DC Thomson & Company Limited

Directors' report and Group financial statements for the year ended 31 March 2020

Registered number SC005830

DC Thomson & Company Limited

Contents

The Directors submit the audited financial statements of the Company and of the Group for the year ended 31 March 2020.

Business overview

This year's financial statements are drawn up at 31 March 2020 which was a few days after the UK's COVID-19 lockdown was put in place. In summary the effects of the pandemic have been:

- A temporary fall in the Company's and Pension fund's investment values. These have recovered since the year end;
- A slowdown in commercial activity across the world with implications for our trading;
- An acceleration of the downward trend in newspaper circulation and advertising resulting in the provision for impairment in newspaper assets;
- Restrictions on retail outlets resulting in our decision to withdraw from the gifting market;
- Resilient performances from our magazine brands including the Puzzler range, The People's Friend, My Weekly and Beano;
- Strong performance from our digital assets, particularly in genealogy.

This has required a number of significant non-cash adjustments in the income statement summarised below:

	Note	**2020 £000**	2019 £000
(Loss)/profit before tax		**(179,603)**	21,088
Adjust for significant non-cash items:			
Fair value investment loss/(gain) on the year end value of investments	13	**80,894**	(45,468)
Fair value derivatives gain	20	**(411)**	-
Investment impairments	13	**417**	2,830
Associate impairments	15	**7,056**	-
Write down of carrying values of subsidiaries	11	**79,507**	16,500
Depreciation	12	**10,513**	8,738
Amortisation	11	**7,714**	6,203
		6,087	9,891
Other cash items:			
Realised loss/(gain) on investment disposals		**266**	(1,578)
New business development*		**18,866**	25,447
Underlying performance		**25,219**	33,760

*Includes Wild + Wolf, Stylist, Aceville and Beano Studios

Our accounts show the effect of movements in investment values. The timing of COVID-19 had a temporary impact on investment values at March 2020. The fair value adjustment relates to the change in listed company values between March 2019 and the March 2020 year end. The reduction in value of £81m was struck shortly after the stock market hit a low point in the lockdown period. Subsequent to the year end, there has been a significant improvement in investment values. By 30 September 2020, the portfolio had increased in value by £210m.

The fall in investment values at the March 2020 year end also had a detrimental effect on the value of pension assets that resulted in a lower pension surplus of £211m at that date. Since the year end the pension values have also recovered. The pension fund is in good health and continues to be supported by the Company covenant.

The immediate effect of COVID-19 was a significant disruption in commercial activity. The lockdown led to issues with availability of print titles in many of our retail outlets along with lower footfalls in retail stores by our traditional customer demographic as fears of virus transmission took hold. The major conurbations served by our Stylist title were, for the most part, closed down. The reduced national output also had its expected effect of reducing advertising demand. Whilst we had been planning for declining traditional revenues, the pandemic has had an accelerating effect on our expectations. In the first quarter of the new financial year newsstand circulations were down 16% on the previous year and advertising revenues were down by over 60%. There has been a recovery in the second quarter but we have taken the decision to write down the carrying values of both our newspaper print titles and the value of our free issue title Stylist. The sudden closure of retail stores also had an immediate effect on our consumer product business Wild + Wolf contributing to the decision to exit this activity. An impairment has been taken to the carrying value of this business now written down to the expected proceeds of asset sales. There is a one off impairment write off of £79.5m relating to these businesses.

The write off of carrying values is an accounting treatment relating to assets that have been acquired. The treatment therefore cannot take account of the value of internally generated assets, the costs of which have been written off to the income statement as they were incurred. There is therefore a store of unrecognised value in many of our titles that are performing well including People's Friend, My Weekly and the Beano. The COVID-19 pandemic has been, we expect, a one off event but even so we have taken a cautious accounting view which does not affect our consistent view that our titles and brands have a long term future and value to our stakeholders. We still have strong belief in all of our established brands and are engaged in both strengthening the underlying brands by continued cost efficiencies and in working on building new valuable revenue streams in all businesses.

A growing income stream for the Group is the running of successful events based largely on our brands. As of lockdown, these have been largely stopped. This, we believe, is a temporary position until such time as the crisis is alleviated.

Businesses of all types and sizes have faced unprecedented difficulties due to COVID-19 and the media industry has been under intense pressure. We have seen a stronger than expected performance in our copy sales during lockdown and good growth in our subscription sales (both digital and print) in almost all areas of our media business. However, we are not immune to industry pressures and therefore changes, both positive and difficult, have been required.

In a long-term family business, there is a balance of strength from our heritage and innovation and this can be seen in the strong performance of our much-loved brands and the way our companies and employees have rapidly adapted to the changes of the past year.

Throughout our business, there is a constant and essential thread of innovation, diversification and adaptation. Our recently launched Transformation Programme will ensure our colleagues are better supported than ever to use their talents, insights and experiences to enable them and our brands to thrive in the "new normal".

Trading activities

The Group's trading activities are conducted by the Company and its subsidiaries (detailed in note 25). This includes:

- The Media business that runs a number of well-established brands in regional and national newspapers and magazines and comics. The brands are exploited through both conventional and digital platforms;
- Printing and publishing of physical product, including annuals, sold through retail outlets, by direct delivery and through subscription;
- Publishing of content online for subscription;
- Development of children's IP including television and web development;
- Exploitation of our significant archive of content;
- Sale of non-print products both online and in retail outlets;
- The activities of our local radio stations that complement the regional newspapers;
- The running of events that are linked to the brands;
- Marketing communication services;
- The print business that prints all of our newspapers and a number of other titles on a contract basis;
- The genealogy brand of Findmypast, providing content through digital subscriptions along with British Newspaper Archive records;
- The provision of Data Hosting and associated technological services from data centres in Dundee and Aberdeen with a unique portfolio of managed hybrid cloud services, including AWS services, designed to deliver value for the Scottish market.

Our regional daily newspaper titles in our portfolio include; The Courier and Evening Telegraph (both based in Dundee), The Press and Journal and Evening Express (both based in Aberdeen). We also publish the national weekly title The Sunday Post as well as online title, Energy Voice.

Our magazines cater for both children and adults, from comics and children's magazines, including the Beano, to titles such as The People's Friend, Commando, The Scots Magazine and My Weekly.

The magazine portfolio comprises brands from This England, Puzzler, PSP and the suite of craft, activity and business titles under the Aceville banner alongside the Stylist free and online titles.

Our radio stations are in Central and North Scotland including Kingdom, Original, and our new station Pure Radio Scotland.

KPI's in the year to 31 March 2020

	2020 £m	2019 £m	Variance £m	Variance %
Recurring sales revenue	**198.5**	201.8	(3.3)	(1.6%)
Gross margin %	**55%**	56%		
Circulation	**82.0**	79.5	2.5	3.1%
Advertising	**34.3**	37.1	(2.8)	(7.5%)
Consumer products	**35.4**	35.8	(0.4)	(1.1%)
Contract printing	**3.2**	3.5	(0.3)	(8.6%)
Events	**4.1**	3.1	1.0	32.2%
Others	**12.1**	15.2	(3.1)	(20.4%)
Genealogy	**18.7**	19.2	(0.5)	(2.6%)
Hosting	**8.7**	8.4	0.3	3.6%
	198.5	201.8	(3.3)	(1.6%)

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 Press and Journal and The Courier remain the top and second top performing paid for regional titles in the UK.

On a like for like basis revenues were down by 2.4% but with full year's revenue for Aceville and PSP titles this is a total increase in revenues of 3.1%.

The trend of falling newspaper circulation continued with a 5% drop on 2019 revenues, with cover price increases helping to reduce the effect of the continuing trend in volume declines.

On a like for like basis magazine print copy sales were down 1% but with a full year's revenue from the Aceville and PSP ranges this became an increase of 10%. Puzzler saw a 2.7% increase in sales. Despite UK market magazine volume and value sales decreasing by close to double-digit percentage points year-on-year, the puzzle sector has been one of the more resilient sub-sectors.

Puzzler is the UK's leading publisher in this sub-sector with a share of 45% of all sales. This strong position in the puzzle market has been achieved against aggressive launch programmes from our nearest newsstand competitors by launching new own brand titles for our supermarket customers and a roll-out of bumper issues of our market-leading titles.

Advertising
The ratio of circulation revenue to advertising revenue was 71% circulation to 29% advertising (2019: 68% to 32%). This ratio gives our business some additional protection against advertising declines compared to other publishing businesses and is important in the context of the competition from businesses such as Facebook and Google.

On a like for like basis advertising revenues were 10% down year on year. With a 40% reduction in Stylist revenues from the closure of the Shortlist title and new revenues from Aceville and Radio stations the total decline was 7.5%.

Consumer products
While the Wild + Wolf business made significant progress for the first 10 months of the year ending 31st March 2020, significantly improving underlying financial performance and launching two new brands, the final two months of the year were heavily impacted by the outbreak of COVID-19. Initially this impacted our fast growing Asia and Australia businesses before then hitting our European and North America businesses.

As we exited the year ending 31st March 2020, it quickly became apparent COVID-19 was not going to be a temporary three-month downturn but instead COVID-19 would fundamentally alter the retail landscape for a minimum of 2-3 years. For a retail sector already undergoing significant structural challenges and for a gifting business that relied on people meeting up for special occasions, COVID-19 had an especially severe impact. Consequently, after a strategic review which took into account the new retail landscape and shareholder objectives, the Directors decided in June 2020 to exit the gift market. This exit will be by way of sale of the underlying brands and assets of the business to multiple buyers reflecting the two distinct marketplaces the business operates in: lifestyle gifts and toys, puzzles and games. The Directors believe this exit strategy will be achieved by the end of the 2020/21 financial year.

Contract print
The continued declines in newspaper print sales resulted in customers reducing orders. The pandemic also halted some production and the start of new contracts. However the press team quickly built contingency plans to allow all titles both owned and contracted to be printed in what were very difficult circumstances, making our facilities COVID-secure and ensuring all staff took appropriate actions as advised by our health authorities. The presses are now moving towards capacity.

Events
Events have been bolstered by the acquisition of PSP with its successful range of mainly sport-based exhibitions and events including the Scottish Golf Show and the Scottish Golf Tourism Week. Stylist added Remarkable Women Awards and Stylist Restival to the events portfolio this year, alongside Stylist Live, an established cornerstone of the brand.

Genealogy
We completed the investment in re-branding of Findmypast which has enabled us to have a consistent brand presence across all our touchpoints including the website, customer, and marketing collateral, to build out brand awareness with a clear brand proposition and a consistent look and feel. This has resulted in improvements in tree to tree hinting, the accuracy of our data and improvement in search facilities.

Other income
Other income comprises a variety of media income streams including content sales and licencing, ecommerce and merchandising sales, app sales and sales of television programmes. This year benefited from additional revenue from a full year of Aceville activity.

Hosting
Brightsolid delivered continued revenue growth. As well as deepening relationships with existing customers, the business onboarded a number of notable new customers in the energy and public sector markets. Throughout the year, the business continued to develop and extend its capabilities to include cloud consultancy and managed AWS services; this augments Brightsolid's existing colocation and private cloud proposition, offering customers a true Hybrid Cloud capability. The business is well positioned for further growth as one of the leading Hybrid Cloud Managed Service Providers in Scotland.

Cash Flow
The Group operating cash flow as noted on page 22 was £8.0m before tax. During the year £67m was realised on the sale of investments. The main investing activities were:

- £3.0m in new acquisitions;
- £6.5m in acquiring intangible assets including data sets for Findmypast;
- £5.5m in fixed assets for operating businesses;
- £4.0m in associate company working capital loans, mainly Twig Rights. This business provides innovative digital support to educational establishments primarily in the UK and North America.

The year end balances were £65m.

Future Prospects

COVID-19 has affected our activities in both negative and positive ways.

Our focus for the future of our Media assets is to support and strengthen our strong, existing brands and products and build growth in new areas such as digital content and subscriptions. We will build value in our other trading assets (Findmypast and Brightsolid) capitalising on attractive opportunities and markets in both sectors.

We introduced a transformation programme across the Group, with the aims of protecting the business in the immediate future and building a profitable and sustainable future for our brands.

Business Reviews identified short-term actions needed to protect the business and the next phase of the Programme, '2025', will now build on themes identified as we work across the Group to establish where we must invest to stretch our loved brands and products into new business models as we build for growth.

Media
There is clearly an acceleration of downward trends in print revenues, but programmes were already underway to strengthen our brands and making appropriate savings in cost as the revenues change. We have been encouraged by the brand loyalty we have seen throughout the pandemic across all of our print titles, particularly Puzzler, People's Friend and Beano.

To achieve both growth and value we are actively investing in skills and capabilities and leveraging our advantages on a Group basis and involving external non-executive resource.

In our Newspaper business the offering of free subscriptions during the lockdown resulted in a significant level of new subscribers.

Reference has already been made to the exceptional efforts of the press team to retain continuity and this puts us in a good position to exploit print contracts as they become available.

We have also referred to the performance of our magazine and comic business and the Brand loyalty we have seen since and during lockdown.

Despite the temporary closure of a large number of key retailers including WHS Travel and WHS High Street, the last month of the financial year saw a surge in the sales of puzzle magazines as consumers geared up for a period of lockdown. The puzzle sector was the best performing of all sectors in terms of volume and value growth in March 2020. Grocers and convenience retailers such as the Co-op were the main drivers behind this sales surge as consumer buying habits changed overnight.

The acquisition of PSP Media Group Ltd was made in April 2019 and there was satisfactory progress in its events and publishing title Bunkered Magazine. Lockdown and subsequent restrictions prevented the events taking place, but the team put together a new product selling golf trips to, mainly Scottish, customers staycationing. Bunkered Breaks has started strongly and the business is ready to begin events when restrictions allow.

Some of our events have taken place successfully virtually, including The Scottish Agricultural Show, in partnership with The Royal Highland Show.

The temporary closure of offices, particularly in London, and the uncertain future of work habits has led to Stylist looking at different ways of getting printed product to target audiences. New engagement and revenue streams have been created through podcasts, online events and consideration of new ways of getting printed product to the audience. The investment in digital by Stylist.co.uk which continued in 2019/20 gave exceptional audience growth in the UK, creating greater digital revenue opportunity for the future.

Genealogy
Findmypast had a particularly strong start to the new financial year with a significant increase in revenue. The team made considerable effort to engage with people in lockdown providing them with the genealogy data they required. The 1921 England and Wales Census is on track to be published in 2021. This is 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 I. This is the biggest digitisation project that the National Archives has 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.

The combination of increased demand during the COVID-19 pandemic together with the changes made in Product and Marketing sets up Findmypast for strong growth in the year to March 2021.

Hosting
Brightsolid is now 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. The changes in working practices we are experiencing is increasing the requirement for our services.

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 2020 with a surplus amounting to £211m (2019 - £323m). Whilst this is a reduction in surplus there has been a recovery in the value of the underlying asset since 31 March 2020. The quantum of the surplus is only a measure at one point of time and the Fund has to be looked at long term.

Corporate Governance Report Section 172(1) of the Companies Act

Section 172 of the Companies Act requires our Directors to consider the interests of stakeholders when performing their duty to promote the success of the Company in terms of the Section.

DC 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 stakeholders:

- Shareholders;
- Staff, both past and present;
- The suppliers we engage with; and
- The communities in which we operate.

Good governance is essential to delivering our Purpose and protecting our reputation, our brands and our relationship with our stakeholder community which includes shareholders, customers, employees, suppliers and the local communities where we operate.

Our DNA values include integrity, courage and belief, commitment, respect, creativity and building for the future and for the next generation of shareholders, colleagues and customers.

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 this report. Much of the work our newspapers and magazines do for their specific communities is aimed at precisely this.

We continue to build on the Group's existing commitment to good governance and social responsibility along with that of its associated Charitable Trust.

The long-term effect of any strategic decision is considered. In this report we refer to the changing nature of our media business, evolving to reflect people's changing use of news and entertainment sources. The Board continues to be committed to the maintenance of the Group's historic intellectual property and in building new platforms to continue bringing our output to existing and new audiences. The Board emphasised its commitment to its historic brands and the development of new ones throughout this year. These included new lines of business for Stylist and Beano Studios.

During the year, the Board decided to put in place a programme of education on pension matters with a series of roadshows aimed at showing employees the benefits of investing in the Company's Defined Contribution Pension scheme and also made available admittance to the Group fund to all new employees from acquired businesses. These decisions were made in conjunction with the Pension Trustees to improve the potential pension benefits.

As COVID-19 began to appear, the Board took an early decision to keep in production all print titles, both printed in-house and at outsourced printers. Where feasible, staff were asked to work from home. In doing this, resource was immediately made available to furnish staff with appropriate equipment.

A programme of support in leadership skills and mental health was quickly put in place. Our desire is that our company is diverse and always forward-looking, and this is represented in our cultural values which continue to evolve through the influence of colleagues whose futures we are invested in.

The Directors and senior executives are 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.

We believe our businesses are firmly rooted in the creative industries and therefore our staff are essential stakeholders. Further details on employee engagement are given on pages 11-12.

The Board, along with the Pension Fund Trustees, has a rolling programme of communication with pensioners, staff and former staff members who hold deferred pension assets. These cover the activities of the Company and Funds including relevant investment information and pension outlooks and detail can be found on page 11.

We have increased our efforts on environmental matters over the last 12 months. Much of the initial focus has been on understanding and improving the carbon footprint of our own operations, resulting in the significant reduction detailed in our carbon and energy statement. Details on environmental considerations are included on pages 12-13.

Board and Executive Compositions

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

There are several committees of the Group Board which focus on Trading, Investment, Strategy and Remuneration.

There are executive committees in place to assist with the focus of the business on profit improvement and the development of new ways of working, more so now that COVID-19 has affected all we do. The Board has a programme of communication with all levels of staff including video presentations and open staff sessions, allowing all to understand and contribute to the forming of new policies and ideas.

The Investment Board meets regularly and consists of at least three 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.

Our focus on Strategy is to deliver medium and longer-term opportunities and this is led by the four main Board Directors, the Director of Strategic Finance and other family members. In 2020, it has been bolstered by the appointment of a new Chief Strategy & Transformation Officer.

The Remuneration Committee comprises two independent experts, a family member, Chief Operating Officer and Head of Talent.

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.

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. 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 Committees of the Board and by our subsidiary companies.

Remuneration

The process for remuneration is run by our Remuneration Committee with outside expert non-executive members. This committee has clearly defined terms of reference and makes recommendations to the Board on talent, the recruitment framework and remuneration of senior staff.

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
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.	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.
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. The continuing trend of consumers moving to on line retail sales threatens the ability to sell our products in the High Street.	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. 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.

Risk	Mitigation
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.	We constantly evaluate the performance of our products and services while investing in new products and developing digital services and brands.
Health and Safety In normal circumstances the health of our staff and visitors to our premises is vital to our ongoing business. COVID-19 has brought into sharp focus the ability of a major health event to threaten the health of our stakeholders and to detrimentally affect our commercial operations.	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. The Board has a running programme of review of all health-related rules and guidance and has in place COVID-19 safety procedures in all premises. Whilst the press facility is necessarily open with appropriate safety measures in place, the Board is clear that it will not allow the opening of our workplaces until it is safe to do so or mandate that staff occupy those spaces until they are comfortable and confident to do so. Board Committees are working on programmes of business improvement and opportunities to mitigate the effects of this or any continuation of a pandemic. The Group offers health insurance to staff and provides access to both in-house and external gym facilities. The Group HR department has programmes of instruction and guidance on mental health and wellbeing.
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.

Non-financial overview

We continue to develop good practice in a wide variety of areas and consider the relationship with the communities in which we work of great importance to us.

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. Environmental impact is also an important part of our tender and decision processes in awarding contracts to suppliers and partners. 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. Throughout the past year, we have reviewed our suppliers, introducing steps to ensure compliance with all regulations, including seeking to ensure that modern slavery and trafficking are not present in our supply chain.

Employees

We engage and communicate with all employees, keeping them up-to-date with business initiatives and performance and seeking feedback on a regular basis.

Employee participation and corporate communication is through the various streams of communication activity within the company, including via Office 365 Teams, a monthly e-newsletter, emails and videos, regular surveys to capture feedback and suggestions are invited with emphasis paid to inclusion and connectivity.

During lockdown, the engagement of people in all businesses has been of critical importance and we have placed a focus on the Wellbeing and Health & Safety of our employees. This has included a regular Wellness e-newsletter, regular video messages from a Director and monthly messages to all employees from the Chairman.

The People & Talent team at DC Thomson regularly engages with teams across all businesses to understand the emerging themes that matter most to our people. With a focus on financial wellbeing, a series of Pension Roadshows travelled to each of our office locations engaging and educating our people on the importance of pension savings and planning for future retirement needs. The roadshows followed a decision to align pension benefits for all parts of the DC Thomson Group, meaning all employees regardless of their location can access a consistent pension offering.

We continue to invest in the mental wellbeing of our people, providing Mindfulness programmes and widening the group of accredited Mental Health First Aiders (MHFA) as well as continuing to provide a 24-hour access Employee Assistance programme. 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. The care and attention paid to wellbeing has been particularly important during lockdown, with the support from senior leadership to wellbeing reflecting the core values and culture of the business. It is a core belief by the company that healthy people are happier, more engaged and more productive.

Leading through lockdown presented many challenges. The company believes leading through uncertainty is becoming the new norm as the world rapidly evolves. In response the company introduced additional leadership training providing the tools for leaders to support personal development and lead with collaboration through a volatile, uncertain, complex and ambiguous world.

There are a number of events held throughout the year aimed at nurturing employee engagement and culture within the DC Thomson group including an annual employee survey in which we seek feedback from our people anonymously to a range of cultural themes such as collaboration, belonging and inclusion.

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. We continue to challenge our own biases with the launch of a new series of unconscious bias training designed for all levels in the organisation and developed in partnership with a number of representative employees.

Environment

We have increased our efforts on environmental matters over the last 12 months. Much of the initial focus has been on understanding and improving the carbon footprint of our own operations resulting in significant reduction detailed in our carbon and energy statement below. This is, of course, only part of the story as the majority of our environmental impact comes from our supply chain with raw materials, printing and distribution all being key components. We have been working closely with our key suppliers to gather the information we need and plan to be able to report more fully on that by the end of this financial year.

In our magazines business, we have also made great strides reducing our packaging by changing our polybags to recyclable materials and reducing our packaging materials to the minimum wherever we can. We have also reduced our covermounts by around 43% year-on-year with a focus on quality rather than quantity and we have almost eliminated single use plastics from our range.

We are in the process of moving our subscription copies from polythene to paper wrap wherever we can and we will have completed that by early in the new year with the only titles remaining poly wrapped being those with covermount gifts which, as mentioned above, are in recyclable polywrap.

We have adopted a reduce, reuse, recycle approach and are following industry best practice to ensure that we are a leader in this increasingly important area.

In addition to this, Aceville has launched a new sustainable living brand 'Live Green & Good'. In this digital initiative, the website and social platforms cater to this fast-growing consumer group and cover a wide range of topics from vegetarian and vegan recipes, the latest sustainable practices, and the best of cruelty-free beauty products.

Carbon and Energy Reporting

Our audit period of Streamlined Energy & Carbon Reporting was 1st April 2019 to 31st March 2020.

Methodology
Our annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the company is responsible is calculated in line with the Greenhouse Gas Protocol:

- 100% of the GHG emissions from controlled and owned operations.
- As February 2020 included 29th February, the reporting period was taken as 366 days.
- Energy consumption for meters was taken as the meter read value on 31st March 2020 less the value read on 1st April 2019. If a meter reading was not available on the 31st March 2020, the most recent value was taken and extrapolated for 366 days.
- Energy consumption for gas meters was taken as the start and end meter readings multiplied by the supplier's volume correction factor and calorific value divided by the appropriate conversion for m^3 or hundred cubic feet (gas measurement).
- Government GHG conversion factors are used to determine $kgCO_2e$ emissions.
- Electricity and gas costs do not include standing charges or CCL charges.
- Due to COVID-19, 17 manual NHH electricity meters have not been read since January and have therefore been calculated based on the most recent available readings.

Reporting
Consumption: 24,998 MWh
Cost: £2.5M
Emissions: 6,031 tonnes CO_2e
Intensity Metric: 30.6 tCO_2e/£M revenue and 0.09 tCO_2e/m^2

Summary

Sector	Consumption (MWh/year)	Cost (£k/year)	Emissions (tonnes CO_2e/year)
Electricity	18,428	2,200	4,710
Gas	4,598	101	845
Diesel	152	8	39
Transport	1,820	236	496
Total	24,998	2,545	6,090

Energy Efficiency Activities
Within the year, the principal measures were taken to increase the Company's energy efficiency included on site energy generation (57 rooftop solar PV panels), heat recovery system, LED and PIR controlled lighting. In January 2020, a Sustainability Group was set up with the aim of working towards becoming a carbon neutral company for our own operations and examining our supply chain in order reduce our overall environmental impact in line with government targets.

UK group entities now use 100% clean electricity for all our own operations.

Following the completion of a new 3-year contract with SSE Green to provide all electricity and gas for all Group companies, electricity purchased will be 100% clean from renewable sources. SSE Green Electricity is backed by the independently certified, Renewable Energy Guarantees of Origin (REGO) scheme coming from a combination of wind and hydro sources.

This reduces our carbon footprint by 4,431 tonnes of Co2 per year – roughly 70% of our annual carbon footprint from our own operations.

Considerable financial savings have also been achieved along with a reduction of suppliers from five to one and increased payment terms from 21 to 45 days.

Additionally, the new contract allows us to support a local company. SSE are headquartered in Perth and have one of their largest hydro plants nearby at Pitlochry.

Community

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

Throughout the pandemic, our teams worked on community projects as outlined below.

In April 2020, we turned our Meadowside HQ blue to show our support and appreciation as part of a national initiative to thank the NHS and Key Workers.

Puzzler offered free delivery on their subscriptions; the team also carried out some great work in the community. Partnering with The People's Friend, they created a dementia-friendly digital pack, which was distributed to care homes across the UK to help bring some entertainment to their day. Many of our brands partnered with hospitals, community centres and care homes throughout lockdown. This included Beano partnering with Save the Children to launch a Lockdown Birthday kit. The initiative made sure children still had fun birthdays in lockdown, whilst at the same time raising vital funds to support vulnerable children here in the UK and across the world.

Our newspapers have been part of the government's partnership with the wider UK newspaper industry on the COVID-19 ad campaign. The 'All In, All Together' campaign was a three-month advertising partnership to help keep the public safe and the nation united through the coronavirus pandemic. All of DC Thomson Media's newspapers were wrapped with the campaign artwork to mark the launch.

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. Although a pause in many activities was required during lockdown, Breakthrough's work in schools recommenced in the autumn term.

The Northwood Charitable Trust, the Thomson family charitable trust, is continuing to support organisations helping some of the most vulnerable groups during the COVID-19 crisis including the elderly, care experienced people, and those experiencing food poverty, extreme hardship, homelessness, domestic abuse, mental health concerns or the impacts of substance misuse. We are pleased to be able to support organisations that are working incredibly hard across Scotland and in London to bring communities together and help people in so many different ways at a time when the demand for their services is greater than ever.

It fits perfectly with the Trust's purpose of making communities better and more supportive places for people to live, work and prosper.

In line with this aim, the Trust has recently pledged a significant donation to support the recovery of arts organisations within Dundee. The donation will be used as a challenge grant to raise funds for the Dundee Cultural Recovery Fund, set up with the help of Dundee Museums Foundation. The fund seeks to ensure organisations like The DCA, The Rep Theatre, V&A Dundee, The Dundee Science Centre and The Dundee Heritage Trust can continue to thrive both as venues supporting the local economy and as valuable community resources accessible to all.

The economic impact study published earlier this year by V&A Dundee (available on their website) highlighted that the rise in cultural visitors to the city had increased the economic impact of tourism to Dundee to over £10 million per month pre COVID-19. The swift recovery of these venues is vital to supporting jobs across a range of industries in Dundee and the surrounding area.

The Trust is also pleased to be able to support the University of Dundee Coronavirus Research Fundraising Campaign and believes that research is the only way in the end to protect people from COVID-19. The medical community has never faced a more urgent need for research than the unprecedented situation we face today. Scientists here in Dundee have the skills and expertise to improve outcomes and deliver results for our local communities and the Trust is privileged to be able to help progress this vital research further and faster.

To-date, the Trust has donated/pledged £905,500 in response to COVID-19.

Awards

Our businesses, titles and individuals across the Group continued to be recognised by their peers and industry bodies. Highlighted below are a few of the awards and nominations received during the past year:

- DC Thomson Media took three awards at April's Scottish Press Awards for Headline of the Year (Evening Telegraph), Digital Team of the Year (The Courier) and Campaign of the Year (Oor Wullie's BIG Bucket Trail).
- Beano Studios claimed two wins for 'B2C Business of the Year' (Beano.com) and 'Best Commercial Innovation (Beano Brain) at the prestigious Drum Online Media Awards in May.
- Stylist Live LUXE won the Event of the Year Award at the PPA Awards in June where Lisa Smosarksi and Felicity Thistlethwaite also earned Stylist nominations for Editor and Team Leader of the Year respectively.
- Platinum won Launch of the Year at The Newspaper & Magazine Awards in July gaining recognition by ACE (Association of Circulation Executives) for 'a clever targeted launch' with 'two years of research behind it and one that re-defined what the consumer wants'.

DC Thomson was awarded The 2019 Leonardo da Vinci Prize. The prize was created in 2011 to celebrate family businesses which pass onto future generations a set of cultural values and know-how. It recognises the fundamental values which are necessary for the success of a heritage business and enable it to be long lasting. The initiative was devised and presented by The Henokiens Association, which devotes itself to two-hundred-year-old family businesses all over the world, and the Château du Clos Lucé - Parc Leonardo da Vinci, a cultural business and last residence of Leonardo da Vinci.

By order of the board:

CHW Thomson
Director
30 October 2020

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 2020.

The Directors' report to the hundred and sixteenth Annual General Meeting of DC Thomson & Company Limited, to be held at Meadowside, Dundee on Tuesday 24 November 2020 at 12 noon.

Dividends
The Directors recommend that a final dividend of £16,582,621 (2019 - £16,582,621) be paid, which together with the interim dividend of £5,169,146 (2019 - £5,169,146) already paid, will make a total of £21,751,767 (2019 - £21,751,767) 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 £241,832 (2019 - £164,692) were made.

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

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

In so far as the Directors are aware:

- There is no relevant audit information of which the Company's auditors are unaware; and

- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors
A resolution concerning the re-appointment of 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
30 October 2020

DC Thomson & Company Limited

Group income statement for the year ended 31 March 2020

Continuing operations:	Note	£000	2020 £000	2019 £000
Revenue	3		**214,753**	220,947
Change to inventories of finished goods and work in progress	17	**3,234**		(1,308)
Raw materials and consumables		**(93,460)**		(87,190)
		(90,226)		(88,498)
Employee benefits cost	5	**(78,146)**		(77,521)
Depreciation	12	**(10,513)**		(8,738)
Amortisation	11	**(7,714)**		(6,203)
Impairment of goodwill and other intangible assets	11	**(79,507)**		(16,500)
Impairment of tangible assets	12	**(54)**		-
Other expenses		**(37,134)**		(44,286)
Fair value gain on financial instruments	20	**411**		-
Finance costs	7	**(885)**		(44)
Total expenses			**(303,768)**	(241,790)
(Loss)/gain from disposal of financial assets		**(266)**		1,578
Valuation (losses)/gains on financial assets	13	**(80,894)**		45,468
Impairment of financial assets	13	**(417)**		(2,830)
Net (loss)/gain from financial assets			**(81,577)**	44,216
Share of post-tax results of associates	15	**(1,955)**		(2,277)
Loss on equity interest		**-**		(8)
Impairment of associates	15	**(7,056)**		-
			(9,011)	(2,285)
(Loss)/profit before taxation			**(179,603)**	21,088
Taxation	8		**12,877**	(3,255)
(Loss)/profit for financial year from continuing operations			**(166,726)**	17,833
Discontinued operations:				
(Loss)/profit for the year from discontinued operations	9		**(150)**	955
(Loss)/profit for the year			**(166,876)**	18,788
(Loss)/profit attributable to:				
Owners of the parent			**(166,646)**	19,147
Non-controlling (minority) interest	16		**(230)**	(359)
			(166,876)	18,788

DC Thomson & Company Limited

Group statement of comprehensive income for the year ended 31 March 2020

	Note	Retained earnings £000	Total £000
2020			
Loss for financial year		**(166,876)**	**(166,876)**
Exchange differences on translation of foreign operations		**211**	**211**
Actuarial loss on defined benefit pension scheme	22	**(111,279)**	**(111,279)**
Deferred tax arising on above	21	**14,746**	**14,746**
Other comprehensive income/(expenditure) for the year net of tax		**(96,322)**	**(96,322)**
Total comprehensive income/(expenditure) for the year		**(263,198)**	**(263,198)**
Total comprehensive income/(expenditure) attributable to:			
Shareholders of parent		**(262,968)**	**(262,968)**
Non-controlling (minority) interest		**(230)**	**(230)**
		(263,198)	**(263,198)**
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	22	24,100	24,100
Deferred tax arising on above	21	(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

DC Thomson & Company Limited

Company statement of comprehensive income for the year ended 31 March 2020

2020	Note	**Retained earnings £000**	**Total £000**
Loss for financial year		**(232,584)**	**(232,584)**
Actuarial loss on defined benefit pension scheme	22	**(111,279)**	**(111,279)**
Deferred tax arising on above	21	**14,746**	**14,746**
Other comprehensive income/(expenditure) for the year net of tax		**(96,533)**	**(96,533)**
Total comprehensive income/(expenditure) for the year		**(329,117)**	**(329,117)**

2019			
Loss for financial year		(9,245)	(9,245)
Actuarial gain on defined benefit pension scheme	22	24,100	24,100
Deferred tax arising on above	21	(4,097)	(4,097)
Other comprehensive income/(expenditure) for the year net of tax		20,003	20,003
Total comprehensive income/(expenditure) for the year		10,758	10,758

DC Thomson & Company Limited

Group balance sheet at 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Goodwill	11	**67,714**	110,583
Other intangible assets	11	**161,006**	195,936
Property, plant and equipment	12	**91,392**	73,699
Financial assets – other business assets	13	**507,688**	646,464
Interests in associates	15	**9,770**	14,663
Retirement benefit surplus	22	**211,300**	322,900
		1,048,870	1,364,245
Current assets			
Inventories	17	**15,438**	12,170
Trade and other receivables	18	**33,663**	37,335
Income tax assets		**4,663**	7,020
Financial instruments held at fair value through profit or loss	20	**411**	-
Cash and cash equivalents	23	**64,518**	43,848
Assets directly associated with a disposal group classified as held for sale	9	**-**	2,050
		118,693	102,423
Total assets		**1,167,563**	1,466,668
Current liabilities			
Trade and other payables	19	**42,733**	43,135
Liabilities directly associated with a disposal group classified as held for sale	9	**507**	1,879
		43,240	45,014
Non-current liabilities			
Trade and other payables	19	**17,802**	-
Deferred tax liabilities	21	**116,742**	146,925
		134,544	146,925
Total liabilities		**177,784**	191,939
Net assets		**989,779**	1,274,729
Equity (Page 24)			
Share capital		**4,135**	4,135
Other reserves		**151,865**	151,865
Retained earnings and foreign currency translation reserve		**833,984**	1,118,704
Shareholders' equity		**989,984**	1,274,704
Non-controlling (minority) interest	16	**(205)**	25
Total equity		**989,779**	1,274,729

The financial statements were approved and authorised for issue by the Board of Directors on 30 October 2020 and signed on its behalf by:

CHW Thomson
Director

AF Thomson
Director

Registered number SC005830

DC Thomson & Company Limited

Company balance sheet at 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Other intangible assets	11	**273**	72
Property, plant and equipment	12	**66,775**	58,844
Financial assets – other business assets	13	**507,688**	646,047
Interests in group undertakings	14	**180,955**	294,508
Retirement benefit surplus	22	**211,300**	322,900
		966,991	1,322,371
Current assets			
Inventories	17	**3,967**	3,735
Trade and other receivables	18	**10,816**	68,961
Income tax assets		**976**	-
Financial instruments held at fair value through profit or loss	20	**411**	-
Cash and cash equivalents	23	**56,272**	20,753
		72,442	93,449
Total assets		**1,039,433**	1,415,820
Current liabilities			
Trade and other payables	19	**129,534**	133,277
Income tax liabilities		-	2,813
		129,534	136,090
Non-current liabilities			
Trade and other payables	19	**7,994**	-
Deferred tax liabilities	21	**92,069**	119,025
		100,063	119,025
Total liabilities		**229,597**	255,115
Net assets		**809,836**	1,160,705
Equity (Page 25)			
Share capital		**4,135**	4,135
Other reserves		**1,865**	1,865
Retained earnings		**803,836**	1,154,705
Total equity		**809,836**	1,160,705

The financial statements were approved and authorised for issue by the Board of Directors on 30 October 2020 and signed on its behalf by:

CHW Thomson
Director

AF Thomson
Director

Registered number SC005830

DC Thomson & Company Limited

Group cash flow statement for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
(Loss)/profit before taxation:			
Continuing		**(179,603)**	21,088
Discontinued	9	**(201)**	1,582
Depreciation and amortisation	9/11/12	**18,227**	15,068
Impairment of goodwill and other intangible assets	11	**79,507**	16,500
Impairment of property, plant and equipment	12	**54**	-
Impairment of financial assets	13	**417**	2,830
Valuation losses/(gains) on financial assets	13	**80,894**	(45,468)
Share of result of associates	15	**1,955**	2,277
Impairment of associates	15	**7,056**	-
Loss on disposal of property, plant and equipment		**10**	156
Loss/(gain) on disposal of financial assets		**266**	(1,578)
Forward contract valuation movement	20	**(411)**	-
Pension adjustment	22	**337**	600
Pension contributions paid		**(16)**	-
(increase)/decrease in inventories		**(2,546)**	7,875
Decrease in receivables		**5,540**	27,522
Decrease in payables		**(3,416)**	(24,665)
Exchange reserve movement		**(91)**	(1,459)
Loss on equity interest		**-**	(8)
Cash generated from operations		**7,979**	22,320
Income tax received/(paid)		**155**	(8,301)
Net cash from operating activities		**8,134**	14,019
Investing activities			
Proceeds on disposal of property, plant and equipment		**31**	16
Proceeds on disposal of financial assets		**67,007**	16,554
Repayment from associates	15	**-**	1,474
Purchase of intangible assets	11	**(6,529)**	(5,075)
Purchase of property, plant and equipment		**(5,535)**	(3,317)
Purchase of financial assets	13	**(9,808)**	(15,608)
Investment in subsidiary undertakings	11	**(2,994)**	(7,970)
Investment in subsidiary undertakings – deferred consideration paid	11	**(277)**	(2,745)
Investment in associates	15	**(3,963)**	(5,814)
Net cash from/(used in) investing activities		**37,932**	(22,485)
Financing activities			
Dividends paid	10	**(21,752)**	(21,090)
Repayment of lease obligations		**(3,740)**	-
Net cash used in financing activities		**(25,492)**	(21,090)
Net increase/(decrease) in cash and cash equivalents		**20,574**	(29,556)
Cash and cash equivalents acquired with subsidiaries	11	**96**	809
Cash and cash equivalents at 31 March 2019	23	**43,848**	72,595
Cash and cash equivalents at 31 March 2020	23	**64,518**	43,848

DC Thomson & Company Limited

Company cash flow statement for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Loss before taxation		**(239,215)**	(2,426)
Intercompany loan interest	14	**-**	(254)
Depreciation and amortisation	11/12	**4,134**	3,657
Impairment of property, plant and equipment	12	**54**	-
Impairment of financial assets	13	**-**	2,830
Impairment of interests in group undertakings	14	**160,743**	54,775
Valuation losses/(gains) on other business assets	13	**80,894**	(45,468)
Gain on disposal of property, plant and equipment		**-**	(2)
Loss/(gain) on disposal of financial assets		**266**	(1,578)
Forward contract valuation movement	20	**(411)**	-
Pension adjustment	22	**337**	600
Pension contributions paid		**(16)**	-
Increase in inventories		**(232)**	(1,534)
Decrease/(increase) in receivables		**44,843**	(19,639)
Increase in payables		**990**	41,598
Cash generated from operations		**52,387**	32,559
Income tax paid		**(1,083)**	(8,257)
Net cash from operating activities		**51,304**	24,302
Investing activities			
Proceeds on disposal of property, plant and equipment		**-**	2
Proceeds on disposal of financial assets		**67,007**	16,554
Repayment from group companies	14	**-**	1,360
Purchase on intangible assets	11	**(298)**	-
Purchase of property, plant and equipment	12	**(2,782)**	(516)
Purchase of financial assets	13	**(9,808)**	(15,256)
Investment in subsidiary undertakings	14	**(43,507)**	(38,730)
Investment in associates	14	**(3,683)**	(5,814)
Net cash generated from/(used in) investing activities		**6,929**	(42,400)
Financing activities			
Dividends paid	10	**(21,752)**	(21,090)
Repayment of lease obligations		**(962)**	-
Net cash used in financing activities		**(22,714)**	(21,090)
Net increase/(decrease) in cash and cash equivalents		**35,519**	(39,188)
Cash and cash equivalents at 31 March 2019	23	**20,753**	59,941
Cash and cash equivalents at 31 March 2020	23	**56,272**	20,753
		======	======

DC Thomson & Company Limited

Group statement of changes in equity for the year ended 31 March 2020

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 31 March 2018	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
Profit/(loss) for financial year	-	-	(166,646)	(166,646)	(230)	(166,876)
Other comprehensive income/ (expenditure)	-	-	(96,322)	(96,322)	-	(96,322)
Total comprehensive income/(expenditure)	-	-	(262,968)	(262,968)	(230)	(263,198)
Recognised directly in equity:						
Dividends	-	-	(21,752)	(21,752)	-	(21,752)
Total movements	-	-	(284,720)	(284,720)	(230)	(284,950)
Balance at 31 March 2020	**4,135**	**151,865**	**833,984**	**989,984**	**(205)**	**989,779**

Authorised and called up share capital represents 4,135,317 (2019 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include a capital redemption reserve of £1,865,000 (2019 - £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 (2019 - £50,000,000) and a capital expenditure reserve of £100,000,000 (2019 - £100,000,000).

Included in retained earnings is £171,153,000 (2019 - £274,007,000) which represents the unrealised appreciation on the retirement benefit surplus, net of tax, 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 2018	15,781
Arising in year	(1,313)
At 31 March 2019	14,468
Arising in year	211
At 31 March 2020	**14,679**

DC Thomson & Company Limited

Company statement of changes in equity for the year ended 31 March 2020

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2018	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
Loss for financial year	-	-	(232,584)	(232,584)
Other comprehensive income/(expenditure)	-	-	(96,533)	(96,533)
Total comprehensive income/ (expenditure)	-	-	(329,117)	(329,117)
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(21,752)	(21,752)
Total movements	-	-	(350,869)	(350,869)
Balance at 31 March 2020	**4,135**	**1,865**	**803,836**	**809,836**

Authorised and called up share capital represents 4,135,317 (2019 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves represent a capital redemption reserve of £1,865,000 (2019 - £1,865,000) created on the purchase by the Company of its own shares.

Included in retained earnings is £171,153,000 (2019 – £274,007,000) which represents the unrealised appreciation on the retirement benefit surplus, net of tax, which is not distributable.

1 Statement of compliance

Both the Group and Parent Company financial statements ("financial statements") at 31 March 2020 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 16 Leases

IFRS 16 *Leases* took effect from 1 January 2019 and has been adopted for the year ended 31 March 2020 using the modified retrospective approach without restatement of prior year comparatives.

The impact of the initial application of IFRS 16 Leases 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 2019.

Amendments:

Amendments to IFRS 9: *Prepayment Features With Negative Compensation*	On 12 October 2017, the IASB published 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)' to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets. In addition, the IASB clarified an aspect of the accounting for financial liabilities following a modification. The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019.
Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*	On 7 February 2018, the IASB published 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)' to harmonise accounting practices and to provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.
IAS 28: *Investments in Associates and Joint Ventures*	On 12 October 2017, the IASB published 'Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)' to clarify that an entity applies IFRS 9 'Financial Instruments' to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019.
IFRIC 23: *Uncertainty over Income Tax Treatments*	IFRIC 23 'Uncertainty over Income Tax Treatments' was issued by the IASB on 7 June 2017 and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted.

2 Accounting policies (continued)

Adoption of new and revised Standards (continued)

Amendments (continued):

Annual Improvements to IFRSs: *2015-2017 Cycle*	On 12 December 2017, the IASB issued 'Annual Improvements to IFRS Standards 2015–2017 Cycle,' which contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are all effective for annual periods beginning on or after 1 January 2019.

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

Company information

DC Thomson & Company Limited ("the Company") is a private limited company domiciled and incorporated in Scotland. The registered office is Courier Buildings, 2 Albert Square, Dundee, DD1 9QJ.

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 rounded 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 defined benefit pension scheme, 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 2020.

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.

2 Accounting policies (continued)

Associates

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

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

Acquisitions

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

Goodwill 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

2 Accounting policies (continued)

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.

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

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

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.

2 Accounting policies (continued)

Interests in group companies

Subsequent to initial recognition, the Company continues to measure investments in subsidiaries at cost.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes and discounts 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.

2 Accounting policies (continued)

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

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

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

Leases

At inception of the contract, the Group assesses whether a contract is, or contains, a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made on or before the commencement day, less any lease incentives received and plus any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Impairment is assessed as described above.

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.

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. The company recognises lifetime ECL (expected credit losses) for trade receivables, which are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

The company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off are still subject to enforcement activities. Any recoveries made are recognised in profit or loss.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

Retirement benefit costs

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

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

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

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

Dividends payable

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

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).

2 Accounting policies (continued)

Valuation of intangible assets on acquisition

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

Deferred tax balances on intangible assets

Deferred tax has been provided under IAS 12 (Income Taxes) on the values of the intangible assets in the Group's balance sheet. The directors have provided this balance in order to comply with the technical requirements of IAS 12 despite the fact that they cannot foresee any circumstances in which such a tax liability would arise.

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

Key sources of estimation uncertainty

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

Impairment

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

2 Accounting policies (continued)

Provision for returns

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

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 3	On 22 October 2018, the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.
IFRS 16: Leases	On 28 May 2020, the IASB published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.
Amendments to IAS 1 and IAS 8: *Definition of Materiality*	On 31 October 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after 1 January 2020.
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised 'Conceptual Framework' published in March 2018, the IASB also issued 'Amendments to References to the Conceptual Framework in IFRS Standards'. The amendments are effective for annual periods beginning on or after 1 January 2020.

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

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.

3 Revenue

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000	2019 Continuing £000	2019 Discontinued £000	2019 Total £000
Trading revenue	**198,594**	**37**	**198,631**	201,763	16,883	218,646
Other income:						
Dividends	**14,981**	**-**	**14,981**	15,496	-	15,496
Interest	**1,178**	**-**	**1,178**	3,688	11	3,699
	214,753	**37**	**214,790**	220,947	16,894	237,841

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

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000	2019 Continuing £000	2019 Discontinued £000	2019 Total £000
Circulation	**81,956**	**-**	**81,956**	79,515	-	79,515
Advertising	**34,397**	**-**	**34,397**	37,051	-	37,051
Consumer products	**35,458**	**37**	**35,495**	35,769	16,883	52,652
Contract printing	**3,161**	**-**	**3,161**	3,552	-	3,552
Events	**4,073**	**-**	**4,073**	3,116	-	3,116
Genealogy	**18,743**	**-**	**18,743**	19,190	-	19,190
Hosting	**8,716**	**-**	**8,716**	8,398	-	8,398
Other	**12,090**	**-**	**12,090**	15,172	-	15,172
	198,594	**37**	**198,631**	201,763	16,883	218,646

3 Revenue

	Continuing 2020 £000	Discontinued 2020 £000	Total 2020 £000	Continuing 2019 £000	Discontinued 2019 £000	Total 2019 £000
Analysis of trading revenue by destination market						
United Kingdom	**150,487**	**37**	**150,524**	163,405	5,732	169,137
Rest of Europe	**5,360**	**-**	**5,360**	6,639	123	6,762
North America	**27,024**	**-**	**27,024**	22,222	6,961	29,183
Australia	**11,802**	**-**	**11,802**	5,141	4,067	9,208
Rest of World	**3,921**	**-**	**3,921**	4,356	-	4,356
	198,594	**37**	**198,631**	201,763	16,883	218,646

4 Income statement

	Continuing 2020 £000	Discontinued 2020 £000	Total 2020 £000	Continuing 2019 £000	Discontinued 2019 £000	Total 2019 £000
Total expenses are stated after charging/(crediting):						
Auditor's remuneration to audit group financial statements	**102**	**-**	**102**	101	-	101
Auditor's remuneration for other services	**323**	**16**	**339**	367	39	406
Loss/(gain) on sale of fixed tangible assets	**10**	**-**	**10**	156	-	156

The auditor's remuneration for other services was in connection with, the audit of subsidiaries £192,000 (2019 - £186,000), general consultancy £37,000 (2019 - £30,000), taxation services £108,000 (2019 - £186,000) and other legislative compliance £2,000 (2019 - £4,000).

5 Employee benefits costs

	2020 Continuing Number	2020 Discontinued Number	2020 Total Number	2019 Continuing Number	2019 Discontinued Number	2019 Total Number
Average monthly number of employees during the year:						
Group	**1,758**	**-**	**1,758**	1,780	31	1,811
Company	**767**	**-**	**767**	790	-	790

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000	2019 Continuing £000	2019 Discontinued £000	2019 Total £000
Employee costs during the year (including directors remuneration) amounted to:						
Wages and salaries	**69,093**	**-**	**69,093**	66,896	1,675	68,571
Social security costs	**5,961**	**-**	**5,961**	6,031	60	6,091
Defined contribution pension costs	**1,278**	**-**	**1,278**	1,161	7	1,168
	76,332	**-**	**76,332**	74,088	1,742	75,830
Defined benefit pension charge (Note 22)	**337**	**-**	**337**	600	-	600
Severance payments	**1,477**	**-**	**1,477**	2,833	-	2,833
	78,146	**-**	**78,146**	77,521	1,742	79,263

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

6 Key management personnel emoluments

	2020	2019
	£000	£000
Remuneration	**1,255**	1,266
	====	====

The emoluments receivable by the highest paid member of key management were £332,000 (2019 - £334,000).

7 Finance costs

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000	2019 Continuing £000	2019 Discontinued £000	2019 Total £000
Interest payable	**12**	**-**	**12**	44	33	77
Lease interest charge	**873**	**-**	**873**	-	-	-
	885	**-**	**885**	44	33	77

8 Taxation

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000	2019 Continuing £000	2019 Discontinued £000	2019 Total £000
Current taxation						
UK corporation tax on profits for the year	**3,128**	**168**	**3,296**	(828)	38	(790)
Overseas tax	**(818)**	**-**	**(818)**	(34)	-	(34)
Adjustments in respect of prior periods						
- UK	**273**	**(219)**	**54**	(148)	316	168
	2,583	**(51)**	**2,532**	(1,010)	354	(656)
Deferred taxation						
Origination and reversal of timing differences	**(26,387)**	**-**	**(26,387)**	4,656	273	4,929
Adjustment in respect of prior periods	**42**	**-**	**42**	(391)	-	(391)
Change in tax rate	**10,885**	**-**	**10,885**	-	-	-
Taxation charge/(credit)	**(12,877)**	**(51)**	**(12,928)**	3,255	627	3,882

8 Taxation (continued)

	2020 Continuing £000	2020 Discontinued £000	2020 Total £000	2019 Continuing £000	2019 Discontinued £000	2019 Total £000
Factors affecting tax charge for year						
(Loss)/profit for year before tax	**(179,603)**	**(201)**	**(179,804)**	21,088	1,582	22,670
Tax thereon at 19% (2019 – 19%)	**(34,124)**	**(38)**	**(34,162)**	4,007	301	4,308
Effects of:						
Franked investment income not attracting tax	**(2,682)**	**-**	**(2,682)**	(2,817)	-	(2,817)
Book gain compared with capital gain	**3,201**	**-**	**3,201**	(367)	-	(367)
Other timing differences	**390**	**-**	**390**	(87)	(209)	(296)
Overseas profits tax impact	**(364)**	**63**	**(301)**	658	65	723
Associate undertaking effect	**(81)**	**-**	**(81)**	559	-	559
Other items affecting tax charge	**46**	**143**	**189**	565	(274)	291
Change in tax rate	**10,885**	**-**	**10,885**	154	246	400
Adjustments in respect of prior periods	**315**	**(219)**	**96**	(539)	316	(223)
Losses available to carry forward/(utilised)	**37**	**-**	**37**	(359)	182	(177)
Television production and R&D tax credit	**(899)**	**-**	**(899)**	(292)	-	(292)
Impairment of financial assets	**79**	**-**	**79**	538	-	538
Impairment of goodwill and other intangible assets	**8,688**	**-**	**8,688**	1,235	-	1,235
Impairment of associates	**1,632**	**-**	**1,632**	-	-	-
Taxation charge/(credit)	**(12,877)**	**(51)**	**(12,928)**	3,255	627	3,882

The standard rate of UK corporation tax changed from 20% to 19% with effect from April 2017. A further reduction down to 17% for financial years beginning 1 April 2020 has been withdrawn and the main tax rate remains at 19%.

9 Discontinued operations

In February 2019, 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	2020 £000	2019 £000
Revenue	3		**37**	16,894
Change to inventories of finished goods and work in progress		-		(8,170)
Raw materials and consumables		**(26)**		(3,250)
			(26)	(11,420)
Employee benefits cost	5	-		(1,742)
Depreciation		-		(127)
Other expenses		**(212)**		(1,990)
Finance costs	7	-		(33)
Total expenses			**(212)**	(15,312)
(Loss)/profit on disposal of discontinued operations			**(201)**	1,582
Attributable taxation	8		**51**	(627)
Net (loss)/profit attributable to discontinued operations (attributable to owners of the Company)			**(150)**	955

During the year, the Parragon Publishing Limited subgroup contributed an outflow of £678,000 (2019 - outflow £6.5m) to the Group's net operating cashflows, paid £Nil (2019 – paid £0.5m) in respect of investing activities and paid £Nil (2019 – paid £Nil) in respect of financing activities.

9 Discontinued operations (continued)

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

	2020 £000	2019 £000
Property, plant and equipment	-	87
Inventories	-	718
Trade and other receivables	-	1,245
Total assets classified as held for sale	-	2,050
Trade and other payables	**(507)**	(1,879)
Total liabilities classified as held for sale	**(507)**	(1,879)
Net (liabilities)/assets of disposal group	**(507)**	171

10 Dividends - paid in the year

	2020 £000	2019 £000
Ordinary shares:		
Final for 2019 of 401p per share paid (2018 – 390p)	**16,583**	16,128
Interim for 2019 of 125p per share (2018 - 120p)	**5,169**	4,962
	21,752	21,090

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

Dividends - paid post year end and proposed		
Interim of 125p paid (2019 – 125p)	**5,169**	5,169
Final of 401p per share proposed (2019 – 401p)	**16,583**	16,583
	21,752	21,752

11 Goodwill and other intangible assets

Goodwill

Group	**2020 £000**	2019 £000
At 31 March 2019	**110,583**	110,419
Additions	**2,856**	6,664
Impairments	**(45,725)**	(6,500)
At 31 March 2020	**67,714**	110,583
Goodwill includes:		
Media	**28,512**	41,129
Genealogy	**25,702**	25,702
Stylist	**10,300**	27,394
Consumer Products	**3,200**	16,358
At 31 March 2020	**67,714**	110,583

Material acquisitions in the year were as follows:

On 4 April 2019, the Group acquired 100% of the ordinary share capital of PSP Media Group Limited for consideration of £2,994,000. This has been treated as a subsidiary acquisition.

	£000
Tangible fixed assets	179
Trade and other receivables	626
Cash and cash equivalents	96
Trade and other payables	(734)
Income tax liability	(6)
Deferred tax liability	(23)
Fair value of net assets acquired	138
Fair value of consideration paid	2,994
Goodwill arising	**2,856**

PSP Media Group Limited has contributed £3.2m revenue and £94,000 loss to the Group's loss for the period between the date of acquisition and the reporting date.

During the year, the Group made the final payment of £277,000 for the investment in subsidiary Original Aberdeen FM Limited. Goodwill was recognised on the original acquisition and no adjustment was required as a result of the final payment.

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

11 Goodwill and other intangible assets (continued)

Goodwill (continued)

Intangible assets **Group**	**Indefinite life** **£000**	**Other** **£000**	**Total** **£000**
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	171,504	24,432	195,936
Additions	-	6,529	6,529
Amortisation	-	(7,714)	(7,714)
Retranslation of foreign assets	-	37	37
Impairments	(33,000)	(782)	(33,782)
At 31 March 2020	**138,504**	**22,502**	**161,006**

At 31 March 2020, accumulated amortisation amounted to £165,861,000 (2019 - £124,365,000).

Indefinite life intangible assets include mastheads of £72m (2019 - £72m) on the acquisition of Puzzler Media Holdings Limited and £67m (2019 - £100m) on the acquisition of Aberdeen Journals Limited.

Other intangible assets are mainly licences and distribution channels to market and include £1m (2019 - £2m) in Puzzler Media Holdings Limited; television programme costs of £4m (2019 - £2m) in Beano Studios Limited and Gnashville Limited; £1m (2019 - £1m) magazine titles in Aceville; and datasets and customer databases in brightsolid online innovation limited of £15m (2019 - £19m).

11 Goodwill and other intangible assets (continued)

Intangible assets

Company	**Indefinite life £000**	**Other £000**	**Total £000**
At 31 March 2018	-	120	120
Amortisation	-	(48)	(48)
At 31 March 2019	-	72	72
Additions	-	298	298
Amortisation	-	(97)	(97)
At 31 March 2020	**-**	**273**	**273**

At 31 March 2020, accumulated amortisation amounted to £1,630,000 (2019 - £1,533,000).

11 Goodwill and other intangible assets (continued)

Goodwill and indefinite life intangible assets

The Group applies IAS 38 Impairment of Assets. During the year an impairment of goodwill of £45.7m was recognised (2019 - £6.5m) together with an impairment of intangible assets of £33.8m (2019 - £10m).

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.

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. CGUs are identified as the smallest group of assets that generate income streams that are largely independent of each other.

Under IAS 38 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). Value in use is determined by discounting the expected cash flows from the assets in the CGUs.

For the news and magazines publishing and genealogy CGUs, cash flows are projected over the next 10 years based on the directors' best estimate of future trends. A terminal value has been applied to the year 10 cash flow to reflect that fact that the remaining life of the business and value to the group exceeds the 10-year period used in the detailed cash flow projections.

Due to the post year-end decision to exit the Wild + Wolf business, the recoverable amount of Consumer Products goodwill has been determined by reference to completed or significantly advanced deals for the sale of intellectual property.

For other CGUs with the exception of Stylist, the calculations use cash flow projections based on forecasts for the next 5 years, reflecting the fact it is difficult to prepare detailed projections beyond that period. As with publishing, a terminal value has been applied to the year 5 cash flow to reflect the value of the CGU beyond the 5-year projection period. For Stylist, a 5-year cash flow projection is used but the terminal value is determined using a perpetual growth factor with a steady growth rate.

Where terminal values have been applied, these range from 5 to 8 depending on the specific characteristics of the CGU. The cash flows for all CGUs have been discounted at a minimum discount rate of 5%, the Group's estimated current cost of capital. Where the risk associated with the future cash projections is assessed to be higher, for example due to new business areas and revenue streams, a discount rate of up to 30% has been used.

The combined excess of recoverable amount over carrying values is £26.2m. On that basis, the directors are satisfied that the carrying values of goodwill and intangible assets are appropriate.

Other intangible assets

The intangible amortisation charge of £7.7m (2019 - £6.2m) relates to certain titles in the Magazine Division, film productions 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 2020 of these assets remains recoverable in full.

12 Property, plant and equipment

Group	Right to use assets £000	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Cost					
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
On adoption of IFRS16	21,922	-	-	-	21,922
On acquisition	-	-	179	-	179
Additions	469	2,113	3,263	159	6,004
Transfers	-	-	680	(594)	86
Disposals	-	(122)	(2,140)	-	(2,262)
Retranslation of foreign assets	127	-	40	-	167
At 31 March 2020	**22,518**	**75,932**	**85,950**	**123**	**184,523**
Depreciation					
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
Charge for year	2,627	1,060	6,826	-	10,513
On disposals	-	(122)	(2,099)	-	(2,221)
Retranslation of foreign assets	11	-	46	-	57
Impairment	54	-	-	-	54
At 31 March 2020	**2,692**	**30,125**	**60,314**	**-**	**93,131**
Net book value					
At 31 March 2020	**19,826**	**45,807**	**25,636**	**123**	**91,392**
At 31 March 2019	-	44,754	28,387	558	73,699

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.

12 Property, plant and equipment (continued)

Company	Right to use assets £000	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Cost					
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
On adoption of IFRS16	9,240	-	-	-	9,240
Additions	-	2,086	535	161	2,782
Transfers	-	-	594	(594)	-
At 31 March 2020	**9,240**	**69,306**	**73,281**	**123**	**151,950**
Depreciation					
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
Charge for year	769	819	2,449	-	4,037
Impairment	54	-	-	-	54
At 31 March 2020	**823**	**27,812**	**56,540**	**-**	**85,175**
Net book value					
At 31 March 2020	**8,417**	**41,494**	**16,741**	**123**	**66,775**
At 31 March 2019	-	40,227	18,061	556	58,844

13 Financial assets – other business assets

	2020		2019	
	Group £000	**Company £000**	Group £000	Company £000
At 31 March 2019	**646,464**	**646,047**	603,194	603,129
Additions	**9,808**	**9,808**	15,608	15,256
Disposals	**(67,273)**	**(67,273)**	(14,976)	(14,976)
Fair value (losses)/gains	**(80,894)**	**(80,894)**	45,468	45,468
Impairments	**(417)**	**-**	(2,830)	(2,830)
At 31 March 2020	**507,688**	**507,688**	646,464	646,047

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 £45m (2019 - £58m) and is included in Note 21. The carrying value of unlisted investments of £25m (2019 - £15m) 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 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
Additions	2	47,188	47,190
Impairments	(77,765)	(82,978)	(160,743)
At 31 March 2020	**164,926**	**16,029**	**180,955**

15 Interests in associates

Group	2020 £000	2019 £000
At 31 March 2019	**14,663**	12,488
Additions	**3,963**	5,814
Loan repayments	**-**	(1,474)
Share of loss on continuing activities	**(1,955)**	(2,277)
Retranslation of foreign assets	**155**	112
Impairment	**(7,056)**	-
At 31 March 2020	**9,770**	14,663

	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%
*	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	(4,209)
Net assets	3,187

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 £230,000 (2019 – loss £359,000).

At 31 March 2020, the non-controlling (minority) interest is an asset of £205,000 (2019 – liability £25,000), 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.

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

	£000
Post tax loss from continuing operations	(2,206)
Net assets/(liabilities)	5,977
Cash inflow/(outflow)	339

17 Inventories

	2020		2019	
	Group £000	**Company £000**	Group £000	Company £000
Work in progress	**767**	**564**	562	384
Finished goods and goods for resale	**11,103**	**-**	8,074	73
Inventories of finished goods and work in progress	**11,870**	**564**	8,636	457
Raw materials and consumables	**3,568**	**3,403**	3,534	3,278
	15,438	**3,967**	12,170	3,735

The cost of inventories recognised as an expense during the year in respect of continuing operations was £90,226,000 (2019 - £88,498,000).

Group inventories reflect provisions for slow moving items of £3,009,000 (2019 - £1,527,000). Company inventories reflect provisions for slow moving items of £292,000 (2019 - £10,000).

18 Trade and other receivables

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Trade receivables	**17,609**	**4,765**	20,953	5,686
Other receivables	**7,618**	**1,710**	8,238	2,225
Contract assets	**8,436**	**4,341**	8,144	5,050
Receivables due from group undertakings	**-**	**-**	-	56,000
	33,663	**10,816**	37,335	68,961
Current	**33,663**	**10,816**	37,335	45,061
Non-current	**-**	**-**	-	23,900

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 £5m (2019 - £3m) 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

	2020 £000	2019 £000
Overdue by		
0 - 30 days	**2,212**	1,027
30 - 60 days	**1,130**	778
60 + days	**2,143**	921
	5,485	2,726

Total trade receivables are stated net of provision for bad debts as set out in the accounting policies. These total £1.4m (2019 - £1.0m).

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

19 Trade and other payables

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Trade payables and accruals	**4,769**	**582**	5,856	1,863
Other taxes and social security	**2,754**	**993**	2,812	862
Payables due to group undertakings	**-**	**117,265**	-	122,283
Other payables	**21,076**	**7,219**	23,084	6,268
Contract liabilities	**11,401**	**2,833**	10,982	2,001
Deferred consideration	**401**	**-**	401	-
Lease liabilities	**20,134**	**8,636**	-	-
	60,535	**137,528**	43,135	133,277
Current	**42,733**	**129,534**	43,135	133,277
Non-current	**17,802**	**7,994**	-	-

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.

19 Trade and other payables (continued)

The maturity of lease liabilities is as follows:

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Less than one year	2,332	642	-	-
Within 1-2 years	1,857	632	-	-
Within 2-5 years	7,014	2,565	-	-
More than 5 years	8,931	4,797	-	-
	20,134	8,636	-	-

The weighted average incremental borrowing rate applied to lease liabilities is dependent on the country and the length of the lease and falls within a range of 2.5% - 7.1%.

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	2020 £000	2019 £000
Financial assets (current and non-current)		
Financial assets – other business assets	507,688	646,464
Trade and other receivables	33,663	37,335
Financial instruments at fair value through profit or loss	411	-
Cash and cash equivalents	64,518	43,848
Financial liabilities (current and non-current)		
Trade and other payables	(60,535)	(43,135)

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.

20 Financial instruments (continued)

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 is party to a number of forward foreign exchange contracts in the management of its exchange rate exposures. At the balance sheet date, the Group had committed to a total amount of outstanding forward foreign exchange contracts to buy US$17.5m *(2019 - US$Nil)*. The fair value of these contracts is an asset of £411k *(2019 – £Nil)* which is reflected in the Group and Company balance sheets. Movements are taken through the income statement. Fair value is based on values provided by the Group's bankers using the appropriate valuation techniques based on rates current at the year end.

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

	Sterling	Euro	US Dollar	Australian Dollar	Total
2020	**£000**	**£000**	**£000**	**£000**	**£000**
Trade receivables	**13,641**	**516**	**2,324**	**1,128**	**17,609**
Trade receivables directly associated with disposal group classified as held for sale	**-**	**-**	**-**	**-**	**-**
Trade payables	**(4,464)**	**(10)**	**(225)**	**(70)**	**(4,769)**
Trade payables directly associated with disposal group classified as held for sale	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**58,986**	**274**	**4,169**	**1,089**	**64,518**
	68,163	**780**	**6,268**	**2,147**	**77,358**
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
	40,374	1,383	13,985	4,331	60,073

20 Financial instruments (continued)

Foreign currency sensitivity

As noted above the Group is exposed mainly to movements in Euros, US Dollar and Australian Dollar rates. The forward contracts in place manage the US Dollar exchange rate risk by fixing the values of expected sterling cash flows for up to 1 year. However, as these contracts deal with future cash flows, timing differences impact the year end position reported in these financial statements. The Group's sensitivity to a 10% fall in the spot sterling exchange rate would be £425k with a change in the fair value of the forward contract values of £41k as at the year end. The impact on equity would be £57k reflecting the retranslation of net assets on consolidation.

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

	To buy US$000
2020	
Within 3 months	**5,112**
Between 4 and 6 months	**11,265**
Between 6 months and one year	**1,125**
2019	
Within 3 months	-
Between 4 and 6 months	-
Between 6 months and one year	-

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.

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 2018	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
On acquisition	23	-	-	-	-	23
Transfer (to)/from profit and loss account	584	(20,097)	-	(6,270)	(604)	(26,387)
Statement of recognised income and expense	-	-	(21,204)	-	-	(21,204)
Adjustment in respect of prior periods	29	-	-	-	13	42
Change in tax rate	667	6,854	6,458	3,430	(66)	17,343
At 31 March 2020	**6,767**	**45,013**	**40,147**	**26,314**	**(1,499)**	**116,742**
Company						
At 31 March 2018	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
Transfer from/(to) profit and loss account	537	(20,097)	-	-	(154)	(19,714)
Statement of recognised income and expense	-	-	(21,204)	-	-	(21,204)
Adjustment in respect of prior periods	(37)	-	-	-	-	(37)
Change in tax rate	707	6,854	6,458	-	(20)	13,999
At 31 March 2020	**7,254**	**45,013**	**40,147**	**-**	**(345)**	**92,069**

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 19% (2019 - 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 IAS19 defined benefit schemes was £337,000 (2019 - £600,000). In addition, contributions of £1,278,000 (2019 - £1,168,000) 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.

	2020	2019
	£000	£000
Change in benefit obligation		
Benefit obligation at beginning of year	**540,900**	518,400
Recognition of plan obligations	**56,000**	-
Current service cost	**7,037**	5,000
Past service cost	**-**	2,700
Interest cost	**13,917**	13,400
Actuarial (gains)/losses	**(15,554)**	28,200
Benefits paid	**(32,400)**	(26,800)
Benefit obligation at end of year – wholly funded	**569,900**	540,900
Change in plan assets		
Fair value of plan assets at beginning of year	**863,800**	817,800
Recognition of plan assets	**56,000**	-
Employer contributions	**16**	-
Expected return on plan assets	**20,400**	21,300
Actuarial gains/(losses)	**(126,833)**	52,300
Interest income on assets	**1,317**	-
Benefits paid	**(32,400)**	(26,800)
Administration expenses	**(1,100)**	(800)
Fair value of plan assets at end of year	**781,200**	863,800
Retirement benefit surplus	**211,300**	322,900

22 Retirement benefits (continued)

	2020 £000	2019 £000
Retirement benefit surplus		
Group and Company		
Surplus	**211,300**	322,900
	======	======

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 charge in the income statement in respect of pension costs this year and 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 overall service cost is lower than in the previous year mainly due to no special events occurring over the year whereas the previous year included a past service cost in respect of GMP equalisation. 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 higher compared with the previous year. The combined impact is net 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 (l83) of IAS 19. 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 2020 and so the Fund can fully recognise the surplus. The 2019 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 IAS 19. The Trustee 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 Trustee in the running of the Fund. On both bases, the valuations show the Fund is in healthy surplus.

22 Retirement benefits (continued)

Components of pension cost	**2020 £000**	2019 £000
Current service cost	**7,037**	5,000
Past service cost	**-**	2,700
Interest cost	**12,600**	13,400
Administration expenses	**1,100**	800
Expected return on plan assets	**(20,400)**	(21,300)
Total pension charge recognised in employee benefit costs	**337**	600
Total pension gain recognised in statement of comprehensive income	**(111,279)**	24,100

Plan assets

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

Asset category	**2020 %**	2019 %
Equities	**52**	83
Fixed interest gilts	**14**	11
Bonds	**2**	2
Property	**5**	-
Alternatives	**5**	-
Cash and annuities	**22**	4
	100	100

	£000	£000
Amounts included in the fair value of assets for:		
Equities	**407,600**	717,400
Fixed interest gilts	**111,600**	92,600
Bonds	**18,400**	21,000
Property	**38,000**	-
Alternatives	**35,100**	-
Cash and annuities	**170,500**	32,800
	781,200	863,800

22 Retirement benefits (continued)

Weighted average assumptions used to determine benefit obligations

	2020 %	2019 %
Discount rate	**2.38**	2.40
Rate of salary growth	**3.83**	4.45
Inflation rate (RPI)	**2.83**	3.45
Inflation rate (CPI)	**2.33**	2.45
Implied life expectancy at age 65:		
Male currently aged 65	**21.8**	21.7
Male currently aged 45	**23.9**	23.8
Female currently aged 65	**24.6**	24.5
Female currently aged 45	**26.6**	26.5

Weighted average assumptions used to determine net pension cost for year

	2020 %	2019 %
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

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	**2020 £000**	2019 £000	2018 £000	2017 £000	2016 £000
Benefit obligation at end of year	**569,900**	540,900	518,400	638,700	512,100
Fair value of plan assets at end of year	**781,200**	863,800	817,800	824,100	716,600
Surplus	**211,300**	322,900	299,400	185,400	204,500
Difference between expected and actual return on scheme assets:					
Amount (£000)	**126,833**	(52,300)	(400)	(107,700)	13,100
Percentage of scheme assets	**16%**	6%	0%	13%	2%
Experience gains and losses on scheme liabilities:					
Amount (£000)	**(15,554)**	28,200	24,500	-	-
Percentage of scheme liabilities	**3%**	5%	5%	-	-

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.

23 Notes to the cash flow statement

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Cash and cash equivalents				
Bank balances	**15,103**	**6,857**	26,045	2,950
Call deposits	**49,415**	**49,415**	17,803	17,803
Cash and cash equivalents	**64,518**	**56,272**	43,848	20,753

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

	2020 Group £000	2020 Company £000	2019 Group £000	2019 Company £000
Cash flows from operating activities include:				
Dividends	**14,981**	**14,981**	15,496	15,496
Interest	**1,178**	**1,138**	3,688	2,746
	16,159	**16,119**	19,184	18,242

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 application of IFRS 16 Leases

IFRS 16 *Leases* took effect from 1 January 2019 and has been adopted for the year ended 31 March 2020 using the modified retrospective method without restatement of prior year comparatives.

(a) Disclosures in relation to the initial application of IFRS 16
The table below shows information relating to the initial application of IFRS 16.

	Carrying amount as reported at 31/03/19 £000	IFRS 16 carrying amount £000	Carrying amount at 01/04/19 £000	Retained earnings effect on 01/04/19 £000
Non-current assets				
Property, plant and equipment	73,699	21,922	95,621	-
Current liabilities				
Lease liabilities	-	(3,739)	(3,739)	-
Non-current liabilities				
Lease liabilities	-	(18,183)	(18,183)	-
Total	**73,699**	**-**	**73,699**	**-**

(b) Impact on profit or loss, other comprehensive income and total comprehensive income
The table below shows information relating to impact on the current year results arising from the application of IFRS 16.

	2020 £000
Impact on profit/(loss) for the year:	
Lease payments	3,408
Lease interest	(873)
Depreciation charge	(2,627)
Foreign exchange loss	(1)
Increase in loss for the year	**(93)**
Increase in loss for the year attributable to:	
Owners of the parent	(93)
Non-controlling (minority) interests	-
	(93)

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 New Maze Media Limited +	England	Publisher
Kingdom Radio FM Limited	Scotland	Radio broadcasting
Original Aberdeen FM Limited	England	Radio broadcasting
PSP Media Group Limited	Scotland	Publisher

* 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. Unlisted investments which are not group undertakings are included as financial assets in Note 13 and are carried at cost less provisions for impairment.

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 (2019 - £250,000).

At the year end, the Group had provided a guarantee of £1.2m (2019 - £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

	2020	2019
	£000	£000
Capital commitments - Group		
Contracted for but not provided	**2,790**	6,325
	=====	=====
Capital commitments - Company		
Contracted for but not provided	**146**	250
	=====	=====

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 £561,000 (2019 - £543,000) being £157,000 (2019 - £152,000) for AF Thomson, £76,000 (2019 - £74,000) for CHW Thomson, £199,000 (2019 - £192,000) for ARF Hall and £129,000 (2019 - £125,000) for DHE Thomson.

29 Events after the reporting date

The Directors decided in June 2020 to exit the Wild + Wolf business. This exit will be by way of sale of the underlying brands and assets of the business to multiple buyers reflecting the two distinct marketplaces the business operates in: lifestyle gifts and toys, puzzles and games. The Directors believe this exit strategy will be achieved by the end of the 2020/21 financial year.

30 Control

There is no individual controlling party.

31 Country of registration

The Company is incorporated in Scotland and is registered at Courier Buildings, 2 Albert Square, Dundee, DD1 9QJ, Scotland.

Directors' responsibilities for the preparation of financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union and applicable law. 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 and Company 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.

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

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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 2020 which comprise the Group income statement, the Group statement of comprehensive income, the Company 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 2020 and of the Group's loss 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.

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.

GBlack

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

30 October 2020

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