount and quality of data available. There was a significant investment in the year on data sets and in the USA, Australia and Ireland.

Future prospects

We have significant financial assets and other business interests which are there to support the main trading business and are very much part of it. The group has a prudent policy of having reserves and financial assets and other business interests to cover all known and implicit liabilities. This is vital to allow us to continue to develop, enhance and protect our business activities and trade and to remain strong.

Despite difficult conditions in the book market there is continued investment in areas of strategic growth potential for the long term, including expansion in the digital, gifting and stationery businesses.

We have recently opened two new Innovation Centres, in Dundee in partnership with Abertay University and Dundee University and in Shoreditch, London in partnership with University College London and Cisco. These centres will provide new innovative businesses a location to start and develop.

The trading operations are being enhanced by significant development of the Group's digital and other assets including:

- The development of websites and digital media for the Group's publications;
- Investment in new digital offerings in the social media, games and online Newspaper archive spheres.

In October 2013 the name under which our Online genealogy brands operate was changed from **brightsolid** publishing to DC Thomson Family History. Ongoing developments under this banner include:

- Development of the US market by launching findmypast.com and working with data partners to create a core US focused offering built around the 1940 census.
- Launch of a World subscription creating a unique collection for customers researching their ancestors overseas.
- Securing access to other significant world datasets.
- Publishing of Irish birth, marriage and death records along with a variety of other records creating a unique collection for customers with Irish heritage.
- Continued publication of UK records including county, criminal, royal household collections to create arguably the largest UK family history library of records.
- Creation of new search and family tree services resourced centrally serving the needs of customers.
- Agreement to scan a further 8 million pages for the British Newspaper Archive

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Directors' report (continued)

Future prospects (continued)

The Company has almost completed the development of its historic Fleet Street London office and has begun renovating its Meadowside Dundee Headquarters (the first major refurbishment since 1905).

We aim to continue to produce the best products in all areas in which we operate in order to serve our customers well and, by doing so, fulfil their expectations and thereby retain their loyalty.

Whilst we expect our traditional business to continue to prosper we are committed to finding new products and markets.

We continue to plan and execute new digital routes to market and are committed to continuing the success of our Online and genealogy businesses. We are firm believers in the future of our Newspapers and Magazines both in print and online.

Risks and uncertainties

The Group is affected by general economic conditions in the markets it serves. Our Advertising and Other Revenues are particularly sensitive to these. The Group continues to devote appropriate resources to manage risks but also to exploit opportunities.

Major risks for example include the impact of:-

Commodity Prices

Newsprint prices are unpredictable.

Competition

There is competition in all of the markets in which the Group operates and new products and titles may be launched by competitors which could adversely affect the performance of the Group's titles.

The Internet offers the Group, its competitors, and the business segments it operates in a range of opportunities and threats.

Logistics

The book division also faces a risk in logistics costs and enters into contracts to fix a significant element of these.

Foreign Exchange

The majority of the Book Division's material purchases are denominated in US dollars and 70% of its revenue is in foreign currency. Accordingly, the Group seeks to manage its exposure by means of forward currency contracts which mitigate the expected net cash flow exposure for up to 18 months forward. Details are presented in Note 22. The Group does not trade in financial instruments for any other purpose.

Legislation

The Directors are aware of environmental, health and safety and other non-compliance risks which could impact on our business and also monitor forthcoming legislation regularly in all areas in which we operate.

Other risks include a major natural disaster, a major outbreak of pandemic disease, possible disruption to our communications and IT infrastructure or breach of Information Security and Climate change.

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Directors' report (continued)

Retirement Benefit Fund

During the year it was announced that the defined benefit pension scheme operated by the Group, which had been closed to new members in 2006, would close to all members in 2015 with transitional arrangements to move relevant members of staff from a defined benefit to a defined contribution basis. Rights under the scheme will be protected.

This move is designed to strengthen and secure the long term pension provisions of the Group with an enhanced defined contribution scheme in place from March 2013.

The surplus in the Fund disclosed as a non current asset in the Balance Sheet reflects the strength of the Fund to meet future pension provisions.

Costs

The Group continues to make cost efficiencies in all its publishing businesses, by investing inter alia in new plant and by outsourcing services where appropriate.

Staff costs remain the major cost faced by the Group and these are kept under tight review.

We have considerable cost in market research to support our titles and brands and in the development of processes which will allow us to know more about our customers and therefore to be able to offer them a wider but more focused range of services and goods. We also have significant digital development costs.

Non financial overview

We continue to develop good practice in a wide variety of areas. Our business activities impact on the environment and we rely on good systems to monitor any and all risks emanating from our operations. We receive reports on key matters, including specific energy consumption, packaging waste, carbon dioxide emissions and effluent discharge. We are aware of environmental legislation and aim to ensure that we operate within its parameters.

We take our relationship with our suppliers and our customers seriously and responsibly and have appropriate guidelines in place. The relationship with the communities in which we work continues to be of importance to us.

Fixed assets

In the opinion of the Directors the market value, on an existing use basis, of the land and buildings which are largely freehold, is not less than the value stated in the accounts.

In accordance with the accounting policies the Directors reduced the carrying value of goodwill by £25m.

Employees

We have, as an employer, an ongoing responsibility to our employees for their safety and wellbeing at work. To this end a great deal of training goes on and we employ staff trained in health and safety and human resource. We believe the Group's staff resources are vital to its operational success and we are committed to providing our employees with opportunities to progress. Training is provided to improve and develop their skills.

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Directors' report (continued)

Employees (continued)

People with disabilities have full and fair consideration for all suitable vacancies. Training is available as necessary and should an employee become disabled when working for the company efforts are made to continue their employment and retraining is provided if required.

Most employees are members of Company pension schemes.

The Group has a talented, dedicated and loyal staff. This is not taken for granted. Creativity, producing and maintaining the quality and popularity of products and services, brands and intellectual property that people wish to buy or associate with, is vital to the Group, as is research to assist that.

The process of restructuring our business to integrate our Group companies should open up opportunities for our staff.

Charitable and political contributions

No political contributions were made. Most of the Group's substantial charitable contributions are made by charitable trusts, the capital of which was subscribed over the years by various shareholders. In addition charitable donations of £46,490 (2012 - £50,772) were made.

Directors

The Directors in office are Messrs AF Thomson, LM Thomson, CHW Thomson and ARF Hall.

In terms of the Articles of Association Mr CHW Thomson retires by rotation and being eligible offers himself for re-election.

In so far as the Directors are aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution concerning the re-appointment of Henderson Loggie and for their remuneration to be fixed by the Directors will be proposed at the Annual General Meeting.

By order of the board:



I Douglas
Secretary
Dundee

28 October 2013

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Group income statement for the year ended 31 March 2013

Continuing	Note	£000	2013 £000	2012 £000
Revenue	3		252,085	271,777
Change to inventories of finished goods and work in progress	17	780		(1,774)
Raw materials and consumables		(90,171)		(94,221)
		<u>(89,391)</u>		<u>(95,995)</u>
Employee benefits costs	5	(59,278)		(56,506)
Depreciation	4	(6,806)		(9,140)
Amortisation	4	(10,177)		(10,061)
Impairment of assets	4/7	(1,115)		-
Other expenses		(72,622)		(70,872)
Forward contract valuation movement		(269)		2,957
Finance costs	8	(486)		(818)
		<u></u>		<u></u>
Total expenses	4		(240,144)	(240,435)
				<u></u>
Gain from disposal of financial assets		39,392		4,885
Impairment of goodwill and other assets	11	(25,000)		-
Provision against financial assets		(2,825)		(5,050)
		<u></u>		<u></u>
Net gain/(provision) from financial assets			11,567	(165)
Share of post tax results of associates	15		210	(31)
			<u></u>	<u></u>
Profit before taxation			23,718	31,146
Taxation	9		(5,755)	(1,644)
			<u></u>	<u></u>
Profit for financial year			17,963	29,502
			<u><u></u></u>	<u><u></u></u>
Profit attributable to:				
Owners of the parent			18,195	29,503
Non controlling (minority) interest	16		(232)	(1)
			<u></u>	<u></u>
			17,963	29,502
			<u><u></u></u>	<u><u></u></u>

DC Thomson & Company Limited

Group statement of comprehensive income for the year ended 31 March 2013

	Revaluation reserve £000	Retained earnings £000	Total £000
2013			
Profit for financial year	-	17,963	17,963
Exchange differences on translation of foreign operations	-	3,137	3,137
Revaluation of financial assets	89,348	-	89,348
Release on disposal of financial assets	(32,284)	-	(32,284)
Actuarial gain/(loss) on defined benefit pension scheme	-	8,129	8,129
Tax arising on above	(14,164)	(1,873)	(16,037)
Change in tax rates	2,978	1,657	4,635
Other comprehensive income/(expenditure) for the year net of tax	45,878	11,050	56,928
Total comprehensive income/(expenditure) for the year	45,878	29,013	74,891
Total comprehensive income/(expenditure) attributable to:			
Shareholders of parent	45,878	29,013	74,891
Non controlling (minority) interest	-	(617)	(617)
	45,878	28,396	74,274
2012			
Profit for financial year	-	29,502	29,502
Exchange differences on translation of foreign operations	-	(712)	(712)
Revaluation of financial assets	(26,613)	-	(26,613)
Release on disposal of financial assets	(3,381)	-	(3,381)
Actuarial gain/(loss) on defined benefit pension scheme	-	(34,167)	(34,167)
Tax arising on above	7,219	8,200	15,419
Change in tax rates	6,558	3,739	10,297
Other comprehensive income/(expenditure) for the year net of tax	(16,217)	(22,940)	(39,157)
Total comprehensive income/(expenditure) for the year	(16,217)	6,562	(9,655)
Total comprehensive income attributable to:			
Shareholders of parent	(16,217)	6,562	(9,655)
Non controlling (minority) interest	-	(169)	(169)
	(16,217)	6,393	(9,824)

DC Thomson & Company Limited

Company statement of comprehensive income for the year ended 31 March 2013

	Revaluation reserve £000	Retained earnings £000	Total £000
2013			
Profit for financial year	-	34,560	34,560
Revaluation of financial assets	71,270	-	71,270
Release on disposal of financial assets	(31,243)	-	(31,243)
Tax arising on above	(9,993)	-	(9,993)
Change in tax rates	2,023	-	2,023
	<u>32,057</u>	<u>-</u>	<u>32,057</u>
Other comprehensive income for the year net of tax	32,057	-	32,057
Total comprehensive income for the year	<u><u>32,057</u></u>	<u><u>34,560</u></u>	<u><u>66,617</u></u>

2012

Profit for financial year	-	10,815	10,815
Revaluation of financial assets	(23,158)	-	(23,158)
Release on disposal of financial assets	(3,381)	-	(3,381)
Tax arising on above	6,143	-	6,143
Change in tax rates	4,558	-	4,558
	<u>(15,838)</u>	<u>-</u>	<u>(15,838)</u>
Other comprehensive income for the year net of tax	(15,838)	-	(15,838)
Total comprehensive income for the year	<u><u>(15,838)</u></u>	<u><u>10,815</u></u>	<u><u>(5,023)</u></u>

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Group balance sheet at 31 March 2013

	Note	2013 £000	2012 £000
Non-current assets			
Goodwill	11	103,795	128,552
Other intangible assets	11	235,054	235,441
Property, plant and equipment	12	71,123	54,017
Financial assets - other business assets	13	567,938	508,841
Interests in associates	15	13,025	8,183
Retirement benefit surplus	24	184,833	165,743
		<u>1,175,768</u>	<u>1,100,777</u>
Current assets			
Inventories	17	31,855	31,018
Trade and other receivables	18	60,354	68,225
Financial assets - held to maturity	19	10,205	20,924
Cash and cash equivalents	25	87,397	73,769
		<u>189,811</u>	<u>193,936</u>
Total assets		<u>1,365,579</u>	<u>1,294,713</u>
Current liabilities			
Borrowings	20	3,320	1,031
Trade and other payables	21	58,478	60,177
Income tax liabilities		1,880	95
Financial instruments	22	1,010	741
		<u>64,688</u>	<u>62,044</u>
Non-current liabilities			
Deferred tax liabilities	23	172,546	161,726
Total liabilities		<u>237,234</u>	<u>223,770</u>
Net assets		<u>1,128,345</u>	<u>1,070,943</u>
Equity (Page 14)			
Share capital		4,135	4,135
Pension reserve		50,000	50,000
Capital expenditure reserve		100,000	100,000
Other reserves		372,587	326,709
Retained earnings and foreign currency translation reserve		601,015	588,874
Shareholders' equity		<u>1,127,737</u>	<u>1,069,718</u>
Non controlling (minority) interest	16	608	1,225
Total equity		<u>1,128,345</u>	<u>1,070,943</u>

The accounts were approved by the Board of Directors on 28 October 2013 and signed on its behalf by:

Andrew J. Thomson
AF Thomson
 Director

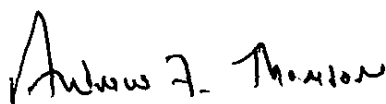
CHW Thomson
CHW Thomson
 Director

DC Thomson & Company Limited

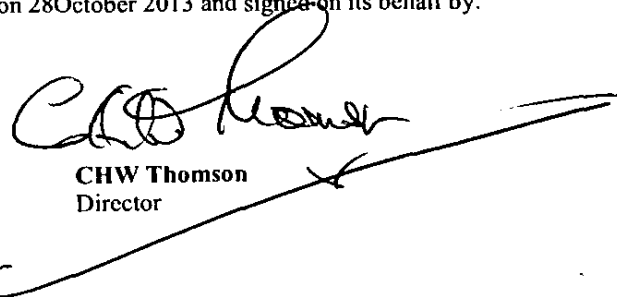
Company balance sheet at 31 March 2013

	Note	2013 £000	2012 £000
Non-current assets			
Other intangible assets	11	416	572
Property, plant and equipment	12	60,471	40,769
Financial assets - other business assets	13	419,205	375,292
Interests in group undertakings	14	281,784	278,470
		<u>761,876</u>	<u>695,103</u>
Current assets			
Inventories	17	1,883	1,740
Trade and other receivables	18	22,901	25,908
Financial assets - held to maturity	19	10,205	20,924
Cash and cash equivalents	25	52,394	43,748
		<u>87,383</u>	<u>92,320</u>
Total assets		<u>849,259</u>	<u>787,423</u>
Current liabilities			
Trade and other payables	21	15,276	14,586
Income tax liabilities		2,456	-
Non-current liabilities			
Deferred tax liabilities	23	62,275	53,330
Total liabilities		<u>80,007</u>	<u>67,916</u>
Net assets		<u>769,252</u>	<u>719,507</u>
Equity (Page 15)			
Share capital		4,135	4,135
Other reserves		257,483	225,426
Retained earnings		507,634	489,946
Shareholders' equity		<u>769,252</u>	<u>719,507</u>

The accounts were approved by the Board of Directors on 28 October 2013 and signed on its behalf by:



AF Thomson
Director



CHW Thomson
Director

DC Thomson & Company Limited

Group cash flow statement for the year ended 31 March 2013

	Note	2013 £000	2012 £000
Cash flows from operating activities			
Profit before taxation		23,718	31,146
Finance costs		486	818
Depreciation and amortisation		16,983	19,201
Impairment of assets		1,115	-
Exchange loss/(gain) on cash		136	(61)
Share of result of associate		(210)	31
(Gain)/loss on sale of property, plant and equipment		(57)	10
(Gain)/loss on disposal of financial assets		(36,567)	165
Impairment of goodwill		25,000	-
Forward contract valuation movement		269	(2,957)
Pension adjustment		(10,961)	(12,976)
Scrip dividend		-	(33)
(Increase)/decrease in inventories		(838)	1,803
Decrease/(increase) in receivables		6,162	(1,557)
(Decrease)/increase in payables		(1,092)	9,525
Exchange reserve movement		2,930	(661)
Cash generated from operations		27,074	44,454
Income tax repaid/(paid)		635	(3,442)
Interest paid		(486)	(819)
Net cash from operating activities		27,223	40,193
Investing activities			
Proceeds on disposal of property, plant and equipment		593	2,544
Proceeds on disposal of financial assets		43,784	11,197
Proceeds on disposal of financial assets - held to maturity gilts		20,000	10,213
Purchases of property, plant and equipment		(25,360)	(23,277)
Purchase of intangible assets		(9,522)	(11,667)
Acquisition of subsidiary		(402)	-
Investment in associates		(1,536)	-
Purchase of financial assets		(16,184)	(12,879)
Purchase of financial assets - held to maturity gilts		(10,205)	(31,137)
Net cash from/(used in) investing activities		1,168	(55,006)
Financing activities			
Dividends paid		(16,872)	(16,128)
Repayments of borrowings		(15)	(13)
Net cash used in financing activities		(16,887)	(16,141)
Net increase/(decrease) in cash and cash equivalents		11,504	(30,954)
Effects of exchange rate changes on cash and cash equivalents		(136)	61
On acquisition of subsidiary		(43)	-
Cash and cash equivalents at 31 March 2012	25	72,782	103,675
Cash and cash equivalents at 31 March 2013	25	84,107	72,782

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Company cash flow statement for the year ended 31 March 2013

	Note	2013 £000	2012 £000
Cash flows from operating activities			
Profit before taxation		38,825	9,010
Depreciation and amortisation		2,611	2,696
Impairment of assets		1,115	-
Exchange loss/(gain) on cash		93	(90)
Gain on sale of property, plant and equipment		(54)	(2)
Gain on disposal of financial assets		(35,572)	(30)
Scrip dividend		-	(33)
(Increase)/decrease in inventories		(143)	245
Decrease/(increase) in receivables		824	(3,431)
Increase in payables		1,140	1,474
		<hr/>	<hr/>
Cash generated from operations		8,839	9,839
Income tax repaid		1,635	2,743
		<hr/>	<hr/>
Net cash from operating activities		10,474	12,582
		<hr/>	<hr/>
Investing activities			
Proceeds on disposal of property, plant and equipment		388	2,423
Proceeds on disposal of financial assets		42,448	9,361
Proceeds on disposal of financial assets - held to maturity gilts		20,000	10,213
Repayment from group companies		8,736	20,080
Purchases of property, plant and equipment		(23,256)	(19,060)
Purchase of intangible assets		(68)	(161)
Investment in subsidiary and associate undertakings		(7,867)	(1,930)
Purchase of financial assets		(15,039)	(12,600)
Purchase of financial assets - held to maturity gilts		(10,205)	(31,137)
		<hr/>	<hr/>
Net cash from/(used in) investing activities		15,137	(22,811)
		<hr/>	<hr/>
Financing activities			
Dividends paid		(16,872)	(16,128)
		<hr/>	<hr/>
Net cash used in financing activities		(16,872)	(16,128)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		8,739	(26,357)
Effects of exchange rate changes on cash and cash equivalents		(93)	90
Cash and cash equivalents at 31 March 2012	25	43,748	70,015
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2013	25	52,394	43,748
		<hr/>	<hr/>

DC Thomson & Company Limited

Group statement of changes in equity for the year ended 31 March 2013

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2011	4,135	492,926	520,295	1,017,356	1,394	1,018,750
Correction*	-	-	78,145	78,145	-	78,145
Revised balance at 31 March 2011	4,135	492,926	598,440	1,095,501	1,394	1,096,895
Total comprehensive income for the year (page 8)	-	(16,217)	6,562	(9,655)	(169)	(9,824)
Recognised directly in equity						
Dividends	-	-	(16,128)	(16,128)	-	(16,128)
Total movements	-	(16,217)	(9,566)	(25,783)	(169)	(25,952)
Balance at 31 March 2012	<u>4,135</u>	<u>476,709</u>	<u>588,874</u>	<u>1,069,718</u>	<u>1,225</u>	<u>1,070,943</u>
Total comprehensive income for the year (page 8)	-	45,878	29,013	74,891	(617)	74,274
Transactions with owners of the company, recognised directly in equity						
Dividends	-	-	(16,872)	(16,872)	-	(16,872)
Total movements	-	45,878	12,141	58,019	(617)	57,402
Balance at 31 March 2013	<u>4,135</u>	<u>522,587</u>	<u>601,015</u>	<u>1,127,737</u>	<u>608</u>	<u>1,128,345</u>

* The opening balance at 1 April 2011 has been restated to reflect the amount of pension surplus that should be recognised.

Called up share capital represents 4,135,317 (2012 - 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include:

Capital redemption reserve of £1,865,000 (2012 - £1,865,000) created on the purchase by the company of its own shares, pension reserve £50,000,000 (2012 - £50,000,000) and capital expenditure reserve £100,000,000 (2012 - £100,000,000). These reserves have not moved during the year.

Revaluation reserve of £370,722,000 (2012 - £324,844,000) which represents the unrealised appreciation on financial assets. All movements in other reserves relate to this reserve.

Retained earnings include net exchange differences arising on translation of foreign operations since 1 April 2005 as follows:

	£000
At 1 April 2011	9,722
Arising in year	(712)
At 31 March 2012	9,010
Arising in year	2,905
At 31 March 2013	<u>11,915</u>

DC Thomson & Company Limited

Company statement of changes in equity for the year ended 31 March 2013 (continued)

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2011	4,135	241,264	495,259	740,658
Total comprehensive income for the year (page 9)	-	(15,838)	10,815	(5,023)
Dividends	-	-	(16,128)	(16,128)
Total movements	-	(15,838)	(5,313)	(21,151)
Balance at 31 March 2012	4,135	225,426	489,946	719,507
Total comprehensive income for the year (page 9)	-	32,057	34,560	66,617
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(16,872)	(16,872)
Total movements	-	32,057	17,688	49,745
Balance at 31 March 2013	4,135	257,483	507,634	769,252

Called up share capital represents 4,135,317 (2012 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include:

Capital redemption reserve of £1,865,000 (2012 - £1,865,000) created on the purchase by the company of its own shares. This reserve has not moved during the year.

Revaluation reserve of £255,618,000 (2012 - £223,561,000) which represents the unrealised appreciation on financial assets. All movements in other reserves relate to this reserve.

Retained earnings are fully distributable.

DC Thomson & Company Limited

Notes to the accounts

1 Statement of compliance

Both the Group and parent company financial statements ("financial statements") at 31 March 2013 have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU.

Interpretations issued by the International Financial Reporting Interpretations Committee effective for the current period are: IAS12 (revised) – Income taxes. The adoption of this interpretation has not led to any changes in the Group's accounting policies.

2 Accounting policies

Basis of consolidation

The financial statements incorporate the results, cash flows and financial position of the Company and its subsidiaries for the year ended 31 March 2013.

The financial statements of its subsidiaries are prepared to the same reporting date using accounting policies consistent with those of the parent company. Intra-group transactions and balances, including any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly (but normally through voting rights granted through the company's shareholdings), to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements.

Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of its associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Adjustments are made to align the accounting policies of the associates with the Group and to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its associates.

Acquisitions

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the income statement. Any excess of fair value of the identifiable net assets acquired over the cost of acquisition is credited to the income statement on acquisition. Goodwill recorded on business combinations prior to IFRS transition has not been restated and has either been written off to reserves or capitalised according to the UK GAAP accounting standards then in force. On disposal or closure of a previously acquired business, the attributable goodwill previously written off to reserves is not included in determining the profit or loss on disposal.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

In accordance with Section 408 of the Companies Act 2006, a separate profit and loss account of DC Thomson & Company Limited is not presented.

Basis of preparation

The financial statements are prepared on the historical cost basis except for certain financial assets, including financial instruments and the assets of the pension schemes, which are stated at their fair values.

The preparation of financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Goodwill and other intangible assets

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually.

Impairment is determined by comparing the recoverable amount of the cash-generating unit or group of cash-generating units ("CGU") which are expected to benefit from the acquisition in which the goodwill arose, to the carrying value of the goodwill. The recoverable amount is the greater of an asset's value in use and its fair value less costs to sell. Value in use is calculated by discounting the future cash flows expected to be derived from the asset or group of assets in a CGU at the Group's cost of capital. Where the recoverable amount is less than the carrying value, the goodwill is considered to be impaired and is written down through the income statement to its recoverable amount.

Other intangible assets acquired as part of a business acquisition are capitalised at fair value at the date of acquisition. Purchased intangible assets acquired separately are capitalised at cost. After initial recognition, all intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Where an intangible asset has been assigned an indefinite useful life, it is not amortised and is reviewed for impairment either annually or more frequently if events or changes in circumstances indicate a possible decline in the carrying value.

Intangible assets which have been assigned a finite life are amortised on a straight line basis over the assets' useful life of up to 20 years and are tested for impairment if events or changes in circumstances indicate that the carrying value may have declined. This is done on a similar basis to the testing of goodwill, either for the individual assets or at the level of a CGU. Useful lives are examined every year and adjustments are made, where applicable, on a prospective basis.

Where non controlling interests in subsidiary undertakings are acquired, the Economic Entity Model under IFRS3 is applied with goodwill arising being charged through equity.

Dataset development and transcription costs are capitalised as development expenditure. The expenditure so capitalised is amortised over the expected useful life of the dataset from the period in which the data is published on the website.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at varying rates calculated to write off cost less residual value over the useful lives. The principal rates employed are:

Freehold property (excluding land)	2% reducing balance
Printing presses	10 to 15 years straight line
Plant and machinery	4 to 12 years straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate these values may not be recoverable. If there is an indication that impairment does exist, the carrying values are compared to the estimated recoverable amounts of the assets concerned. The recoverable amount is the greater of an asset's value in use and its fair value less the cost of selling it. Value in use is calculated by discounting the future cash flows expected to be derived from the asset. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down through the income statement to its recoverable amount.

An item of property, plant and equipment is written off either on disposal or when there is no expected future economic benefit from its continued use. Any gain or loss (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year.

Financial assets

Other business assets

Other business assets represent equity, preference shares and loans in other entities and are recognised when contractually committed. When a contract to sell is in place, the relevant asset is no longer recognised.

Listed investments are shown as available for sale, initially recorded at cost in the period of acquisition and subsequently measured at fair value. Gains and losses on the revaluation of available for sale investments are recognised in the statement of comprehensive income. On disposal or impairment of the investment, all relevant gains and losses are included in the income statement. Fair value is arrived at using publicly quoted bid price market values for the majority of investments. When an investment's carrying value is impaired and the directors do not expect the value to recover, an impairment charge is recognised immediately through the income statement.

Where there is no publicly quoted market value, other investments, including subsidiaries, are shown at cost less provisions for impairment.

Held to maturity

Interests held to maturity are initially recognised at fair value plus acquisition costs. After initial recognition, such assets are carried at amortised cost using the effective interest method.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

Interests in group companies

Subsequent to initial recognition, investments in subsidiaries are measured at cost and investments in associates are accounted for using the equity method in the Group financial statements and the cost method in the Company financial statements. Therefore, the Group financial statements include the Group's share of the profit and net assets of associated undertakings.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes and discounts. Advertising revenue is recognised on the date of publication and sales revenue is recognised at point of sale less provisions for levels of expected returns. Printing revenue is recognised when the service is provided. Investment income is recognised when earned. Revenue from genealogy is recognised either when customers obtain a view of the requested data, when the revenue is pay-per-view, or in the case of unlimited access subscriptions evenly over the period of the subscription.

Foreign currencies

The results and financial position of the Group are expressed in pounds sterling, its functional currency. In preparing the accounts of individual companies, transactions in currencies other than pounds sterling are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognised in the consolidated income statement for the period.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the rates prevailing at the dates when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency (eg property, plant and equipment purchased in a foreign currency) are translated using the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation of net assets are effected through the statement of comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period and recognised in the income statement. Exchange differences arising on forward rate adjustments, if any, are classified as equity and transferred to the reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Where a foreign currency loan forms part of the net investment in a foreign subsidiary, on consolidation the exchange differences are recognised directly in equity.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised within property, plant and equipment and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases on the effective interest method. All other leases are classified as operating leases and rentals are charged on a straight line basis over the lease term.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of that instrument.

One subsidiary uses forward foreign currency contracts to mitigate its net cash flow exposure. The Group does not use financial instruments for speculative purposes.

Foreign currency exchange contracts are initially recognised at cost and are subsequently re-measured to fair value at each balance sheet date. Changes in the fair value of financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. These valuations are provided by the issuing financial institution. See Note 22.

Derivatives embedded in other financial instruments or other host contracts are treated as separate when their risks and characteristics are not closely related to those of the host contracts and the host contracts are carried at fair value with unrealised gains or losses reported in the income statement.

Preference shares issued by Group companies are recognised as a liability where an obligation exists. Related dividends are recognised as they accrue as an interest expense.

Trade and other receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowance for impairments which, based upon previous experience, is evidence of a reduction in the recoverability of the cash flows. Changes in this allowance are recognised in the income statement.

Other receivables are assessed for indicators of impairment at each year end and where a provision is required the income statement is charged directly.

Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal value.

Borrowings

Interest-bearing loans and bank overdrafts are initially recorded at the fair value of proceeds received and are subsequently stated at amortised cost. Finance charges, including premia payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

Financial guarantee contracts

The company treats guarantee contracts as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Taxation

The tax expense represents the sum of the income tax and deferred tax charge for the year.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, as used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of financial assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when the relevant requirements of IAS12 are satisfied.

Inventories

Inventories 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.

Inventories are assessed for indicators of impairment at each year end and where a provision is required the income statement is charged directly.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in the balance sheet. Bank overdrafts that are repayable on demand and form an integral part of the Group's cashflow management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

Retirement benefit costs

The Group operates both defined benefit and defined contribution pension schemes covering the majority of employees.

Payments to defined contribution schemes are charged to the income statement as an expense as they fall due.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined by independent actuaries using the projected unit credit method by discounting the estimated future cash flows using interest rates on high quality corporate bonds that have maturity dates approximating to the terms of the Group's and the Company's obligations. Actuarial gains and losses are recognised in full in the period in which they occur. Such gains and losses are recognised outside the income statement and are presented in the statement of comprehensive income. Past service cost is recognised immediately, to the extent that the benefits are already vested or are amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit surplus recognised in the balance sheet represents the fair value of scheme assets as reduced by the present value of the defined benefit obligation as adjusted for unrecognised past service cost. The surplus is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Dividends payable

Dividends payable to the Company's shareholders are recorded in the period in which the dividends are approved.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Valuation of intangible assets on acquisition

The Group's policies require that a fair value at the date of acquisition be attributed to the intangible assets owned by the acquired businesses. The directors use their judgement to identify the separate intangible assets and then determine a fair value for each based upon the consideration paid, the nature of the asset, industry statistics, future potential and other relevant factors. The useful lives and carrying values are reviewed for impairment annually.

Deferred tax balances on intangible assets

Deferred tax has been provided under IAS12 (Income Taxes) on the values of the intangible assets in the Group's balance sheet. The directors have provided this balance in order to comply with the technical requirements of IAS12 despite the fact that they cannot foresee any circumstances in which such a tax liability would arise.

There is no intention at the present time to dispose of any of the assets concerned but even if such a decision was to be taken at some future date, it is unlikely that the assets would be sold separately from the legal entities. Accordingly this tax provision should never be required to be paid.

DC Thomson & Company Limited

Notes to the accounts (continued)

2 Accounting policies (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment

Determining whether any non current asset has been impaired requires an estimation of the value in use of the cash generating units to which these assets are allocated. The value in use calculation requires the Group to identify appropriate cash generating units, to estimate the future cash flows expected to arise from each cash generating unit and a suitable discount rate in order to calculate present value. Impairment exercises on fixed tangible assets, goodwill and indefinite life intangible assets have been undertaken in the year as described in the relevant notes.

Useful lives

The Group uses forecast cash flow information and estimates of future growth to assess whether goodwill and other intangible fixed assets are impaired, and to determine the useful economic lives of its goodwill and intangible assets. If the results of operations in a future period are adverse to the estimates used a reduction in useful economic life may be required.

Retirement benefit asset

The financial statements recognise an asset which reflects the surplus within one of the Group's pension schemes, restricted to the amount expected to be recovered through refunds or reductions in future contributions in line with IAS19.

The movement in this asset is determined with advice from actuarial advisers and affects both the income statement and the statement of comprehensive income.

The calculations undertaken by the actuary apply a number of critical assumptions which can materially impact the reported asset and the amount recognised in the income statement from year to year. The principal factors are disclosed in Note 24.

Provision for returns

Provision is made in the Book and Magazine businesses based on estimates of the expected level of returns and exposure to distributors.

Standards not yet effective

The following standards are not yet effective: IAS19 (revised) – Employee Benefits, IAS1 (revised) – Presentation of Financial Statements, IAS27 Consolidated Financial Statements and accounting for investments in subsidiaries, and IAS28 Accounting for investments in subsidiaries, IFRS9 – Financial Instruments, IFRS10 – Consolidated Financial Statements, IFRS11 – Joint Arrangements, IFRS12 Disclosure of interests in other entities and IFRS13 – Fair value measurement.

IAS19 revision will restrict the recognition of pension surpluses through the income account. The other standards are not expected to have a material impact on the group results.

DC Thomson & Company Limited

Notes to the accounts (continued)

3 Revenue

	2013 £000	2012 £000
Trading revenue	235,392	256,099
Other income		
Dividends	14,820	14,012
Interest	1,873	1,666
	<u>16,693</u>	<u>15,678</u>
	<u>252,085</u>	<u>271,777</u>

Analysis of trading revenue by destination market

United Kingdom	167,804	177,495
Rest of Europe	24,627	30,809
North America	19,156	17,713
Australia	14,693	19,711
Rest of World	9,112	10,371
	<u>235,392</u>	<u>256,099</u>

4 Income statement

Total expenses is stated after charging:

Depreciation	6,806	9,140
Amortisation	10,177	10,061
Impairment of assets	1,115	-
Auditor's remuneration to audit group accounts	98	107
Auditor's remuneration for other services	308	300
Rentals under property operating leases	2,280	2,597
Rentals under plant operating leases	760	685
Loss on sale of fixed tangible assets	-	10
Exchange loss on cash and cash equivalents	136	-
	<u>=====</u>	<u>=====</u>

and after crediting:

Gain on sale of fixed tangible assets	57	-
Exchange gain on cash and cash equivalents	-	61
	<u>=====</u>	<u>=====</u>

The auditor's remuneration for other services was in connection with, the audit of subsidiaries £161,000 (2012 - £173,000), general consultancy £17,000 (2012 - £26,000), taxation services £98,000 (2012 - £65,000) and other legislative compliance £32,000 (2012 - £36,000).

DC Thomson & Company Limited

Notes to the accounts (continued)

5	Employee benefits costs	2013 Number	2012 Number
	Average monthly number of employees during the year		
	Group	<u>1,896</u>	<u>2,027</u>
	Company	<u>854</u>	<u>870</u>
	Employee costs during the year (including directors remuneration) amounted to:	£000	£000
	Wages and salaries	58,236	60,433
	Social security costs	4,954	5,452
	Defined contribution pension costs	516	485
		<u>63,706</u>	<u>66,370</u>
	Defined benefit pension credit (Note 24)	(10,790)	(12,826)
	Severance payments	6,362	2,453
	Severance payments taken as pension	-	509
		<u>59,278</u>	<u>56,506</u>

The pension credit is a non cash adjustment arising from the accounting treatment of final salary pension schemes under IAS19 (Note 24).

6	Directors' emoluments	2013 £000	2012 £000
	Remuneration	755	744
	Pension scheme contributions	-	-
		<u>755</u>	<u>744</u>

The emoluments receivable by the highest paid director are £189,000 (2012 - £189,000). There is no accrued pension at 31 March 2013 or 2012 as his service during the current and preceding year has no effect on his pension entitlement.

	2013 Number	2012 Number
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	<u>1</u>	<u>1</u>

7 Impairment

As set out in Notes 11 and 12, the Group annually reviews the carrying value of fixed tangible and intangible assets. Contributions for each cash generating unit are based upon best available information and estimated residual values. A discount rate of 3%, the Group's estimated current cost of capital, is used where relevant.

DC Thomson & Company Limited

Notes to the accounts (continued)

8	Finance costs	2013	2012
		£000	£000
	Interest payable	486	818

Note 20 sets out the Group borrowings which now reside primarily with Parragon Publishing Limited.

9	Taxation	2013	2012
		£000	£000
	Current taxation		
	UK corporation tax on profits for the year	5,608	1,339
	Double tax relief	-	(143)
		5,608	1,196
	Overseas tax	861	382
	Adjustments in respect of prior years - UK	(132)	(856)
	- Overseas	-	174
		6,337	896
	Deferred taxation		
	Origination and reversal of timing differences	1,133	4,208
	Adjustment in respect of prior years	(401)	(544)
	Change in tax rate on intangibles	(1,314)	(2,916)
		5,755	1,644
	Taxation	5,755	1,644
	Factors affecting tax charge for year		
	Profit for year before tax	23,718	31,146
	Tax thereon at 24% (2012 - 26%)	5,692	8,098
	Effects of:		
	Franked investment income not attracting tax	(3,554)	(3,648)
	Book gain compared with capital gain	(2,759)	(14)
	Impairment of goodwill	6,000	-
	Items not affecting tax charge	2,117	1,252
	Overseas profits tax impact	3	84
	Associate undertaking effect	97	14
	Adjustments in respect of prior years	(527)	(1,226)
	Change in tax rates	(1,314)	(2,916)
		5,755	1,644
	Taxation	5,755	1,644

DC Thomson & Company Limited

Notes to the accounts (continued)

10	Dividends - paid in the year	2013 £000	2012 £000
	Ordinary shares:		
	Final for 2012 of 326p per share paid (2011 - 318p)	13,481	13,150
	Interim for 2012 of 82p per share (2011 - 72p)	3,391	2,978
		<u>16,872</u>	<u>16,128</u>

Dividends paid after the year end are not recognised as liabilities.

Dividends - paid post year end and proposed		
Interim of 92p paid (2012 - 82p)	3,804	3,391
Final of 335p per share proposed (2012 - 326p)	13,853	13,481
	<u>17,657</u>	<u>16,872</u>

11	Goodwill	
	Group	£000
	Cost	
	At 31 March 2011 and 2012	128,552
	Additions	243
	Impairment	(25,000)
	At 31 March 2013	<u>103,795</u>

Goodwill includes £37m (2012 - £62m) for Parragon Publishing Limited, £12m (2012 - £12m) for Puzzler Media Holdings Limited, £34m (2012 - £34m) for Aberdeen Journals Limited, £1m (2012 - £1m) for This England Publishing Limited and £20m (2012 - £20m) for brightsolid online innovation limited. Additions in the year relate to the acquisition of Scotwed Limited.

DC Thomson & Company Limited

Notes to the accounts (continued)

11 Goodwill and other intangible assets (continued)

Intangible assets	Indefinite life	Other	Total
Group	£000	£000	£000
At 31 March 2011	196,504	37,466	233,970
Additions	-	11,667	11,667
Release to income statement	-	(10,061)	(10,061)
Retranslation of foreign assets	-	(135)	(135)
At 31 March 2012	196,504	38,937	235,441
Additions	-	9,565	9,565
On acquisition	-	327	327
Release to income statement	-	(10,177)	(10,177)
Retranslation of foreign assets	-	(102)	(102)
At 31 March 2013	196,504	38,550	235,054

At 31 March 2013 accumulated amortisation amounted to £73,828,000 (2012 - £63,651,000).

Intangible assets	Indefinite life	Other	Total
Company	£000	£000	£000
At 31 March 2011	-	712	712
Additions	-	161	161
Release to income statement	-	(301)	(301)
At 31 March 2012	-	572	572
Additions	-	68	68
Release to income statement	-	(224)	(224)
At 31 March 2013	-	416	416

At 31 March 2013 accumulated amortisation amounted to £781,000 (2012 - £557,000).

Indefinite life intangible assets include mastheads of £72m on the acquisition of Puzzler Media Holdings Limited and £125m on the acquisition of Aberdeen Journals Limited.

Other intangible assets are mainly licences and distribution channels to market and include £6m (2012 - £7m) in Parragon Publishing Limited and £6m (2012 - £6m) in Puzzler Media Holdings Limited, film costs of £6m (2012 - £3m) in DC Thomson & Company Limited and £3m (2012 - £4m) publishing assets in This England Publishing Limited together with datasets and customer databases in brightsolid online innovation limited of £18m (2012 - £18m). All these intangible assets were purchased. Internally generated intangible assets are not recognised.

DC Thomson & Company Limited

Notes to the accounts (continued)

11 Goodwill and other intangible assets (continued)

Goodwill and indefinite life intangible assets

The Group tests goodwill and indefinite life intangible assets annually for impairment, or more frequently if there are indications that they might be impaired. During the year an impairment of goodwill of £25m was recognised (2012 - £nil). No impairment of indefinite life intangible assets was recognised in 2013 or 2012.

Goodwill arising on acquisitions has been allocated to the group of assets or cash-generating units (CGUs) that are expected to benefit from those business combinations.

The directors consider that certain intangible assets arising on acquisition have an indefinite useful life because they represent brands which have been in existence for many years, have strong market recognition and are central to their division's strategic plan.

The Group applies IAS38 Impairment of Assets. Under this the Group conducts a formal annual review to determine whether the carrying value of the goodwill and intangible assets on the balance sheet can be justified. The impairment review comprises a comparison of the carrying amount of the goodwill and intangible assets with its recoverable amount (the higher of fair value less costs to sell and value in use).

When testing for impairment, recoverable amounts for all of the Group's CGUs were measured at their value in use by discounting the expected cash flows over the next 15 to 20 years from the assets in the CGUs. The remaining useful life of the CGUs is expected to exceed 20 years. These calculations use cash flow projections based on forecasts for the next five years. Cash flows beyond the initial five year period are extrapolated using a maximum long-term growth rate of 1%. The cash flows have been discounted at a pre-tax discount rate of 3%, the Group's estimated current cost of capital. These assumptions have been used for all CGUs to which goodwill and indefinite life intangible assets are allocated. CGUs are identified as the smallest group of assets that generate income streams that are largely independent of each other.

The key assumptions for these reviews are discount rates and expected trading performance. Residual values are assumed where appropriate based on a multiple of the year 20 cashflow and other figures reflect managements' best estimate given current knowledge. From the results of these reviews the directors are satisfied that the carry values of goodwill and intangible assets are appropriate and continue to have an indefinite useful life.

Other intangible assets

The intangible amortisation charge of £10m (2012 - £10m) relates to certain titles in the Magazine Division, licence and origination costs in the Book Division and datasets in brightsolid online innovation limited. These are amortised over their estimated useful lives.

The additions in the year relate to film costs, Book Division origination spend and datasets within brightsolid online innovation limited.

At the year end, the Group reviewed the appropriateness of the remaining useful economic lives and carrying value for all its intangible assets. The Group is satisfied that the carrying value at 31 March 2013 of these assets remains recoverable in full.

DC Thomson & Company Limited

Notes to the accounts (continued)

12 Property, plant and equipment

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Group Cost				
At 31 March 2011	69,251	122,274	2,123	193,648
Additions	674	4,256	18,511	23,441
Transfers	-	110	(110)	-
Disposals	-	(6,347)	-	(6,347)
Retranslation of foreign assets	-	(110)	-	(110)
At 31 March 2012	69,925	120,183	20,524	210,632
On acquisition	-	15	-	15
Additions	282	2,534	22,367	25,183
Transfers	2,038	36,323	(38,361)	-
Disposals	(283)	(3,022)	-	(3,305)
Retranslation of foreign assets	-	224	-	224
At 31 March 2013	71,962	156,257	4,530	232,749
Depreciation				
At 31 March 2011	46,581	107,107	-	153,688
Charge for year	582	8,558	-	9,140
On disposals	-	(6,147)	-	(6,147)
Retranslation of foreign assets	-	(66)	-	(66)
At 31 March 2012	47,163	109,452	-	156,615
Charge for year	673	6,133	-	6,806
Impairment	-	1,115	-	1,115
On disposals	(283)	(2,768)	-	(3,051)
Retranslation of foreign assets	-	141	-	141
At 31 March 2013	47,553	114,073	-	161,626
Net book value				
At 31 March 2013	24,409	42,184	4,530	71,123
At 31 March 2012	22,762	10,731	20,524	54,017

The impairment review was undertaken in line with the approach set out in Note 7, whilst taking recognition of the expected working lives of the property and plant available to the group and known requirements.

DC Thomson & Company Limited

Notes to the accounts (continued)

12 Property, plant and equipment (continued)

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Company				
Cost				
At 31 March 2011	62,436	95,879	2,123	160,438
Additions	674	38	18,511	19,223
Transfers	-	110	(110)	-
Disposals	-	(2,501)	-	(2,501)
At 31 March 2012	63,110	93,526	20,524	177,160
Additions	282	555	22,367	23,204
Transfers	2,038	36,323	(38,361)	-
Disposals	-	(430)	-	(430)
At 31 March 2013	65,430	129,974	4,530	199,934
Depreciation				
At 31 March 2011	44,661	91,770	-	136,431
Charge for year	380	2,015	-	2,395
On disposals	-	(2,435)	-	(2,435)
At 31 March 2012	45,041	91,350	-	136,391
Charge for year	406	1,981	-	2,387
On disposals	-	(430)	-	(430)
Impairment	-	1,115	-	1,115
At 31 March 2013	45,447	94,016	-	139,463
Net book value				
At 31 March 2013	19,983	35,958	4,530	60,471
At 31 March 2012	18,069	2,176	20,524	40,769

The impairment review was undertaken in line with the approach set out in Note 7, whilst taking recognition of the expected working lives of the property and plant available to the group and known requirements.

DC Thomson & Company Limited

Notes to the accounts (continued)

13 Financial assets - other business assets

	2013		2012	
	Group £000	Company £000	Group £000	Company £000
At 31 March 2012	508,841	375,292	536,944	400,219
Additions	15,834	15,039	12,912	12,633
Disposals	(42,415)	(38,726)	(6,510)	(6,510)
Revaluation	89,348	71,270	(26,613)	(23,158)
Transfer to associate	(3,670)	(3,670)	(7,892)	(7,892)
At 31 March 2013	567,938	419,205	508,841	375,292

These assets principally divide into pension and other reserves, publishing, media and retail interests and our strategic interests. They are a significant part of, and support, the trading businesses and are core to the operations and underpin pensions and other ongoing obligations.

The Group operates a prudent policy of having reserves, interests and assets which are used in the businesses, are interests or businesses core to the main operations, and which, together with cash and cash equivalents, are available to cover (as far as may be known) actual and implicit liabilities as well as operational and development needs.

The carrying amount of listed business assets are stated at their fair value based on bid market price. The potential capital gains tax payable based on these Group values is £83m (2012 - £71m) and is included in Note 23. The carrying value of unlisted investments of £9m (2012 - £8m) is based on cost less provisions where there is no formal market as data. Movements in the year relate to additions of £1m.

14 Interests in Group undertakings

Company

A list of the investments in significant group undertakings is given in Note 26 to the accounts.

	Shares £000	Loans £000	Total £000
At 31 March 2011	123,295	168,000	291,295
Additions	-	1,930	1,930
Transfer from investments	6,742	1,150	7,892
Repayments	(2)	(20,078)	(20,080)
Impairment	(2,215)	(352)	(2,567)
At 31 March 2012	127,820	150,650	278,470
Transfer from investments	2,420	1,250	3,670
Additions	573	7,294	7,867
Repayments	-	(8,736)	(8,736)
Impairment	-	(1,113)	(1,113)
Loans transferred to equity	27,851	(26,225)	1,626
At 31 March 2013	158,664	123,120	281,784

The impairment relates to Newsfax International Limited which is now in administration.

DC Thomson & Company Limited

Notes to the accounts (continued)

15 Interests in associates

Group	2013 £000	2012 £000
At 31 March 2012	8,183	3,125
Additions	962	-
Transfer from investments	3,670	7,892
Share of profit/(loss) on continuing activities	210	(31)
Impairment	-	(2,765)
Retranslation of foreign assets	-	(38)
At 31 March 2013	<u>13,025</u>	<u>8,183</u>

The impairment relates to Newsfax International Limited which is now in administration.

16 Non controlling interest - Group

Non controlling (minority) interest in the income statement represents the share of subsidiary undertakings' results for the year which do not belong to the Group. In the current year it is a loss of £232,000 (2012 - £1,000).

At 31 March 2013, the non controlling (minority) interest is a liability of £608,000 (2012 - £1,225,000), being the non controlling (minority) interest in subsidiaries of Parragon Publishing Limited and brightsolid online innovation limited.

The balance sheet figure represents the share of subsidiaries' net assets at the year end which do not belong to the Group. Where the non controlling (minority) interest's share is an asset, it is only recognised to the extent it is considered recoverable.

DC Thomson & Company Limited

Notes to the accounts (continued)

17	Inventories	2013		2012	
		Group £000	Company £000	Group £000	Company £000
	Work in progress	441	441	440	440
	Finished goods and goods for resale	29,547	-	28,768	-
	Inventories of finished goods and work in progress	29,988	441	29,208	440
	Raw materials and consumables	1,867	1,442	1,810	1,300
		<u>31,855</u>	<u>1,883</u>	<u>31,018</u>	<u>1,740</u>

The cost of inventories recognised as an expense during the year in respect of continuing operations was £89,391,000 (2012 - £95,995,000).

Group inventories reflect provisions for slow moving items of £3,678,000 (2012 - £4,042,000). Company inventories reflect provisions for slow moving items of £35,000 (2012 - £250,000).

Finished goods have risen primarily in the Book Division due to the difficult trading conditions that exist within the book industry. Forward contracts in place mitigate the overall foreign currency cash flow exposure (Notes 18, 21 and 22).

18	Trade and other receivables	2013		2012	
		Group £000	Company £000	Group £000	Company £000
	Trade receivables	45,082	8,386	49,600	8,684
	Other receivables	10,499	6,189	9,268	6,257
	Prepayments and accrued Income	4,773	2,564	4,172	2,259
	Receivables due from group undertakings (Note 29)	-	5,762	-	4,430
	Income tax	-	-	5,185	4,278
		<u>60,354</u>	<u>22,901</u>	<u>68,225</u>	<u>25,908</u>

Trade receivables are consistent with trading levels across the Group but are also affected by exchange rate fluctuations. As set out in Notes 17, 21 and 22, the Book Division's extensive use of forward contracts mitigates its overall cash flow exposure.

DC Thomson & Company Limited

Notes to the accounts (continued)

18 Trade and other receivables (continued)

No interest is charged on the trade receivables. The Group has provided for estimated irrecoverable amounts in accordance with its accounting policy.

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for customers requiring credit over a certain amount and as appropriate. In addition credit insurance is sought for major areas of exposure, primarily in the Book Division. The Group reviews trade receivables past due but not impaired on a regular basis and considers, based on past experience, that the credit quality of these amounts at the balance sheet date has not deteriorated since the transaction was entered into and so considers the amounts recoverable. Regular contact is maintained with all such customers and, where necessary, payment plans are in place to further reduce the risk of default on the receivable.

Included in the Group's trade receivable balance are debtors with a carrying amount of £12m (2012 - £12m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. The Group has retention of title over much of the stock which gave rise to these balances.

Ageing of past due but not impaired trade receivables

	2013 £000	2012 £000
Overdue by		
0 - 30 days	5,009	5,986
30 - 60 days	2,792	1,809
60 + days	3,874	4,723
	<u>11,675</u>	<u>12,518</u>

Total trade receivables are stated net of provision for bad debts and returns as set out in the accounting policies. These total £5.5m (2012 - £4.5m). The credit risk is greatest in the Book Division where debtors represent 65% (2012 - 64%) of the Group total and 83% (2012 - 68%) of the year end provisions.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

19 Financial assets - held to maturity

	2013 £000	2012 £000
Group		
Cost of fixed interest rate government securities including premium to redemption	<u>10,205</u>	<u>20,924</u>
Company		
Cost of fixed interest rate government securities including premium to redemption	<u>10,205</u>	<u>20,924</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

20 Borrowings

	2013		2012	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdraft (secured)	3,290	-	987	-
Finance leases (secured)	30	-	44	-
	<u>3,320</u>	<u>-</u>	<u>1,031</u>	<u>-</u>
Current	<u>3,320</u>	<u>-</u>	<u>1,031</u>	<u>-</u>

Parragon Publishing Limited accounts for the majority of the borrowings at the year end, the increase reflecting its working capital requirements.

Parragon Publishing Limited's overdraft is secured by fixed and floating charges over its assets and a further charge over its copyrights.

Fair value is calculated based on discounted expected future principal and interest cash flows at current interest rates.

The finance leases are secured over the related assets.

DC Thomson & Company Limited

Notes to the accounts (continued)

21 Trade and other payables

	2013		2012	
	Group £000	Company £000	Group £000	Company £000
Trade payables and accruals	15,893	3,094	20,635	3,655
Other taxes and social security	2,639	639	2,405	680
Payables due to group undertakings (Note 29)	-	3,219	-	2,735
Other payables	39,946	8,324	37,137	7,516
	<u>58,478</u>	<u>15,276</u>	<u>60,177</u>	<u>14,586</u>
Current	<u>58,478</u>	<u>15,276</u>	<u>60,177</u>	<u>14,586</u>

Trade and other payables have decreased in the Book Division due to timing and exchange rates. As set out in Notes 17, 18 and 22, the Book Division's extensive use of forward contracts mitigates its overall cash flow exposure.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure all payables are paid within the agreed credit terms.

The directors consider that the carrying amount of trade payables approximates their fair value.

22 Financial instruments

Capital management

The Board's policy is to maintain a strong capital base so as to cover all liabilities and to maintain the business and to sustain its development.

The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Parent Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed on pages 16 to 23.

DC Thomson & Company Limited

Notes to the accounts (continued)

22 Financial instruments (continued)

Categories of financial instruments

Group	2013 £000	2012 £000
Financial assets (current and non-current)		
Trade and other receivables	55,581	58,868
Financial assets - held to maturity	10,205	20,924
Cash and cash equivalents	87,397	73,769
Financial assets - other business assets	567,938	508,841
Financial liabilities (current and non-current)		
Financial instruments	(1,010)	(741)
Trade and other payables	(58,478)	(60,177)
Borrowings	(3,320)	(1,031)

Financial risk management objectives

The key divisional boards monitor and manage the financial risks relating to the operations of that division. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Where appropriate, the Group seeks to minimise the effects of market risks by using financial instruments to mitigate these risk exposures as appropriate. The Group does not enter into or trade in financial instruments for speculative purposes.

Market risks

The Group's activities, particularly the Book Division, expose it primarily to the financial risks of changes in foreign currency exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures risk.

The total fair value of the currency financial assets is a liability of £1,010,000 (2012 - £741,000) and the charge in the year through other expenses in the income statement is £269,000 (2012 - credit £2,957,000).

Currency risk - cash flow hedges

The Book Division is party to a number of currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of its overseas subsidiaries (US dollars, Euros and Australian dollars). At the balance sheet date, the total amount of outstanding forward foreign exchange contracts that the Group has committed to at the year end was to buy US\$30m (2012 - US\$55m) and to sell €10.8m (2012 - €27m) and AUS\$3.2m (2012 - AUS\$10m) at various rates. The fair value of these contracts is a liability of £1.01m (2012 - liability of £0.7m) which is reflected in the balance sheet. Movements are taken through the income statement. Fair value is based on values provided by the Group's bankers using the appropriate valuation techniques based on rates current at the year end.

DC Thomson & Company Limited

Notes to the accounts (continued)

22 Financial instruments (continued)

Currency risk - cash flow hedges (continued)

The carrying amounts of the Book Division foreign currency denominated monetary assets and liabilities were as follows:

	2013		2012	
Euro	€8.2m	£7.0m	€10.2m	£8.5m
US Dollar	(\$0.3m)	(£0.2m)	(\$4.9m)	(£3.1m)
Australian Dollar	\$8.6m	£5.8m	\$1.8m	£1.2m

Foreign currency sensitivity

As noted above the Group is exposed mainly to movements in Euros, Australian dollar and US dollar rates in the Book Division. The forward contracts in place manage the exchange rate risk by fixing the values of expected sterling cash flows for up to 2 years. However, as these contracts deal with future cash flows, timing differences impact the year end position reported in these accounts. The division's sensitivity to a 10% fall in the spot sterling exchange rate would be £2.6m with a change in the fair value of the forward contract values of £500k as at the year end. The impact on equity would be £2.5m reflecting the retranslation of net assets on consolidation.

Other parts of the group have little foreign currency exposure and changes in the year end spot rate would not be material.

The group exposure to transactional foreign currency risk at the year end date is as follows:

	Sterling £000	Euro £000	US Dollar £000	Australian Dollar £000	Total £000
2013					
Trade receivable	21,609	6,265	10,196	7,012	45,082
Trade payable	(13,881)	(1,569)	(202)	(241)	(15,893)
Cash & cash equivalent (including overdrafts)	80,698	171	1,460	1,778	84,107
	<u>88,426</u>	<u>4,867</u>	<u>11,454</u>	<u>8,549</u>	<u>113,296</u>
2012					
Trade receivable	22,782	10,556	9,721	6,541	49,600
Trade payable	(17,853)	(1,949)	(474)	(359)	(20,635)
Cash & cash equivalent (including overdrafts)	72,639	200	83	(140)	72,782
	<u>77,568</u>	<u>8,807</u>	<u>9,330</u>	<u>6,042</u>	<u>101,747</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

22 Financial instruments (continued)

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's principal financial assets, other than business assets, are trade and other receivables and cash and cash equivalents. These represent the Group's maximum exposure to credit risk in relation to financial assets.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The balance presented in the balance sheet is net of allowances for doubtful receivables and returns, estimated by the Group's management based on prior experience and their assessment in the current economic climate.

The Group's main concentration of credit risk relates to its Book Division where a credit risk management approach is employed, including strict retention of title, customer stock holding visibility and the use of credit insurance.

Trade and other payables

These payables are all due within one year under normal trading terms.

Liquidity risk management

The Group retains significant liquid assets to fund its contractual obligations and the maintenance of the business and its ongoing development. As a result there are no significant liquidity risks facing the Group.

The following tables detail the Group's remaining contractual maturity for its financial commitments. The tables have been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

DC Thomson & Company Limited

Notes to the accounts (continued)

22 Financial instruments (continued)

Group	2013	2012
	£000	£000
Gross loan and overdraft liability		
In one year or less, or on demand (Note 20)	<u>3,290</u>	<u>987</u>
Gross lease liability		
In one year or less, or on demand	32	47
Future interest	(2)	(3)
Net lease liability (Note 20)	<u>30</u>	<u>44</u>

The maturity profile of the Group's foreign currency forward contracts using undiscounted cash flows is as follows:

	To buy	To sell	To sell
	US\$000	€000	Aus\$000
2013			
Within 3 months	3,000	2,700	-
Between 4 and 6 months	3,000	3,000	-
Between 6 months and one year	19,000	5,100	3,200
2012			
Within 3 months	9,900	4,700	1,500
Between 4 and 6 months	9,600	3,850	1,500
Between 6 months and one year	12,500	3,300	7,000
Between one and two years	11,000	7,800	-
Between two and three years	12,000	5,000	-

DC Thomson & Company Limited

Notes to the accounts (continued)

23	Deferred tax liabilities	Accelerated capital allowances £000	Revalued financial assets £000	Pension surplus £000	Intangible assets £000	Other £000	Total £000
Group							
At 31 March 2011	4,449	85,251	21,148	51,933	(3,580)	159,201	
Correction*	-	-	27,455	-	-	27,455	
Revised balance at 31 March 2011	4,449	85,251	48,603	51,933	(3,580)	186,656	
Exchange movement	48	-	-	-	(10)	38	
Transfer (to)/from profit and loss account	(824)	-	3,114	(316)	1,690	3,664	
Statement of recognised income and expense	-	(7,219)	(8,200)	-	-	(15,419)	
Change of rate	-	(6,558)	(3,739)	(2,916)	-	(13,213)	
At 31 March 2012	3,673	71,474	39,778	48,701	(1,900)	161,726	
Transfer (to)/from profit and loss account	253	-	2,518	(281)	(1,758)	732	
Statement of recognised income and expense	-	14,164	1,873	-	-	16,037	
Change of rate	-	(2,978)	(1,657)	(1,314)	-	(5,949)	
Transfer	709	-	-	-	(709)	-	
At 31 March 2013	4,635	82,660	42,512	47,106	(4,367)	172,546	
Company							
At 31 March 2011	5,066	59,260	-	-	(650)	63,676	
Transfer (to)/from profit and loss account	198	-	-	-	157	355	
Statement of recognised income and expense	-	(6,654)	-	-	-	(6,654)	
Change of rate	-	(4,047)	-	-	-	(4,047)	
At 31 March 2012	5,264	48,559	-	-	(493)	53,330	
Transfer from profit and loss account	736	-	-	-	437	1,173	
Statement of recognised income and expense	-	9,993	-	-	-	9,993	
Change of rate	(219)	(2,023)	-	-	21	(2,221)	
At 31 March 2013	5,781	56,529	-	-	(35)	62,275	

* The opening balance at 1 April 2011 has been restated to reflect the amount of pension surplus that should be recognised.

The notional tax payable on timing difference relating to the unrealised revaluation surplus on financial assets and the intangible assets on the acquisition of Puzzler Media Holdings Limited and Aberdeen Journals Limited would only crystallise if the related assets were disposed of separately.

The balances at each year end for revalued financial assets, pension surplus and intangible assets reflects the recognised asset at the relevant tax rate of 23%.

DC Thomson & Company Limited

Notes to the accounts (continued)

24 Retirement benefits

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

The net pension credit for the year was £10,274,000 (2012 - credit of £11,986,000). This includes a credit of £10,800,000 (2012 - £12,900,000) for the Parent less a charge of £10,000 (2012 - £74,000) for a subsidiary under the IAS19 defined benefit scheme calculation below, and contributions of £516,000 (2012 - £994,000) in respect of defined contribution schemes, which include severance taken as pension contributions.

Defined benefit schemes

The Parent Company and two subsidiaries have members in defined benefit final salary schemes in the UK. Independent valuations are carried out by a qualified actuary every three years using the Projected Unit Credit Method. The contributions to the scheme are based on these valuations.

Defined contribution schemes

Contributions by Group companies are charged to income statement as an expense as they fall due.

The information below relates to the pension schemes for the Parent Company and its subsidiaries.

	2013 £000	2012 £000
Change in benefit obligation		
Benefit obligation at beginning of year	444,850	409,120
Current service cost	3,956	5,477
Interest cost	20,004	22,076
Actuarial losses	45,100	29,854
Contributions - employee	314	430
Benefits paid	(21,477)	(22,107)
Benefit obligation at end of year – wholly funded	492,747	444,850
Change in plan assets		
Fair value of plan assets at beginning of year	610,593	596,054
Expected return on plan assets	34,750	40,379
Actuarial gains/(losses)	53,229	(4,313)
Contributions – employee	314	430
Benefits paid	(21,400)	(22,107)
Contributions – employer	94	150
Fair value of plan assets at end of year	677,580	610,593
Retirement benefit surplus	184,833	165,743

DC Thomson & Company Limited

Notes to the accounts (continued)

24 Retirement benefits (continued)

	2013 £000	2012 £000
Retirement benefit surplus		
Funded status	184,833	165,473
Effect of IAS19 paragraph 58(b) limit	-	(64,930)
Net amount recognised	184,833	100,543
Correction*	-	64,930
	184,833	165,473
Group		
Surplus	184,833	165,473

* The opening balance at 1 April 2012 has been restated for an error in the amount of pension surplus that should be recognised.

The actuary is unable to provide separate valuations for the Parent Company and Aberdeen Journals Limited, so these individual companies are accounted for as defined contribution schemes in their own company accounts.

The credit in the income statement of £10,790 (2012 - £12.826m) in respect of pension costs is lower than that in the previous year. This is due to a lower expected return on assets as a direct result of a lower investment return assumption used this year, compared to last year. The interest cost is lower than the previous year due mainly to lower expectations for future inflation. There was also a decrease in the service cost mainly due to a reduction in salary roll.

The surplus disclosed above has been calculated using assumptions determined in accordance with the requirements of IAS19. The Trustees of the pension fund use different assumptions to determine the financial position of the Fund which are determined in accordance with legislation and guidance from the Pensions Regulator. As a result, the financial position disclosed above will be different to the financial position used by the Trustees in the running of the fund. On both bases, the valuations show the fund is in healthy surplus.

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption to the portfolio. For the 2013 accounts this resulted in the selection of a 5.7% assumption as 31 March 2013.

DC Thomson & Company Limited

Notes to the accounts (continued)

24 Retirement benefits (continued)

	2013 £000	2012 £000
Components of pension cost		
Current service cost	3,956	5,477
Interest cost	20,004	22,076
Expected return on plan assets	(34,750)	(40,379)
Total pension credit recognised in employee benefit costs	(10,790)	(12,826)
Actuarial gain/(loss) immediately recognised	8,129	(34,167)
Effect of IAS19 paragraph 58(b) limit	-	40,400
Total pension gain/(loss) recognised in statement of comprehensive income	8,129	6,233
Correction*	-	(40,400)
Revised total pension gain/(loss) recognised in statement of comprehensive income	8,129	(34,167)
Cumulative actuarial gains immediately recognised	29,370	37,500

* The opening balance at 1 April 2012 has been restated to reflect the amount of pension surplus that should be recognised.

Plan assets

The weighted average asset allocation at the year end was as follows:

Asset category	2013 %	2012 %
Equities	79	78
Bonds	17	19
Cash and annuities	4	3
	100	100
	£000	£000
Amounts included in the fair value of assets for:		
Equities	535,327	476,000
Bonds	115,157	116,000
Cash and annuities	27,096	18,593
	677,580	610,593
Actual return on plan assets	87,900	35,900

DC Thomson & Company Limited

Notes to the accounts (continued)

24 Retirement benefits (continued)

Weighted average assumptions used to determine benefit obligations	2013 %	2012 %
Discount rate	4.20	4.60
Rate of salary increase	4.40	4.20
Inflation rate (RPI)	3.40	3.20
Inflation rate (CPI)	2.70	2.50

Life expectancy at age 65 is assumed at 23 years for males and 26 years for females.

Weighted average assumptions used to determine net pension cost for year	2013 %	2012 %
Discount rate	4.60	5.50
Expected long term return on plan assets	5.70	6.90
Rate of salary increase	4.20	4.50
Inflation rate (RPI)	3.20	3.50
Inflation rate (CPI)	2.50	3.00

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption to the portfolio. For the 2013 accounts this resulted in the selection of a 5.7% assumption.

History	2013 £000	2012 £000	2011 £000	2010 £000
Benefit obligation at end of year	492,747	444,850	409,120	428,359
Fair value of plan assets at end of year	677,580	610,593	596,054	562,098
Surplus	184,833	165,743	186,934	133,739
Difference between expected and actual return on scheme assets:				
amount (£000)	(53,300)	4,300	13,649	107,432
percentage of scheme assets	8%	1%	2%	19%
Experience gains and losses on scheme liabilities:				
amount (£000)	1,100	2,700	17,274	2,550
percentage of scheme liabilities	0%	1%	2%	1%

Contributions

As advised by the actuary the Parent Company will not contribute to its final salary pension plans next year. Contributions to the subsidiary company scheme are expected to be £230,000.

DC Thomson & Company Limited

Notes to the accounts (continued)

25 Notes to the cash flow statement

	2013		2012	
	Group £000	Company £000	Group £000	Company £000
Cash and cash equivalents				
Bank balances	23,804	4,048	27,146	3,739
Call deposits	63,593	48,346	46,623	40,009
	<u>87,397</u>	<u>52,394</u>	<u>73,769</u>	<u>43,748</u>
Cash and cash equivalents	87,397	52,394	73,769	43,748
Overdraft (Note 20)	(3,290)	-	(987)	-
	<u>84,107</u>	<u>52,394</u>	<u>72,782</u>	<u>43,748</u>

The overdraft arises in the Book Division where the working capital management has increased the funding requirements.

Cash and cash equivalents

The carrying amount of these assets approximates to their fair value.

	2013		2012	
	Group £000	Company £000	Group £000	Company £000
Cash flows from operating activities include:				
Dividends	14,936	11,340	13,818	10,788
Interest	1,611	1,069	1,336	866
	<u>16,547</u>	<u>12,409</u>	<u>15,154</u>	<u>11,654</u>

These are included in profit before taxation in the cash flow statements.

The interest arises primarily from deposits and gilts.

DC Thomson & Company Limited

Notes to the accounts (continued)

26 Group companies

The Group's interest in its main group undertakings are as follows:

Subsidiary undertakings (all wholly owned)	Country of registration or incorporation	Principal activity
Aberdeen Journals Limited	Scotland	Publisher
Meadowside Leasing Limited *	Scotland	Publishing holding company
Parragon Publishing Limited +	England	Publisher
Peter Haddock Limited +	England	Publisher
John Leng & Company Limited *	Scotland	Publishing holding company
Puzzler Media Holdings Limited +	England	Publisher
brightsolid online innovation limited *	Scotland	Online publisher
brightsolid online technology limited	Scotland	Secure business services online
brightsolid online publishing limited *	Scotland	Online publisher
Friends Reunited Limited	England	Online publisher

* Intermediate holding company

+ Parent is intermediate holding company

The Group also invests in a number of unlisted businesses using both equity and loans, some of which are treated as associates. The amounts involved individually and collectively are not regarded as material to the Group. Investments which are not group undertakings are included as financial assets in Note 14 and are carried at cost less provisions for impairment.

DC Thomson & Company Limited

Notes to the accounts (continued)

27 Contingent liabilities

The Group has guaranteed payments in favour of HMRC in respect of raw materials imports and other materials the maximum liability under which would be £100,000 (2012 - £100,000).

At the year end, the Group had provided a guarantee of £1.2m (2012 - £1.2m) for a commercial contract for brightsolid online publishing limited with a third party.

The Group has provided a guarantee of £25m (2012 - £25m) in favour of Barclays Bank plc in respect of borrowings of Parragon Publishing Limited.

Parragon Books Limited has provided a guarantee of US\$1.5m (2012 - US\$1.5m) for the borrowings of Parragon Publishing (India) Private Limited, a 50% joint venture.

The Group has approved a loan facility of £2m to one of its associated undertakings subject to certain availability criteria.

28 Financial commitments

	2013 £000	2012 £000
Capital commitments - Group and Company		
Contracted for but not provided	13,660	30,800

Contractual commitments – Group

At the year end the Group was committed to making the following payments during the next year in respect of contracts:

	2013 £000	2012 £000
Origination costs contracted for but not provided	1,920	1,481

At 31 March 2013, Parragon Publishing Limited had forward contracts to buy US\$30.0m (2012 - US\$55m) and to sell €10.8m (2012 - €27m) and AU\$3.2m (2012 - AU\$10m) at a variety of rates.

The Group is committed to buy the remaining 24% minority interest in Icob BV (a subsidiary of Parragon Publishing Limited) in 2017, with the consideration being based on the average profitability of that company for three full accounting years ended immediately prior to the date on which the shares fall to be purchased.

DC Thomson & Company Limited

Notes to the accounts (continued)

28 Financial commitments (continued)

Operating lease commitments - Group

At 31 March 2013 the Group had total commitments under non-cancellable operating leases as set out below:

	Land & buildings		Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Total amount payable where lease expires:				
Within one year	57	100	25	34
In second to fifth year inclusive	3,147	3,920	397	1,206
After five years	8,293	8,814	-	7
	<u>11,497</u>	<u>12,834</u>	<u>422</u>	<u>1,247</u>

The land and buildings leases are mainly for offices and warehouses and are subject to renegotiation at various intervals specified in the leases. Other leases are mainly equipment at warehouses.

DC Thomson & Company Limited

Notes to the accounts (continued)

29 Related party transactions

The Parent Company undertook transactions on an arm's length basis with various subsidiaries and associates primarily in connection with providing managerial and financing services as follows:

	2013 £000	2012 £000
brightsolid online innovation limited	<u>618</u>	<u>508</u>

William Thomson & Sons is a non profit making partnership controlled by the directors which provides administration and investment management services to the Group.

Amounts due from/to Group undertakings are included as follows:

	2013 £000	2012 £000
Trade and other receivables		
John Leng & Company Limited	2,163	1,814
Meadowside Leasing Limited	60	-
Puzzler Media Holdings Limited	579	192
Peter Haddock Limited	23	23
Beano Productions Limited	1,161	1,264
Dandy Entertainment Limited	355	355
Parragon Publishing Limited	1,139	730
Aberdeen Journals Limited	-	52
brightsolid online innovation limited	282	-
	<u>5,762</u>	<u>4,430</u>
Trade and other payables		
Peter Haddock Limited	1,788	1,788
Dennis & Gnasher 3 Limited	654	587
MWOL Limited	194	173
This England Publishing Limited	107	107
Beano Productions Limited	-	80
Aberdeen Journals Limited	476	-
	<u>3,219</u>	<u>2,735</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

30 Directors' interests in share capital

The directors who held office at the date of this report had the following interests in the £1 ordinary shares of the company at the year end.

Beneficial interest:	31 March 2013	1 April 2012
AF Thomson	30,116	29,416
LM Thomson	28,295	28,295
CHW Thomson	17,919	17,919
ARF Hall	40,228	40,228
As trustees without beneficial interest:		
AF Thomson	193,093	193,793
LM Thomson	213,730	213,355
CHW Thomson	246,348	246,505
ARF Hall	305,680	304,373
As joint trustees without beneficial interest:		
CHW Thomson	300,000	300,000
AF Thomson)		
LM Thomson)	183,611	183,611
CHW Thomson)		

Dividends paid to directors in the year totalled £475,000 (2012 - £452,000) being £122,000 (2012 - £115,000) for AF Thomson, £115,000 (2012 - £110,000) for LM Thomson, £73,000 (2012 - £70,000) for CHW Thomson and £164,000 (2012 - £157,000) for ARF Hall.

31 Country of registration

The company is incorporated in Scotland and is registered at Albert Square, Dundee, DD1 9QJ, Scotland.

DC Thomson & Company Limited

Directors' responsibilities for the preparation of accounts

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

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union and applicable law. The accounts are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

DC Thomson & Company Limited

Independent auditor's report to the members of DC Thomson & Company Limited

We have audited the accounts of DC Thomson & Company Limited for the year ended 31 March 2013 which comprise the group income statement, the group and parent company statement of comprehensive income, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company accounts, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement (set out on page 53), the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

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

Opinion on accounts

In our opinion:

- the accounts give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's profit for the year then ended;
- the group accounts have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company accounts have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

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



Stephen Cartwright (Senior Statutory Auditor)

For and on behalf of
Henderson Loggie, Statutory Auditor
Dundee

28 October 2013