

DC Thomson & Company Limited

**Directors' report and Group financial statements
for the year ended 31 March 2019**

Registered number SC005830

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	Page
Strategic report	1 - 11
Directors' report	12
Group income statement	13
Group statement of comprehensive income	14
Company statement of comprehensive income	15
Group balance sheet	16
Company balance sheet	17
Group cash flow statement	18
Company cash flow statement	19
Group statement of changes in equity	20
Company statement of changes in equity	21
Notes to the financial statements	22 - 72
Directors' responsibilities	73
Independent auditor's report	74 - 76

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 2019.

Trading activities

The Group's trading activities are conducted by the Company and its subsidiaries (detailed on page 70) and comprise, in the main:

- The Printing and Publishing of Newspapers
- The Publishing of Magazines
- The Publishing of Annuals
- Contract Printing
- Running of Events
- Development of Children's IP including television and web development
- 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 Newspapers consist 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 The Sunday Post, a National Newspaper.

Our Magazines include 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. The division also includes the Stylist free and online titles.

Wild & Wolf designs and develops gifting and lifestyle products and sells these across many of the major world consumer markets through operations in the UK, USA, Australia and Hong Kong with strategic partners in other countries.

Our Online Publishing Business consists mainly of the DC Thomson Family History Division. This operates under the brands FindMyPast, Genes Reunited and The British Newspaper Archive.

The Data Hosting Business, Brightsolid, runs a server, cloud hosting facility and associated technological solutions from data centres in Dundee and Aberdeen.

Corporate Governance Report

The Company has noted many of the Wates Corporate Governance Principles for large private companies, and although we do not currently fall within its scope, nonetheless we thought we would take the key principles and make comment on what we are doing or intend doing in these areas.

Purpose and Leadership

D C Thomson & Company Limited is a private family business which was founded as a limited company in 1905 following a merger of businesses that have now been owned and managed over five generations.

Our Purpose is to grow long term value by building and investing in sustainable businesses for our shareholders, staff and communities.

Our Purpose, values, target behaviours and governance have been reviewed during 2018 and 2019 under the Group Board's direction. We continue to build on the Group's, and its associated charitable trusts', existing commitment to good governance and social responsibility.

DC Thomson & Company Limited

Strategic report

The Directors see themselves as actively engaged stewards of a socially responsible family enterprise and maintain a visible presence in the company promoting a long term ethos, diversity, community engagement, social responsibility and sustainability.

Board Compositions

The Group Board consists of four Directors who are family shareholders and descendants of the founders of the business. It meets monthly to consider such matters as capital allocation, strategy, governance, risk, Health and Safety, leadership, culture and of course to oversee and review trading and investment matters.

There are a number of Committees of the Group Board consisting of the following:

1. The Trading Board, which meets monthly and includes the four Group Directors but also General Counsel, Group Chief Information Officer and Chief Financial Officer and the Heads of Talent and the Director of Strategic Finance as well as other family members and the executive chairman of some of the trading businesses.
2. The Investment Board, which meets monthly and consists of at least two of the main board members, the Director of Strategic Finance, the Chief Executive and Investment Officer of Wm Thomson and Sons, and one other family member.
3. Our Group Board Strategy Committee, which consists of the four main board directors and the Director of Strategic Finance and other family members.
4. The Remuneration Committee, which includes two independent experts, our Chief Financial Officer and Head of Talent.

We acknowledge there may be a relative lack of diversity on the Group Board. We are however committed to making the company an ever more inclusive environment at the most senior levels but, as a matter of interest, of our six non DC Thomson Media businesses, four have female managing directors namely Brightsolid, FindMyPast, Beano Studios and Stylist Group.

Director Responsibilities

Good Governance requires that the Directors have a clear understanding of their accountability and responsibilities. We are also undertaking a rolling programme of training for our internal staff who are on boards of our subsidiary companies on relevant matters and company law. We are building a leadership charter which we intend to roll out across the group.

The board receives regular and timely information on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability. Key financial information is collated from the Group's various accounting systems and the Group finance function is required to ensure the integrity of the information provided. We use external consultants to run a comprehensive Group Internal Audit process.

Opportunity and Risk

Risk

Building on the work of the Compliance Oversight Group, the company is moving to a more refined risk and compliance management framework, supported by the establishment of a wider Risk Committee and the appointment of a Head of Group Risk & Compliance. The Company's key risks and our mitigating actions are outlined in this Strategic Report. Our systems and controls are designed to manage rather than to eliminate the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against a risk materialising and having an effect.

Opportunity

One of the biggest risks is to overlook or fail to take opportunities in a measured way when they present themselves. Our ongoing strategy review and Strategy Committee will seek to deliver medium and longer term opportunities. Short term opportunities to improve performance are more likely to be managed through the Trading and Investment Boards and by our subsidiary companies.

Remuneration

A more formal process for remuneration is being set up with a new Remuneration Committee with outside expert members. This committee will have clearly defined terms of reference and makes recommendations to the Board on talent, the recruitment framework and remuneration of senior staff.

Stakeholders

Good governance is essential to delivering our Purpose and protecting our reputation, brands and our relationship with our stakeholder community including shareholders, customers, employees, suppliers and our local communities where we have our places of business.

Our Purpose includes creating sustainable value for our shareholders, staff and communities, but we are also committed to social responsibility and to staff and community engagement as outlined further in page 10 of this report. Much of the work our newspapers and magazines do for their specific communities is aimed at precisely this.

Business overview

This year's financial statements include the adoption of International Financial Reporting Standard 9 Financial Instruments. This has changed the way we report gains and losses on the disposal and valuation of the investments we maintain in support of our operations.

The Group income statement on page 13 now shows valuation gains and losses from the sale of investments based on the valuation at the beginning of the financial year. Previously, the statement showed the gain or loss on the sale of an investment from the date it was purchased until the date it was sold.

The statement also separately shows the valuation gains or losses from the start of the year to the end of the year for investments still held at 31 March 2019. Previously, such gains and losses were reflected in the statement of comprehensive income and the revaluation reserve in the balance sheet and were not reflected in the income statement.

The full impact on the group income statement, statement of comprehensive income and balance sheet is explained in note 24.

DC Thomson & Company Limited

Strategic report (continued)

KPI's

	2019 £m	2018 £m	Variance £m	Variance %
Recurring sales revenue	201.8	191.4	10.4	5.4%
Gross margin %	58%	58%	--	0.0%
Circulation	79.5	76.7	2.8	3.7%
Advertising	37.1	39.3	(2.2)	(5.6%)
Consumer products	35.8	31.6	4.2	13.2%
Contract printing	3.5	3.3	0.2	6.1%
Events	3.1	2.8	0.3	10.7%
Others	15.2	11.9	3.3	27.7%
Genealogy	19.2	17.6	1.6	9.1%
Hosting	8.4	8.2	0.2	2.4%
	201.8	191.4	10.4	5.4%

Circulation

The Group operates a long established and successful Media business, which has been primarily in the print sector with both traditional and new titles. The reducing number of paying customers for printed material has affected this sector over recent years as the availability of free sources of information online has increased. Despite this, our print circulation revenues have held up comparatively well. The Press and Journal and the Courier are the top and second top performing paid for regional titles in the UK.

Newspaper print copy revenues were £33.4m. This was a 2.2% drop in 2018 revenues with cover price increases helping to reduce the effect of the continuing trend in volume declines.

Magazine print copy sales were £46.1m. This was an increase of £3.6m mainly from the effect of six months revenues from the newly acquired Aceville stable.

Despite UK magazine sector volume and value sales decreasing by close to double digit percentage point's year-on-year, the puzzle sector has been one of the more resilient sub-sectors. As the UK's leading publisher in this sub-sector with a share of 47% of all sales, Puzzler Media has seen revenues drop by 4.6%. A tight grip on the cost of materials has minimised the impact on margins.

Advertising

Our titles in the Media business overall have different degrees of reliance on advertising revenues; and competition for the various forms of advertising (again principally from online sources) is of course very significant. This is a challenge and the Board and our teams are and have been responding with both a drive for greater efficiency and innovation.

The ratio of circulation revenue to advertising revenue was 68% circulation to 32% advertising (2018 66% to 34%). This ratio gives our business more protection against advertising declines than many publishing businesses and is important in the context of the competition from businesses such as Facebook and Google. In total, our advertising revenues fell by 5.6% year on year with the closure of the Shortlist title during the period.

Newspaper advertising revenues were £13.5m being 7.6% down on 2018. Magazine revenues were £23.6m being 5% down on 2018 affected by the closure of the Shortlist title. It was a significant year of transformation for the Stylist business, transitioning from Shortlist Media to the Stylist Group. The strategy to align activities entirely to the women's market, resulted in the closure of the men's portfolio under the Shortlist brand. All transformation costs are captured within the reported year. The newly formed Stylist Group continues investment in digital scale and video properties. Stylist magazine continues to grow its share of print advertising within the women's magazine market, whilst acceleration of digital audience on Stylist.co.uk is underway.

Acquisitions

We look for ways to maximise profitability from businesses adjacent to our own. The Media business has added to its local radio presence with the acquisition of Original and Kingdom stations adding to Wave FM. In September 2018 we acquired the majority holding in a small company called Aceville which owns a stable of specialist magazine titles. This has added revenue to our Media business and synergies with the business will enhance its profitability. The titles brought new areas of publishing including craft and business-to-business titles along with related digital products.

Consumer products

The retail market remained challenging with significant structural adjustments as consumer trends evolve and e-com continues to grow disrupting traditional physical retail channels. Within this context, the Wild & Wolf business continued to re-position itself and invest for the future and delivered against its plan with a 13% growth in sales during the financial year. The premium positioning of the business and the recent investment in developing new overseas markets started to come through as non-UK markets all grew strongly, offsetting weakness in the traditional core UK market. Within this sales growth, the business also discontinued certain brands and licenses deemed non-core to the future strategy. This renewed focus led to overall sales growth of over 20% in the own brand portfolio, led specifically by the core brands of Gentlemen's Hardware, Riddleys Games and Petit Collage. In addition to sales growth, the business also improved margins which, aligned with cost control, delivered an overall improved year on year performance.

Contract Print

The presses that were installed in Dundee in 2013 have allowed us to print titles for other publishers on a contract basis. As owners have gradually reduced their in house press facilities we have taken on increasing levels of this work.

Events

The main event was the annual Stylist Live event - attracting over 22,000 visitors to London's Olympia.

Genealogy

Our genealogy sites continue to lead the way with the access they provide to British and Irish datasets and are developing new and appealing products, for casual as well as expert users.

Highlights for the year included:

- Launching new subscriber packages aligned to user needs and enabling mid-subscription upgrades.
- Launching Military Hints, adding 89 million rich record hints better enabling customers to make discoveries about their ancestors' military histories from our historical collections. The hint-able records covered 430 years of military history in Britain, Ireland, the United States, Canada, Australia, and New Zealand.
- Continuing to build the Roman Catholic Heritage Archive. In 2018 the Archive expanded significantly, adding records from the Archdiocese of Liverpool, Cincinnati and New York – three major North American immigration hubs – to help customers trace ancestors across the Atlantic.

DC Thomson & Company Limited

Strategic report (continued)

Other income

Agency revenues were marginally down this year from our PR business Fifth Ring.

The 80th Birthday of the Beano Comic created headlines and touch points for over 1million children and saw exceptional comic growth in a highly depressed market. The International Emmy-nominated CGI animation *Dennis & Gnasher: Unleashed!* produced by Beano Studios was sold successfully in 25 territories worldwide, including a US/UK dubbed version for Netflix US. The first series of 52 episodes saw ratings success across all core markets including UK, Germany and France. The Beano Comic continues to grow exceptionally well in a declining market, posting 10.3% growth supported by Beano's high visibility on our digital platform and in our continued marketing activity.

Hosting

Brightsolid delivered continued revenue growth with strong new business sales of £1.7m annual order value predominantly in the Energy and Government sectors.

Cash Flow

The Group operating cash flow was £22.3m before tax. The main investing activities were:

- £9.9m in new acquisitions;
- £4.6m in acquiring data sets for FindMyPast;
- £3.3m in fixed assets for operating businesses;
- £4.3m in associate companies including Twig Rights - involved in education provision - and in Against the Head a joint venture to build a financial research business ready to cater for changes in legislation, primarily MIFID II.

The Group also paid £8.3m in corporate tax.

Future prospects

Whilst competition from online advertising businesses continues to cause issues for our print advertising, particularly display, we continue to develop new ways of working, leveraging the quality and reputation of our products.

We continue to consider the acquisition of businesses aimed at adding to the media offering to increase profits and give the business a broader range of product. In April 2019 we acquired PSP Ltd a business which runs a number of leisure and sports related events and publishes Bunkered Magazine.

FindMyPast is digitising the UK 1921 Census – an important collection of almost 38 million names which will bring to life how people lived, worked and migrated in the years after World War 1. This is the biggest digitisation project that the National Archives have ever undertaken. This will be the last Census available for some time as the 1931 records were lost and there was no Census in 1941. Publication of the data is only allowed 100 years after the date of the Census.

Alongside a continued digital transformation, the Stylist brand and business will expand into new interest areas, increasing the depth of relationship with this audience.

Wild & Wolf expects further double digit growth in its core brands and expects to launch some additional new brands to complement emerging consumer trends. There are some significant macro-economic headwinds related to weakening consumer sentiment, especially in the UK, along with risks from the current tariff trade negotiations between the US and China, foreign exchange and further retail channel disruption. Despite this, we expect to deliver further year on year growth as recent investment in overseas markets comes through. The US is now the company's single largest market, Australia continues to grow quickly and developing mainland EU is a focus for the coming year. Consequently, non-UK markets now account for over 70% of the business. E-commerce remains a small proportion of the overall revenue but management expects this channel to grow in the coming years.

With two tier III designed data centres and strong competencies in both private and public cloud services, Brightsolid is well positioned to deliver Hybrid cloud managed services to the Scottish market. Hybrid Cloud is a blend of on-premise, private cloud and public cloud services with orchestration between the platforms.

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, to 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. In September 2019 we launched a new women's paid-for magazine title called Platinum.

Series 2 of *Dennis & Gnasher: Unleashed!* is set to air in Spring 2020. We are investing in the opportunities represented by the young adult market in TV and film, and are exploring the strategic commercial partnerships and future markets for the digital business.

Our trading operations have been affected by challenges to revenues but the core publishing business continues to trade well in comparison to our peers. We believe in the longer-term future of the publishing business and are working on brand extensions and other initiatives to support it.

There is a strong brand loyalty to our traditional titles and we look to replicate this in the new businesses that we have acquired. We are also seeking to develop, source and evaluate new and adjacent lines of business, potential investments and acquisitions.

We have significant financial assets and other business interests, which support the main business. The Group has a prudent policy of having reserves, financial assets and other business interests to cover all known and implicit liabilities. These include cash and liquid assets and pension assets that are higher than the expected liabilities. This policy is vital to allow us to continue to develop, enhance and protect our business activities and trade and to remain strong.

Retirement Benefit Fund

The Thomson Leng Provident Fund continues to have a healthy position as at 31 March 2019 with a surplus amounting to £323m (2018 - £299m). The quantum of the surplus is only a measure 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 and other revenues are particularly sensitive to these. The Group continues to devote appropriate resources to manage risks but also to exploit opportunities.

Major risks include the impact of: -

Risk	Mitigation
<p>Commodity prices Paper continues to be a significant element of our cost and is susceptible to market conditions. The continuing uncertainty over global tariff regimes is a risk in our ability to maintain margins in our consumer products business.</p>	<p>The Group uses its buying power to minimise costs increases whilst being mindful of the quality of suppliers. Where appropriate currency hedge arrangements are put in place.</p>
<p>Market risk The overall health of both the UK and Global economies has a direct effect on the performance of the business. The Group may be vulnerable to sudden economic downturns which can affect the level of revenues available. The potential impact of a withdrawal from the European Union and other political changes are unpredictable.</p> <p>The continuing trend of consumers moving to on line retail sales threatens the ability to sell our products in the High Street.</p>	<p>The Group has protected itself from both short and long-term issues by maintaining a healthy balance sheet with no recourse to borrowings. The Group strategy is constantly evolving but combines objectives both to strengthen our position in our conventional media businesses and to diversify into different sectors.</p> <p>We continue to invest in marketing and market research to support our brands and to develop 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 both on the high street and on line.</p>
<p>Competition Competition exists in all markets in which the Group operates and competitors may launch new products and titles which could adversely affect the performance of the Group.</p>	<p>We constantly evaluate the performance of our products and services while investing in new products and developing digital services and brands.</p>
<p>Health and Safety The health of our staff and visitors to our premises is vital to our ongoing business.</p>	<p>Health and Safety matters are reported directly to the Board. The Directors are aware of environmental, health and safety and other risks which could affect our business and prioritise compliance in all areas of operation.</p> <p>The Group offers a degree of health insurance to all staff and provides both in house and external gym facilities.</p>

Risks and uncertainties (continued)

Risk	Mitigation
Costs Staff costs and raw materials remain the major cost faced by the Group.	Both are kept under review. Our procurement team continues to support the business in making significant savings in operating costs.
IT systems and data IT security is a significant risk and has the potential to interrupt or halt operations.	We have installed new technology to help protect our customers' data and our networks and are continually looking for ways to improve our IT security so that we continue to protect our networks and the data we process. All staff are required to take training courses that address IT and information security risks. The IT resource continually briefs all staff on potential threats to our systems and data.
People We depend heavily on the ability to attract and keep the best people for our business.	The Group continually monitors remuneration and conditions against market comparators. We offer competitive terms and provide a range of career and development opportunities.
Pension fund liabilities The Group has an ongoing funding obligation for defined benefit participants. Changes in market conditions or regulations have the potential to affect the level of surplus, which could lead to calls for funding from the Group.	The Pension Fund has consistently maintained both a healthy surplus of pension assets over liabilities along with the strong covenant of the Group to support obligations. Both regulations and market conditions are under constant review by the Board and its external advisers.

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 developing 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 and processes in place to reflect such responsibility, including seeking to ensure that modern slavery and trafficking are not present in our supply chain. We consider the relationship with the communities in which we work of great importance to us.

Employees

We engage and communicate with all employees across the UK and internationally, keeping them up to date with business initiatives and performance, consulting and seeking feedback on a regular basis.

Through the various streams of communication within the company, including a group-wide intranet that is being rolled out, monthly e-newsletter, digital signage, emails and town halls, feedback and suggestions are regularly invited with emphasis paid to inclusion and connectivity.

The People and Talent team at DC Thomson regularly engages with teams in all companies and a number of initiatives have been introduced as a result including Lifestyle MOTs and Mindfulness programmes, which sit alongside the established staff learning and development programmes. All of our companies have Mental Health First Aiders (MHFA) with a further group of employees taken through accredited training to expand this vital resource to more of our people. MHFA is an internationally recognised training programme, designed to teach people how to spot the signs and symptoms of mental ill health and provide help on a first aid basis. By bringing it into the workplace, the wellbeing of staff is further supported, with the company ultimately believing that healthy people are happier, more engaged and more productive.

There are a number of events held throughout the year aimed at nurturing employee engagement and culture within the DC Thomson Group. The "Meadowside Inspire" programme of informal lectures has seen us informed and entertained by a wide range of guests from Ranulph Fiennes to Jimmy Carr and Professor Sue Black. The company is supportive of employee led initiatives, and staff across the Group participate in fund raising activities.

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.

Environment

We have over recent years invested in our offices in order to provide modern, energy efficient offices in Dundee, London, Aberdeen and Bath. For example, in our Head Office in Dundee we installed solar panels and rainwater harvesting to reduce our energy consumption and our overall impact on the environment. We have taken part in the government's energy savings opportunity scheme to identify opportunities to reduce our energy consumption across a number of our locations.

Ethical sourcing and our relationships with our suppliers are important to us and we are currently developing new policies and procedures to reflect how we work with them and to ensure we continue to source responsibly.

Community

We foster links with the communities we serve, supporting local projects where we can.

We are pleased that the V&A Museum of Design, to which we contributed, as the cornerstone of the Dundee Waterfront regeneration project, has had initial success beyond expectations.

In September 2019 we supported the Oor Wullie Bucket Trail that, with four auctions in Scotland, raised in excess of £1m for charitable purposes.

We continue to facilitate the Breakthrough Dundee project that helps care-experienced and other young people who have faced or are likely to face significant challenges in their lives.

DC Thomson & Company Limited

Strategic report (continued)

Awards

The Group and its subsidiaries garnered many awards during the year, as indeed did some of its staff members. There are too many to mention here, but amongst the most notable are –

DC Thomson Media

Newsawards' Regional Daily Newspaper of the Year, for Press and Journal
Scottish Press Awards' Newspaper of the Year, for the Sunday Post
Scottish Press Awards' Campaign of the Year, for the Courier
British Media Awards' Regional Company of the Year

Wild and Wolf

The Queen's Award for Enterprise: International Trade 2018

DC Thomson Media and Beano Studios Ltd

Newspaper and Magazine Awards' Children's Magazine of the Year for the Beano

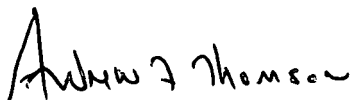
Beano Studios Ltd

Broadcast Digital Awards' Best Digital Children's Channel and Best Digital Web Channel, for beano.com

Stylist

PPA Digital Awards' Digital Commercial Partnership of the Year, for its campaign with Acuvue

By order of the board:



AF Thomson

Director

1 November 2019

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 2019.

The Directors' report to the hundred and fifteenth Annual General Meeting of DC Thomson & Company Limited, to be held at Meadowside, Dundee on Tuesday 26 November 2019 at 12 noon.

Dividends

The Directors recommend that a final dividend of £16,582,621 (2018 - £16,127,736) be paid, which together with the interim dividend of £5,169,146 (2018 - £4,962,380) already paid, will make a total of £21,751,767 (2018 - £21,090,116) 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 £164,692 (2018 - £201,172) 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 AF Thomson retires by rotation and being eligible offers himself for re-election.

In so far as the Directors are aware:

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

Auditors

A resolution concerning the re-appointment of MHA 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:



S Evans

Secretary

Dundee

1 November 2019

DC Thomson & Company Limited

Group income statement for the year ended 31 March 2019

			2019 £000	Restated 2018 £000
Continuing operations:	Note	£000		
Revenue	3		220,947	207,315
Change to inventories of finished goods and work in progress	17	(1,308)		1,417
Raw materials and consumables		(82,502)		(81,715)
		(83,810)		(80,298)
Employee benefits cost	5	(77,521)		(72,705)
Depreciation	12	(8,738)		(7,768)
Amortisation	11	(6,203)		(6,016)
Impairment of goodwill and other intangible assets	11	(16,500)		-
Other expenses		(48,974)		(49,689)
Finance costs	7	(44)		(259)
Total expenses			(241,790)	(216,735)
Gain from disposal of financial assets		1,578		99,615
Valuation gains/(losses) on financial assets	13	45,468		(35)
Impairment of financial assets	13	(2,830)		(1,605)
Net gain from financial assets			44,216	97,975
Share of post-tax results of associates	15	(2,277)		(2,149)
Loss on equity interest		(8)		-
			(2,285)	(2,149)
Profit before taxation			21,088	86,406
Taxation	8		(3,255)	4,232
Profit for financial year from continuing operations			17,833	90,638
Discontinued operations:				
Profit/(loss) for the year from discontinued operations	9		955	(36,901)
Profit for the year			18,788	53,737
			=====	=====
Profit attributable to:				
Owners of the parent			19,147	54,548
Non-controlling (minority) interest	16		(359)	(811)
			18,788	53,737
			=====	=====

DC Thomson & Company Limited

Group statement of comprehensive income for the year ended 31 March 2019

	Revaluation reserve £000	Retained earnings £000	Total £000
2019			
Profit for financial year	-	18,788	18,788
Loss on acquisition of minority interest	-	(112)	(112)
Exchange differences on translation of foreign operations	-	(1,313)	(1,313)
Actuarial gain on defined benefit pension scheme	-	24,100	24,100
Deferred tax arising on above	-	(4,097)	(4,097)
Other comprehensive income/(expenditure) for the year net of tax	-	18,578	18,578
Total comprehensive income/(expenditure) for the year	-	37,366	37,366
	=====	=====	=====
Total comprehensive income/(expenditure) attributable to:			
Shareholders of parent	-	38,399	38,399
Non-controlling (minority) interest	-	(1,033)	(1,033)
	-	37,366	37,366
	=====	=====	=====
Restated 2018			
Profit for financial year	-	53,737	53,737
Exchange differences on translation of foreign operations	-	4,951	4,951
Release on disposal of other business assets	(95,383)	-	(95,383)
Actuarial gain on defined benefit pension scheme	-	114,800	114,800
Deferred tax arising on above	-	(19,516)	(19,516)
Other comprehensive income/(expenditure) for the year net of tax	(95,383)	100,235	4,852
Total comprehensive income/(expenditure) for the year	(95,383)	153,972	58,589
	=====	=====	=====
Total comprehensive income/(expenditure) attributable to:			
Shareholders of parent	(95,383)	154,707	59,324
Non-controlling (minority) interest	-	(735)	(735)
	(95,383)	153,972	58,589
	=====	=====	=====

DC Thomson & Company Limited

Company statement of comprehensive income for the year ended 31 March 2019

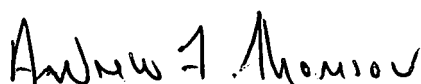
	Revaluation reserve £000	Retained earnings £000	Total £000
2019			
Loss for financial year	-	(9,245)	(9,245)
	<hr/>	<hr/>	<hr/>
Actuarial gain on defined benefit pension scheme	-	24,100	24,100
Deferred tax arising on above	-	(4,097)	(4,097)
	<hr/>	<hr/>	<hr/>
Other comprehensive income/(expenditure) for the year net of tax	-	20,003	20,003
	<hr/>	<hr/>	<hr/>
Total comprehensive income/(expenditure) for the year	- =====	10,758 =====	10,758 =====
 Restated 2018			
Profit for financial year	-	88,537	88,537
	<hr/>	<hr/>	<hr/>
Release on disposal of other business assets	(76,838)	-	(76,838)
Actuarial gain on defined benefit pension scheme	-	114,800	114,800
Deferred tax arising on above	-	(19,516)	(19,516)
	<hr/>	<hr/>	<hr/>
Other comprehensive income/(expenditure) for the year net of tax	(76,838)	95,284	18,446
	<hr/>	<hr/>	<hr/>
Total comprehensive income/(expenditure) for the year	(76,838) =====	183,821 =====	106,983 =====

DC Thomson & Company Limited

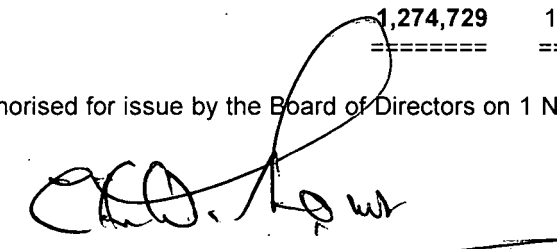
Group balance sheet at 31 March 2019

	Note	2019 £000	Restated 2018 £000
Non-current assets			
Goodwill	11	110,583	110,419
Other intangible assets	11	195,936	207,910
Property, plant and equipment	12	73,699	77,219
Financial assets – other business assets	13	646,464	603,194
Interests in associates	15	14,663	12,488
Retirement benefit surplus	22	322,900	299,400
		<u>1,364,245</u>	<u>1,310,630</u>
Current assets			
Inventories	17	12,170	11,875
Trade and other receivables	18	37,335	48,018
Cash and cash equivalents	23	43,848	72,595
Income tax assets		7,020	-
Assets directly associated with a disposal group classified as held for sale	9	2,050	23,366
		<u>102,423</u>	<u>155,854</u>
Total assets		<u>1,466,668</u>	<u>1,466,484</u>
Current liabilities			
Trade and other payables	19	43,135	42,112
Income tax liabilities		-	1,909
Liabilities directly associated with a disposal group classified as held for sale	9	1,879	25,805
		<u>45,014</u>	<u>69,826</u>
Non-current liabilities			
Deferred tax liabilities	21	146,925	138,297
Total liabilities		<u>191,939</u>	<u>208,123</u>
Net assets		<u>1,274,729</u>	<u>1,258,361</u>
Equity (Page 20)			
Share capital		4,135	4,135
Other reserves		151,865	151,865
Retained earnings and foreign currency translation reserve		1,118,704	1,101,395
Shareholders' equity		<u>1,274,704</u>	<u>1,257,395</u>
Non-controlling (minority) interest	16	25	966
Total equity		<u>1,274,729</u>	<u>1,258,361</u>

The financial statements were approved and authorised for issue by the Board of Directors on 1 November 2019 and signed on its behalf by:



AF Thomson
Director

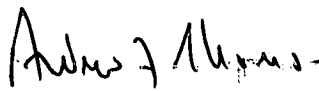

CHW Thomson
Director

DC Thomson & Company Limited

Company balance sheet at 31 March 2019

	Note	2019 £000	Restated 2018 £000
Non-current assets			
Other intangible assets	11	72	120
Property, plant and equipment	12	58,844	61,937
Financial assets – other business assets	13	646,047	603,129
Interests in group undertakings	14	294,508	305,845
Retirement benefit surplus	22	322,900	299,400
		1,322,371	1,270,431
Current assets			
Inventories	17	3,735	2,201
Trade and other receivables	18	68,961	49,322
Cash and cash equivalents	23	20,753	59,941
		93,449	111,464
Total assets		1,415,820	1,381,895
Current liabilities			
Trade and other payables	19	133,277	91,679
Income tax liabilities		2,813	10,740
		136,090	102,419
Non-current liabilities			
Deferred tax liabilities	21	119,025	108,439
Total liabilities		255,115	210,858
Net assets		1,160,705	1,171,037
Equity (Page 21)			
Share capital		4,135	4,135
Other reserves		1,865	1,865
Retained earnings		1,154,705	1,165,037
Total equity		1,160,705	1,171,037

The financial statements were approved and authorised for issue by the Board of Directors on 1 November 2019 and signed on its behalf by:



AF Thomson
Director



CHW Thomson
Director

DC Thomson & Company Limited

Group cash flow statement for the year ended 31 March 2019

		2019	Restated 2018
	Note	£000	£000
Cash flows from operating activities			
Profit/(loss) before taxation:			
Continuing		21,088	86,406
Discontinued	9	1,582	(40,741)
Depreciation and amortisation	9/11/12	15,068	17,327
Impairment of goodwill and other intangible assets	11	16,500	-
Impairment of financial assets	13	2,830	1,605
Valuation (gains)/losses on financial assets	13	(45,468)	35
Share of result of associates	15	2,277	2,149
Loss on disposal of property, plant and equipment		156	6
Loss on disposal of intangible assets		-	396
Gain on disposal of financial assets		(1,578)	(99,615)
Forward contract valuation movement	20	-	2,287
Pension adjustment	22	600	800
Decrease in inventories		7,875	2,872
(Increase)/decrease in receivables		27,522	(1,204)
(Decrease)/increase in payables		(24,665)	9,370
Exchange reserve movement		(1,459)	5,465
Loss on equity interest		(8)	-
		<hr/>	<hr/>
Cash generated from/(used in) operations		22,320	(12,842)
Income tax paid		(8,301)	(8,828)
		<hr/>	<hr/>
Net cash from/(used in) operating activities		14,019	(21,670)
Investing activities			
Proceeds on disposal of property, plant and equipment		16	1,636
Proceeds on disposal of financial assets		16,554	105,212
Repayment from associates	15	1,474	-
Purchase of intangible assets	11	(5,075)	(4,759)
Purchases of property, plant and equipment	9/12	(3,317)	(7,860)
Purchase of financial assets	13	(15,608)	(76,668)
Investment in subsidiary undertakings	11	(7,970)	-
Investment in subsidiary undertakings – deferred consideration paid	11	(2,745)	-
Investment in associates	15	(5,814)	(2,962)
Minority interest		-	76
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(22,485)	14,675
Financing activities			
Dividends paid	10	(21,090)	(20,428)
Decrease in borrowings		-	(9)
		<hr/>	<hr/>
Net cash used in financing activities		(21,090)	(20,437)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(29,556)	(27,432)
Cash and cash equivalents acquired with subsidiaries	11	809	-
Cash and cash equivalents at 31 March 2018	23	72,595	100,027
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2019	23	43,848	72,595
		=====	=====

DC Thomson & Company Limited

Company cash flow statement for the year ended 31 March 2019

		2019	Restated
	Note	£000	2018 £000
Cash flows from operating activities			
(Loss)/profit before taxation		(2,426)	87,941
Intercompany loan interest	14	(254)	(7)
Depreciation and amortisation	11/12	3,657	3,301
Impairment of financial assets	13	2,830	1,250
Impairment of interests in group undertakings	14	54,775	-
Valuation (gains)/losses on other business assets	13	(45,468)	35
Gain on disposal of property, plant and equipment		(2)	(16)
Gain on disposal of financial assets		(1,578)	(81,070)
Pension adjustment	22	600	800
Increase in inventories	17	(1,534)	(358)
Increase in receivables		(19,639)	(26,264)
Increase in payables		41,598	38,604
Cash generated from operations		32,559	24,216
Income tax paid		(8,257)	(14,046)
Net cash from operating activities		24,302	10,170
Investing activities			
Proceeds on disposal of property, plant and equipment		2	18
Proceeds on disposal of financial assets		16,554	105,212
Repayment from group companies	14	1,360	70
Purchases of property, plant and equipment	12	(516)	(2,184)
Purchase of financial assets	13	(15,256)	(76,668)
Investment in subsidiary undertakings	14	(38,730)	(26,200)
Investment in associates	14	(5,814)	(2,551)
Net cash used in investing activities		(42,400)	(2,303)
Financing activities			
Dividends paid	10	(21,090)	(20,428)
Net cash used in financing activities		(21,090)	(20,428)
Net decrease in cash and cash equivalents		(39,188)	(12,561)
Cash and cash equivalents at 31 March 2018	23	59,941	72,502
Cash and cash equivalents at 31 March 2019	23	20,753	59,941
		=====	=====

DC Thomson & Company Limited

Group statement of changes in equity for the year ended 31 March 2019

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2017 – restated (note 24)	4,135	247,248	967,116	1,218,499	1,701	1,220,200
Profit/(loss) for financial year – restated (note 24)	-	-	54,548	54,548	(811)	53,737
Other comprehensive income/(expenditure) – restated (note 24)	-	(95,383)	100,159	4,776	76	4,852
Total comprehensive income/(expenditure)	-	(95,383)	154,707	59,324	(735)	58,589
Recognised directly in equity:						
Dividends	-	-	(20,428)	(20,428)	-	(20,428)
Total movements	-	(95,383)	134,279	38,896	(735)	38,161
Balance at 31 March 2018 – restated (note 24)	4,135	151,865	1,101,395	1,257,395	966	1,258,361
Profit/(loss) for financial year	-	-	19,147	19,147	(359)	18,788
Other comprehensive income/(expenditure)	-	-	19,252	19,252	(674)	18,578
Total comprehensive income/(expenditure)	-	-	38,399	38,399	(1,033)	37,366
Recognised directly in equity:						
Dividends	-	-	(21,090)	(21,090)	-	(21,090)
On acquisition	-	-	-	-	92	92
Total movements	-	-	17,309	17,309	(941)	16,368
Balance at 31 March 2019	4,135	151,865	1,118,704	1,274,704	25	1,274,729

Authorised and called up share capital represents 4,135,317 (2018 - 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include a capital redemption reserve of £1,865,000 (2018 - £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 (2018 - £50,000,000) and a capital expenditure reserve of £100,000,000 (2018 - £100,000,000).

Included in retained earnings is a revaluation reserve of £373,611,000 (2018 - £347,004,000) which represents the unrealised appreciation on financial assets, and which is not distributable.

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

	£000
At 1 April 2017	10,830
Arising in year	4,951
At 31 March 2018	15,781
Arising in year	(1,313)
At 31 March 2019	14,468

DC Thomson & Company Limited

Company statement of changes in equity for the year ended 31 March 2019

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2017 – restated (note 24)	4,135	78,703	1,001,644	1,084,482
Profit for financial year – restated (note 24)	-	-	88,537	88,537
Other comprehensive income/(expenditure) – restated (note 24)	-	(76,838)	95,284	18,446
Total comprehensive income/(expenditure)	-	(76,838)	183,821	106,983
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(20,428)	(20,428)
Total movements	-	(76,838)	163,393	86,555
Balance at 31 March 2018 – restated (note 24)	4,135	1,865	1,165,037	1,171,037
Loss for financial year	-	-	(9,245)	(9,245)
Other comprehensive income/(expenditure)	-	-	20,003	20,003
Total comprehensive income/(expenditure)	-	-	10,758	10,758
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(21,090)	(21,090)
Total movements	-	-	(10,332)	(10,332)
Balance at 31 March 2019	4,135	1,865	1,154,705	1,160,705

Authorised and called up share capital represents 4,135,317 (2018 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves represent a capital redemption reserve of £1,865,000 (2018 - £1,865,000) created on the purchase by the Company of its own shares.

Included in retained earnings is a revaluation reserve of £289,993,000 (2018 - £259,670,000) which represents the unrealised appreciation on financial assets, and which is not distributable.

1 Statement of compliance

Both the Group and Parent Company financial statements ("financial statements") at 31 March 2019 have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU.

2 Accounting policies

Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been issued and are effective for the current financial period.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* took effect from 1 January 2018 and has been adopted for the year ended 31 March 2019 using the full retrospective method.

The impact of the initial application of IFRS 9 Financial Instruments is presented in Note 24.

IFRS 15 Revenue From Contracts With Customers

IFRS 15 *Revenue From Contracts With Customers* also took effect from 1 January 2018 and has been adopted for the year ended 31 March 2019 using the full retrospective method.

The impact of the initial application of IFRS 15 Revenue From Contracts With Customers is presented in Note 24.

Other revised interpretations, amendments and annual improvements to IFRSs

In the current year, the Group has applied a number of other revised Interpretations, Amendments and Annual Improvements to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

Amendments:

Amendments to IFRS 2: The Group has adopted the amendments to IFRS 2: *Share Based Payments* for the first time in the current year.

The amendments clarify the classification and measurement of share-based payment transactions.

Amendments to IAS 40: The Group has adopted the amendments to IAS 40: *Investment Property* for the first time in the current year

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

2 Accounting policies (continued)

Adoption of new and revised Standards (continued)

Amendments (continued):

IFRIC 22: *Foreign
Currency Transactions
and Advance
Consideration*

The Group has adopted IFRIC 22: *Foreign Currency Transactions and Advance Consideration* for the first time in the current year.

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue). The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

Annual Improvements to
IFRSs: 2014-2016 Cycle
in respect of IFRS 1 and
IAS 28

The Group has adopted the Annual Improvements to IFRSs: 2014-2016 Cycle in respect of IFRS 1 and IAS 28 the first time in the current year.

Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1: *First-time Adoption of International Financial Reporting Standards*, because they have now served their intended purpose.

IAS 28: *Investments in Associates and Joint Ventures* clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The adoption of these amendments has had no impact on the Group's accounting policies.

2 Accounting policies (continued)

Company information

DC Thomson & Company Limited ("the Company") is a private limited company domiciled and incorporated in Scotland. The registered office is Courier Buildings, Albert Square, Dundee.

Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounding to the nearest £000.

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 2019.

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.

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

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.

2 Accounting policies (continued)

Acquisitions

On acquisition, the assets and liabilities of a subsidiary, including identifiable intangible assets, are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is reviewed for impairment annually and any impairment is recognised immediately in the income statement. Any excess of fair value of the identifiable net assets acquired over the cost of acquisition is credited to the income statement on acquisition.

Goodwill and other intangible assets

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

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

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

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

Intangible assets which have been assigned a finite life are amortised on a straight-line basis over the assets' useful life 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 IFRS 3 is applied with goodwill arising being charged through equity.

2 Accounting policies (continued)**Property, plant and equipment**

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

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

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

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

Financial assets***Other business assets***

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

Listed investments are shown as held for trading, initially recorded at cost in the period of acquisition and subsequently measured at fair value. Gains and losses on the revaluation of held for trading investments are recognised in the income statement. 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.

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.

2 Accounting policies (continued)

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 and is recognised at the point in time when the relevant performance obligation is satisfied.

Where revenue contracts have multiple elements, all aspects of the transaction are considered to determine whether these elements can be separately identified. Where transaction elements can be separately identified and revenue can be allocated between them on a fair and reliable basis, revenue for each element is accounted for according to the relevant policy below. Where transaction elements cannot be separately identified, revenue is recognised over the contract period.

The Group recognises revenue from the following major sources:

- Circulation revenue is recognised on date of the publication less provisions for levels of expected returns;
- Subscription revenue is recognised over the period of the subscription or contract;
- Advertising revenue is recognised on the date of publication or the period of the campaign;
- Consumer products revenue is recognised at point of sale less provisions for levels of expected returns;
- Contract printing revenue is recognised when the service is provided;
- Licensing, syndication and merchandising revenue is recognised when the service is provided;
- 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.
- Cloud services revenue is recognised over the period of the contract; and
- Investment income is recognised when earned.

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.

2 Accounting policies (continued)

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.

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.

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 non 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.

2 Accounting policies (continued)

Financial guarantee contracts

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

Taxation

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

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

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

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

Deferred tax assets and liabilities are offset when the relevant requirements of IAS 12 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 at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

2 Accounting policies (continued)

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.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors have 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.

2 Accounting policies (continued)

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.

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 22.

Provision for returns

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

2 Accounting policies (continued)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and (in some cases) have not yet adopted by the EU:

Amendments:

IFRS 9: Prepayment Features With Negative Compensation

IAS 19: Plan Amendment, Curtailment or Settlement

IAS 28: Investments in Associates and Joint Ventures

Amendments to IAS 1 and IAS 8: Definition of Materiality

Annual Improvements 2015-2017 Cycle

Revised interpretations:

IFRIC 23: Uncertainty Over Income Tax Treatments

These amendments and revised interpretations are not expected to have a material impact on the Group's results.

New or revised standards:

IFRS 16: Leases

IFRS 17: Insurance Contracts

IFRS 16, the new standard on leases, removes the distinction between operating and finance leases, meaning that the Group will have higher lease liabilities, and correspondingly higher assets, on the statement of financial position. The expense relating to arrangements previously classified as operating leases will be a combination of finance costs on the newly recognised liability and the amortisation of the newly recognised asset.

The Group leases property and certain plant and equipment under operating leases. On adoption of IFRS 16, it intends to apply the cumulative method permitted by the standard. Comparative information will not be restated; instead, the cumulative effect of initially applying IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019. The Group expects to recognise the right to use assets in respect of these operating leases amounting to approximately £17.4m at the transition date of 1 April 2019 and a corresponding liability of a similar amount. The directors are still researching the full impact of the standard and are considering how best to make informative disclosures when the standard is first applied in the 2020 financial statements.

The Group is currently assessing the impact of the other new standards, amendments and interpretations on its results and it is not practicable to provide a reasonable estimate of the effect until this assessment has been completed.

DC Thomson & Company Limited

Notes to the financial statements (continued)

3	Revenue	2019			2018		
		Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
	Trading revenue	201,763	16,883	218,646	191,412	66,843	258,255
	Other income:						
	Dividends	15,496	-	15,496	15,048	-	15,048
	Interest	3,688	11	3,699	855	23	878
		<u>220,947</u>	<u>16,894</u>	<u>237,841</u>	<u>207,315</u>	<u>66,866</u>	<u>274,181</u>
		=====	=====	=====	=====	=====	=====

The Group trading revenue comprises sales excluding value added tax, less discounts and commission where applicable and is analysed as follows:

Circulation	79,515	-	79,515	76,727	-	76,727
Advertising	37,051	-	37,051	39,315	-	39,315
Consumer products	35,769	16,883	52,652	31,563	66,843	98,406
Contract printing	3,552	-	3,552	3,284	-	3,284
Events	3,116	-	3,116	2,773	-	2,773
Other	15,172	-	15,172	11,875	-	11,875
Genealogy	19,190	-	19,190	17,634	-	17,634
Hosting	8,398	-	8,398	8,241	-	8,241
	<u>201,763</u>	<u>16,883</u>	<u>218,646</u>	<u>191,412</u>	<u>66,843</u>	<u>258,255</u>
	=====	=====	=====	=====	=====	=====

DC Thomson & Company Limited

Notes to the financial statements (continued)

3 Revenue

	Continuing £000	2019 Discontinued £000	Total £000	Continuing £000	2018 Discontinued £000	Total £000
Analysis of trading revenue by destination market						
United Kingdom	163,405	5,732	169,137	156,901	18,659	175,560
Rest of Europe	6,639	123	6,762	5,758	5,501	11,259
North America	22,222	6,961	29,183	18,928	26,498	45,426
Australia	5,141	4,067	9,208	5,012	12,666	17,678
Rest of World	4,356	-	4,356	4,813	3,519	8,332
	<u>201,763</u>	<u>16,883</u>	<u>218,646</u>	<u>191,412</u>	<u>66,843</u>	<u>258,255</u>
	=====	=====	=====	=====	=====	=====

4 Income statement

	Continuing £000	2019 Discontinued £000	Total £000	Continuing £000	2018 Discontinued £000	Total £000
Total expenses are stated after charging/(crediting):						
Auditor's remuneration to audit group financial statements	101	-	101	97	-	97
Auditor's remuneration for other services	367	39	406	273	69	342
Rentals under property operating leases	3,962	310	4,272	2,458	1,912	4,370
Rentals under plant operating leases	370	-	370	192	282	474
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Loss/(gain) on sale of fixed tangible assets	156	-	156	54	(49)	5
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The auditor's remuneration for other services was in connection with, the audit of subsidiaries £186,000 (2018 - £197,000), general consultancy £30,000 (2018 - £23,000), taxation services £186,000 (2018 - £122,000) and other legislative compliance £4,000 (2018 - £Nil).

DC Thomson & Company Limited

Notes to the financial statements (continued)

5 Employee benefits costs

	Continuing Number	2019 Discontinued Number	Total Number	Continuing Number	2018 Discontinued Number	Total Number
Average monthly number of employees during the year:						
Group	1,780 =====	31 =====	1,811 =====	1,732 =====	297 =====	2,029 =====
Company	790 =====	- =====	790 =====	765 =====	- =====	765 =====
	Continuing £000	2019 Discontinued £000	Total £000	Continuing £000	2018 Discontinued £000	Total £000
Employee costs during the year (including directors remuneration) amounted to:						
Wages and salaries	66,896	1,675	68,571	62,647	16,781	79,428
Social security costs	6,031	60	6,091	5,739	838	6,577
Defined contribution pension costs	1,161	7	1,168	898	275	1,173
	<u>74,088</u>	<u>1,742</u>	<u>75,830</u>	<u>69,284</u>	<u>17,894</u>	<u>87,178</u>
Defined benefit pension charge (Note 22)	600	-	600	800	-	800
Severance payments	2,833	-	2,833	2,621	6,624	9,245
	<u>77,521</u> =====	<u>1,742</u> =====	<u>79,263</u> =====	<u>72,705</u> =====	<u>24,518</u> =====	<u>97,223</u> =====

The pension charge is a non-cash adjustment arising from the accounting treatment of final salary pension schemes under IAS 19 (Note 22).

DC Thomson & Company Limited

Notes to the financial statements (continued)

6	Key management personnel emoluments	2019	2018
		£000	£000
	Remuneration	1,266	1,010
		=====	=====

The emoluments receivable by the highest paid member of key management were £334,000 (2018 - £271,000).

DC Thomson & Company Limited

Notes to the financial statements (continued)

7 Finance costs

	Continuing £000	2019 Discontinued £000	Total £000	Continuing £000	2018 Discontinued £000	Total £000
Interest payable	44	33	77	259	211	470
	=====	=====	=====	=====	=====	=====

8 Taxation

	Continuing £000	2019 Discontinued £000	Total £000	Continuing £000	2018 Discontinued £000	Restated Total £000
Current taxation						
UK corporation tax on profits for the year	(828)	38	(790)	12,566	(4,066)	8,500
Overseas tax	(34)	-	(34)	3	232	235
Adjustments in respect of prior periods						
- UK	(148)	316	168	(449)	101	(348)
	<u>(1,010)</u>	<u>354</u>	<u>(656)</u>	<u>12,120</u>	<u>(3,733)</u>	<u>8,387</u>
Deferred taxation						
Origination and reversal of timing differences	4,656	273	4,929	(15,650)	529	(15,121)
Adjustment in respect of prior periods	(391)	-	(391)	(702)	(636)	(1,338)
	<u>3,255</u>	<u>627</u>	<u>3,882</u>	<u>(4,232)</u>	<u>(3,840)</u>	<u>(8,072)</u>
	=====	=====	=====	=====	=====	=====

DC Thomson & Company Limited

Notes to the financial statements (continued)

8 Taxation (continued)

	Continuing £000	2019 Discontinued £000	Total £000	Continuing £000	2018 Discontinued £000	Restated Total £000
Factors affecting tax charge for year						
Profit/(loss) for year before tax	21,088	1,582	22,670	86,406	(40,741)	45,665
	=====	=====	=====	=====	=====	=====
Tax thereon at 19% (2018 – 19%)	4,007	301	4,308	16,417	(7,741)	8,676
Effects of:						
Franked investment income not attracting tax	(2,817)	-	(2,817)	(2,830)	-	(2,830)
Book gain compared with capital gain	(367)	-	(367)	(17,487)	-	(17,487)
Other timing differences	(87)	(209)	(296)	(164)	-	(164)
Overseas profits tax impact	658	65	723	947	845	1,792
Associate undertaking effect	559	-	559	471	-	471
Other items affecting tax charge	565	(274)	291	193	1,352	1,545
Change in tax rate	154	246	400	148	172	320
Adjustments in respect of prior periods	(539)	316	(223)	(1,151)	(535)	(1,686)
Losses available to carry forward/(utilised)	(359)	182	(177)	(518)	2,067	1,549
Television production and R&D tax credit	(292)	-	(292)	(258)	-	(258)
Impairment of financial assets	538	-	538	-	-	-
Impairment of goodwill and other intangible assets	1,235	-	1,235	-	-	-
	=====	=====	=====	=====	=====	=====
Taxation charge/(credit)	3,255	627	3,882	(4,232)	(3,840)	(8,072)
	=====	=====	=====	=====	=====	=====

The standard rate of UK corporation tax changed from 20% to 19% with effect from April 2017 and a further reduction down to 17% for financial years beginning 1 April 2020 has been substantively enacted.

DC Thomson & Company Limited

Notes to the financial statements (continued)

9 Discontinued operations

In February 2018, the Group made the decision to close the Parragon Publishing Limited subgroup, part of the Group's Consumer Products Division. The Parragon Publishing Limited subgroup was subject to a controlled wind down of activities during the current financial year and the operations have been classified as a disposal group held for sale and has been presented separately in the balance sheet.

The results of the discontinued operations, which have been included in the Group income statement, were as follows:

	Note	£000	2019 £000	2018 £000
Revenue	3		16,894	66,866
Change to inventories of finished goods and work in progress		(8,170)		(4,800)
Raw materials and consumables		(3,250)		(37,846)
		(11,420)		(42,646)
Employee benefits cost	5	(1,742)		(24,518)
Depreciation		(127)		(1,248)
Amortisation		-		(2,295)
Other expenses		(1,990)		(34,402)
Fair value (loss)/gain on financial instruments	20	-		(2,287)
Finance costs	7	(33)		(211)
Total expenses			(15,312)	(107,607)
Profit/(loss) on disposal of discontinued operations			1,582	(40,741)
Attributable taxation	8		(627)	3,840
Net profit/(loss) attributable to discontinued operations (attributable to owners of the Company)			955	(36,901)
			=====	=====

During the year, the Parragon Publishing Limited subgroup contributed an outflow of £6.5m (2018 - outflow £18.7m) to the Group's net operating cashflows, paid £Nil (2018 - paid £0.5m) in respect of investing activities and paid £Nil (2018 - paid £Nil) in respect of financing activities.

DC Thomson & Company Limited

Notes to the financial statements (continued)

9 Discontinued operations (continued)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2019 £000	2018 £000
Property, plant and equipment	87	172
Inventories	718	8,888
Trade and other receivables	1,245	14,306
Total assets classified as held for sale	2,050	23,366
Trade and other payables	(1,879)	(25,805)
Total liabilities classified as held for sale	(1,879)	(25,805)
Net assets/(liabilities) of disposal group	171	(2,439)
	=====	=====

10 Dividends - paid in the year

	2019 £000	2018 £000
Ordinary shares:		
Final for 2018 of 390p per share paid (2017 – 379p)	16,128	15,673
Interim for 2018 of 120p per share (2017 - 115p)	4,962	4,755
	21,090	20,428
	=====	=====

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

Dividends - paid post year end and proposed

Interim of 125p paid (2018 – 120p)	5,169	4,962
Final of 401p per share proposed (2018 – 390p)	16,583	16,128
	21,752	21,090
	=====	=====

DC Thomson & Company Limited

Notes to the financial statements (continued)

11 Goodwill and other intangible assets

Goodwill

Group	2019 £000	2018 £000
At 31 March 2018	110,419	109,771
Additions	6,664	648
Impairments	(6,500)	-
At 31 March 2019	110,583 =====	110,419 =====
Goodwill includes:		
Media	41,129	34,983
Genealogy	25,702	25,184
Stylist	27,394	33,894
Consumer Products	16,358	16,358
At 31 March 2019	110,583 =====	110,419 =====

Material acquisitions in the year were as follows:

On 20 September 2018, the Group acquired 88% of the ordinary share capital of New Aceville Publications Limited and New Maze Media Limited for consideration of £2,741,000. This has been treated as a subsidiary acquisition with the remaining 12% of the ordinary shares classified as non-controlling (minority) interests.

	£000
Intangible assets	992
Tangible fixed assets	88
Trade and other receivables	3,385
Cash and cash equivalents	336
Trade and other payables	(3,917)
Income tax liability	(116)
Fair value of net assets	768
Minority interest	(92)
Fair value of net assets acquired	676
Fair value of consideration paid	2,741
Goodwill arising	2,065 =====

The Aceville subgroup has contributed £7.2m revenue and £0.2m loss to the Group's profit for the period between the date of acquisition and the reporting date.

11 Goodwill and other intangible assets (continued)

Goodwill (continued)

Group (continued)

On 8 March 2019, the Group acquired 100% of the ordinary share capital of Kingdom FM Radio Ltd. This has been treated as a subsidiary acquisition.

	£000
Tangible fixed assets	142
Trade and other receivables	242
Deferred tax asset	93
Cash and cash equivalents	(43)
Trade and other payables	(299)

Fair value of net liabilities acquired	(48)
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Fair value of consideration paid	1,086
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Goodwill arising	1,134
	=====

Kingdom FM Radio Limited contributed £0.076m revenue and £0.016m profit to the Group's profit for the period between the date of acquisition and the reporting date.

On 19 March 2019, the Group acquired 100% of the ordinary share capital of Original Aberdeen FM Limited. This has been treated as a subsidiary acquisition.

	£000
Tangible fixed assets	12
Trade and other receivables	335
Cash and cash equivalents	516
Trade and other payables	(185)

Fair value of net assets acquired	678
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Fair value of consideration paid	3,625
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Goodwill arising	2,947
	=====

Original Aberdeen FM Limited contributed £Nil revenue and £Nil profit to the Group's profit for the period between the date of acquisition and the reporting date.

On 1 January 2019, the Group acquired 100% of the ordinary share capital of Rootsfinder, Inc. for a consideration of £518,000. At the date of acquisition, the fair value of the company's net assets was £Nil resulting in £518,000 of goodwill arising on acquisition.

In December 2018, the Group made the final payment of £2,745,000 for the investment in subsidiary Wild & Wolf Holdings Limited. Goodwill was recognised on the original acquisition and as a result £103k has been recognised through equity in the current financial year.

If the acquisition had been completed on the first day of the financial year, Group revenues for the year would have been £230.7m and Group profit would have been £17.9m.

None of the goodwill arising on acquisition in the current year is expected to be deductible for income tax purposes.

DC Thomson & Company Limited

Notes to the financial statements (continued)

11 Goodwill and other intangible assets (continued)

Goodwill (continued)

Group (continued)

Intangible assets	Indefinite life	Other	Total
Group	£000	£000	£000
At 31 March 2017	181,504	30,644	212,148
Additions	-	4,759	4,759
Amortisation	-	(8,311)	(8,311)
Disposals	-	(396)	(396)
Retranslation of foreign assets	-	(58)	(58)
Transfer from property, plant and equipment	-	(232)	(232)
At 31 March 2018	181,504	26,406	207,910
Additions	-	5,075	5,075
On acquisition	-	992	992
Amortisation	-	(6,203)	(6,203)
Retranslation of foreign assets	-	10	10
Transfer to property, plant and equipment	-	(1,848)	(1,848)
Impairments	(10,000)	-	(10,000)
At 31 March 2019	<u>171,504</u>	<u>24,432</u>	<u>195,936</u>

At 31 March 2019, accumulated amortisation amounted to £124,365,000 (2018 - £118,162,000).

Indefinite life intangible assets include mastheads of £72m (2018 - £72m) on the acquisition of Puzzler Media Holdings Limited and £100m (2018 - £110m) on the acquisition of Aberdeen Journals Limited.

Other intangible assets are mainly licences and distribution channels to market and include £2m (2018 - £3m) in Puzzler Media Holdings Limited, television programme costs of £2m (2018 - £3m) in Beano Studios Limited, £Nil (2018 - £0.4m) publishing assets in This England Publishing Limited, £1m (2018 - £nil) magazine titles in Aceville together with datasets and customer databases in brightsolid online innovation limited of £19m (2018 - £20m).

DC Thomson & Company Limited

Notes to the financial statements (continued)

11 Goodwill and other intangible assets (continued)

Intangible assets	Indefinite life £000	Other £000	Total £000
Company			
At 31 March 2017	-	170	170
Amortisation	-	(50)	(50)
At 31 March 2018	-	120	120
Amortisation	-	(48)	(48)
At 31 March 2019	-	72	72
	=====	=====	=====

At 31 March 2019, accumulated amortisation amounted to £1,533,000 (2018 - £1,485,000).

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 £6.5m was recognised (2018 - £Nil) together with an impairment of indefinite life intangible assets of £10m (2018 - £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 IAS 38 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 cash flows from the assets in the CGUs. For the 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. The value in use is calculated as the average of two valuation bases: 1) A discounted cash flow valuation of terminal value using a perpetual growth factor and 2) A discounted cash flow valuation of terminal value using an industry-based exit multiple applied to management's forecasts of cash flows. For the perpetual growth calculation, a steady growth rate is assessed by management. The cash flows for all CGUs have been discounted at a 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, expected trading performance and the long-term growth factor. From the results of these reviews the directors are satisfied that the carrying values of goodwill and intangible assets are appropriate and continue to have an indefinite useful life.

Other intangible assets

The intangible amortisation charge of £6m (2018 - £8m) relates to certain titles in the Magazine Division, and datasets in the Genealogy Division. These are amortised over their estimated useful lives.

The additions in the year relate to film costs in Gnashville Limited 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 2019 of these assets remains recoverable in full.

DC Thomson & Company Limited

Notes to the financial statements (continued)

12 Property, plant and equipment

Group	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Cost				
At 31 March 2017	48,984	84,465	24,656	158,105
On acquisition	-	29	-	29
Additions	18	5,532	2,310	7,860
Transfers	23,850	2,751	(26,334)	267
Disposals	-	(10,599)	(2)	(10,601)
Retranslation of foreign assets	-	(698)	-	(698)
Transfer to assets directly associated with disposal group classified as held for sale	-	(502)	-	(502)
At 31 March 2018	72,852	80,978	630	154,460
On acquisition	-	242	-	242
Additions	1,205	1,561	505	3,271
Transfers	327	2,268	(577)	2,018
Disposals	(443)	(1,196)	-	(1,639)
Retranslation of foreign assets	-	75	-	75
At 31 March 2019	73,941	83,928	558	158,427
Depreciation				
At 31 March 2017	27,647	50,321	-	77,968
On acquisition	-	29	-	29
Charge for year	901	8,115	-	9,016
Transfers	-	35	-	35
On disposals	-	(8,959)	-	(8,959)
Retranslation of foreign assets	-	(518)	-	(518)
Transfer to assets directly associated with disposal group classified as held for sale	-	(330)	-	(330)
At 31 March 2018	28,548	48,693	-	77,241
Charge for year	1,082	7,656	-	8,738
On disposals	(443)	(1,024)	-	(1,467)
Retranslation of foreign assets	-	46	-	46
Transfers	-	170	-	170
At 31 March 2019	29,187	55,541	-	84,728
Net book value				
At 31 March 2019	44,754	28,387	558	73,699
At 31 March 2018	44,304	32,285	630	77,219

The Group annually reviews the carrying value of tangible fixed assets taking recognition of the expected working lives of the property and plant available to the Group and known requirements.

DC Thomson & Company Limited

Notes to the financial statements (continued)

12 Property, plant and equipment (continued)

Company	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Cost				
At 31 March 2017	43,201	69,488	24,622	137,311
Additions	-	-	2,184	2,184
Transfers	23,850	2,484	(26,334)	-
Disposals	-	(44)	(2)	(46)
At 31 March 2018	67,051	71,928	470	139,449
Additions	-	11	505	516
Transfers	169	250	(419)	-
Disposals	-	(37)	-	(37)
At 31 March 2019	67,220	72,152	556	139,928
Depreciation				
At 31 March 2017	25,477	48,828	-	74,305
Charge for year	704	2,547	-	3,251
On disposals	-	(44)	-	(44)
At 31 March 2018	26,181	51,331	-	77,512
Charge for year	812	2,797	-	3,609
On disposals	-	(37)	-	(37)
At 31 March 2019	26,993	54,091	-	81,084
Net book value				
At 31 March 2019	40,227	18,061	556	58,844
At 31 March 2018	40,870	20,597	470	61,937

DC Thomson & Company Limited

Notes to the financial statements (continued)

13 Financial assets – other business assets

	2019		2018	
	Group £000	Company £000	Group £000	Company £000
At 31 March 2018	603,194	603,129	629,146	628,726
Additions	15,608	15,256	76,668	76,668
Disposals	(14,976)	(14,976)	(100,980)	(100,980)
Fair value gains/(losses)	45,468	45,468	(35)	(35)
Impairments	(2,830)	(2,830)	(1,605)	(1,250)
At 31 March 2019	646,464	646,047	603,194	603,129

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 £58m (2018 - £52m) and is included in Note 21. The carrying value of unlisted investments of £15m (2018 - £6m) is based on cost less provisions where there is no formal market as data.

Financial assets are held at fair value through profit or loss (FVTPL) and have been classified as non-current on the basis that there is no formal disposal plan in the 12 months after the end of the reporting period.

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 2017	239,835	37,322	277,157
Interest	-	7	7
Additions	29	28,722	28,751
Repayments	-	(70)	(70)
At 31 March 2018	239,864	65,981	305,845
Interest	-	254	254
Additions	9,325	35,219	44,544
Repayments	-	(1,360)	(1,360)
Impairments	(6,500)	(48,275)	(54,775)
At 31 March 2019	242,689	51,819	294,508

DC Thomson & Company Limited

Notes to the financial statements (continued)

15 Interests in associates

	2019 £000	2018 £000
Group		
At 31 March 2018	12,488	11,865
Additions	5,814	2,962
Loan repayments	(1,474)	-
Share of loss on continuing activities	(2,277)	(2,149)
Retranslation of foreign assets	112	(190)
At 31 March 2019	14,663 =====	12,488 =====

Name of associate	Principal activity	Place of incorporation	Proportion of ownership interest
IZIT Limited	Merchandising	England	24%
* Limelight Sports Group Limited	Design and delivery of major participation sports events and marketing campaigns	England	34%
Love Reading Information Consultancy (Shenzhen) Co. Limited	Sale and distribution of books	China	50%
Ludorum Plc	Exploitation of its animated children's television series	England	22%
* Timar SNC	Magazine publishing	France	50%
* Twig Rights Limited	Development and delivery of multi media curriculum content and products	England	47%
Against the Head Limited	Activities auxiliary to financial intermediation	Scotland	50%

* Associates which have a 31 December financial year end as established on incorporation. Appropriate adjustments have been made for the effect of any significant transactions that occurred between the Associate's and the Group's financial year end. This was necessary so as to apply the equity method of accounting.

Summarised financial information for associates is set out below. This represents the aggregate of actual amounts included in the separate financial statements of associates:

	£000
Post tax loss from continuing operations	(6,233)
Net liabilities	(2,603)

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 £359,000 (2018 – loss £811,000).

At 31 March 2019, the non-controlling (minority) interest is a liability of £25,000 (2018 – liability £966,000), being the non-controlling (minority) interest in subsidiaries of Clavamore Limited (Fifth Ring), Friends Reunited Limited, New Aceville Publications Limited and New Maze Media 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	2019		2018	
	Group £000	Company £000	Group £000	Company £000
Work in progress	562	384	508	397
Finished goods and goods for resale	8,074	73	9,436	32
Inventories of finished goods and work in progress	8,636	457	9,944	429
Raw materials and consumables	3,534	3,278	1,931	1,772
	<u>12,170</u>	<u>3,735</u>	<u>11,875</u>	<u>2,201</u>
	=====	=====	=====	=====

The cost of inventories recognised as an expense during the year in respect of continuing operations was £83,810,000 (2018 - £80,298,000).

Group inventories reflect provisions for slow moving items of £1,527,000 (2018 - £1,908,000). Company inventories reflect provisions for slow moving items of £10,000 (2018 - £Nil).

DC Thomson & Company Limited

Notes to the financial statements (continued)

18 Trade and other receivables

		2019	Restated	Restated
	Group	Company	2018	2018
	£000	£000	Group	Company
			£000	£000
Trade receivables	20,953	5,686	19,859	4,619
Other receivables	8,238	2,225	21,155	16,093
Contract assets	8,144	5,050	7,004	4,858
Receivables due from group undertakings	-	56,000	-	23,752
	<u>37,335</u>	<u>68,961</u>	<u>48,018</u>	<u>49,322</u>
	=====	=====	=====	=====
Current	37,335	45,061	48,018	30,313
Non-current	-	23,900	-	19,009
	=====	=====	=====	=====

Trade receivables are consistent with trading levels across the Group but are also affected by exchange rate fluctuations.

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. 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. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses.

Included in the Group's trade receivable balance are debtors with a carrying amount of £3m (2018 - £4m) 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.

Amounts relating to contract assets are balances due from customers when the Group receives payments from customers in line with performance related milestones. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Non-current assets of the company are certain advances to subsidiary undertakings where repayment is unlikely to be made within 12 months of the balance sheet date.

18 Trade and other receivables (continued)

Ageing of past due but not impaired trade receivables

	2019	2018
	£000	£000
Overdue by		
0 - 30 days	1,027	1,097
30 - 60 days	778	709
60 + days	921	2,650
	2,726	4,456
	=====	=====

Total trade receivables are stated net of provision for bad debts as set out in the accounting policies. These total £1.0m (2018 - £0.6m).

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

19 Trade and other payables

	2019		Restated	Restated
	Group	Company	2018	2018
	£000	£000	Group	Company
			£000	£000
Trade payables and accruals	5,856	1,863	6,088	1,484
Other taxes and social security	2,812	862	2,321	736
Payables due to group undertakings	-	122,283	-	81,474
Other payables	23,084	6,268	19,874	6,015
Contract liabilities	10,982	2,001	10,787	1,970
Deferred consideration	401	-	3,042	-
	43,135	133,277	42,112	91,679
	=====	=====	=====	=====
Current	43,135	133,277	42,112	91,679
Non-current	-	-	-	-
	=====	=====	=====	=====

Trade and other payables are consistent with trading levels across the Group but are also affected by exchange rate fluctuations.

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.

Amounts relating to contract liabilities are where payments from customers exceed the revenue recognised to date.

20 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	2019 £000	2018 £000
Financial assets (current and non-current)		
Financial assets – other business assets	646,464	603,194
Trade and other receivables	37,335	48,018
Cash and cash equivalents	43,848	72,595
Financial liabilities (current and non-current)		
Trade and other payables	(43,135)	(42,112)

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 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 Group was party to a number of forward foreign exchange contracts in prior years in the management of its exchange rate exposures. All contracts were concluded by 31 March 2018 as part of the discontinued operation (see Note 9). The total fair value of the currency financial assets is £Nil (2018 – £Nil) and the charge in the year through other expenses in the income statement is £Nil (2018 – £2,287,000).

DC Thomson & Company Limited

Notes to the financial statements (continued)

20 Financial instruments (continued)

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

	Sterling £000	Euro £000	US Dollar £000	Australian Dollar £000	Total £000
2019					
Trade receivables	17,581	225	3,113	34	20,953
Trade receivables directly associated with disposal group classified as held for sale	146	-	-	1,057	1,203
Trade payables	(5,575)	(16)	(241)	(24)	(5,856)
Trade payables directly associated with disposal group classified as held for sale	(24)	-	-	(51)	(75)
Cash and cash equivalents	28,246	1,174	11,113	3,315	43,848
	<u>40,374</u>	<u>1,383</u>	<u>13,985</u>	<u>4,331</u>	<u>60,073</u>
	=====	=====	=====	=====	=====
Restated 2018					
Trade receivables	16,270	1	3,569	19	19,859
Trade receivables directly associated with disposal group classified as held for sale	2,327	1,078	5,115	5,078	13,598
Trade payables	(4,996)	-	(1,066)	(26)	(6,088)
Trade payables directly associated with disposal group classified as held for sale	(875)	(68)	(790)	(102)	(1,835)
Cash and cash equivalents	57,366	1,601	4,614	9,014	72,595
	<u>70,092</u>	<u>2,612</u>	<u>11,442</u>	<u>13,983</u>	<u>98,129</u>
	=====	=====	=====	=====	=====

20 Financial instruments (continued)

Credit risk management

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

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

Trade and other receivables

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

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

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

Trade and other payables

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

Liquidity risk management

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

DC Thomson & Company Limited

Notes to the financial statements (continued)

21	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 2017	5,510	67,110	31,518	31,100	(2,289)	132,949
	Transfer from corporation tax	-	-	-	-	2,291	2,291
	Transfer (to)/from profit and loss account	242	(15,281)	(136)	(165)	219	(15,121)
	Statement of recognised income and expense	-	-	19,516	-	-	19,516
	Adjustment in respect of prior periods	(724)	-	-	-	(614)	(1,338)
	At 31 March 2018 – restated	5,028	51,829	50,898	30,935	(393)	138,297
	On acquisition	(3)	-	-	-	(90)	(93)
	Transfer from corporation tax	(54)	-	-	-	140	86
	Transfer (to)/from profit and loss account	465	6,427	(102)	(1,781)	(80)	4,929
	Statement of recognised income and expense	-	-	4,097	-	-	4,097
	Adjustment in respect of prior periods	28	-	-	-	(419)	(391)
	At 31 March 2019	5,464	58,256	54,893	29,154	(842)	146,925
		=====	=====	=====	=====	=====	=====
	Company						
	At 31 March 2017	6,399	67,110	31,518	-	(134)	104,893
	Transfer from/(to) profit and loss account	278	(15,281)	(136)	-	(54)	(15,193)
	Statement of recognised income and expense	-	-	19,516	-	-	19,516
	Adjustment in respect of prior periods	(777)	-	-	-	-	(777)
	At 31 March 2018 – restated	5,900	51,829	50,898	-	(188)	108,439
	Transfer from/(to) profit and loss account	(1)	6,427	(102)	-	(1)	6,323
	Statement of recognised income and expense	-	-	4,097	-	-	4,097
	Adjustment in respect of prior periods	148	-	-	-	18	166
	At 31 March 2019	6,047	58,256	54,893	-	(171)	119,025
		=====	=====	=====	=====	=====	=====

The notional tax payable on timing differences 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% (2018 - 17%).

22 Retirement benefits

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

The net pension charge for the year for the Parent under the IAS19 defined benefit scheme was £600,000 (2018 - £800,000). In addition, contributions of £1,168,000 (2018 - £1,173,000) 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.

	2019 £000	2018 £000
Change in benefit obligation		
Benefit obligation at beginning of year	518,400	638,700
Current service cost	5,000	4,800
Past service cost	2,700	-
Interest cost	13,400	15,900
Actuarial (gains)/losses	28,200	(114,400)
Benefits paid	(26,800)	(26,600)
Benefit obligation at end of year – wholly funded	540,900	518,400
Change in plan assets		
Fair value of plan assets at beginning of year	817,800	824,100
Expected return on plan assets	21,300	20,700
Actuarial gains/(losses)	52,300	400
Contributions – employee	-	-
Benefits paid	(26,800)	(26,600)
Administration expenses	(800)	(800)
Fair value of plan assets at end of year	863,800	817,800
Retirement benefit surplus	322,900	299,400
	=====	=====

DC Thomson & Company Limited

Notes to the financial statements (continued)

22 Retirement benefits (continued)

	2019 £000	2018 £000
Retirement benefit surplus		
Group and Company		
Surplus	322,900 =====	299,400 =====

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.

There is a cost in the income statement in respect of pension costs this year, in comparison to a credit 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 contributions are included in the service cost and will continue to be included in the service cost in future years. The service cost is higher than in the previous year mainly due to the introduction of a salary sacrifice arrangement for member contributions. Both the interest cost on the liabilities and the interest income on plan assets are lower than in the previous year due to a lower discount rate being applied. The administration expenses were also higher compared with the previous year. The combined impact is a small charge in the income statement.

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 64 (183) of IAS19. This 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. Defined Benefit accrual in the Fund ceased from 31 March 2015 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 2019 and so the Fund can fully recognise the surplus. The 2018 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 above will be different to the financial position used by the Trustees in the running of the fund. On both bases, the valuations show the Fund is in healthy surplus.

DC Thomson & Company Limited

Notes to the financial statements (continued)

22 Retirement benefits (continued)

	2019	2018
Components of pension cost	£000	£000
Current service cost	5,000	4,800
Past service cost	2,700	-
Interest cost	13,400	15,900
Administration expenses	800	800
Expected return on plan assets	(21,300)	(20,700)
Total pension charge recognised in employee benefit costs	600	800
	=====	=====
Total pension gain recognised in statement of comprehensive income	24,100	114,800
	=====	=====

Plan assets

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

Asset category	2019 %	2018 %
Equities	83	83
Fixed interest gilts	11	11
Bonds	2	2
Cash and annuities	4	4
	=====	=====
	100	100
	=====	=====

	£000	£000
Amounts included in the fair value of assets for:		
Equities	717,400	679,900
Fixed interest gilts	92,600	91,600
Bonds	21,000	18,800
Cash and annuities	32,800	27,500
	=====	=====
	863,800	817,800
	=====	=====

22 Retirement benefits (continued)

Weighted average assumptions used to determine benefit obligations

	2019	2018
	%	%
Discount rate	2.40	2.65
Rate of salary growth	4.45	4.35
Inflation rate (RPI)	3.45	3.35
Inflation rate (CPI)	2.45	2.35
Implied life expectancy at age 65:		
Male currently aged 65	21.7	21.6
Male currently aged 45	23.8	23.7
Female currently aged 65	24.5	26.2
Female currently aged 45	26.5	28.6

Weighted average assumptions used to determine net pension cost for year

	2019	2018
	%	%
Discount rate	2.65	2.55
Rate of salary growth	4.35	4.40
Inflation rate (RPI)	3.35	3.40
Inflation rate (CPI)	2.35	2.40

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	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Benefit obligation at end of year	540,900	518,400	638,700	512,100	571,500
Fair value of plan assets at end of year	863,800	817,800	824,100	716,600	731,500
Surplus	322,900	299,400	185,400	204,500	160,000

Difference between expected and actual return on scheme assets:

Amount (£000)	(52,300)	(400)	(107,700)	13,100	(32,400)
Percentage of scheme assets	6%	0%	13%	2%	4%

Experience gains and losses on scheme liabilities:

Amount (£000)	-	24,500	-	-	14,900
Percentage of scheme liabilities	-	5%	-	-	3%

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.

DC Thomson & Company Limited

Notes to the financial statements (continued)

23 Notes to the cash flow statement

	2019		2018	
	Group £000	Company £000	Group £000	Company £000
Cash and cash equivalents				
Bank balances	26,045	2,950	16,552	3,897
Call deposits	17,803	17,803	56,043	56,044
Cash and cash equivalents	43,848	20,753	72,595	59,941
	=====	=====	=====	=====

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

	2019		2018	
	Group £000	Company £000	Group £000	Company £000
Cash flows from operating activities include:				
Dividends	15,496	15,496	15,048	15,048
Interest	3,688	2,746	855	732
	19,184	18,242	15,903	15,780
	=====	=====	=====	=====

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

The interest arises primarily from deposits.

24 Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been issued and are effective for the current financial period.

Impact of initial application of IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* took effect from 1 January 2018 and has been adopted for the year ended 31 March 2019 using the full retrospective method. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Group has elected to restate comparatives in respect of the classification and measurement of financial instruments.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2017. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 April 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- equity instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- equity instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group reviewed and assessed the Group's existing financial assets as at 1 April 2017 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's investments in equity instruments that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been classified as FVTPL on the basis that they are held for trading. The change in the fair value on these equity investments is recognised through profit and loss.

24 Adoption of new and revised Standards (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Because the Group has elected to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 April 2017), the directors have compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 April 2017.

The result of the assessment is as follows:

Items existing as at 1 April 2018 that are subject to the

impairment provisions of IFRS 9	Credit risk attributes at 1 April 2017 and 1 April 2018	Cumulative additional loss allowance recognised
Loans to related parties	These loans are assessed to have credit risk other than low. Accordingly, the Group recognises lifetime ECL for these loans until they are derecognised.	N/A
Loans to other entities		
Trade and other receivables	The Group applies the simplified approach and recognises lifetime ECL for these assets.	N/A
Contract assets		
Cash and bank balances	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.	N/A

24 Adoption of new and revised Standards (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

(d) Disclosures in relation to the initial application of IFRS 9

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9.

	IAS carrying amount at 31/03/18 £	Reclass- ifications £	Re- measure ments £	IFRS 9 carrying amount at 01/04/18 £	Retained earnings effect on 01/04/18 £
Non-current assets					
Financial assets – other business assets FVTPL					
From financial assets - available for sale (IAS 39)	-	603,194	-	603,194	-
Financial assets - available for sale					
To financial assets – other business assets FVTPL	603,194	(603,194)	-	-	-
Total	603,194	-	-	603,194	-
	=====	=====	=====	=====	=====

DC Thomson & Company Limited

Notes to the financial statements (continued)

24 Adoption of new and revised Standards (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

(e) *Impact on profit or loss, other comprehensive income and total comprehensive income*

The table below shows information relating to impact on results of the reclassification of financial assets as a result of transition to IFRS 9.

	2018 £
Impact on profit/(loss) for the year:	
Valuation gains/(losses) on held for trading financial assets	(35)
Reclassification of impairment for equity instruments designated as FVTPL	15,000
Decrease in taxation charge	12,519
Increase in profit for the year	27,484
	=====
Impact on other comprehensive income for the year (net of tax):	
Decrease in fair value on equity instruments designated as FVTPL	35
Reclassification of impairment for equity instruments designated as FVTPL	(15,000)
Decrease in deferred tax on equity instruments designated as FVTPL	(12,519)
Decrease in other comprehensive income for the year	(27,484)
	=====
Increase/(decrease) in total other comprehensive income for the year	-
	=====
Increase in profit for the year attributable to:	
Owners of the parent	27,484
Non-controlling (minority) interests	-
	27,484
	=====
Increase in total comprehensive income for the year attributable to:	
Owners of the parent	-
Non-controlling (minority) interests	-
	-
	=====

24 Adoption of new and revised Standards (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

Group

Impact on assets liabilities and equity as at 1 April 2017

	As previously reported £	IFRS 9 adjustments £	As restated £
Investments in financial assets	629,146	-	629,146
Total effect on net assets		-	
		=====	
Other reserves	(566,768)	319,520	(247,248)
Retained earnings	(647,596)	(319,520)	(967,116)
Total effect on equity		-	
		=====	

Group

Impact on assets liabilities and equity as at 31 March 2018

	As previously reported £	IFRS 9 adjustments £	As restated £
Investments in financial assets	603,194	-	603,194
Total effect on net assets		-	
		=====	
Other reserves	(498,869)	347,004	(151,865)
Retained earnings	(754,391)	(347,004)	(1,101,395)
Total effect on equity		-	
		=====	

The application of IFRS 9 has had no impact on the consolidated cash flows of the Group.

DC Thomson & Company Limited

Notes to the financial statements (continued)

24 Adoption of new and revised Standards (continued)

Impact of initial application of IFRS 9 Financial Instruments (continued)

Company

Impact on assets liabilities and equity as at 1 April 2017

	As previously reported £	IFRS 9 adjustments £	As restated £
Investments in financial assets	628,726	-	628,726
Total effect on net assets		-	
		=====	
Other reserves	(310,889)	232,186	(78,703)
Retained earnings	(769,458)	(232,186)	(1,001,644)
Total effect on equity		-	
		=====	

Company

Impact on assets liabilities and equity as at 31 March 2018

	As previously reported £	IFRS 9 adjustments £	As restated £
Investments in financial assets	603,129	-	603,129
Total effect on net assets		-	
		=====	
Other reserves	(261,535)	259,670	(1,865)
Retained earnings	(905,367)	(259,670)	(1,165,037)
Total effect on equity		-	
		=====	

The application of IFRS 9 has had no impact on the consolidated cash flows of the Company.

24 Adoption of new and revised Standards (continued)***Impact of application of IFRS 15 Revenue From Contracts With Customers***

IFRS 15 *Revenue From Contracts With Customers* also took effect from 1 January 2018 and has been adopted for the year ended 31 March 2019 using the full retrospective method. The revenue recognition accounting policy applied prior to adoption of IFRS 15 by the Group is consistent with the requirements of IFRS 15, and therefore adoption of the standard has not affected amounts recognised in the current or comparative periods.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

The Group's accounting policies for its revenue streams are disclosed in detail in the accounting policy below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

Group**Impact on assets liabilities and equity as at 1 April 2017**

	As previously reported £	IFRS 15 reclass- ifications £	As restated £
Trade receivables	47,393	(4,801)	42,592
Other receivables	13,727	(2,490)	11,237
Contract assets	-	7,291	7,291
Other payables	(42,739)	11,412	(31,327)
Contract liabilities	-	(11,412)	(11,412)
Total effect on net assets and equity		-	

Group**Impact on assets liabilities and equity as at 31 March 2018**

	As previously reported £	IFRS 15 reclass- ifications £	As restated £
Trade receivables	23,965	(4,106)	19,859
Other receivables	24,053	(2,898)	21,155
Contract assets	-	7,004	7,004
Other payables	(30,661)	10,787	(19,874)
Contract liabilities	-	(10,787)	(10,787)
Total effect on net assets and equity		-	

DC Thomson & Company Limited

Notes to the financial statements (continued)

24 Adoption of new and revised Standards (continued)

Impact of application of IFRS 15 Revenue From Contracts With Customers (continued)

Company

Impact on assets liabilities and equity as at 1 April 2017

	As previously reported £	IFRS 15 reclass- ifications £	As restated £
Trade receivables	8,598	(3,459)	5,139
Other receivables	3,814	(1,206)	2,608
Contract assets	-	4,665	4,665
Other payables	(6,139)	1,927	(4,212)
Contract liabilities	-	(1,927)	(1,927)

Total effect on net assets and equity

-
=====

Company

Impact on assets liabilities and equity as at 31 March 2018

	As previously reported £	IFRS 15 reclass- ifications £	As restated £
Trade receivables	7,549	(2,930)	4,619
Other receivables	18,021	(1,928)	16,093
Contract assets	-	4,858	4,858
Other payables	(7,985)	1,970	(6,015)
Contract liabilities	-	(1,970)	(1,970)

Total effect on net assets and equity

-
=====

DC Thomson & Company Limited

Notes to the financial statements (continued)

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
Clavamore Limited (Fifth Ring) +	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
The Stylist Group Limited	England	Publisher
Wild & Wolf Holdings Limited +	England	Product design, development and sale
New Aceville Publications Limited and	England	Publisher
New Maze Media Limited +		
Kingdom Radio FM Limited	Scotland	Radio broadcasting
Original Aberdeen FM Limited	England	Radio broadcasting

* 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 the Aceville subgroup (through holding companies New Aceville Publications Limited and New Maze Media Limited) which are 63% and 88% 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 13 and are carried at cost less provisions for impairment.

DC Thomson & Company Limited

Notes to the financial statements (continued)

26 Contingent liabilities

The Group had guaranteed payments in favour of HMRC in respect of raw materials imports and other materials the maximum liability under which would be £250,000 (2018 - £250,000).

At the year end, the Group had provided a guarantee of £1.2m (2018 - £1.2m) for a commercial contract for Findmypast Limited with a third party.

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

27 Financial commitments

	2019 £000	2018 £000
Capital commitments - Group		
Contracted for but not provided	6,325 =====	2,606 =====
Capital commitments - Company		
Contracted for but not provided	250 =====	210 =====

Operating lease commitments - Group

At 31 March 2019, the Group had total commitments under non-cancellable operating leases as set out below:

	Land & buildings		Other	
	2019 £000	2018 £000	2019 £000	2018 £000
Total amount payable where lease expires:				
Within one year	2,656	2,757	444	48
In second to fifth year inclusive	7,705	8,441	6	5
After five years	14,894	16,901	-	-
	<u>25,255</u> =====	<u>28,099</u> =====	<u>450</u> =====	<u>53</u> =====

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

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 IAS 24.

Dividends paid to directors in the year totalled £543,000 (2018 - £522,000) being £152,000 (2018 - £147,000) for AF Thomson, £74,000 (2018 - £72,000) for CHW Thomson, £192,000 (2018 - £187,000) for ARF Hall and £125,000 (2018 - £116,000) 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.

DC Thomson & Company Limited

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. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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 are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of DC Thomson & Company Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Group income statement, the Group statement of comprehensive income, the Group balance sheet, the Company balance sheet, the Group statement of changes in equity, the Company statement of changes in equity, the Group statement of cash flows, the Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted in the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DC Thomson & Company Limited

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

Use of our report

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.



Gavin Black (Senior Statutory Auditor)
For and on behalf of MHA Henderson Loggie, Statutory Auditor
Chartered Accountants

1 November 2019

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MHA Henderson Loggie is a trading name of Henderson Loggie LLP.