DC Thomson & Company Limited

Directors' report and Group financial statements
for the year ended 31 March 2017

Registered number SC005830

DC Thomson & Company Limited

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DC Thomson & Company Limited

Strategic report

The Directors submit the audited financial statements of the Company and of the Group for the year ended 31 March 2017.

Business overview

Whilst revenues in the year were slightly ahead of last year trading conditions in the advertising and book sectors were difficult. Apart from that the traditional publishing business has performed well. We have in recent times invested in new businesses and enhanced support is being provided to senior management teams to deal with the challenges involved.

Trading overview

The Group's trading activities consist of:

- The Printing and Publishing of Newspapers
- The Publishing of Magazines
- Contract Printing
- Associated Online Publishing
- The Publishing of Books
- The Sourcing and Sale of Consumer Products
- Online Publishing of content including Genealogy and newspaper archive records
- Provision of Data Hosting and associated technological services

Our Newspaper Division consists of The Press and Journal and The Evening Express (both based in Aberdeen); The Courier and Advertiser and The Evening Telegraph (both based in Dundee) all of which are Regional Newspapers. We also publish, of course, The Sunday Post, a National Newspaper.

Our Magazine Division includes our Women's Magazines, principally The Peoples Friend and My Weekly, our Children's Magazines (including The Beano), The Scots Magazine, This England titles and our Puzzle Magazines.

We also own the Shortlist and Stylist stable of free and online titles.

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

Wild & Wolf sells a range of branded and licensed gift products to the retail market in the UK and the US.

A significant part of our Online Publishing Business consists of the DC Thomson Family History Division. This operates under the brands Findmypast, Genes Reunited and The British Newspaper Archive.

The Data Hosting Business runs a server and cloud hosting facility and associated technological solutions.

Revenue

Publishing & Printing

(i) Circulation

Revenues were up by 1% to £78m. Newspaper revenues were in line with last year with continued falls in circulation volumes met by face price increases. Magazine revenues increased by 2%, volume declines having been offset by new titles in the Children's licensed sector.

(ii) Advertising

Total revenues were down by 9.5% to £41.5m affected by the industry decline in display advertising particularly in the second half of the financial year. Newspaper revenues were down by 8.6% and magazine revenues down by 10.1%.

(iii) Contract printing

The new modern press facility in Dundee is operating well providing an increase in revenues of 42.3%.

(iv) Costs

There have been significant efficiencies/cost reductions.

Books

Books revenues were down 3.4% at £75.6m although the mix of sales has moved from generic titles to licensed books in the Children's area and moved from Europe to the US. The level of investment required to service licences, increasing demands from the licensors and the costs of geographic expansion led to reduced performance. A strategic change in operations, involving a new senior management team has been put in place.

Consumer Products

Wild & Wolf sales increased in the year by 26.5% to £29.5m through increased activity particularly in the US. The Gentleman's Hardware and Ridleys brands grew along with a number of high profile licensed brands.

Online

Find My Past subscription revenues increased in the year particularly in the US, Ireland and Australia but overall sales were down on the conclusion of the long-standing Scotland's People licence and decline in Genes Reunited customers. Revenues in the British Newspaper Archive site increased by 13% as the volume of images increased.

Revenues in the data hosting business, Brightsolid Online Technology, increased by 18.8% to £6.7m as the new data centre in Aberdeen gained new customers.

Costs

Cost of sales increased by 9.3% combining a number of factors including new costs for consumer products in line with sales increases, albeit at lower margins as currency fluctuations took effect post Brexit. Book costs were affected by one off stock provisions as certain lines were discontinued. The other major factor was cost expensed in the new Beano Studios project ahead of the launch of a new digital platform.

Staff costs were up by 9.2% as investment was made in US expansion for both books and consumer products combined with Beano Studio costs.

Depreciation costs were ahead of last year with the charge for the new brightsolid data centre in Aberdeen being the main variance.

The amortisation cost increase reflects the increase in new data sets on line at Find My Past and digital project costs in Beano Studios.

Operating costs combine both higher overheads in new business areas, primarily books and gifting with significant efficiency savings particularly in publishing and genealogy.

In summary there has been a continued investment in new business.

Future prospects

Other than in display advertising, the Newspaper and Magazine businesses are performing very well resulting from a continuous process of efficiency improvement.

In total, digital revenues in the Group increased by 5.8% to £32.7m representing 12.5% of total Group sales. The industry trend in the publishing sector is a levelling off of digital growth but through new innovations, particularly in the Shortlist business, we anticipate that our digital revenue percentage will continue to grow.

The Book industry continues its structural change and, as noted above, there have been significant changes in the strategy and operation of the book business. This process is ongoing.

Wild & Wolf continues to invest in expansion and in building the value of brands sitting alongside strong licensed products. During the year the US business made a small acquisition, Petit Collage, which was acquired to move into the children's gift category.

In Genealogy, the business is settling down after significant effort in digitising the 1939 Emergency Register and the closure of the contract for Scotland's People that has been taken back in house by the General Register of Scotland after many successful years under our service. We have digitised new exclusive data including a full suite of US marriage records and other US Church data which will allow a further expansion of sales in the US. The product on offer has also been developed to meet customer demands and to be easier to use by non-experts in the genealogy sphere.

The new data centre in Aberdeen is being successfully filled with high profile customers in both the private and public sector. Brightsolid Online Technology is now an approved supplier with the Scottish Government.

The renovation of the Meadowside Dundee Headquarters was completed in March 2017 and around 600 staff were relocated to work in the centre of Dundee.

The Press & Journal and Evening Express office in Aberdeen will relocate to the Marischal Square development in the centre of Aberdeen emphasising our commitment to supporting the best Regional Newspaper brand in the UK.

A new office development in Bath will be occupied by Wild & Wolf allowing both expansion and closer working practices in this creative brand business.

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

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

Our trading operations have been affected by challenges to revenues but the core publishing business continues to trade well in comparison to our peers. Whilst we have belief in the longer-term future of the core business the challenges in publishing mean that we are working on brand extensions and other initiatives to support these businesses.

In summary, the Group has expanded into a wide range of activities. There is a strong brand loyalty to our traditional titles and we look to replicate that in the new businesses we have acquired.

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

Retirement Benefit Fund

The Defined Benefit Pension scheme operated by the Group through the Thomson Leng Provident Fund, was closed to new members in 2006, and closed to all members in 2015 with transitional arrangements to move members of staff from Defined Benefit basis to a Defined Contribution basis. Rights under the scheme will be protected.

This move is designed to strengthen and secure the long-term Pension provisions of the Group with an enhanced Defined Contribution scheme in place from March 2006.

The Thomson Leng Provident Fund continues to have a healthy position as disclosed in Note 23 at March 2017 with a surplus amounting to £185m (2016 - £205m). A surplus is only at one point of time and the Fund has to be looked at long term.

Risks and uncertainties

The Group is affected by the general economic conditions in the countries and markets it serves. Our Advertising Revenue is 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
Paper prices are unpredictable.

Competition
Competition exists 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 and products.

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 69% 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 12 months forward. Details are presented in Note 21. 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, particularly changes and potential changes in legislation relating to Scotland.

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

Costs
Staff costs and raw material costs are the major costs faced by the Group and these are kept under tight review.

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

Our procurement team continue to support the business in making significant savings in operating costs.

Non-financial overview

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

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

Employees

We aim to treat all people with equal respect, concern and consideration and we recognise the contribution made to the company by all individuals. We strive to ensure that this value is embodied in our employment practices and policies, the provision of our services and in the way we work with our partners in the community.

DC Thomson's recruitment process is fair and transparent and we promote equal opportunities. People with disabilities have full and fair consideration for all suitable vacancies. If an employee becomes disabled when working for the company, every effort is made to continue their employment and retraining is provided if required.

Learning and Development is managed by our Human Resources team. As well as learning lunches, management masterclasses, and a Leadership Academy, there are bespoke resources and workshops to support a range of activities and programmes.

Our Group staff members are recognised as the most essential part of our business and our success. We support them and provide full opportunities for career development. Respect and integrity are key to our culture and behaviours – we expect everyone to be treated that way; staff, suppliers and customers.

Our Health, Safety and Environment teams work to promote a safe working environment in all of our sites. Training is provided to staff at all levels as part of our commitment to ensure the health and safety at work of all employees and of other persons who may be affected by the company's activities.

During the year we completed the renovation of our Meadowside headquarters in the heart of Dundee city centre. And in April, nearly 600 staff members who work in Newspapers, Magazines, Digital Media and across the DC Thomson Group of companies, moved back in. It's a return to the HQ built for DC Thomson in the early 1900s, originally opened in 1906. A project team has overcome engineering challenges throughout the Meadowside transformation to maintain the listed building which has been successfully renovated to provide a bright and flexible open plan office environment.

Meadowside is a significant investment in the future and it is technically advanced with systems designed to reduce the impact of the building on the environment: for example, rainwater harvesting, low energy LED lighting with movement sensors, solar panels on the roof and a heat recovery system to maximise energy efficiency. The Meadowside renovation project received a Commendation from the Dundee Civic Trust Awards for its contribution to the improvement of the building environment of Dundee.

Brightsolid's headquarters in Dundee's Technology Park has also undergone some refurbishment and the fit out of new office space in Aberdeen and Bath is currently underway to ensure that staff members across our Group have a consistently high standard of working environment.

Community

Staff members across the group participate in many varied fundraising activities from bake sales to charity campaigns, sponsored runs, walks and activities, as well as company, title or brand-led charity partnerships.

AberDee, a company charity cycle from Aberdeen to Dundee took place in August and was a resounding success with over £1500 raised in total for Motor Neurone Disease Scotland. This year, to recognise the many, and varied fundraising activities in our local areas and communities across the DC Thomson Group, we introduced a new scheme supported by our associated charitable arm. An amount may be awarded in matched funding to charitable efforts which group staff members are participating in or organising. Applications are dealt with on a first come first served basis to support more individual giving and initiatives undertaken by staff members in all our locations.

Our CSR activities continue in many wide-ranging talks, partnerships and sponsorships. 'Tomorrows Talent', a programme in its third year, saw our staff assist in workshops involving over 900 pupils in local secondary schools this September and was very well received. Staff are also participating in an inspiring mentoring scheme BREAKTHROUGH Dundee, a new project run from our Meadowside Headquarters and funded by our associated charitable arm.

Awards

There have been numerous awards across the DC Thomson Group in the past year. Beano, brightsolid, Magazines, Newspapers, Parragon, Shortlist and Wild & Wolf have all celebrated successes, gaining industry recognition with award wins, shortlist nominations and commendations as finalists.

By order of the board:

Andrew F Thomson

AF Thomson
Director

3 November 2017

DC Thomson & Company Limited

Directors' report

The Directors submit the audited financial statements of the Company and of the Group for the year ended 31 March 2017.

The Directors' report to the hundred and twelfth Annual General Meeting of DC Thomson & Company Limited, to be held at Meadowside, Dundee on Tuesday 28th November 2017 at 12 noon.

Dividends

The Directors recommend that a final dividend of £15,672,851 (2016 - £15,259,000) be paid, which together with the interim dividend of £4,755,615 (2016 - £4,549,000) already paid, will make a total of £20,428,466 (2016 - £19,808,000) for the year.

Fixed assets

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

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 £81,690 (2016 - £6,682) were made.

Directors

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

In terms of the Articles of Association Mr ARF Hall 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

I Douglas
Secretary
Dundee

03/11/2017

 Registered number SC005830

DC Thomson & Company Limited

Group income statement for the year ended 31 March 2017

Continuing	Note	£000	2017 £000	Restated 2016 £000
Revenue	3		**277,036**	275,372
Change to inventories of finished goods and work in progress	17	**(2,427)**		(2,138)
Raw materials and consumables		**(124,691)**		(114,154)
		(127,118)		(116,292)
Employee benefits cost	5	**(79,786)**		(73,053)
Depreciation	12	**(8,563)**		(7,251)
Amortisation	11	**(9,170)**		(6,867)
Impairment of assets	12	**-**		(4,000)
Other expenses		**(63,759)**		(61,236)
Fair value gain/(loss) on financial instruments		**1,802**		(1,741)
Finance costs	8	**(366)**		(379)
Total expenses			**(286,960)**	(270,819)
Gain from disposal of available for sale financial assets		**92,882**		36,774
Impairment of available for sale financial assets	13	**(583)**		(1,672)
Impairment of goodwill and other intangible assets	11	**(40,242)**		(6,000)
Net gain from financial assets			**52,057**	29,102
Share of post-tax results of associates	15	**4**		(1,304)
Impairment of investments in associates	15	**(4,029)**		(1,500)
			(4,025)	(2,804)
Profit before taxation			**38,108**	30,851
Taxation	9		**(6,558)**	2
Profit for financial year			**31,550**	30,853
Profit attributable to:				
Owners of the parent			**32,202**	30,558
Non-controlling (minority) interest	16		**(652)**	295
			31,550	30,853

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Group statement of comprehensive income for the year ended 31 March 2017

2017	Revaluation reserve £000	Retained earnings £000	Total £000
Profit for financial year	-	**31,550**	**31,550**
Exchange differences on translation of foreign operations	-	**2,133**	**2,133**
Revaluation of available for sale financial assets	**123,833**	-	**123,833**
Release on disposal of available for sale financial assets	**(79,184)**	-	**(79,184)**
Actuarial loss on defined benefit pension scheme	-	**(23,100)**	**(23,100)**
Deferred tax arising on above	**4,138**	**10,062**	**14,200**
Other comprehensive income/(expenditure) for the year net of tax	**48,787**	**(10,905)**	**37,882**
Total comprehensive income for the year	**48,787**	**20,645**	**69,432**
Total comprehensive income attributable to:			
Shareholders of parent	**48,787**	**21,330**	**70,117**
Non-controlling (minority) interest	-	**(685)**	**(685)**
	48,787	**20,645**	**69,432**

2016 – as restated	Revaluation reserve £000	Retained earnings £000	Total £000
Profit for financial year	-	30,853	30,853
Exchange differences on translation of foreign operations	-	(240)	(240)
Revaluation of available for sale financial assets	(4,639)	-	(4,639)
Release on disposal of available for sale financial assets	(46,047)	-	(46,047)
Actuarial gain on defined benefit pension scheme	-	43,300	43,300
Deferred tax arising on above	10,781	(8,660)	2,121
Other comprehensive income/(expenditure) for the year net of tax	(39,905)	34,400	(5,505)
Total comprehensive income/(expenditure) for the year	(39,905)	65,253	25,348
Total comprehensive income/(expenditure) attributable to:			
Shareholders of parent	(39,905)	64,818	24,913
Non-controlling (minority) interest	-	435	435
	(39,905)	65,253	25,348

DC Thomson & Company Limited

Company statement of comprehensive income for the year ended 31 March 2017

2017	Revaluation reserve £000	Retained earnings £000	Total £000
Loss for financial year	-	**(43,496)**	**(43,496)**
Revaluation of available for sale financial assets	**123,833**	-	**123,833**
Release on disposal of available for sale financial assets	**(61,038)**	-	**(61,038)**
Actuarial loss on defined benefit pension scheme	-	**(23,100)**	**(23,100)**
Deferred tax arising on above	**4,138**	**10,062**	**14,200**
Other comprehensive income/(expenditure) for the year net of tax	**66,933**	**(13,038)**	**53,895**
Total comprehensive income/(expenditure) for the year	**66,933**	**(56,534)**	**10,399**

2016	Revaluation reserve £000	Retained earnings £000	Total £000
Profit for financial year	-	32,257	32,257
Revaluation of available for sale financial assets	(4,639)	-	(4,639)
Release on disposal of available for sale financial assets	(39,414)	-	(39,414)
Actuarial gain on defined benefit pension scheme	-	43,300	43,300
Deferred tax arising on above	10,781	(8,660)	2,121
Other comprehensive income/(expenditure) for the year net of tax	(33,272)	34,640	1,368
Total comprehensive income/(expenditure) for the year	(33,272)	66,897	33,625

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Group balance sheet at 31 March 2017

	Note	2017 £000	Restated 2016 £000
Non-current assets			
Goodwill	11	**109,771**	148,209
Other intangible assets	11	**212,148**	211,775
Property, plant and equipment	12	**80,137**	72,701
Financial assets – available for sale	13	**629,146**	566,004
Interests in associates	15	**11,865**	12,315
Retirement benefit surplus	23	**185,400**	204,500
		1,228,467	1,215,504
Current assets			
Inventories	17	**23,635**	25,909
Trade and other receivables	18	**61,120**	61,228
Income tax assets		**-**	831
Financial instruments at fair value through profit or loss	21	**2,287**	485
Cash and cash equivalents	24	**100,027**	94,419
		187,069	182,872
Total assets		**1,415,536**	1,398,376
Current liabilities			
Borrowings	19	**9**	15
Trade and other payables	20	**57,737**	75,881
Income tax liabilities		**4,641**	-
		62,387	75,896
Non-current liabilities			
Deferred tax liabilities	22	**132,949**	151,904
Total liabilities		**195,336**	227,800
Net assets		**1,220,200**	1,170,576
Equity (Page 16)			
Share capital		**4,135**	4,135
Other reserves		**566,768**	517,981
Retained earnings and foreign currency translation reserve		**647,596**	646,074
Shareholders' equity		**1,218,499**	1,168,190
Non-controlling (minority) interest	16	**1,701**	2,386
Total equity		**1,220,200**	1,170,576

The financial statements were approved and authorised for issue by the Board of Directors on 3/11/... 2017 and signed on its behalf by:

Andrew F Thomson

AF Thomson
Director

CHW Thomson
Director

Registered number SC005830

DC Thomson & Company Limited

Company balance sheet at 31 March 2017

	Note	2017 £000	2016 £000
Non-current assets			
Other intangible assets	11	**170**	220
Property, plant and equipment	12	**63,006**	55,094
Financial assets - other business assets	13	**628,726**	565,362
Interests in group undertakings	14	**277,157**	357,692
Retirement benefit surplus	23	**185,400**	204,500
		1,154,459	1,182,868
Current assets			
Inventories	17	**1,843**	1,828
Trade and other receivables	18	**23,058**	15,537
Cash and cash equivalents	24	**72,502**	70,487
		97,403	87,852
Total assets		**1,251,862**	1,270,720
Current liabilities			
Trade and other payables	20	**53,075**	55,231
Income tax liabilities		**9,412**	2,799
		62,487	58,030
Non-current liabilities			
Deferred tax liabilities	22	**104,893**	118,799
Total liabilities		**167,380**	176,829
Net assets		**1,084,482**	1,093,891
Equity (Page 17)			
Share capital		**4,135**	4,135
Other reserves		**310,889**	243,956
Retained earnings		**769,458**	845,800
Total equity		**1,084,482**	1,093,891

The financial statements were approved and authorised for issue by the Board of Directors on 3.11. 2017 and signed on its behalf by:

AF Thomson
Director

CHW Thomson
Director

Registered number SC005830

DC Thomson & Company Limited

Group cash flow statement for the year ended 31 March 2017

	Note	2017 £000	Restated 2016 £000
Cash flows from operating activities			
Profit before taxation		**38,108**	30,851
Depreciation and amortisation	11/12	**17,733**	14,118
Impairment of goodwill	11	**40,242**	6,000
Impairment of property, plant and equipment	12	**-**	4,000
Impairment of financial assets	13	**583**	1,672
Impairment of associates	15	**4,029**	1,500
Share of result of associates	15	**(4)**	1,304
Loss/(gain) on disposal of property, plant and equipment		**64**	(22)
Loss on disposal of intangible assets		**509**	-
Gain on disposal of financial assets		**(92,882)**	(36,774)
Forward contract valuation movement		**(1,802)**	1,741
Pension adjustment	23	**(4,000)**	(1,200)
Decrease in inventories		**2,274**	2,205
Decrease in receivables		**942**	772
Increase/(decrease) in payables		**395**	(3,983)
Exchange reserve movement		**1,619**	(291)
Cash generated from operations		**7,810**	21,893
Income tax paid		**(5,931)**	(225)
Net cash from operating activities		**1,879**	21,668
Investing activities			
Proceeds on disposal of property, plant and equipment		**78**	220
Proceeds on disposal of financial assets		**94,996**	43,645
Purchase of intangible assets	11	**(9,229)**	(8,219)
Purchases of property, plant and equipment	12	**(16,177)**	(14,473)
Purchase of financial assets	13	**(21,190)**	(2,370)
Investment in subsidiary undertakings		**(1,813)**	-
Investment in subsidiary undertakings – deferred consideration paid		**(19,615)**	-
Investment in associates	15	**(3,585)**	(1,633)
Minority interest		**(38)**	140
Net cash from investing activities		**23,427**	17,310
Financing activities			
Dividends paid		**(19,808)**	(19,187)
(Decrease)/increase in borrowings		**(6)**	15
Net cash used in financing activities		**(19,814)**	(19,172)
Net increase in cash and cash equivalents		**5,492**	19,806
Cash and cash equivalents acquired with subsidiaries		**116**	-
Cash and cash equivalents at 31 March 2016	24	**94,419**	74,613
Cash and cash equivalents at 31 March 2017	24	**100,027**	94,419

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Company cash flow statement for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
(Loss)/profit before taxation		**(28,495)**	38,293
Interest income capitalised		**(2)**	(5,802)
Depreciation and amortisation	11/12	**3,456**	2,964
Impairment of property, plant and equipment	12	**-**	4,000
Impairment of financial assets	13	**197**	1,422
Revision of carrying values of group undertakings	14	**117,173**	6,481
Gain on disposal of property, plant and equipment		**(14)**	-
Gain on disposal of financial assets		**(74,736)**	(30,141)
Pension adjustment	23	**(4,000)**	(1,200)
Increase in inventories		**(15)**	(192)
(Increase)/decrease in receivables		**(6,428)**	1,659
Increase in payables		**14,348**	327
Cash generated from operations		**21,484**	17,811
Income tax paid		**(8,097)**	(927)
Net cash from operating activities		**13,387**	16,884
Investing activities			
Proceeds on disposal of financial assets		**94,996**	43,645
Proceeds on disposal of property, plant and equipment		**143**	-
Repayment from group companies		**-**	5,850
Purchase of intangible assets	11	**(327)**	-
Purchases of property, plant and equipment	12	**(11,120)**	(5,882)
Purchase of financial assets	13	**(21,026)**	(2,054)
Investment in subsidiary undertakings	14	**(34,968)**	(19,460)
Investment in subsidiary undertakings – deferred consideration paid		**(16,500)**	-
Investment in associates	14	**(2,762)**	(997)
Net cash from investing activities		**8,436**	21,102
Financing activities			
Dividends paid		**(19,808)**	(19,187)
Net cash used in financing activities		**(19,808)**	(19,187)
Net increase in cash and cash equivalents		**2,015**	18,799
Cash and cash equivalents at 31 March 2016	24	**70,487**	51,688
Cash and cash equivalents at 31 March 2017	24	**72,502**	70,487

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Group statement of changes in equity for the year ended 31 March 2017

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2015	4,135	557,886	600,443	1,162,464	1,951	1,164,415
Profit for financial year (restated Note 13)	-	-	30,558	30,558	295	30,853
Other comprehensive income/ (expenditure) (restated Note 13)	-	(39,905)	34,260	(5,645)	140	(5,505)
Total comprehensive income/(expenditure)	-	(39,905)	64,818	24,913	435	25,348
Recognised directly in equity:						
Dividends	-	-	(19,187)	(19,187)	-	(19,187)
Total movements	-	(39,905)	45,631	5,726	435	6,161
Balance at 31 March 2016 – as restated	4,135	517,981	646,074	1,168,190	2,386	1,170,576
Profit for financial year	-	-	32,202	32,202	(652)	31,550
Other comprehensive income/ (expenditure)	-	48,787	(10,872)	37,915	(33)	37,882
Total comprehensive income/(expenditure)	-	48,787	21,330	70,117	(685)	69,432
Recognised directly in equity:						
Dividends	-	-	(19,808)	(19,808)	-	(19,808)
Total movements	-	48,787	1,522	50,309	(685)	49,624
Balance at 31 March 2017	**4,135**	**566,768**	**647,596**	**1,218,499**	**1,701**	**1,220,200**

Called up share capital represents 4,135,317 (2016 - 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include a capital redemption reserve of £1,865,000 (2016 - £1,865,000) created on the purchase by the company of its own shares and distributable reserves being a pension reserve of £50,000,000 (2016 - £50,000,000) and a capital expenditure reserve of £100,000,000 (2016 - £100,000,000). Also included in other reserves is a revaluation reserve of £414,903,000 (2016 - £366,116,000) which represents the unrealised appreciation on financial assets. All movements in other reserves relate to this reserve.

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

	£000
At 1 April 2015	8,937
Arising in year	(240)
At 31 March 2016	8,697
Arising in year	2,133
At 31 March 2017	**10,830**

DC Thomson & Company Limited

Company statement of changes in equity for the year ended 31 March 2017 (continued)

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2015	4,135	277,228	798,090	1,079,453
Profit for financial year	-	-	32,257	32,257
Other comprehensive income/(expenditure)	-	(33,272)	34,640	1,368
Total comprehensive income/ (expenditure)	-	(33,272)	66,897	33,625
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(19,187)	(19,187)
Total movements	-	(33,272)	47,710	14,438
Balance at 31 March 2016	4,135	243,956	845,800	1,093,891
Loss for financial year	-	-	(43,496)	(43,496)
Other comprehensive income/(expenditure)	-	66,933	(13,038)	53,895
Total comprehensive income/ (expenditure)	-	66,933	(56,534)	10,399
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(19,808)	(19,808)
Total movements	-	66,933	(76,342)	(9,409)
Balance at 31 March 2017	**4,135**	**310,889**	**769,458**	**1,084,482**

Called up share capital represents 4,135,317 (2016 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include:
Capital redemption reserve of £1,865,000 (2016 - £1,865,000) created on the purchase by the company of its own shares.

Revaluation reserve of £309,024,000 (2016 - £242,091,000) which represents the unrealised appreciation on financial assets. All movements in other reserves relate to this reserve.

Retained earnings are fully distributable.

1 Statement of compliance

Both the Group and parent company financial statements ("financial statements") at 31 March 2017 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:

Amendments:
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, IFRS 7: Financial Instruments: Disclosures, IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, IFRS 12: Disclosure of Interests in Other Entities, IAS 1: Presentation of Financial Statements, IAS 16: Property, Plant and Equipment, IAS 19: Employee Benefits, IAS 17: Separate Financial Statements, IAS 28: Investments in Associates and Joint Ventures, IAS 34: Interim Financial Reporting, IAS 38: Intangible Assets and IAS 41: Agriculture.

New Standards:
IFRS 14: Regulatory Deferral Accounts

The adoption of these interpretations and new standards has not led to any changes in the Group's accounting policies.

2 Accounting policies

Basis of preparation

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

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

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 2017.

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

2 Accounting policies (continued)

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.

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

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.

2 Accounting policies (continued)

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 from when they are brought in to productive use. These assets are also 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.

The principal rates employed are:

Dataset development	10 years straight line
Publishing rights	10-20 years straight line
Software and app development	3-4 years straight line
Origination of book content	4 years straight line

Costs of developing film productions up to completion and delivery are capitalised and amortised in line with income recognised in the period, taking into account total estimated future income. Where estimates of future income are subsequently revised, resulting in a reduction in the fair value of the asset, appropriate provision is made to write down the carrying value of the asset.

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

Property, plant and equipment

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

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

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

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

2 Accounting policies (continued)

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

Investments 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.

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.

2 Accounting policies (continued)

Foreign currencies

The results and financial position of the Group are expressed in pounds sterling, its functional currency. In preparing the financial statements 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 (e.g. property, plant and equipment purchased in a foreign currency) are translated using the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation of net assets are effected through the statement of comprehensive income.

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

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

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

Leases

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

Financial instruments

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

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

Foreign currency exchange contracts are initially recognised at cost and are subsequently re-measured to fair value at each balance sheet date. Changes in the fair value of financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. These valuations are provided by the issuing financial institution. See Note 21.

2 Accounting policies (continued)

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

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.

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.

2 Accounting policies (continued)

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

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

Inventories

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in the balance sheet.

Retirement benefit costs

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

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

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

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

Dividends payable

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

2 Accounting policies (continued)

Critical judgements in applying the Group's accounting policies

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

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

Deferred tax balances on intangible assets
Deferred tax has been provided under 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.

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.

2 Accounting policies (continued)

Retirement benefit asset
The financial statements recognise an asset which reflects the surplus within one of the Group's pension schemes, restricted to the amount expected to be recovered through refunds or reductions in future contributions in line with 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 23.

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

New Accounting Pronouncements to be adopted after 1 April 2017:

Amendments:
IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 2: Share-based Payment, IFRS 4: Insurance Contracts, IAS 7: Statement of Cash Flows, IAS 12: Income Taxes, IAS 28: Investments in Associates and Joint Ventures, IAS 40: Investment Property and Annual Improvements 2014-2016 Cycle.

These amendments are not expected to have a material impact on the group's results.

New Standards:
IFRS 9: Financial Instruments
IFRS 15: Revenue from Contracts with Customers
IFRS 16: Leases
IFRS 17: Insurance Contracts

The Group is currently assessing the impact of the above new standards on its results.

3 Revenue

	£000	2017 £000	2016 £000
Trading revenue		**261,485**	257,356
Other income			
Dividends	**14,687**		15,770
Interest	**864**		2,246
		15,551	18,016
		277,036	275,372

Analysis of trading revenue by destination market

	2017 £000	2016 £000
United Kingdom	**181,709**	185,175
Rest of Europe	**16,350**	20,744
North America	**39,346**	28,814
Australia	**13,487**	13,493
Rest of World	**10,593**	9,130
	261,485	257,356

4 Income statement

Total expenses are stated after charging:

	2017 £000	2016 £000
Auditor's remuneration to audit group accounts	**95**	95
Auditor's remuneration for other services	**369**	359
Rentals under property operating leases	**3,809**	2,652
Rentals under plant operating leases	**599**	714
Loss on sale of fixed tangible assets	**64**	-
and after crediting:		
Gain on sale of fixed tangible assets	**-**	22

The auditor's remuneration for other services was in connection with, the audit of subsidiaries £181,000 (2016 - £167,000), general consultancy £24,000 (2016 - £56,000), taxation services £150,000 (2016 - £122,000) and other legislative compliance £14,000 (2016 - £14,000).

5 Employee benefits costs

	2017 Number	2016 Number
Average monthly number of employees during the year		
Group	**2,122**	2,093
Company	**779**	980

	2017	2016
Employee costs during the year (including directors remuneration) amounted to:	**£000**	£000
Wages and salaries	**74,016**	66,508
Social security costs	**6,635**	5,951
Defined contribution pension costs	**1,056**	899
	81,707	73,358
Defined benefit pension credit (Note 23)	**(4,000)**	(1,200)
Severance payments	**2,079**	895
	79,786	73,053

The pension credit is a non-cash adjustment arising from the accounting treatment of final salary pension schemes under IAS19 (Note 23).

6 Key management personnel emoluments

	2017 £000	2016 £000
Remuneration	**998**	947
Pension benefit	**-**	25
	998	972

The emoluments receivable by the highest paid member of key management were £265,000 (2016 - £253,000).

7 Impairment

As set out in Notes 11 and 12, the Group annually reviews the carrying value of intangible and fixed tangible assets. Contributions for each cash generating unit are based upon best available information and estimated residual values. A discount rate of 5%, the Group's estimated current cost of capital, is used where relevant.

8 Finance costs

	2017 £000	2016 £000
Interest payable	**366**	379

Note 19 sets out the Group borrowings.

9 Taxation

	2017 £000	Restated 2016 £000
Current taxation		
UK corporation tax on profits for the year	**11,597**	5,574
Overseas tax	**(219)**	(297)
Adjustments in respect of prior periods - UK	**320**	(911)
- Overseas	**-**	(143)
	11,698	4,223
Deferred taxation		
Origination and reversal of timing differences	**685**	(1,465)
Adjustment in respect of prior periods	**295**	(2,760)
Change in tax rate	**(6,120)**	-
Taxation charge/(credit)	**6,558**	(2)

	2017 £000	Restated 2016 £000
Factors affecting tax charge for year		
Profit for year before tax	**38,108**	30,851
Tax thereon at 20% (2016 – 20%)	**7,622**	6,170
Effects of:		
Franked investment income not attracting tax	**(2,949)**	(3,143)
Book gain compared with capital gain	**(2,467)**	(1,681)
Impairment of goodwill	**8,000**	-
Impairment of associates	**806**	-
Other timing differences	**(755)**	1,109
Overseas profits tax impact	**876**	1,213
Associate undertaking effect	**273**	326
Other items affecting tax charge	**874**	(182)
Change in tax rate	**(6,337)**	-
Adjustments in respect of prior periods	**615**	(3,814)
Taxation charge/(credit)	**6,558**	(2)

10 Dividends - paid in the year

	2017 £000	2016 £000
Ordinary shares:		
Final for 2016 of 369p per share paid (2015 – 359p)	**15,259**	14,845
Interim for 2016 of 110p per share (2015 - 105p)	**4,549**	4,342
	19,808	19,187

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

Dividends - paid post year end and proposed		
Interim of 115p paid (2016 – 110p)	**4,755**	4,549
Final of 379p per share proposed (2016 – 369p)	**15,673**	15,259
	20,428	19,808

11 Goodwill and other intangible assets

Goodwill

Group	2017 £000	2016 £000
At 31 March 2016	**148,209**	156,712
Additions	**1,804**	-
Transfers to other intangible assets	**-**	(2,503)
Impairment	**(40,242)**	(6,000)
At 31 March 2017	**109,771**	148,209

Goodwill includes £8m (2016 - £18m) for Parragon Publishing Limited, £12m (2016 - £12m) for Puzzler Media Holdings Limited, £14m (2016 - £34m) for Aberdeen Journals Limited, £1m (2016 - £1m) for This England Publishing Limited, £25m (2016 - £35m) for brightsolid online innovation limited, £34m (2016 - £34m) for Shortlist Media Limited, £14m (2016 - £14m) for Wild & Wolf (Holdings) Limited, £0.5m (2016 - £Nil) for Clavamore Limited and £1.5m (2016 - £Nil) for Petit Collage.

11 Goodwill and other intangible assets (continued)

Intangible assets **Group**	**Indefinite life £000**	**Other £000**	**Total £000**
At 31 March 2015	181,504	26,382	207,886
Additions	-	8,219	8,219
Transfer from goodwill	-	2,503	2,503
Amortisation	-	(6,867)	(6,867)
Retranslation of foreign assets	-	34	34
At 31 March 2016	181,504	30,271	211,775
Additions	-	9,229	9,229
Amortisation	-	(9,170)	(9,170)
Disposals	-	(509)	(509)
Retranslation of foreign assets	-	330	330
Transfer from property, plant and equipment	-	493	493
At 31 March 2017	**181,504**	**30,644**	**212,148**

At 31 March 2017, accumulated amortisation amounted to £109,851,000 (2016 - £100,681,000).

Indefinite life intangible assets include mastheads of £72m (2016 - £72m) on the acquisition of Puzzler Media Holdings Limited and £110m (2016 - £110m) on the acquisition of Aberdeen Journals Limited.

Other intangible assets are mainly licences and distribution channels to market and include £1m (2016 - £1m) in Parragon Publishing Limited and £4m (2016 - £4m) in Puzzler Media Holdings Limited, film costs of £Nil (2016 - £1m) in Beano Studios Limited, film costs of £3m (2016 - £Nil) in Gnashville Limited, film costs of £Nil (2016 - £1m) in DC Thomson & Company Limited and £1m (2016 - £2m) publishing assets in This England Publishing Limited together with datasets and customer databases in brightsolid online innovation limited of £22m (2016 - £21m).

11 Goodwill and other intangible assets (continued)

Intangible assets **Company**	**Indefinite life** **£000**	**Other** **£000**	**Total** **£000**
At 31 March 2015	-	162	162
Transfer from property, plant and equipment	-	81	81
Amortisation	-	(23)	(23)
At 31 March 2016	-	220	220
Additions	-	327	327
Amortisation	-	(377)	(377)
At 31 March 2017	**-**	**170**	**170**

At 31 March 2017, accumulated amortisation amounted to £1,435,000 (2016 - £1,058,000).

11 Goodwill and other intangible assets (continued)

Goodwill and indefinite life intangible assets

The Group tests goodwill and indefinite life intangible assets annually for impairment, or more frequently if there are indications that they might be impaired. During the year an impairment of goodwill of £40m was recognised (2016 - £6m) together with an impairment of indefinite life intangible assets of £Nil (2016 - £Nil).

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 are measured at their value in use by discounting the expected pre-tax cash flows from the assets in the CGUs. For the traditional publishing business, cash flows are projected over the next 20 years based on the directors' best estimate of future trends even though the remaining useful life is expected to exceed this. For other CGUs, the calculations use cash flow projections based on forecasts approved by management for the next five years. Cash flows beyond the initial five-year period are extrapolated using a multiple that reflects management's best estimate of the useful life of the CGU and no growth is assumed. The cash flows for all CGUs have been discounted at a pre-tax discount rate of 5%, the Group's estimated current cost of capital. CGUs are identified as the smallest group of assets that generate income streams that are largely independent of each other.

The key assumptions for these reviews are discount rates and expected trading performance. From the results of these reviews the directors are satisfied that the carry values of goodwill and intangible assets are appropriate and continue to have an indefinite useful life.

Other intangible assets

The intangible amortisation charge of £9m (2016 - £7m) relates to certain titles in the Magazine Division, licence and origination costs in the Book Division and datasets in brightsolid online innovation limited. These are amortised over their estimated useful lives.

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

At the year end, the Group reviewed the appropriateness of the remaining useful economic lives and carrying value for all its intangible assets. The Group is satisfied that the carrying value at 31 March 2017 of these assets remains recoverable in full.

12 Property, plant and equipment

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Group				
Cost				
At 31 March 2015	58,904	115,021	8,913	182,838
Additions	60	8,531	5,882	14,473
Transfers	89	906	(1,076)	(81)
Disposals	(9,862)	(43,774)	-	(53,636)
Retranslation of foreign assets	-	(38)	-	(38)
At 31 March 2016	49,191	80,646	13,719	143,556
On acquisition	-	710	-	710
Additions	30	4,994	11,153	16,177
Transfers	-	(357)	(216)	(573)
Disposals	(237)	(2,333)	-	(2,570)
Retranslation of foreign assets	-	805	-	805
At 31 March 2017	**48,984**	**84,465**	**24,656**	**158,105**
Depreciation				
At 31 March 2015	32,375	80,624	-	112,999
Charge for year	694	6,557	-	7,251
On disposals	(9,862)	(43,658)	-	(53,520)
Retranslation of foreign assets	-	125	-	125
Impairment	4,000	-	-	4,000
At 31 March 2016	27,207	43,648	-	70,855
On acquisition	-	478	-	478
Charge for year	547	8,016	-	8,563
Transfers	-	(80)	-	(80)
On disposals	(107)	(2,321)	-	(2,428)
Retranslation of foreign assets	-	580	-	580
At 31 March 2017	**27,647**	**50,321**	-	**77,968**
Net book value				
At 31 March 2017	**21,337**	**34,144**	**24,656**	**80,137**
At 31 March 2016	21,984	36,998	13,719	72,701

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

12 Property, plant and equipment (continued)

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Company				
Cost				
At 31 March 2015	52,658	105,431	8,913	167,002
Additions	-	-	5,882	5,882
Transfers	89	906	(1,076)	(81)
Disposals	(9,408)	(37,050)	-	(46,458)
At 31 March 2016	43,339	69,287	13,719	126,345
Additions	-	1	11,119	11,120
Transfers	-	216	(216)	-
Disposals	(138)	(16)	-	(154)
At 31 March 2017	**43,201**	**69,488**	**24,622**	**137,311**
Depreciation				
At 31 March 2015	30,013	80,755	-	110,768
Charge for year	526	2,415	-	2,941
On disposals	(9,408)	(37,050)	-	(46,458)
Impairment	4,000	-	-	4,000
At 31 March 2016	25,131	46,120	-	71,251
Charge for year	354	2,725	-	3,079
On disposals	(8)	(17)	-	(25)
At 31 March 2017	**25,477**	**48,828**	**-**	**74,305**
Net book value				
At 31 March 2017	**17,724**	**20,660**	**24,622**	**63,006**
At 31 March 2016	18,208	23,167	13,719	55,094

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

13 Available for sale financial assets

	2017		2016	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
At 31 March 2016	**566,004**	**565,362**	622,864	622,288
Additions	**21,190**	**21,026**	2,370	2,054
Disposals	**(81,298)**	**(81,298)**	(52,919)	(52,919)
Fair value gains/(losses)	**123,833**	**123,833**	(4,639)	(4,639)
Impairments	**(583)**	**(197)**	(1,672)	(1,422)
At 31 March 2017	**629,146**	**628,726**	566,004	565,362

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 £67m (2016 - £71m) and is included in Note 22. The carrying value of unlisted investments of £8m (2016 - £5m) is based on cost less provisions where there is no formal market as data.

A prior period adjustment has been made in respect of the disposal of available for sale financial assets transferred at market value between group companies in a prior year.

14 Interests in Group undertakings

Company

A list of the investments in significant group undertakings is given in Note 25 to the financial statements.

	Shares £000	Loans £000	Total £000
At 31 March 2015	195,618	125,929	321,547
Additions	-	19,460	19,460
Repayments	-	(5,850)	(5,850)
Reclassification from intercompany debtors	-	16,217	16,217
Capitalisation of loans	55,886	(48,889)	6,997
Interest capitalised	-	5,802	5,802
Revision of carrying values	(6,391)	(90)	(6,481)
At 31 March 2016	245,113	112,579	357,692
Additions	2,602	35,128	37,730
Reclassification to intercompany debtors	-	(1,094)	(1,094)
Capitalisation of loans	25,917	(25,917)	-
Interest capitalised	-	2	2
Revision of carrying values	(32,431)	(84,742)	(117,173)
Transfer	(1,366)	1,366	-
At 31 March 2017	**239,835**	**37,322**	**277,157**

15 Interests in associates

Group

	2017 £000	2016 £000
At 31 March 2016	**12,315**	13,445
Additions	**3,585**	1,633
Share of profit/(loss) on continuing activities	**4**	(1,304)
Retranslation of foreign assets	**(10)**	41
Impairments	**(4,029)**	(1,500)
At 31 March 2017	**11,865**	12,315

16 Non-controlling interest - Group

Non-controlling (minority) interest in the income statement represents the share of subsidiary undertakings' results for the year which do not belong to the Group. In the current year, it is a loss of £652,000 (2016 – profit £295,000).

At 31 March 2017, the non-controlling (minority) interest is a liability of £1,701,000 (2016 - £2,386,000), being the non-controlling (minority) interest in subsidiaries of Parragon Publishing Limited, Wild & Wolf Holdings Limited and Clavamore Limited.

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

17 Inventories

	2017		2016	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Work in progress	**432**	**381**	517	374
Finished goods and goods for resale	**21,615**	**17**	23,957	22
Inventories of finished goods and work in progress	**22,047**	**398**	24,474	396
Raw materials and consumables	**1,588**	**1,445**	1,435	1,432
	23,635	**1,843**	25,909	1,828

The cost of inventories recognised as an expense during the year in respect of continuing operations was £127,118,000 (2016 - £116,292,000).

Group inventories reflect provisions for slow moving items of £9,740,000 (2016 - £3,422,000). Company inventories reflect provisions for slow moving items of £21,000 (2016 - £36,000).

18 Trade and other receivables

	2017 Group £000	2017 Company £000	2016 Group £000	2016 Company £000
Trade receivables	**47,393**	**8,598**	49,823	7,981
Other receivables	**13,727**	**3,814**	11,405	4,251
Receivables due from group undertakings	**-**	**10,646**	-	3,305
	61,120	**23,058**	61,228	15,537

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

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

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

Included in the Group's trade receivable balance are debtors with a carrying amount of £9m (2016 - £15m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable. The Group has retention of title over much of the stock which gave rise to these balances.

Ageing of past due but not impaired trade receivables

	2017 £000	2016 £000
Overdue by		
0 - 30 days	**2,837**	5,821
30 - 60 days	**1,685**	2,237
60 + days	**4,461**	6,729
	8,983	14,787

Total trade receivables are stated net of provision for bad debts as set out in the accounting policies. These total £3.8m (2016 - £2.3m). The credit risk is greatest in the Book Division where debtors represent 61% (2016 - 58%) of the Group total and 91% (2016 - 81%) of the year end provisions.

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

19 Borrowings

	2017		2016	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Finance leases (secured)	**9**	**-**	15	-
Current	**9**	**-**	15	-

The finance leases are secured over the related assets.

20 Trade and other payables

	2017		2016	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Trade payables and accruals	**9,259**	**1,029**	11,381	1,149
Other taxes and social security	**2,708**	**708**	2,609	612
Payables due to group undertakings	**-**	**45,199**	-	29,951
Other payables	**42,739**	**6,139**	39,245	7,019
Deferred consideration	**3,031**	**-**	22,646	16,500
	57,737	**53,075**	75,881	55,231
Current	**57,737**	**53,075**	69,735	55,231
Non-current	**-**	**-**	6,146	-

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

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

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

21 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.

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.

Categories of financial instruments

Group	2017 £000	2016 £000
Financial assets (current and non-current)		
Trade and other receivables	**61,120**	61,228
Cash and cash equivalents	**100,027**	94,419
Available for sale financial assets	**629,146**	566,004
Financial instruments at fair value through profit or loss	**2,287**	485
Financial liabilities (current and non-current)		
Trade and other payables	**(57,737)**	(75,881)
Borrowings	**(9)**	(15)

Financial risk management objectives

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

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

Market risks

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

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

The total fair value of the currency financial assets is £2,287,000 (2016 – £485,000) and the credit in the year through other expenses in the income statement is £1,802,000 (2016 – charge £1,741,000).

21 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$30.0m (2016 - US$35.0m) and to sell €4.0m (2016 - €7.0m) and AUS$4.0m (2016 - AUS$9.0m) at various rates. The fair value of these contracts is an asset of £2.287m (2016 - £0.485m) 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:

	2017		2016	
Euro	**€2.1m**	**£1.8m**	€4.2m	£3.1m
US Dollar	**$5.2m**	**£4.1m**	$5.9m	£3.9m
Australian Dollar	**$8.0m**	**£4.9m**	$7.5m	£3.4m

Foreign currency sensitivity

As noted above the Group is exposed mainly to movements in Euro, Australian dollar and US dollar rates in the Book Division. The forward contracts in place manage the exchange rate risk by fixing the values of expected sterling cash flows for up to 12 months. However, as these contracts deal with future cash flows, timing differences impact the year end position reported in these financial statements. The division's sensitivity to a 10% fall in the spot sterling exchange rate would be £4.6m with a change in the fair value of the forward contract values of £2.3m as at the year end. The impact on equity would be £7.8m reflecting the retranslation of net assets on consolidation.

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

21 Financial instruments (continued)

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

	Sterling	Euro	US Dollar	Australian Dollar	Total
2017	**£000**	**£000**	**£000**	**£000**	**£000**
Trade receivables	**23,786**	**3,099**	**16,382**	**4,126**	**47,393**
Trade payables	**(3,338)**	**(113)**	**(5,142)**	**(666)**	**(9,259)**
Cash and cash equivalents	**97,409**	**1,222**	**818**	**578**	**100,027**
	117,857	**4,208**	**12,058**	**4,038**	**138,161**
2016					
Trade receivables	25,681	4,630	14,844	4,668	49,823
Trade payables	(8,959)	(296)	(1,863)	(263)	(11,381)
Cash and cash equivalents	86,309	791	1,980	5,339	94,419
	103,031	5,125	14,961	9,744	132,861

Credit risk management

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

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

Trade and other receivables

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

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

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

Trade and other payables

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

21 Financial instruments (continued)

Liquidity risk management

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

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

Group

	2017	2016
	£000	£000
Gross lease liability		
In one year or less, or on demand	**9**	15
Future interest	**-**	-
Net lease liability (Note 19)	**9**	15

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

	To buy	**To sell**	**To sell**
2017	**US$000**	**€000**	**Aus$000**
Within 3 months	**7,500**	**1,000**	**1,000**
Between 4 and 6 months	**7,500**	**1,000**	**1,000**
Between 6 months and one year	**15,000**	**2,000**	**2,000**
2016			
Within 3 months	7,500	2,100	1,250
Between 4 and 6 months	7,500	700	1,250
Between 6 months and one year	20,000	4,200	6,500

22 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 2015	5,411	82,029	32,000	39,872	(1,062)	158,250
Transfer (to)/from profit and loss account	(495)	-	240	(179)	(1,031)	(1,465)
Statement of recognised income and expense	-	(10,781)	8,660	-	-	(2,121)
Adjustment in respect of prior periods	143	-	-	(3,000)	97	(2,760)
At 31 March 2016	5,059	71,248	40,900	36,693	(1,996)	151,904
On acquisition	14	-	-	-	-	14
Transfer from corporation tax	371	-	-	-	-	371
Transfer (to)/from profit and loss account	676	-	680	(154)	(517)	685
Statement of recognised income and expense	-	6,550	(3,927)	-	-	2,623
Adjustment in respect of prior periods	250	-	-	-	45	295
Change in tax rate	(860)	(10,688)	(6,135)	(5,439)	179	(22,943)
At 31 March 2017	**5,510**	**67,110**	**31,518**	**31,100**	**(2,289)**	**132,949**
Company						
At 31 March 2015	6,673	82,029	32,000	-	(139)	120,563
Transfer from/(to) profit and loss account	(41)	-	240	-	85	284
Statement of recognised income and expense	-	(10,781)	8,660	-	-	(2,121)
Adjustment in respect of prior periods	73	-	-	-	-	73
At 31 March 2016	6,705	71,248	40,900	-	(54)	118,799
Transfer from/(to) profit and loss account	687	-	680	-	(69)	1,298
Statement of recognised income and expense	-	6,550	(3,927)	-	-	2,623
Adjustment in respect of prior periods	14	-	-	-	(19)	(5)
Change in tax rate	(1,007)	(10,688)	(6,135)	-	8	(17,822)
At 31 March 2017	**6,399**	**67,110**	**31,518**	-	**(134)**	**104,893**

The notional tax payable on timing difference relating to the unrealised revaluation surplus on financial assets and the intangible assets on the acquisition of Puzzler Media Holdings Limited and Aberdeen Journals Limited would only crystallise if the related assets were disposed of separately. The balances at each year end for revalued financial assets, pension surplus and intangible assets reflects the recognised asset at the relevant tax rate of 17% (2016 - 20%).

23 Retirement benefits

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

The net pension credit for the year for the Parent under the IAS19 defined benefit scheme was £4,000,000 (2016 - credit of £1,200,000). In addition, contributions of £1,056,000 (2016 - £899,000) were made to defined contribution schemes, including severance taken as pension contributions and other pension benefits.

Defined benefit schemes

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

Defined contribution schemes

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

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

	2017	2016
	£000	£000
Change in benefit obligation		
Benefit obligation at beginning of year	**512,100**	571,500
Current service cost	**2,900**	3,300
Interest cost	**18,000**	18,500
Actuarial losses/(gains)	**130,800**	(56,400)
Contributions - employee	**-**	-
Benefits paid	**(25,100)**	(24,800)
Benefit obligation at end of year – wholly funded	**638,700**	512,100
Change in plan assets		
Fair value of plan assets at beginning of year	**716,600**	731,500
Expected return on plan assets	**25,300**	23,700
Actuarial gains/(losses)	**107,700**	(13,100)
Contributions – employee	**-**	-
Benefits paid	**(25,100)**	(24,800)
Administration expenses	**(400)**	(700)
Fair value of plan assets at end of year	**824,100**	716,600
Retirement benefit surplus	**185,400**	204,500

23 Retirement benefits (continued)

	2017	2016
	£000	£000
Retirement benefit surplus		
Group and company		
Surplus	**185,400**	204,500
	======	======

The actuary is unable to provide separate valuations for the Parent Company and Aberdeen Journals Limited, so Aberdeen Journals Limited accounts for the scheme as a defined contribution scheme in its own company financial statements.

The credit in the income statement in respect of pension costs is higher than that in the previous year. There is a Defined Contribution arrangement with Company contributions in respect of some of the sections being paid from the surplus. These will continue to be included in the service cost in future years. Both the service cost and the interest cost on the liabilities are slightly lower than in the previous year. In addition, the interest income on plan assets is higher due to a higher discount rate in addition to the increase in the asset value over the previous year. The administration expenses were also lower compared with the previous year.

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. The limit restricts the recognised pension asset to the value of the benefits that will be accrued over the remaining life of the Fund, calculated at each year end, reduced by the value of any future contributions payable by the members themselves. We have made allowance for the closure of the defined benefit section of the Fund from 31 March 2015. After this date, the Defined Benefit accrual in the Fund ceased but has been replaced by the Defined Contribution arrangement. In addition, as a result of auto-enrolment, in future all employees will enter the Defined Contribution arrangement. We have assumed a stable workforce in the future. Based on these assumptions the value of the benefits that will be accrued over the future life of the Fund is higher than the surplus at 31 March 2017 and so the group and company can fully recognise the surplus. The 2016 figures also allow for the full surplus to be recognised.

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 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.

23 Retirement benefits (continued)

Components of pension cost	**2017 £000**	2016 £000
Current service cost	**2,900**	3,300
Interest cost	**18,000**	18,500
Administration expenses	**400**	700
Expected return on plan assets	**(25,300)**	(23,700)
Total pension credit recognised in employee benefit costs	**(4,000)**	(1,200)
Total pension (loss)/gain recognised in statement of comprehensive income	**(23,100)**	43,300

Plan assets

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

Asset category	**2017 %**	2016 %
Equities	**84**	84
Bonds	**13**	13
Cash and annuities	**3**	3
	100	100

	£000	£000
Amounts included in the fair value of assets for:		
Equities	**693,600**	597,200
Bonds	**106,500**	95,400
Cash and annuities	**24,000**	24,000
	824,100	716,600

23 Retirement benefits (continued)

Weighted average assumptions used to determine benefit obligations

	2017	2016
	%	%
Discount rate	**2.55**	3.60
Rate of salary increase	**4.40**	4.20
Inflation rate (RPI)	**3.40**	3.20
Inflation rate (CPI)	**2.40**	2.20

Life expectancy at age 65 is assumed at 23 years.

Weighted average assumptions used to determine net pension cost for year

	2017	2016
	%	%
Discount rate	**3.60**	3.30
Rate of salary increase	**4.20**	4.25
Inflation rate (RPI)	**3.20**	3.25
Inflation rate (CPI)	**2.20**	2.55

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.

History	**2017**	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Benefit obligation at end of year	**638,700**	512,100	571,500	464,365	492,747
Fair value of plan assets at end of year	**824,100**	716,600	731,500	698,432	677,580
Surplus	**185,400**	204,500	160,000	234,067	184,833
Difference between expected and actual return on scheme assets:					
amount (£000)	**(107,700)**	13,100	(32,400)	(21,600)	(53,300)
percentage of scheme assets	**13%**	2%	4%	3%	8%
Experience gains and losses on scheme liabilities:					
amount (£000)	-	-	14,900	(900)	1,100
percentage of scheme liabilities	-	-	3%	0%	0%

Contributions

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

24 Notes to the cash flow statement

	2017		2016	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Cash and cash equivalents				
Bank balances	**30,194**	**4,804**	29,987	6,055
Call deposits	**69,833**	**67,698**	64,432	64,432
Cash and cash equivalents	**100,027**	**72,502**	94,419	70,487

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

	2017		2016	
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Cash flows from operating activities include:				
Dividends	**14,687**	**14,687**	15,770	15,643
Interest	**864**	**686**	2,246	5,641
	15,551	**15,373**	18,016	21,284

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

The interest arises primarily from deposits and gilts.

25 Group companies

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

Subsidiary undertakings	Country of registration or incorporation	Principal activity
Aberdeen Journals Limited	Scotland	Publisher
brightsolid online innovation limited +	Scotland	Online publisher Secure business services online
Fifth Ring Limited (through holding company Clavamore Limited)	Scotland	Marketing communications
John Leng & Company Limited *	Scotland	Publishing holding company
Meadowside Leasing Limited *	Scotland	Publishing holding company
Parragon Publishing Limited +	England	Publisher
Puzzler Media Holdings Limited +	England	Publisher
Shortlist Media Limited	England	Publisher
Wild & Wolf Holdings Limited +	England	Product design, development and sale

* Intermediate holding company

\+ Parent is intermediate holding company

Group undertakings are wholly owned apart from the group interests in Fifth Ring Limited (through holding company Clavamore Limited) and Wild & Wolf Holdings Limited which are 63% and 86% respectively.

The Group also invests in a number of unlisted businesses using both equity and loans, some of which are treated as associates. The amounts involved individually and collectively are not regarded as material to the Group. Investments which are not group undertakings are included as financial assets in Note 15 and are carried at cost less provisions for impairment.

26 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 £250,000 (2016 - £250,000).

At the year end, the Group had provided a guarantee of £1.2m (2016 - £1.2m) for a commercial contract for Findmypast Limited with a third party.

The Group has also provided guarantees in respect of commercial contracts entered in to by brightsolid online technology limited with third parties.

The Group has provided a guarantee of £25m (2016 - £25m) in favour of Barclays Bank plc in respect of borrowings of Parragon Publishing Limited.

Parragon Books Limited has provided a guarantee of US$1.5m (2016 - US$1.5m) for the borrowings of Parragon Publishing (India) Private Limited.

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

27 Financial commitments

	2017	2016
	£000	£000
Capital commitments - Group and Company		
Contracted for but not provided	**2,123**	9,167
	=====	=====

Contractual commitments – Group

At 31 March 2017, Parragon Publishing Limited had forward contracts to buy US$30.0m (2016 - US$35.0m) and to sell €4.0m (2016 - €7.0m) and AUS$4.0m (2016 - AUS$9.0m) at a variety of rates.

27 Financial commitments (continued)

Operating lease commitments - Group

At 31 March 2017, the Group had total commitments under non-cancellable operating leases as set out below:

	Land & buildings		Other	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Total amount payable where lease expires:				
Within one year	**1,988**	1,000	**138**	345
In second to fifth year inclusive	**10,284**	7,343	**883**	808
After five years	**20,938**	6,911	**84**	-
	33,210	15,254	**1,105**	1,153

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.

28 Related party transactions

The Parent Company undertook transactions on an arm's length basis with various subsidiaries and associates. All of these transactions and balances have been eliminated on consolidation and as such advantage has been taken of the disclosure exemptions permitted by IAS24.

Dividends paid to directors in the year totalled £498,000 (2016 - £488,000) being £143,000 (2016 - £139,000) for AF Thomson, £69,000 (2016 - £67,000) for CHW Thomson, £183,000 (2016 - £182,000) for ARF Hall and £103,000 (2016 - £100,000) for DHE Thomson.

29 Control

There is no individual controlling party.

30 Country of registration

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

Directors' responsibilities for the preparation of financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union and applicable law. The financial statements 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 financial statements, 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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.

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

We have audited the financial statements of DC Thomson & Company Limited for the year ended 31 March 2017 which comprise the group income statement, the group and parent company statement of comprehensive income, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material 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 financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertake in the course of our audit, the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and its environment obtained during the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

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

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

G Black

Gavin Black (Senior Statutory Auditor)

For and on behalf of Henderson Loggie, Statutory Auditor

Dundee

3 November 2017