DC Thomson & Company Limited

Directors' report and IFRS Group accounts
for the year ended 31 March 2010

Registered number 5830

DC Thomson & Company Limited

Contents

DC Thomson & Company Limited

Directors' report

The Directors' report to the hundred and sixth Annual General Meeting of DC Thomson & Company Limited, to be held at Courier Buildings, Albert Square, Dundee on Tuesday 30th November 2010 at 12 noon.

The Directors submit the audited accounts of the Company and of the Group for the year ended 31 March 2010.

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 £12,819,000 *(2009 - £12,468,000)* be paid, which together with the interim dividend of £2,482,000 *(2009 - £2,068,000)* already paid, will make a total of £15,301,000 *(2009 - £14,536,000)* for the year.

Business overview

The Business overall continued the trend of last year with underlying Trading Profit in our principal activity down £4.6m.

Underlying Trading Profit is defined as the Profit before interest, pension credit, exceptional items and accounting adjustments reflecting the Groups foreign currency hedging strategy.

The Turnover of our principal activity increased by £10.8m (4.3%) as a result of the combined effect of sales from bright**solid**, which became a full subsidiary during the year, sales from This England Publishing, additional book sales at Parragon and allowing for reduced sales from Newspaper Advertising.

In March 2010 the Group acquired Friends Reunited following clearance by the Competition Commission. This has three operating divisions in social networking, online genealogy and online dating.

The work on Group synergies continued together with strategic reviews of each of our business areas. As a result of these reviews we announced on 9th June 2010 that we were entering into consultation with our staff on the potential closure of our sheet fed and gravure press printing facilities. We were, we believe, the last UK publisher to both print and publish Books and Magazines and while the closure of the Book and Magazine printing facilities will improve our profitability, it has resulted in the writing down of the carrying value of our plant and related property in this year's accounts.

We have commented in the last three annual reports on the profound changes taking place in the Media sector in which we operate. These changes are ongoing but we continue to prepare the Group for times ahead in what may prove to be somewhat different circumstances.

Trading overview

Sales of our Regional Daily Newspapers are in Scotland. Sales of our Sunday Newspaper, The Sunday Post, and our Magazines are mainly in the UK. Sales of our Books are throughout the world. Export sales represented 31.6% of our trading revenue *(2009 29.7%)*.

The Turnover of our Publishing Businesses in the year to March 2010 is divided between Newspapers 25% (29%), Magazines 24% (25%), Books, (including annuals), 42% (41%) and digital 5% (nil). Printing and other income represents 4% (5%).

Trading overview (continued)

On a like for like basis, before currency adjustments, Group Publishing Income was £249m (*£243m*) of which £91m (*£90m*) was Newspaper and Magazine copy sales, £31m (*£40m*) advertising revenue and £104m (*£101m*) Book sales including Annuals, £11m (*£Nil*) digital turnover, £12m (*£12m*) contract printing and other income.

There was a further and significant decline in Newspaper Advertising revenues, particularly from Recruitment and other Classified sources. Magazine profits also reduced and two of our more recently launched titles in the children's sector which were less successful were closed. Results from our Book Division including Annuals however improved.

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

The Aberdeen Newspaper business continued to perform better than its peers in the industry but there was a significant reduction nonetheless in Advertising Revenues and underlying Trading Profits.

The Dundee Regional Newspaper and Sunday Post businesses also suffered from a significant reduction in Advertising revenues and some reduction in Circulation revenues and despite cost reductions showed a significant reduction in Trading Profit.

The Magazine Division consists of The Puzzler magazines, our Women's Magazines, Children's Entertainment magazines, The Scots Magazine and This England titles.

Puzzler had a reasonable year in the circumstances of a difficult marketplace although turnover was down. Their performance was however better than many in the Magazine market and reflects the attraction of its products to its market sector along with a lack of dependence on Advertising revenue.

Our Women's Magazines based in Dundee continue to perform reasonably well in the circumstances and reflect the Puzzler experience in serving their loyal readerships well.

Children's Entertainment consists of four different areas:

First of all, the famous Children's comics, The Beano and The Dandy, which continue to find their market difficult. This area did however benefit from a number of higher priced issues and issues of The Beano's stable mate BeanoMax.

Secondly, in the girls' area we have Shout, Animals and You and Goodie Bag Mag.

The third area is in Children's licensed properties. During the year Bratz and Chuggington were closed and replaced by a more successful Jacqueline Wilson title.

Trading overview (continued)

The fourth area, (the turnover of which is included in the Book Division), of course, is our Christmas Annuals and we have a variety of these, most of them based in the Children's market although there are one or two titles for adults as well. Despite the continued closure of many of our independent customer outlets, sales of Annuals held up particularly well as they represented good value gifts during this continued period of economic recession.

Overall the underlying Trading Profit of our Newspaper and Magazine Divisions was down £7.1m, primarily driven by a reduction in advertising revenue of £9.2m.The reason we were not down in profit more overall was because of actions taken to very significantly reduce our cost base during the year and this has continued.

The development of our Children's Characters, Brands and Intellectual Property continued. The third series of Dennis and Gnasher has been aired on CBBC during the year.

Our Book Division consists in the main of Parragon and also of course of the smaller Peter Haddock business. Sales revenue increased to £104m from £101m on a like for like basis, before currency adjustments.

Parragon has operations in the U.K., U.S.A., Germany, Netherlands, India, Hong Kong and Singapore and is the market leader in Australia through its trading name, Funtastic. Underlying Trading Profit of the Book Division increased by £1.4m.

In July 2009 we took our ownership of bright**solid** from 50% to 100% and this added £11m to turnover and £1.1m to Trading Profit. The business is divided into online technology, including server hosting and online content, which is primarily online genealogy services. The business was considerably strengthened by the acquisition of Friends Reunited in March 2010.

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 always operated a prudent policy of having reserves and financial assets and other business interests to cover all known and implicit liabilities and to enable it to continue to develop, enhance and protect its business activities and trade and to remain strong. This has been particularly important in this period and gives a real resilience to our business and an ability to continue to build our business at a time when others cannot.

During the year the Group continued to convert some of these assets and interests into cash at reasonable prices. We also minimised the exposure of all subsidiary companies to bank facilities, preferring to cover that from our own resources with a beneficial effect on the amount of Group interest paid. Values of financial assets and other business interests at the end of the current year (that is the year to 31 March 2010) are substantially up from those in the accounts to 31 March 2009 because of market conditions.

Group Profit overall was down, (in addition to the Trading Profit reduction), due to lower Pension Credit, Bank Interest and Other Income, and significant Restructuring and Impairment Costs.

The formal Actuarial Valuation of our main Pension Fund (The Thomson–Leng Provident Fund), which takes place every 3 years, was signed off in 2009. That valuation as of 31 March 2008 (the formal date) showed a healthy position. At 31st March 2010, (the year we are reporting on) the market value of the fund assets had significantly increased from the value at March 31st 2009. Accordingly the fund remains in good health.

The Fund's Income for the year to 31 March 2010 also remained ahead of pensions paid, although the impact of the loss of bank dividends, low interest on bank deposits and the reduction in the BP dividend (in the current year) is not helpful.

Risks and uncertainties

The Group is affected by general economic conditions and those 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 volatile and 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 hedge 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 disaster;
A major outbreak of disease such as HIN1 Influenza pandemic;
Technology and market change;
Possible disruption to our communications and IT infrastructure or breach of Information Security; and
Climate change.

Costs

The price of newsprint went down for a short time during the middle part of the year under review but increased by more than 10% in July 2010. The Group enters into various arrangements, as appropriate for its particular industry, to manage effectively the cost of paper as far as possible; however, we believe a very significant price increase is likely.

The Group, and in particular the core publishing business based in Dundee, is going through a major change. As previously mentioned closure of our sheet fed and gravure printing plants in Dundee is underway. These closures are very painful for the whole business but are necessary so that our Women's and Children's Magazines and our Annuals have the best opportunity to prosper.

Group procurement effort has resulted in useful savings and going forward procurement of printing facilities for our titles from third party printers and Group Procurement generally, will be of increasing importance.

We continue to have considerable cost in market research to support our titles 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 range of services and goods.

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

Non financial overview

We continue to develop good practice in a wide variety of areas; environmental, social and governance. Our business activities impact on the environment and rely on good systems to monitor any and all risks emanating from our operations. We are constantly aware of environmental legislation and aim to ensure that we operate within its parameters. 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.

The Group devotes management time to, and reports on, key environmental matters including specific energy consumption, packaging waste, carbon dioxide emissions and effluent discharge.

We take our relationship with our suppliers and our customers seriously and have appropriate guidelines in place.

The Group's staff resources are vital to its operational success and we monitor closely accidents and time lost from injury, illness and otherwise.

Future prospects

We remain optimistic about the future of Newspaper, Magazine and Book publishing. There is no doubt that copy Sales and Advertising revenues will be under pressure going forward and that there will be a number of challenges to face. The Advertising revenue decline which has affected our Newspapers in the main has now slowed as a % age of our total Advertising revenues but is still a matter of some concern although there has been some recovery in our Aberdeen Newspapers.

Together with the cost savings referred to above there is a great deal of effort being put into developing new processes and revenue streams to allow us to be as well prepared as possible for a good future.

We must however continue to produce good products in all areas in which we operate in order to serve our readers well and, by doing so, fulfil their expectations and thereby retain their loyalty.

Future prospects (continued)

The Group remains committed to improving operational efficiency and closely monitoring costs. We are aware of significant changes going on in the industry generally but we are also aware that it is of great importance to maintain the quality of our products. For only by meeting the needs of our readers and retaining their loyalty will we succeed.

As noted above we believe the steps being taken in the closure of our gravure printing facilities and sheet fed print plant will protect the prospects for the Magazine and Annuals publishing business.

Towards the end of the year clearance was given for our acquisition of Friends Reunited and a programme of integration is now underway. We expect this acquisition to enhance Online prospects both in bright**solid** and in the Group. The development of bright**solid** and its constituent elements over the last three years should result in enhanced Profit for the future and we expect our digital business to account for a growing part of our Turnover.

Employees

Details concerning employees are shown in Note 6. Good relations with employees are regarded as paramount and communication is maintained through regular team briefings and quarterly newsletters. The Health and Safety of all employees has constant attention.

Disabled employees are employed where possible and 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.

We intend to accelerate the provision of training across the Group and the development of all staff potential. The process of restructuring our business to integrate our Group companies should open up opportunities for our staff.

Fixed assets

In the opinion of the Directors the market value of the land and buildings on an existing use basis, which are largely freehold, is not less than the value stated in the accounts. The carrying value of certain elements of our fixed assets have been reduced in this year's accounts inter alia to take account of the discontinuance of the sheet fed and gravure printing facilities after the end of the year.

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 £33,816 *(2009 - £24,136)* were made.

Directors

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

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

1 November 2010

DC Thomson & Company Limited

Group income statement for the year ended 31 March 2010

	Note	£000	2010 £000	2009 £000
Revenue	3		**276,145**	272,111
Change to inventories of finished goods and work in progress	17	**(10,836)**		12,950
Raw materials and consumables		**(92,315)**		(106,008)
	5	**(103,151)**		(93,058)
Employee benefits costs	5/6	**(77,096)**		(73,024)
Depreciation and amortisation	5	**(18,899)**		(15,347)
Impairment of assets	5/8	**(13,425)**		(22,254)
Other expenses	5	**(61,516)**		(64,434)
Forward contract valuation movement	5	**(5,452)**		7,911
Finance costs	9	**(1,693)**		(3,622)
Total expenses	4		**(281,232)**	(263,828)
Gain from disposal of financial assets		**35,021**		30,868
Provision against financial assets		**(2,414)**		(7,690)
			32,607	23,178
Share of post tax results of associates	16		**(152)**	1,033
Profit before taxation			**27,368**	32,494
Taxation	10		**(1,828)**	(4,536)
Profit for financial year			**25,540**	27,958
Profit attributable to:				
Owners of the parent			**24,823**	27,275
Minority interest	16a		**717**	683
			25,540	27,958

The acquisitions of bright**solid** online innovation limited and Friends Reunited Holdings Limited (Note 29) did not have a material impact on the results presented and so are not shown as acquired in the above results.

DC Thomson & Company Limited

Group statement of comprehensive income for the year ended 31 March 2010

2010	**Revaluation reserve £000**	**Retained earnings £000**	**Total £000**
Profit for financial year	-	**25,540**	**25,540**
Exchange differences on translation of foreign operations	-	**(133)**	**(133)**
Revaluation of financial assets	**151,680**	-	**151,680**
Release on disposal of financial assets	**(9,814)**	-	**(9,814)**
Actuarial gain on defined benefit pension scheme	-	**8,209**	**8,209**
Tax arising on above	**(42,402)**	**(2,298)**	**(44,700)**
Other comprehensive income for the year net of tax	**99,464**	**5,778**	**105,242**
Total comprehensive income for the year	**99,464**	**31,318**	**130,782**
Total comprehensive income attributable to:			
Owners of parent	**99,464**	**30,578**	**130,042**
Non controlling (minority) interest	-	**740**	**740**
	99,464	**31,318**	**130,782**

2009	Revaluation reserve £000	Retained earnings £000	Total £000
Profit for financial year	-	27,958	27,958
Exchange differences on translation of foreign operations	-	8,653	8,653
Revaluation of financial assets	(144,237)	-	(144,237)
Release on disposal of financial assets	(30,853)	-	(30,853)
Actuarial loss on defined benefit pension scheme	-	(5,735)	(5,735)
Tax arising on above	49,071	1,605	50,676
Change in rate on above	-	1,528	1,528
Other comprehensive income for the year net of tax	(126,019)	6,051	(119,968)
Total comprehensive income for the year	(126,019)	34,009	(92,010)
Total comprehensive income attributable to:			
Owners of parent	(126,019)	33,173	(92,846)
Non controlling (minority) interest	-	836	836
	(126,019)	34,009	(92,010)

DC Thomson & Company Limited

Company statement of comprehensive income for the year ended 31 March 2010

2010	Revaluation reserve £000	Retained earnings £000	Total £000
Profit for financial year	-	19,700	19,700
Revaluation of financial assets	112,372	-	112,372
Release on disposal of financial assets	(9,814)	-	(9,814)
Tax arising on above	(31,646)	-	(31,646)
Other comprehensive income for the year net of tax	70,912	-	70,912
Total comprehensive income for the year	70,912	19,700	90,612

2009			
Profit for financial year	-	4,762	4,762
Revaluation of financial assets	(105,490)	-	(105,490)
Release on disposal of financial assets	(27,886)	-	(27,886)
Tax arising on above	36,309	-	36,309
Other comprehensive income for the year net of tax	(97,067)	-	(97,067)
Total comprehensive income for the year	(97,067)	4,762	(92,305)

DC Thomson & Company Limited

Group balance sheet at 31 March 2010

	Note	2010 £000	2009 £000
Non-current assets			
Goodwill	12	**113,802**	109,180
Other intangible assets	12	**256,353**	221,690
Property, plant and equipment	13	**43,411**	55,364
Financial assets - other business assets	14	**518,026**	381,177
Interests in associates	16	**2,476**	19,385
Retirement benefit surplus	24	**87,139**	78,771
		1,021,207	865,567
Current assets			
Inventories	17	**34,564**	46,488
Trade and other receivables	18	**70,931**	69,949
Derivative financial instruments	22	**-**	4,303
Financial assets - held to maturity	19	**10,041**	22,788
Cash and cash equivalents	27	**88,457**	94,072
		203,993	237,600
Total assets		**1,225,200**	1,103,167
Current liabilities			
Borrowings	20	**7,356**	21,819
Trade and other payables	21	**50,225**	41,945
Income tax liabilities		**118**	145
Derivative financial instruments	22	**1,149**	-
		58,848	63,909
Non-current liabilities			
Borrowings	20	**182**	21,627
Trade and other payables	21	**-**	1,626
Deferred tax liabilities	23	**182,674**	136,952
		182,856	160,205
Total liabilities		**241,704**	224,114
Net assets		**983,496**	879,053
Equity			
Share capital	25/26	**4,135**	4,135
Pension reserve	26	**50,000**	50,000
Capital expenditure reserve	26	**100,000**	100,000
Other reserves	26	**313,267**	213,803
Retained earnings	26	**514,847**	510,071
Shareholders' equity	26	**982,249**	878,009
Non controlling interest	16a/26	**1,247**	1,044
Total equity	26	**983,496**	879,053

The accounts were approved by the Board of Directors 1st Nov.. 2010 and signed on its behalf by:

AF Thomson Andrew A Thomson
Director

CHW Thomson
Director

Registered number 5830

DC Thomson & Company Limited

Company balance sheet at 31 March 2010

	Note	2010 £000	2009 £000
Non-current assets			
Other intangible assets	12	**1,853**	1,723
Property, plant and equipment	13	**24,659**	37,713
Financial assets - other business assets	14	**396,654**	299,544
Interests in group undertakings	15	**298,610**	261,596
		721,776	600,576
Current assets			
Inventories	17	**3,966**	5,160
Trade and other receivables	18	**28,485**	35,169
Financial assets - held to maturity	19	**5,020**	10,134
Cash and cash equivalents	27	**57,933**	67,231
		95,404	117,694
Total assets		**817,180**	718,270
Current liabilities			
Trade and other payables	21	**9,651**	16,376
Non-current liabilities			
Deferred tax liabilities	23	**73,145**	43,586
Total liabilities		**82,796**	59,962
Net assets		**734,384**	658,308
Equity			
Share capital	25/26	**4,135**	4,135
Other reserves	26	**226,279**	155,367
Retained earnings	26	**503,970**	498,806
Shareholders' equity	26	**734,384**	658,308

The accounts were approved by the Board of Directors on .... 2010 and signed on its behalf by:

AF Thomson
Director

CHW Thomson
Director

Registered number 5830

DC Thomson & Company Limited

Group cash flow statement for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Profit before taxation		**27,368**	32,494
Finance costs		**1,693**	3,622
Depreciation and amortisation		**18,899**	15,347
Impairment of assets		**13,425**	22,254
Exchange loss/(gain) on cash		**26**	(56)
Share of result of associate		**152**	(1,033)
Gain on sale of property, plant and equipment		**(189)**	(274)
Net gain on financial assets		**(32,607)**	(23,178)
Derivative movement		**5,452**	(7,911)
Pension adjustment		**(159)**	(8,048)
Scrip dividend		**(84)**	(945)
Decrease/(increase) in inventories		**11,924**	(12,791)
Decrease/(increase) in receivables		**2,711**	(4,839)
(Decrease)/increase in payables		**(5,269)**	8,455
Exchange movement on core balances		**(161)**	8,500
Cash generated from operations		**43,181**	31,597
Income tax paid		**(8,254)**	(13,920)
Interest paid		**(2,128)**	(2,598)
Net cash from operating activities		**32,799**	15,079
Investing activities			
Proceeds on disposal of property, plant and equipment		**316**	404
Proceeds on disposal of financial assets		**41,251**	43,813
Proceeds on disposal of financial assets - held to maturity gilts		**12,747**	40,014
Purchases of property, plant and equipment		**(5,917)**	(4,485)
Purchase of subsidiary undertaking		**(26,813)**	(4,500)
Acquisition of minority interest in subsidiary		**(14,917)**	-
Additional investment in associate		**(376)**	(540)
Repayment of loan by associate		**700**	-
Purchase of financial assets		**(3,402)**	(6,797)
Purchase of financial assets - held to maturity gilts		**-**	(50,251)
Purchase of intangibles		**(5,602)**	(9,518)
Net cash (used in)/from investing activities		**(2,013)**	8,140
Financing activities			
Dividends paid		**(14,536)**	(13,833)
Repayments of borrowings		**(17,850)**	(6,067)
Net cash used in financing activities		**(32,386)**	(19,900)
Net (decrease)/increase in cash and cash equivalents		**(1,600)**	3,319
Effects of exchange rate changes on cash and cash equivalents		**(26)**	56
Cash and cash equivalents at 31 March 2009	27	**78,138**	74,433
On acquisition of subsidiary		**6,830**	330
Cash and cash equivalents at 31 March 2010	27	**83,342**	78,138

DC Thomson & Company Limited

Company cash flow statement for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Profit before taxation		**19,388**	1,667
Depreciation and amortisation		**4,007**	4,587
Impairment of assets		**13,425**	21,900
Exchange (gain)/loss on cash		**(51)**	7
Gain on sale of property, plant and equipment		**(182)**	(257)
Net gain on disposal of financial assets		**(32,607)**	(20,743)
Scrip dividend		**(84)**	(945)
Decrease in inventories		**1,194**	1,483
Decrease/(increase) in receivables		**8,919**	(3,867)
(Decrease)/increase in payables		**(5,878)**	5,951
Cash generated from operations		**8,131**	9,783
Income tax paid		**(3,576)**	(6,413)
Net cash from operating activities		**4,555**	3,370
Investing activities			
Proceeds on disposal of property, plant and equipment		**208**	266
Proceeds on disposal of financial assets		**41,251**	41,531
Proceeds on disposal of financial assets - held to maturity gilts		**5,114**	32,500
Purchases of property, plant and equipment		**(3,927)**	(1,441)
Purchase of financial assets - held to maturity gilts		**-**	(30,075)
Purchase of intangible assets		**(2,028)**	(3,923)
Investment in subsidiary undertaking		**(36,638)**	-
Interest in group undertakings		**(376)**	(1,540)
Purchase of financial assets		**(2,972)**	(6,069)
Net cash from investing activities		**632**	31,249
Financing activities			
Dividends paid		**(14,536)**	(13,833)
Net cash used in financing activities		**(14,536)**	(13,833)
Net (decrease)/increase in cash and cash equivalents		**(9,349)**	20,786
Effects of exchange rate changes on cash and cash equivalents		**51**	(7)
Cash and cash equivalents at 31 March 2009	27	**67,231**	46,452
Cash and cash equivalents at 31 March 2010	27	**57,933**	67,231

1 Statement of compliance

Both the Group and parent company financial statements ("financial statements") at 31 March 2010 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: IAS1 (revised 2007) - Presentation of Financial Statements, IFRS2 (amended) - Share-based Payment - Vesting Conditions and Cancellations, IFRS7 – Financial Instruments – Disclosure, IFRS 8 – Operating Segments, IAS23 (revised 2007) - Borrowing Costs and IAS27 (revised 2008) - Consolidated and Separate Financial Statements. The adoption of these interpretations has not led to any changes in the Group's accounting policies, but has changed the disclosure within these accounts.

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 2010.

The financial statements of its subsidiaries and associates 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.

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 derivative financial instruments and the assets of the pension schemes, both of 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.

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:

Heritable and freehold property (excluding land)	2% reducing balance
Printing presses	15 to 30 years straight line
Plant and machinery	4 to 20 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.

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. Exchange differences arising, 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.

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.

2 Accounting policies (continued)

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 hedge its net cash flow exposure and another had a fixed rate interest swap to hedge its term loan interest rate exposure. The Group does not use derivative financial instruments for speculative purposes.

Interest rate swaps and 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 derivative 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 derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not 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.

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.

2 Accounting policies (continued)

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.

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.

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 restricted by the surplus cap requirements of IAS 19 Para 58(b). 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 as a liability 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
During the year the Group completed the acquisitions described in Note 29. 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 amounting to £61,987,000 at 31 March 2010 *(2009 - £57,466,000)*, has been provided under IAS 12 (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 IAS 12 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.

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 final salary pension schemes, restricted to the amount expected to be recovered through refunds or reductions in future contributions in line with IAS 19.

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: IFRS3 (revised 2009) - Business Combinations and IAS24 (revised 2009) – Related Party Transactions.

The directors do not expect any of these standards to have a material impact on the financial statements.

3 Revenue

		2010	2009
	£000	£000	£000
Trading revenue		**260,158**	249,361
Other income			
Dividends	**13,702**		16,802
Interest	**2,285**		5,948
		15,987	22,750
		276,145	272,111

Analysis of trading revenue by destination market

	2010	2009
United Kingdom	**170,207**	170,928
Rest of Europe	**37,520**	32,243
North America	**24,988**	22,304
Australia	**15,700**	14,009
Rest of World	**11,743**	9,877
	260,158	249,361

4 Income statement

Total expenses is stated after charging:

	2010	2009
Depreciation	**7,374**	7,661
Amortisation	**11,525**	7,686
Impairment of assets	**13,425**	22,254
Auditor's remuneration	**215**	197
Auditor's remuneration for non-audit work	**269**	491
Loss on sale of fixed assets	**-**	6
Rentals under property operating leases	**1,860**	1,524
Rentals under plant operating leases	**381**	316
Exchange loss on cash and cash equivalents	**26**	-

and after crediting:

	2010	2009
Gain on sale of fixed tangible assets	**189**	280
Net income from rents	**66**	67
Exchange gain on cash and cash equivalents	**-**	56

The auditor's remuneration for the company's audit, included above, amounted to £70,000 *(2009 - £70,000)*. The non-audit work was in connection with computer system consultancy £70,000 *(2009 - £314,000)*, general consultancy £128,500 *(2009 - £111,000)*, taxation services £42,000 *(2009 - £40,000)* and other legislative compliance £28,500 *(2009 - £26,000)*.

5 Income statement analysis

	Recurring £000	Exceptional £000	2010 Total £000	Recurring £000	Exceptional £000	2009 Total £000
Turnover	**249,000**	**11,158**	**260,158**	243,145	6,216	249,361
Raw materials and consumables	**(95,823)**	**(7,328)**	**(103,151)**	(85,981)	(7,077)	(93,058)
Gross contribution	**153,177**	**3,830**	**157,007**	157,164	(861)	156,303
Employee benefit costs ~	**(72,518)**	**(4,615)**	**(77,133)**	(73,624)	(7,346)	(80,970)
Pension credit ~		**37**	**37**	-	7,946	7,946
Depreciation and amortisation	**(17,387)**	**(1,512)**	**(18,899)**	(15,296)	(51)	(15,347)
Impairment of assets	**-**	**(13,425)**	**(13,425)**	-	(22,254)	(22,254)
Other expenses	**(54,716)**	**(6,800)**	**(61,516)**	(55,048)	(9,386)	(64,434)
Trading profit/(loss)	**8,556**	**(22,485)**	**(13,929)**	13,196	(31,952)	(18,756)
Foreign currency adjustment	**(947)**	**(4,505)**	**(5,452)**	2,227	5,684	7,911
Operating profit/(loss)	**7,609**	**(26,990)**	**(19,381)**	15,423	(26,268)	(10,845)

The Exceptional column highlights one off or exceptional costs and the impact of exchange rate fluctuations on the results. It includes £9m of trading Exceptionals in 2010 compared with £14m in 2009.

Total turnover in the Book Division, including annuals, is up £3m, in the Newspaper and Magazine Divisions, including advertising, it is down £8m, with the new digital subsidiary adding £11m.

In Employee costs the fall in the defined benefit pension credit for the year of £8m is offset by a fall in severance payments of £4m. The cost before pension credit and severance payments has remained in line with last year due to staff costs in the new subsidiaries, offset by reduced staff numbers across the rest of the Group.

The depreciation and amortisation increase arises principally from the new digital subsidiary.

The decrease in recurring Other expenses reflects cost saving measures across the Group offset by the additional costs from acquired businesses of £4m. One off costs, including restructuring within the group, were down £1m. The Exceptional cost includes change programme project costs, advisory fees, professional fees, major bad debts and the impact of exchange rate fluctuations.

The foreign currency adjustment represents the impact of exchange rate fluctuations compared with the movement in the value of forward contracts. The recurring column restricts the movement in forward contract values to those which hedge year end exposures. These valuations are affected by exchange rates, interest rates and other external factors and will not exactly offset the effect of changes in spot rates on the reported results. The severe fluctuations in exchange and interest rates over the last 2 years have had a massive impact on the values of such contracts, and the hedging in place has helped the group control foreign currency cash flow exposures in the business. These contracts form a key strand of the management of exchange rate movements and are discussed further in Note 22.

6 Employee benefits costs

	2010 Number	2009 Number
Average monthly number of employees during the year		
Group	**2,398**	2,541
Company	**1,350**	1,584

	2010 £000	2009 £000
Employee costs during the year (including directors remuneration) amounted to:		
Wages and salaries	**68,669**	68,365
Social security costs	**5,301**	5,401
Defined contribution pension costs	**316**	377
	74,286	74,143
Defined benefit pension credit (Note 24)	**(37)**	(7,946)
Severance payments	**2,847**	6,827
	77,096	73,024

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

7 Directors' emoluments

	2010 £000	2009 £000
Remuneration	**523**	523
Pension scheme contributions	**-**	-
	523	523

The emoluments receivable by the highest paid director are £175,000 *(2009 - £175,000)* and there is no accrued pension at 31 March 2010 or 2009 as his service during the current and preceding year has no effect on his pension entitlement.

Retirement benefits are accruing to the following number of directors under:	2010 Number	2009 Number
Defined benefit schemes	**1**	1

8 Impairment

As set out in Notes 12 and 13, the Group annually reviews the carrying value of fixed tangible and intangible assets. This year, the Group has again considered the printing capacity and organisation across the Group and has identified an excess carrying value within property and plant of £13.4m which has been charged to the income statement. Following extensive analysis and assessments, two specific printing locations are being considered for closure and accordingly form the basis for the impairment reviews. Contributions for each cash generating unit were based upon best available information and estimated residual value of property. A discount rate of 2%, the Group's estimated current cost of capital, is used where relevant.

9 Finance costs

	2010	2009
	£000	£000
Interest payable	**1,142**	3,100
Preference share interest expense	**551**	522
	1,693	3,622

Interest is payable by the following groups

Parragon Publishing Limited	**616**	1,066
Puzzler Media Holdings Limited	**327**	1,689
Aberdeen Journals Limited	**171**	345
bright**solid** online innovation limited	**28**	-
	1,142	3,100

The preference share interest expense relates wholly to Puzzler Media Holdings Limited.

Note 20 sets out the Group borrowings which now reside with Parragon Publishing Limited and bright**solid** online innovation limited with Puzzler Media Holdings Limited's loans being repaid in the year.

DC Thomson & Company Limited

Notes to the accounts (continued)

		2010	2009
10	**Taxation**	**£000**	£000
	Current taxation		
	UK corporation tax on profits for the year	**5,657**	7,989
	Double tax relief	**(149)**	(559)
		5,508	7,430
	Overseas tax	**512**	691
	Adjustments in respect of prior years - UK	**(702)**	(119)
	- Overseas	**14**	29
		5,332	8,031
	Deferred taxation		
	Origination and reversal of timing differences	**(4,412)**	(2,604)
	Adjustment in respect of prior years	**908**	(808)
	Change in tax rate on intangible	**-**	(83)
	Taxation	**1,828**	4,536
	Factors affecting tax charge for year		
	Profit for year before tax	**27,368**	32,494
	Tax thereon at 28%	**7,663**	9,098
	Effects of:		
	Franked investment income not attracting tax	**(4,534)**	(4,732)
	Excess book gain over capital gain	**(3,664)**	229
	Finance costs not taxable	**875**	829
	Items not affecting tax charge	**409**	273
	Overseas profits tax impact	**(12)**	137
	Associate undertaking effect	**42**	(258)
	Change in tax rate on intangible	**-**	(83)
	Goodwill and IBA adjustments	**829**	(59)
	Adjustments in respect of prior years	**220**	(898)
	Taxation	**1,828**	4,536

11 Dividends - paid in the year

	2010 £000	2009 £000
Ordinary shares:		
Final for 2009 of 301.5p per share paid *(2008 – 294.5p)*	**12,468**	12,179
Interim of 50p per share *(2009 - 40p)*	**2,068**	1,654
	14,536	13,833

Dividends paid after the year end are no longer recognised as liabilities.

Dividends - paid post year end and proposed

	2010 £000	2009 £000
Interim of 60p paid *(2010 - 50p)*	**2,482**	2,068
Final of 310.0p per share proposed *(2009 – 301.5p)*	**12,819**	12,468
	15,301	14,536

12 Goodwill

Group	**£000**
Cost	
At 31 March 2008	108,075
Acquisitions	1,424
On change of tax rate	(319)
At 31 March 2009	109,180
Acquisitions (Note 29)	4,622
At 31 March 2010	**113,802**

In July 2009 the Group acquired the 50% non group interest in bright**solid** online innovation limited for £1m, in March 2010 it acquired all of the minority shares in Puzzler Media Holdings Limited for £18.4m and the entire share capital of Friends Reunited Holdings Limited for £28m.

Goodwill now includes £62m *(2009 - £62m)* for Parragon Publishing Limited, £12m *(2009 - £12m)* for Puzzler Media Holdings Limited, £34m *(2009 - £34m)* for Aberdeen Journals Limited, £1m *(2009 - £1m)* for This England Publishing Limited and £5m for bright**solid** online innovation limited.

12 Goodwill and other intangible assets (continued)

Intangible assets	Indefinite life £000	Other £000	Total £000
Group			
At 31 March 2008	196,500	20,471	216,971
Acquisitions	-	5,087	5,087
Transfer from debtors	-	1,300	1,300
Additions	4	9,514	9,518
Release to income statement	-	(7,686)	(7,686)
Impairment	-	(3,854)	(3,854)
Retranslation of foreign assets	-	354	354
At 31 March 2009	196,504	25,186	221,690
Acquisitions	-	39,808	39,808
Additions	-	5,602	5,602
Release to income statement	-	(11,525)	(11,525)
Retranslation of foreign assets	-	778	778
At 31 March 2010	**196,504**	**59,849**	**256,353**

Intangible assets			
Company			
Transfer from debtors	-	1,300	1,300
Additions	-	3,923	3,923
Impairment	-	(3,500)	(3,500)
At 31 March 2009	-	1,723	1,723
Additions	-	2,028	2,028
Release to income statement	-	(855)	(855)
Transfer to subsidiary undertakings	-	(1,043)	(1,043)
At 31 March 2010	-	**1,853**	**1,853**

Indefinite life intangible assets, which are mainly mastheads, include £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 £7m *(2009 - £10m)* in Parragon Publishing Limited and £8m *(2009 - £8m)* in Puzzler Media Holdings Limited, film costs of £1m *(2009 - £2m)* and application software of £1m *(2009 - £Nil)* in DC Thomson & Company Limited and £5m *(2009 - £5m)* publishing assets in This England Publishing Limited together with datasets and customer databases in bright**solid** online innovation limited and Friends Reunited Holdings Limited of £38m *(2009 - £Nil)*. All these intangible assets were purchased. Internally generated intangible assets are not recognised.

12 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. No impairment of goodwill or indefinite life intangible assets was recognised in 2010 or 2009, other than arising from the change in tax rate.

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 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 long-term growth rate of 1%. The cash flows have been discounted at a pre-tax discount rate of 2%, the Group's current cost of capital. These assumptions have been used for all CGUs to which goodwill and indefinite life intangible assets are allocated.

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 the goodwill and intangible assets have not been impaired and where appropriate continue to have an indefinite useful life.

Other intangible assets

The intangible amortisation charge of £11m *(2009 - £8m)* relates to certain titles in the Magazine Division and licence, origination costs in the Book Division and data sets in bright**solid** online innovation limited. These are amortised over their estimated useful lives.

The additions in the year relate to film costs, application software, Book Division origination spend and data sets within bright**solid** 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 2010 of these assets remains recoverable in full.

13 Property, plant and equipment

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Group				
Cost				
At 31 March 2008	64,463	142,923	1,725	209,111
Additions	559	3,456	417	4,432
Transfers	416	1,690	(2,106)	-
Disposals	(2)	(857)	-	(859)
Retranslation of foreign assets	132	149	-	281
At 31 March 2009	65,568	147,361	36	212,965
On acquisition (Note 29)	-	3,421	-	3,421
Additions	966	3,443	1,130	5,539
Transfers	(636)	662	(26)	-
Disposals	(58)	(2,471)	-	(2,529)
Retranslation of foreign assets	88	(23)	-	65
At 31 March 2010	**65,928**	**152,393**	**1,140**	**219,461**
Depreciation				
At 31 March 2008	23,028	109,065	-	132,093
Charge for year	1,234	6,427	-	7,661
Transfers	198	(198)	-	-
On disposals	-	(729)	-	(729)
Impairment	9,700	8,700	-	18,400
Retranslation of foreign assets	32	144	-	176
At 31 March 2009	34,192	123,409	-	157,601
Charge for year	928	6,446	-	7,374
Transfers	(43)	43	-	-
On disposals	(24)	(2,378)	-	(2,402)
Impairment	9,606	3,819	-	13,425
Retranslation of foreign assets	56	(4)	-	52
At 31 March 2010	**44,715**	**131,335**	**-**	**176,050**
Net book value				
At 31 March 2010	**21,213**	**21,058**	**1,140**	**43,411**
At 31 March 2009	31,376	23,952	36	55,364

13 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 2008	58,521	127,463	1,725	187,709
Additions	138	744	417	1,299
Transfers	17	2,089	(2,106)	-
Disposals	-	(307)	-	(307)
At 31 March 2009	58,676	129,989	36	188,701
Additions	885	1,534	1,130	3,549
Transfers	(424)	450	(26)	-
Disposals	(24)	(1,427)	-	(1,451)
At 31 March 2010	**59,113**	**130,546**	**1,140**	**190,799**
Depreciation				
At 31 March 2008	22,231	106,068	-	128,299
Charge for year	849	3,738	-	4,587
On disposals	-	(298)	-	(298)
Impairment	9,700	8,700	-	18,400
At 31 March 2009	32,780	118,208	-	150,988
Charge for year	615	2,537	-	3,152
On disposals	(5)	(1,420)	-	(1,425)
Impairment	9,606	3,819	-	13,425
At 31 March 2010	**42,996**	**123,144**	-	**166,140**
Net book value				
At 31 March 2010	**16,117**	**7,402**	**1,140**	**24,659**
At 31 March 2009	25,896	11,781	36	37,713

The directors review on an ongoing basis the useful lives and carrying values of the company's major printing installations. The cash generating units were taken to be individual printing installations. The method of review is described in Note 12.

The impairment has been undertaken in line with the approach set out in Note 8, whilst taking recognition of the expected working lives of the property and plant available to the company and known contracts.

14 Financial assets - other business assets

	2010		2009	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
At 31 March 2009	**381,177**	**299,544**	586,988	464,354
Additions	**3,487**	**3,056**	7,702	6,974
Transfer to associate	**-**	**-**	(17,921)	(17,921)
Disposals	**(18,318)**	**(18,318)**	(51,355)	(48,373)
Revaluation	**151,680**	**112,372**	(144,237)	(105,490)
At 31 March 2010	**518,026**	**396,654**	381,177	299,544

These assets principally divide into reserves, publishing, media and retail interests and our incubator 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 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 £93m *(2009 - £51m)* and is included in Note 23. The carrying value of unlisted investments of £4m *(2009 - £2m)* is based on cost as there is no observable market as data. Movements in the year relate to additions of £2.5m and impairment of £0.5m.

15 Interests in Group undertakings

Company

A list of the investments in significant subsidiaries and associates is given in Note 28 to the accounts.

	Shares	**Loans**	**Total**
	£000	**£000**	**£000**
At 31 March 2008	107,021	135,114	242,135
Additions	-	11,540	11,540
Disposal	-	(10,000)	(10,000)
Transfer from unlisted investments	2,745	15,176	17,921
At 31 March 2009	109,766	151,830	261,596
Additions	1,053	35,961	37,014
Transfer	12,476	(12,476)	-
At 31 March 2010	**123,295**	**175,315**	**298,610**

16 Interests in associates

Group	2010 £000	2009 £000
At 31 March 2009	**19,385**	-
Transfer from unlisted investment	-	17,921
Additions	**376**	540
Loan repayments	**(700)**	-
Share of (loss)/profit	**(152)**	1,033
Interest payable by group undertaking	-	(109)
Transfer to subsidiary undertaking	**(16,433)**	-
At 31 March 2010	**2,476**	19,385

During the year, the Group acquired the remaining shares in bright**solid** online innovation limited (Note 29) and accordingly it is now consolidated as a subsidiary undertaking.

During the previous year, the Group acquired additional shares in Newsfax International Limited bringing its shareholding to 35%.

16a Non controlling interest - Group

Non controlling interest in the profit and loss account of £717,000 *(2009 - £683,000)* represents the share of subsidiary undertakings' results for the year which do not belong to the Group.

At 31 March 2010, the non controlling interest is a liability of £1,247,000 *(2009 - £1,044,000)*, being the minority interest in a subsidiary of Parragon Publishing Limited and an asset of £Nil *(2009 - £6,757,000)*. The asset last year related entirely to Puzzler Media Holdings Limited and was netted against shareholder equity in Note 26. During the year, the Group acquired the remaining shares making Puzzler Media Holdings Limited a wholly owned subsidiary with no minority interest.

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

Included last year in non current borrowings were preference shares of £8,400,000 which were held by the minority shareholders of Puzzler Media Holdings Limited who have now been bought out as noted above.

17 Inventories

	2010		2009	
	Group £000	**Company £000**	Group £000	Company £000
Raw materials and consumables	**2,895**	**2,476**	3,983	3,353
Work in progress	**2,323**	**1,348**	2,589	1,661
Finished goods and goods for resale	**29,346**	**142**	39,916	146
	34,564	**3,966**	46,488	5,160

Group inventories reflect provisions for slow moving items of £4,654,000 *(2009 - £3,584,000)*. Company inventories reflect provisions for slow moving items of £576,000 *(2009 - £532,000)*.

Finished goods have fallen primarily in the Book Division where a stock reduction programme has improved the working capital, generating cash and reducing trade creditors at the year end (Note 21). Forward contracts in place hedge the overall foreign currency cash flow exposure (Notes 18, 21 and 22).

18 Trade and other receivables

	2010		2009	
	Group £000	**Company £000**	Group £000	Company £000
Trade receivables	**53,765**	**9,498**	55,347	11,363
Other receivables	**6,170**	**3,894**	7,446	5,993
Prepayments and accrued income	**4,503**	**2,353**	3,569	2,505
Receivables due from group undertakings (Note 33)	**-**	**5,825**	-	10,194
Income tax	**6,493**	**6,915**	3,587	5,114
	70,931	**28,485**	69,949	35,169

Trade receivables are consistent with trading levels across the Group. As set out in Notes 17, 21 and 22, the Book Division's extensive use of forward contracts hedges its overall cash flow exposure.

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 all customers requiring credit over a certain amount and as appropriate. 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 *(2009 - £13m)* 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 does have retention of title over much of the stock which gave rise to these balances.

Ageing of past due but not impaired trade receivables

	2010	2009
	£000	£000
Overdue by		
0 - 30 days	**8,144**	4,926
30 - 60 days	**1,334**	2,953
60 + days	**2,248**	5,033
	11,726	12,912

Total trade receivables are stated net of provision for bad debts and returns as set out in the accounting policies. These total £8.5m (*2009 - £6.9m*). The credit risk is greatest in the Book Division where debtors represent 70% (*2009 - 72%*) of the Group total and 46% (*2009 - 53%*) 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

	2010	2009
	£000	£000
Group		
Cost of fixed interest rate government securities including premium to redemption	**10,041**	22,788
Company		
Cost of fixed interest rate government securities including premium to redemption	**5,020**	10,134

The Group sold gilts of £13m (Company - £5m) during the year.

20 Borrowings

	2010		2009	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Bank loans and overdraft (secured)	**5,294**	-	31,502	-
5.5% Preference shares	-	-	8,400	-
Finance leases	**2,244**	-	3,544	-
	7,538	-	43,446	-
Current	**7,356**	-	21,819	-
Non-current	**182**	-	21,627	-
	7,538	-	43,446	-

Details of the repayment of bank loans and overdrafts and finance leases are shown in Note 22.

Puzzler Media Holdings Limited repaid its £15.5m bank loan and overdraft in the year. Parragon Publishing Limited accounts for the majority of the borrowings at the year end, the reduction reflecting the cash generation from the stock reduction programme.

The preference shares were acquired in full during the year.

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

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

	Finance leases		Bank loans and overdrafts	
Group	**2010**	2009	**2010**	2009
	£000	£000	**£000**	£000
Borrowings can be analysed as falling due:				
In one year or less, or on demand	**2,194**	1,628	**5,162**	20,191
Between one and two years	**50**	1,916	**132**	4,757
Between two and five years	-	-	-	6,554
	2,244	3,544	**5,294**	31,502
Current liabilities	**(2,194)**	(1,628)	**(5,162)**	(20,191)
Non-current liabilities	**50**	1,916	**132**	11,311

21 Trade and other payables

	2010		2009	
	Group	**Company**	Group	Company
	£000	**£000**	*£000*	*£000*
Trade payables and accruals	**12,392**	**1,950**	17,186	2,242
Other taxes and social security	**1,454**	**436**	1,487	1,174
Payables due to group undertakings (Note 33)	**-**	**1,945**	-	3,591
Other payables	**36,379**	**5,320**	24,898	9,369
	50,225	**9,651**	43,571	16,376
Current	**50,225**	**9,651**	41,945	16,376
Non-current	**-**	**-**	1,626	-
	50,225	**9,651**	43,571	16,376

The Group non-current liabilities related to accrued dividends on preference shares issued by Puzzler Media Holdings Limited which have been acquired in the year.

The trade payables reduction arose from the Book Division stock reduction programme which has generated improved cash flow and reduced stock purchases towards the year end. As set out in Notes 17, 18 and 22, that division's extensive use of forward contracts hedges its overall cash flow exposure.

Other payables include accruals for reorganisation and severance costs and bright**solid** online innovation limited deferred income of £8m.

Trade creditors 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.

22 Financial instruments (continued)

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 15 to 22.

Categories of financial instruments

Group	2010 £000	2009 £000
Financial assets (current and non-current)		
Trade and other receivables	**70,931**	69,949
Financial assets - held to maturity	**10,041**	22,788
Cash and cash equivalents	**88,457**	94,072
Financial assets - other business assets	**518,026**	381,177
Derivative financial instruments	-	4,303
Financial liabilities (current and non-current)		
Derivative financial instruments	**(1,149)**	-
Trade and other payables	**(50,225)**	(41,945)
Borrowings	**(7,538)**	(43,446)

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 derivative financial instruments to hedge these risk exposures as appropriate. The Group does not enter into or trade in financial instruments, including derivative 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 and interest rate financial assets is a liability of £1,149,000 *(2009 – asset £4,303,000)* and the charge in the year through other expenses (Note 5) in the income statement is £5,452,000 (*2009 - credit £7,911,000)*.

22 Financial instruments (continued)

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$44m *(2009 - US$83m)* and to sell €47m *(2009 - €43m)* and AUS$34m *(2009 - AUS$6m)* at various rates over a period of up to 2 years. The fair value of these contracts is a liability of £1,149,000 *(2009 - asset of £4,299,000)* 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.

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

	Net monetary assets/(liabilities)	
	2010	2009
	£000	£000
Euro	**11,980**	7,332
US Dollar	**(3,200)**	(10,675)
Australian Dollar	**18,325**	5,613

Foreign currency sensitivity

As noted above the Group is exposed mainly to movements in Euros and US dollars 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 hedges deal with future cash flows, timing differences impact the year end position reported in these accounts. The division's sensitivity to a 10% change in the spot sterling exchange rate would be £3m with a change of £3m in the fair value of the forward contract values as at the year end. The impact on equity would be £5m reflecting the retranslation of net assets on consolidation.

Interest rate risk

Puzzler Media Holdings Limited used an interest rate swap to cap the interest rate on a term loan over the expected life of the loan. The related loan has been fully repaid and the swap is no longer of any value *(2009 - asset £4,000)*. Accordingly the impact of interest rate movements on the Group is relatively insignificant.

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 and customer stock holding visibility.

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 non-derivative financial liabilities. 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.

22 Financial instruments (continued)

Group

Gross loan and overdraft liability	**2010 £000**	2009 £000
In one year or less, or on demand	**5,166**	20,796
Between one and two years	**51**	5,161
Between two and four years	**80**	6,740
	5,297	32,697
Future interest	**(3)**	(1,195)
	5,294	31,502

	2010 £000	2009 £000
Gross lease liability		
In one year or less, or on demand	**2,309**	1,817
Between one and two years	**56**	2,060
	2,365	3,877
Future interest	**(121)**	(333)
Net lease liability	**2,244**	3,544

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

2010	**US$000**	**€000**	**Aus$000**
Within 3 months	11,050	2,650	1,000
Between 4 and 6 months	5,450	1,975	1,500
Between 6 months and one year	15,300	13,375	10,500
Between one and two years	12,500	19,200	11,000
Between two and three years	-	10,000	10,000
2009			
Within 3 months	8,500	3,750	4,000
Between 4 and 6 months	9,250	1,900	1,700
Between 6 months and one year	14,750	12,450	-
Between one and two years	25,200	14,750	-
Between two and three years	12,500	9,900	-

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 2008	13,308	100,000	22,936	56,487	(1,296)	191,435
Transfer from profit and loss account	(5,942)	-	2,253	(126)	320	(3,495)
Statement of recognised income and expense	-	(49,071)	(1,605)	-	-	(50,676)
On change of rate	-	-	(1,528)	(319)	-	(1,847)
On acquisitions	-	-	-	1,424	-	1,424
Transfer from corporation tax	-	-	-	-	111	111
At 31 March 2009	7,366	50,929	22,056	57,466	(865)	136,952
Transfer from profit and loss account	(2,481)	-	44	(101)	(966)	(3,504)
Statement of recognised income and expense	-	42,402	2,298	-	-	44,700
On acquisition	(214)	-	-	4,622	-	4,408
Transfer from corporation tax	-	-	-	-	118	118
At 31 March 2010	**4,671**	**93,331**	**24,398**	**61,987**	**(1,713)**	**182,674**
Company						
At 31 March 2008	11,983	73,500	-	-	(7)	85,476
Transfer from profit and loss account	(5,587)	-	-	-	6	(5,581)
Statement of recognised income and expense	-	(36,309)	-	-	-	(36,309)
At 31 March 2009	6,396	37,191	-	-	(1)	43,586
Transfer (to)/from profit and loss account	(2,099)	-	-	-	12	(2,087)
Statement of recognised income and expense	-	31,646	-	-	-	31,646
At 31 March 2010	**4,297**	**68,837**	-	-	**11**	**73,145**

The notional tax payable on timing difference relating to the unrealised revaluation surplus on investments and the intangible assets on the acquisition of Puzzler Media Holdings Limited and Aberdeen Journals Limited would only crystallise if the related asset 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 28%.

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 charge for the year was £279,000 *(2009 - credit of £7,569,000)*. This includes a credit of £100,000 *(2009 - £8,000,000)* for the Parent and a charge of £63,000 *(2009 - £54,000)* for a subsidiary under the IAS19 defined benefit scheme calculation below, and contributions of £316,000 *(2009 - £377,000)* in respect of defined contribution schemes.

Defined benefit schemes

The Parent Company and two subsidiaries operate 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 defined benefit pension scheme for the Parent Company and its subsidiaries.

	2010 £000	2009 £000
Change in benefit obligation		
Benefit obligation at beginning of year	**318,812**	304,986
Current service cost	**5,893**	7,287
Interest cost	**21,069**	20,465
Actuarial losses	**98,492**	174
Contributions - employee	**400**	400
Benefits paid	**(16,307)**	(14,500)
Benefit obligation at end of year – wholly funded	**428,359**	318,812
Change in plan assets		
Fair value of plan assets at beginning of year	**443,683**	557,944
Expected return on plan assets	**26,960**	35,669
Actuarial gains/(losses)	**107,201**	(135,961)
Contributions - employee	**447**	435
Benefits paid	**(16,307)**	(14,500)
Contributions - employer	**114**	96
Fair value of plan assets at end of year	**562,098**	443,683
Retirement benefit surplus	**133,739**	124,871

24 Retirement benefits (continued)

	2010 £000	2009 £000
Retirement benefit surplus		
Funded status	**133,739**	124,871
Effect of IAS19 paragraph 58(b) limit	**(46,600)**	(46,100)
Net amount recognised	**87,139**	78,771
Group		
Surplus	**87,139**	78,771

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 in respect of pension costs is lower than that in the previous year due to lower expected returns on assets, due to a decrease in the long term expected return and a lower asset value used as a starting point. This is combined with a higher interest cost, due to an increase in the liabilities. There was also a fall in the service cost due to a weaker actuarial basis being used to assess the value of benefits accruing over the year and a reduction in salary roll.

The amount of the Funded Status (assets less liabilities) that can be recognised as an asset of the Company is constrained by the limit set out in paragraph 58(b) of IAS19. This limit restricts the recognised pension asset to the value of the benefits that can be accrued over the remaining working life of the active membership, calculated at each year end, reduced by the value of any future contributions payable by the members themselves. The stronger assumptions used to place a value on the liabilities at 31 March 2010 more than offset the effect of changes in the number of members. Hence the asset that can be recognised has increased.

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.

24 Retirement benefits (continued)

Components of pension cost	**2010 £000**	2009 £000
Current service cost	**5,854**	7,258
Interest cost	**21,069**	20,465
Expected return on plan assets	**(26,960)**	(35,669)
Total pension credit recognised in employee benefit costs	**(37)**	(7,946)
Actuarial (gains)/losses immediately recognised	**(8,709)**	136,135
Effect of IAS19 paragraph 58(b) limit	**500**	(130,400)
Total pension (credit)/charge recognised in statement of comprehensive income	**(8,209)**	5,735
Cumulative actuarial gains immediately recognised	**269,407**	69,714

Plan assets

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

Asset category	**2010 %**	2009 %
Equities	**75**	68
Bonds	**17**	21
Cash and annuities	**8**	11
	100	100

	£000	£000
Amounts included in the fair value of assets for:		
Equities	**418,400**	302,200
Bonds	**97,811**	92,152
Cash	**44,400**	48,000
Annuities	**1,487**	1,331
	562,098	443,683
Actual return on plan assets	**136,831**	(108,000)

24 Retirement benefits (continued)

Weighted average assumptions used to determine benefit obligations	2010 %	2009 %
Discount rate	**5.50**	6.70
Rate of salary increase	**4.60**	4.10
Inflation rate	**3.60**	3.10

Life expectancy at age 65 is assumed at 24 years for males and 26 years for females.

Weighted average assumptions used to determine net pension cost for year	2010 %	2009 %
Discount rate	**6.70**	6.80
Expected long term return on plan assets	**6.23**	6.48
Rate of salary increase	**4.10**	4.90

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. This resulted in the selection of a 6.85% assumption at 31 March 2010.

History	2010 £000	2009 £000	2008 £000
Benefit obligation at end of year	**428,359**	318,812	304,986
Fair value of plan assets at end of year	**562,098**	443,683	557,944
Surplus	**133,739**	124,871	252,958
Difference between expected and actual return on scheme assets:			
amount (£000)	**107,201**	(135,961)	(75,951)
percentage of scheme assets	**19%**	(31%)	(14%)
Experience gains and losses on scheme liabilities:			
amount (£000)	**98,492**	174	(1,102)
percentage of scheme liabilities	**23%**	0%	0%

Contributions

As advised by the actuary the Parent Company will not contribute to its final salary pension plans next year.

25 Called up share capital

	Allotted, called up and fully paid			
	2010 Number	**2010 £000**	2009 Number	2009 £000
Ordinary shares of £1 each	**4,135,317**	**4,135**	4,135,317	4,135

26 Statement of changes in equity for the year ended 31 March 2010

Group	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2008	4,135	489,822	489,091	983,048	731	983,779
Total comprehensive income for the year (page 8)	-	(126,019)	33,173	(92,846)	836	(92,010)
Recognised directly in Equity						
Dividends	-	-	(12,716)	(12,716)	-	(12,716)
Minority interest asset in equity	-	-	523	523	(523)	-
Total movements	-	(126,019)	20,980	(105,039)	313	(104,726)
Balance at 31 March 2009	4,135	363,803	510,071	878,009	1,044	879,053
Total comprehensive income for the year (page 8)	-	99,364	30,578	130,042	740	130,782
Recognised directly in Equity						
Dividends	-	-	(14,536)	(14,536)	-	(14,536)
Minority interest asset in equity	-	-	537	537	(537)	-
Minority interest asset acquired	-	-	(7,845)	(7,845)	-	(7,845)
Acquisition of associate	-	-	(3,958)	(3,958)	-	(3,958)
Total movements	-	99,464	4,776	104,240	203	104,443
Balance at 31 March 2010	**4,135**	**463,267**	**514,847**	**982,249**	**1,247**	**983,496**

Other reserves include:
Capital redemption reserve of £1,865,000 *(2009 - £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 £311,402,000 *(2009 - £211,938,000)* which represents the unrealised appreciation on financial assets. All movements in other reserves relate to this reserve.

26 Statement of changes in equity for the year ended 31 March 2010 (continued)

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

	£000
At 1 April 2008	(273)
Arising in year	8,653
At 31 March 2009	8,380
Arising in year	(133)
At 31 March 2010	**8,247**

Company	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2008	4,135	252,434	506,760	763,329
Total comprehensive income for the year (page 9)	-	(97,067)	4,762	(92,305)
Dividends	-	-	(12,716)	(12,716)
Total movements	-	(97,067)	(7,954)	(105,021)
Balance at 31 March 2009	4,135	155,367	498,806	658,308
Total comprehensive income for the year (page 9)	-	70,912	19,700	90,612
Dividends	-	-	(14,536)	(14,536)
Total movements	-	70,912	5,164	76,076
Balance at 31 March 2010	**4,135**	**226,279**	**503,970**	**734,384**

Other reserves include:
Capital redemption reserve of £1,865,000 *(2009 - £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 £224,414,000 *(2009 - £153,502,000)* which represents the unrealised appreciation on financial assets. All movements in other reserves relate to this reserve.

Retained earnings are fully distributable.

27 Notes to the cash flow statement

	2010 Group £000	2010 Company £000	2009 Group £000	2009 Company £000
Cash and cash equivalents				
Bank balances	**33,923**	**5,433**	23,352	5,155
Call deposits	**54,534**	**52,500**	70,720	62,076
Cash and cash equivalents	**88,457**	**57,933**	94,072	67,231
Overdraft	**(5,115)**	**-**	(15,934)	-
	83,342	**57,933**	78,138	67,231

The overdraft arises in the Book Division where the stock reduction programme has reduced working capital funding requirements.

Cash and cash equivalents

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

	2010 Group £000	2010 Company £000	2009 Group £000	2009 Company £000
Cash flows from operating activities include:				
Dividends	**15,506**	**13,636**	17,507	14,445
Interest	**1,925**	**1,264**	5,581	3,512
	17,431	**14,900**	23,088	17,957

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

The interest arises primarily from deposits and gilts.

28 Group companies

The Group's interest in its main subsidiary undertakings all of which are wholly owned are as follows:

Subsidiary undertakings	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
bright**solid** online innovation limited *	Scotland	Online publisher
Friends Reunited Holdings Limited +	England	Online publisher
Genes Reunited Limited +	England	Online publisher

* Intermediate holding company

\+ Parent is intermediate holding company

Associated undertaking

Newsfax International Limited (35% ordinary £1 shares)	England	Publisher

The Group invests in a number of unlisted businesses using both equity and loans. The percentage voting rights does not give a controlling interest so none of these investments fall to be treated as subsidiaries. The amounts involved individually and collectively are not regarded as material to the Group. Such investments are included as financial assets in Note 14 and are carried at cost less provisions for impairment.

29 Acquisitions

1. brightsolid online innovation limited

In July 2009 the Group bought out its joint venture partner in brightsolid online innovation limited for a cash consideration of £1,017,000.

This transaction has been accounted for as an acquisition and the fair value and goodwill arising are set out below:

	Book value £000	*Fair value* adjustments £000	Fair values £000
Intangible fixed assets	10,547	-	10,547
Tangible fixed assets	3,259	-	3,259
Stock	-	-	-
Debtors	1,758	-	1,758
Cash and bank	1,557	-	1,557
Amounts due to group companies	(15,016)	-	(15,016)
Creditors due within 1 year	(6,890)	-	(6,890)
Corporation tax	(56)		(56)
Creditors due outwith 1 year	(331)	-	(331)
Deferred tax	32	-	32
Net liabilities acquired	(5,140)	-	(5,140)
50% share of net liabilities acquired			(2,570)
Purchase consideration			1,017
			3,587
Arising on original investment in associate			30
Intangible asset			3,617

The intangible fixed assets are data sets which are being amortised over 5 years and customer databases and contracts which are being amortised over 10 years. The intangible asset of £3,617,000 arising on consolidation is being amortised over 10 years.

The acquisition of bright**solid** online innovation limited increased turnover by £11.4m for the period to 31 March 2010 resulting in a pre tax loss before amortisation of the acquisition intangible of £0.2m. bright**solid** online innovation limited generated £3.3m of cash in operating activities, consumed £0.6m in investing activities and £0.4m in financing activities.

If bright**solid** online innovation limited had been acquired on 1 April 2009, the Group reported revenue from the year would have been increased by £4.9m to £281m with post tax profit rising by £0.2m.

29 Acquisitions (continued)

2. Friends Reunited Holdings Limited

In March 2010 the group acquired the entire share capital of Friends Reunited Holdings Limited for a cash consideration of £28,368,000 including costs.

This transaction has been accounted for as an acquisition. The fair value adjustments and goodwill arising are set out below:

	Book value £000	Fair value adjustments £000	Fair values £000
Intangible assets	-	25,645	25,645
Tangible fixed assets	162	-	162
Debtors	712	-	712
Cash and bank	5,273	-	5,273
Creditors due within 1 year	(3,551)	-	(3,551)
Corporation tax	(55)	-	(55)
Deferred tax	182	(7,180)	(6,998)
Deferred tax on available losses	-	2,558	2,558
Net assets acquired	2,723	21,023	23,746
Purchase consideration			28,368
Goodwill			4,622

The results reported in the Group profit and loss account are not materially affected by the 6 days of trading since acquisition.

If Friends Reunited Holdings Limited had been acquired on 1 April 2009 the Group reported revenue for the year would have been increased by £12m generating additional post tax profits of £3.5m. Adding this to the full year impact of bright**solid**, would have given revenue of £293m and a post tax profit of £29m.

3. Puzzler Media Holdings Limited

The Group has applied the Economic Entity Model under IFRS3 for the acquisition of the minority interests in Puzzler Media Holdings Limited which accounts for the acquisition as a transaction with a shareholder. As such any excess paid over the carrying value of the minority interest is recorded as equity and is shown in Note 26.

30 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 *(2009 - £100,000)*.

At the year end, the Group had provided a guarantee of £50,000 for a commercial contract for **brightsolid** online technology limited with a third party. Since the year end, this has been increased to £1.2m.

Parragon Books Limited has provided a guarantee of US$1.5m *(2009 - US$1.5m)* for the borrowings of Parragon Publishing (India) Private Limited, a 50% joint venture.

The Group has provided a guarantee of £25m *(2009 - £Nil)* in favour of Barclays Bank plc in respect of borrowings of Parragon Publishing Limited.

31 Financial commitments

	2010	2009
	£000	£000
Capital commitments - Group and Company		
Contracted for but not provided	**1,011**	594

Contractual commitments – Group

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

	2010	2009
	£000	£000
Origination costs contracted for but not provided	**1,652**	1,548

At 31 March 2010, Parragon Publishing Limited had forward contracts to buy US$44m *(2009 - US$83m)* and to sell €47m *(2009 - €43m)* and AUS$34m *(2009 - AUS$6m)* at a variety of rates over a period of up to 2 years.

The Group is committed to buy the remaining 49% holding in Slebo Holdings BV (25% in 2012 and 24% in 2017), with consideration being based on the average profitability of that company at the time of purchase.

31 Financial commitments (continued)

Operating lease commitments - Group

At 31 March 2010 the Group had total commitments under non-cancellable operating leases as set out below:

	Land & buildings		Other	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Total amount payable where lease expires:				
Within one year	**1,931**	1,794	**274**	242
In second to fifth year inclusive	**2,722**	6,300	**229**	245
After five years	**8,238**	13,854	**17**	68

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.

32 Post balance sheet event

The group entered consultation on a proposed closure of the sheet fed and gravure press printing facilities as a result of the work on Group synergies and strategic reviews of all business areas. After consultation, the closures are proceeding. The redundancy and closure costs are expected to be c. £10m.

33 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:

	Fees		Outstanding balance	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Aberdeen Journals Ltd	**1,000**	1,000	**3,377**	5,867

William Thomson & Sons is a non profit making partnership controlled by the directors which provides administration and investment management services to the Group. The Parent Company receives dividends of £2m each year from John Leng & Company Limited.

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

	2010	2009
	£000	£000
Trade and other receivables		
John Leng & Company Limited	**1,078**	4,009
Meadowside Leasing Limited	**110**	110
Puzzler Media Holdings Limited	**192**	192
Aberdeen Journals Limited	**3,377**	5,867
Peter Haddock Limited	**23**	7
Dennis & Gnasher 3 Limited	**-**	9
Beano Productions Limited	**825**	-
Dandy Entertainment Limited	**220**	-
	5,825	10,194
Trade and other payables		
Peter Haddock Limited	**1,102**	1,102
Aberdeen Journals Limited	**-**	2,489
Dennis & Gnasher 3 Limited	**613**	-
MWOL Limited	**230**	-
	1,945	3,591

34 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.

		31 March 2010	1 April 2009
Beneficial interest:			
AF Thomson		**29,166**	29,166
LM Thomson		**28,295**	28,295
CHW Thomson		**17,919**	17,919
As trustees without beneficial interest:			
AF Thomson		**192,643**	192,643
LM Thomson		**199,985**	199,985
CHW Thomson		**249,911**	246,505
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 £264,000 (*2009 - £252,000*) being £102,000 (*2009 - £97,000*) for AF Thomson, £99,000 (*2009 - £95,000*) for LM Thomson and £63,000 (*2009 - £60,000*) for CHW Thomson.

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

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 2010 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 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.

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 58), 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 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.

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 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the 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, 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.

Terry Allison (Senior Statutory Auditor)
For and on behalf of
Henderson Loggie, Statutory Auditor
Dundee

1 November 2010