

DC Thomson & Company Limited

**Directors' report and Group financial statements
for the year ended 31 March 2021**

Registered number SC005830



DC Thomson & Company Limited

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The Directors submit the audited financial statements of the Company and of the Group for the year ended 31 March 2021.

Business overview

The trading activities section in this report details the various activities and assets that have been accumulated over many years. This is a combination of internally generated intellectual property and trading activities complemented by acquired businesses and assets. Our strategy is to grow the value of our IP and other assets by continuing to develop brands into new income streams and audiences.

The print side of our business will continue to be very important, but naturally increasingly the future success of a major part of our business will come from the digital space.

During the year we recruited new talent to accelerate this process of developing and building this new engine of future growth and have reconfigured some of our businesses.

Since March 2020 all businesses have faced new challenges but also significant opportunities. In our case we stabilised the print business and in so doing saw a very reassuring loyalty to our key brands.

In the past many media businesses moved into digital areas perhaps without a clear vision of how significant investment and the giving away of expensively created content would reduce the value of assets so carefully built up over the years. In newspapers, the heart of DC Thomson, our main competitors are no longer the newspaper groups that we grew up with but digital giants and television businesses.

We are now, however, in a very good position to make use of our resources to build on our brands and move into developing content for both print and digital media which has significant value to our customers.

The business has access to reserves which, in difficult times, provided great strength and balance. The surplus in the defined benefit pension fund was stress-tested and any reduction in investment reserves at March 2020 was reversed shortly after the start of the year.

Crucially as the year developed the stability of the print business allowed us to speed up the adoption of new ways of working under our Transformation 25 project resulting in changes in our staff complement with significant upskilling programmes underway. The platform for future development of the business is well established.

The globally challenged retail environment during the first half of the year led to the decision to close and dispose of the Wild & Wolf gifting business. However, we are satisfied that the brands have found new homes.

The financial statements to March 2021 reflect a full year of the effects of COVID-19 on the business:

- An £18.6m fall in business revenues. Detail is given later in this report;
- A £10.6m fall in direct variable costs;
- A £2m drop in employee costs excluding £4.2m of severance payments and a £4.2m pension charge;
- A £10m fall in activity-based overheads including travel, staff related costs and marketing and promotions.

These key cost reduction numbers reflect a continuing programme of reconfiguring costs to lower print revenues along with general reductions in activity, as office-based activities were restricted and revenues were challenged.

In the event the extensive efforts of our newspaper print teams meant that all titles, including the range of other publishers' product we print were distributed with little interruption or disruption. We were also very well served by our distributors who got our product into the limited retail outlets that were open at the start of the lockdown phase. We were extremely grateful to our teams of newspaper home deliverers who made sure that the papers got to those who were so keen to see them.

Much time is spent on businesses showing what risk areas they take account of when planning strategic development. We of course do that, as will be seen in the list of risks in this report but, without wishing to endure another year like the last, we believe the shrewd and careful investment by the Company has allowed a level of stress testing rarely seen.

Trading Activities

The Group's trading activities are conducted by the Company and its subsidiaries (detailed in note 24). These include:

- Publishing a number of well-established newspaper, magazine and comic brands (see below), 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;
- Radio broadcasting via our local radio stations;
- The running of events that are linked to the brands;
- Marketing communication services;
- Printing of newspapers for our own brands and on a contract basis;
- The provision of genealogy services by Findmypast, offering 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, by brightsolid.

DC Thomson's newspaper titles are: The Courier and Evening Telegraph (both based in Dundee), The Press and Journal and Evening Express (both based in Aberdeen), the national weekly title The Sunday Post, and online title, Energy Voice.

The Company's magazine business spans a number of group companies in addition to DC Thomson itself, including Puzzler Media, Aceville Publications, The Stylist Group, Beano Studios and PSP. It publishes key titles such as: Puzzler, The People's Friend, Stylist, The Beano and other childrens titles, The Scots Magazine, My Weekly, This England and Bunkered, along with a suite of craft, activity and business titles under the Aceville banner.

Our radio stations are Kingdom, Original, and Pure Radio Scotland.

KPI's in the year to 31 March 2021

	2021 £m	2020 £m	Variance £m	Variance %
Recurring sales revenue	<u>145.6</u>	<u>164.2</u>	<u>(18.6)</u>	<u>(11.3%)</u>
Gross margin %	<u>63%</u>	<u>59%</u>		
Circulation	78.2	82.0	(3.8)	(4.6%)
Advertising	19.1	34.3	(15.2)	(44.3%)
Consumer products	1.9	1.7	0.2	11.8%
Contract printing	2.8	3.2	(0.4)	(12.5%)
Events	0.6	4.1	(3.5)	(85.4%)
Others	3.3	4.8	(1.5)	(31.3%)
Genealogy	22.2	18.7	3.5	18.7%
Hosting	8.8	8.7	0.1	1.1%
Internet publishing	2.4	1.9	0.5	26.3%
Sale of rights	6.3	4.8	1.5	31.3%
	<u>145.6</u>	<u>164.2</u>	<u>(18.6)</u>	<u>(11.3%)</u>

Circulation

Circulation revenues were 4.6% down year on year.

Newspaper news stand revenues were down 13% but there was an increase in newspaper subscriptions of 112%.

Magazine news stand revenues were 4% down reflecting availability during lockdown periods but there was a 32% increase in subscription revenues.

Puzzler remains the UK's leading publisher in this sub-sector with a share of 46% of all sales. Puzzler's circulation, which had been on a downward trend, increased.

Advertising

The ratio of circulation revenue to advertising revenue was 81% circulation to 19% advertising (2020: 71% to 29%). 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.

The effect of COVID-19 on our business was starkly demonstrated by a decline in advertising revenues of 44% in the year. In the first half of the year there was a significant decline in commercial activity across the board. The free issue Stylist had no outlet and was not printed for most of the year. We were however fortunate to have the support of Local and National Governments in taking space to give vital public information on the pandemic. The value of local newspapers was brought firmly into focus with the level of information provided to our readers both in print and increasingly online.

Consumer products

As reported in last year's accounts the business of Wild & Wolf was closed and operating assets disposed of.

Contract print

The press division kept continuity of print for both our owned titles and many others during the year albeit at lower print volumes.

Events

Events at Stylist, PSP and our newspaper titles were temporarily suspended during the year. We have maintained a presence online and expect to restart our range of successful live events when restrictions allow.

Genealogy

Findmypast had an 18.7% increase in revenues as, during lockdown in particular, people found activities they could enjoy online.

Hosting

Brightsolid maintained its revenues in a difficult trading period.

Cash Flow

The cash flow for the Group is detailed on page 20.

The cash balances increased by £32m in the year:

- In the year the contribution from newspapers fell as advertising revenues were reduced as COVID-19 took effect. The reductions in revenue were offset to an extent by an improvement in gross margin and significant cost reductions in overheads;
- The consumption of cash in the trading businesses was reduced as contributions from Find My Past, Puzzler and brightsolid increased as revenues improved. The investment in Beano Studios was significantly reduced;

- There was deferred consideration paid in the year for previous acquisitions. No other acquisitions were made in the year;
- The cessation activity in the consumer products division resulted in a £12m cash flow from recovery of working capital and sale of intellectual property after closure costs;
- Investment income in the year was down as dividends were cut across the investment portfolio but capital values increased substantially;
- The net investment movement resulted from an ongoing project to refresh the portfolio. Since the year end much of the cash resource, which was built in anticipation of trading issues and liquidity, has been reinvested into the portfolio;
- Our associate Twig Education repaid working capital loans as this business grew in North America. Twig Education was sold in July 2021 for an acceptable gain.

Future Prospects

Whilst the effects of COVID-19 are still playing out we remain confident for the future of all our assets. We continue to support and strengthen our strong, existing brands and products and build growth in new areas such as digital content and subscriptions.

We introduced a programme of change in many parts of the business, with the aim of strengthening the business in the short term while developing and introducing new skills and building a profitable and sustainable future for our brands.

Media

While enjoying the success of our printed titles, through the digital transformation of our news and lifestyle brands we will also continue to develop new revenue streams and products, building on our heritage and supported by shrewd and prudent deployment of our resources for maximum return.

Genealogy

Findmypast is currently putting the final touches to the digitisation of the 1921 England and Wales Census to be published in 2022. 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 permitted 100 years after the date of the Census.

Hosting

Brightsolid is now well positioned to deliver Hybrid Cloud managed services to the Scottish market and beyond, while building on established data centre services. Hybrid Cloud is a blend of on-premise, private cloud and public cloud services with orchestration between the platforms. Changes in working practices are increasing the need for such services.

We have significant financial assets and other business interests, which support the main business. The Group has a prudent policy of maintaining 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 2021 with a surplus amounting to £263m (2020 - £211m). This surplus is measured under International Accounting Standards which use a significantly lower discount rate than we have experienced. The increase in surplus reflects both an improvement in investment values and a reduction in the liability from the payment of a year of defined benefit pensions. The quantum of the surplus is only a measure at one point in time and the Fund is 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. This is essential not only to delivering the Company's strategy and purpose but to protecting our reputation, our brands and our relationship with our stakeholder community.

Stakeholder Engagement

Shareholders:

As a family business, most of our shareholders are descendants of the founders of the DC Thomson and the Leng family businesses, which merged in 1905. Our shareholders' views are very important to us and we work hard to maintain positive relationships with presentations, newsletters, regular events, both physical and virtual, and other engagement in addition to the necessary legal and financial correspondence. Following feedback from our shareholder community, we have recently launched a dedicated, secure website to provide our shareholders with regular updates on our businesses and access to news, events and additional information on DC Thomson.

Employees:

Our desire is that our company is diverse and always forward-looking, and this is represented in our culture and values which continue to evolve through the influence of colleagues, whose futures we are invested in.

We invest heavily in learning and development and employee engagement, including regular surveys and feedback opportunities, to ensure our people feel valued, informed and have a rewarding experience at DC Thomson. For more details on staff engagement and other initiatives please refer to the "Employees" section of this report below on pages 9-10.

Long-term financial wellbeing has inevitably been a topic of particular concern to staff during the pandemic so the Board rolled out a well-received programme of education on pension matters, with a series of roadshows aimed at showing employees the benefits of investing in the company scheme. We also want people to stay connected to DC Thomson after retirement and we keep in touch with those receiving a pension through regular newsletters and other communications.

In response to the lockdown caused by COVID-19, the Board took the decision to furlough 23% of our staff using the COVID-19 Job Retention Scheme whilst topping up all salaries to 100% for those affected.

Suppliers:

Relationships with our suppliers are key to the success of our business. The procurement team works with stakeholders across the business to ensure that key suppliers' financial, ethical and environmental credentials are evaluated, as well as ensuring they deliver best commercial value.

Customers:

DC Thomson has a proud heritage of creating trusted brands that enlighten and entertain audiences, building deeply engaged communities. As our audiences and the way they consume content and experiences evolve, we are finding new ways to connect. We are using data and technology to understand better and connect more effectively with those audiences and to create new products and services that are valued by our customers.

Over the last 18 months our news brands have transformed how they work to deliver ground-breaking digital storytelling. Our journalists and content creators are using words, pictures, video, live broadcasting, programme making, audio producing, animation, interactive graphics and live events to serve communities with a depth and quality of content not seen before in the UK regional news market. And all of this is being driven by insight and data, a greater understanding of our customers and how they are interacting with our content.

During the pandemic we supported customers where possible, offering free e-newspapers during the first lockdown to ensure readers who were reluctant to go to newsagents still had access to their daily newspaper.

As we moved out of lockdown, our commercial team launched a "Back to Business" campaign, offering £250,000 worth of free advertising in our newspapers to help boost local businesses returning to work, many of them our regular advertising customers.

Communities:

As a family business, with a 116-year heritage, we believe we have a responsibility to give back to the communities in which we live and work. Details of how we have supported local groups over the past year are in the Communities section of this report (pages 11-12).

We have also 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 10-11.

Wider Governance

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.

Board and Executive Compositions

The Group Board consists of four Directors and two Associate 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, leadership effectiveness, culture, stakeholder engagement and to oversee and review trading and investment matters.

There are committees in place to support the Group Board, which focus on trading, investment, strategy and remuneration.

The Investment Board meets regularly and consists of at least three of the main Board members, an Associate Director, the Director of Strategic Finance, the Chief Executive and Investment Officer of Wm. Thomson and Sons.

The Remuneration Committee comprises two independent experts, an Associate Director, and the Head of Talent.

The Strategy Board comprises the Board and senior executives covering operations and finance.

The Board communicates frequently with the wider business using video presentations and open staff sessions, allowing all to understand and contribute to the forming of new policies and ideas. The Board also receives regular and timely information on all key aspects of the business including health and safety matters, risks and opportunities, the financial performance of the business, 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 provide internal audit support.

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 macro risks and mitigating actions are outlined below. 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, which includes 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
Inflation and Continuity of Supply The long-term effects of COVID-19 and Brexit are still developing but we are live to the potential for a long-term increase in inflation, potential staff shortages and supply issues.	<p>Our resources allow us to plan procurement well in advance. We are also developing new revenue streams that are aimed to improve the resilience of the business in potentially uncertain times. Attracting and keeping the best people we can is a priority and we are engaged in the long term development of careers and recognition by way of new reward strategies.</p> <p>The Group uses its buying power to minimise cost increases whilst being mindful of the quality of suppliers.</p> <p>Where appropriate currency hedge arrangements are put in place.</p>

Risk	Mitigation
<p>Market risk</p> <p>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 the withdrawal from the European Union and other political changes are unpredictable.</p> <p>The continuing trend of consumers moving to on line retail sales threatens the ability to sell our products in the High Street.</p>	<p>The Group has protected itself from both short and long-term issues by maintaining a healthy balance sheet with no recourse to borrowings.</p> <p>The Group strategy is constantly evolving but combines objectives both to strengthen our position in our conventional media businesses and to diversify into different sectors.</p> <p>We continue to invest in marketing and market research to support our brands and to develop processes which will allow us to know more about our customers and therefore to be able to offer them a wider but more focused range of services and goods both on the high street and on line.</p>
<p>Competition</p> <p>Competition exists in all markets in which the Group operates and competitors may launch new products and titles which could adversely affect the performance of the Group.</p>	<p>We constantly evaluate the performance of our products and services while investing in new products and developing digital services and brands.</p>
<p>Health and Safety</p> <p>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.</p>	<p>Health and Safety matters are reported directly to the Board. The Directors are aware of environmental, health and safety and other risks which could affect our business and prioritise compliance in all areas of operation. 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.</p> <p>Board Committees are working on programmes of business improvement and opportunities to mitigate the effects of this or any continuation of a pandemic.</p> <p>The Group offers health insurance to staff and provides access to both in-house and external gym facilities.</p> <p>The Group HR department has programmes of instruction and guidance on mental health and wellbeing.</p>
<p>Costs</p> <p>Staff costs and raw materials remain the major cost faced by the Group.</p>	<p>Both are kept under review. Our procurement team continues to support the business in making significant savings in operating costs.</p>

Risk	Mitigation
<p>Cyber Risk The risk of cyber-attack is ever-present and has the potential to interrupt or halt operations, as well as to cause material data or financial loss.</p>	<p>In the ever-evolving world of cyber security we see a constant threat of attack and, like many businesses, are experiencing attacks on our network on a regular basis. We have in place a number of overlapping protection systems and policies that are effective and are preventing serious harm. However, it is important we do not stand still and that we evolve our protection as rapidly as the threat evolves. To make this happen we have established a company-wide Security & Compliance steering group that will ensure we fully understand our cyber security risk profile and are investing in the key areas to ensure we are protected. This group has partnered with cyber security experts Quorum (a Microsoft preferred partner) who will proactively monitor our systems for vulnerability and assist in making improvements where required.</p>
<p>People We depend heavily on the ability to attract and keep the best people for our business.</p>	<p>The Group continually monitors remuneration and conditions against market comparators. We offer competitive terms and provide a range of career and development opportunities.</p>

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.

Employees

The DC Thomson group is a community of 1,600 colleagues with different strengths, experiences and perspectives, united by a shared goal of building brands that inform, entertain and delight audiences across the globe. It operates from a network of offices across the UK, including its Dundee headquarters, Aberdeen, Glasgow and Fleet Street in London.

We strive for a culture that supports learning, collaboration, inclusion and informed decision making and to have a business that empowers people to try new things; creating, innovating and improving on our mission to grow and protect our business for future generations. A key element of this is ensuring our colleagues stay informed and connected and have access to development opportunities. Our most recent employee engagement and development initiatives included:

- Introducing permanent flexible working options where possible, to allow colleagues to balance home and working lives;
- Implementing manager training, a mentoring programme, colleague engagement activities and a webinar series designed to support colleagues making a permanent transition from office to hybrid working;
- Launching a new integrated employee platform – The Hub – which provides a central location for all news, information, policies and initiatives across the group;
- Conducting our annual engagement survey, to capture feedback and suggestions with emphasis paid to inclusion and connectivity, as a result of which we have established a number of culture working groups drawing on all levels of the business;

- Introducing Talent Connect, another colleague-led initiative, which is a bespoke opportunities platform enabling colleagues to post details of internal vacancies, reach out for expertise or register their skills, experience and areas of interest to make themselves searchable for opportunities.
- Offering a programme of education and support around pensions, with clinics and roadshows aimed at showing employees the benefits of the company pensions scheme and the importance of planning for the future.
- Creating a wellbeing hub and running initiatives throughout the year to promote mental and physical wellness, including increasing the number of mental health first aiders that we have in the business.

Ultimately, we strive to create a rewarding, creative and collaborative culture at DC Thomson. While in-person colleague events have largely been halted by the pandemic, we have invested in a number of virtual events enabling colleagues from across the country to come together for some fun and entertainment.

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

Over the last year we have continued to work closely with key suppliers in our supply chain to understand the environmental impact of the activity they carry out on our behalf. This has enabled us to calculate the carbon footprint of our supply chain as well as that of our own operations.

We are also a key member of an industry environmental sustainability working group that is seeking to implement a common approach to engaging with suppliers to reduce carbon emissions, as an industry, and to communicate our progress to stakeholders.

We have recently completed our Streamlined Energy and Carbon Reporting (SECR) report for the year ending March 2021 and we have been able to demonstrate significant reductions in the carbon emissions from our own operations, mostly as a result of our move to 100% renewable electricity supply as from October 2020.

As part of the SECR we are required to report on our Scope 1 and 2 emissions which includes direct emissions that happen as part of our operations such as gas boilers, diesel generators and vehicles as well as the emissions created as a result of the electricity we use. We are also required to report an intensity metric to allow comparison. We report using two metrics – per £m turnover and per metre squared of property. The figures are as follows:

	2020	2021
<i>Element</i>		
Electricity	18,428 MWh	7,975 MWh
Green Electricity	-	8,695 MWh
Gas	4,598 MWh	1,153 MWh
Diesel	1,972 MWh	77 MWh
Total consumption	24,998 MWh	17,901 MWh
Total emissions (tonnes CO ₂ e)	6,090	2,347
Turnover/Revenue (£m)	198	177
Metric (tCO ₂ e/£m)	30.8	13.26
Floor area	68,356m ²	67,714m ²
Metric (tCO ₂ e/m ²)	0.09	0.03

The above figures demonstrate a step change in our environmental impact and pave the way for us to work on a roadmap to net zero carbon emissions for our own operations. Work has commenced on tackling the other areas of the above emissions, with us moving to the latter stages of a project to transition to pure electric for a significant portion of our vehicle fleet and the commissioning of a heat loss survey in our Kingsway site to reduce our gas consumption.

We continue to review other aspects of our products to ensure that we are reducing our environmental impact as much as possible. We have all but eliminated single use plastics from our covermount range and have reduced our packaging materials as much as possible to reduce waste. Our subscription copies are now sent in paper envelopes rather than plastic wrap.

We are involved with initiatives such as Recycle to Read and Wastebusters:

- Recycle to Read promotes plastic waste reduction, reuse and recycling via a schools and consumer facing campaign. The scheme encourages recycling of toys once children have finished playing with them and includes collection hubs at schools and supermarkets.
- In alignment with the UN Sustainable Development Goals, Wastebusters is a collective impact initiative between industry, government, and consumers to promote responsible consumption and production that will unlock considerable social, economic, and environmental benefits for the societies in which it operates.

Our Beano Studios productions all subscribe to Albert Sustainable Production, which ensures we operate under a set of environmental standards that are accepted as being best practice in the industry.

Finally, we have recently entered into a partnership with Pawprint which is an eco-companion app and we have around 50 staff members signed up to a pilot programme, carrying out environmentally friendly actions day after day to reduce both their personal and work-related environmental impact.

In summary, we continue to work hard in this area to ensure that we are aware and at the forefront of changes.

Community

DC Thomson is committed to giving back to the communities in which it serves and works, supporting local projects both through the business and the Northwood Charitable Trust (a Thomson family charitable trust).

Throughout the pandemic our brands have been doing their bit to support their local communities:

- The People's Friend and Puzzler collaborated to produce a puzzle and stories issue, which has been shared with care homes across the country. Puzzler also offered special discounts for NHS and Emergency Services workers.
- Beano partnered with Save the Children to create Lockdown Birthday Kits for children and families.
- The People's Friend's colourful knitting bus hit the streets to let the UK's older generations know that the nation is behind them during the pandemic. The initiative went on to win several awards for its creative engagement with elderly readers.
- The Evening Express and Kingdom FM both recognised the people and businesses that have helped the most during these unprecedented times with local hero awards.
- Thousands of copies of our newspapers, magazines, puzzle books and other products were donated to care homes, hospitals and charities across the UK.

- In response to the pandemic, DC Thomson's data journalism team created a COVID-19 data tracker which gave an at a glance view of the situation across all of Scotland's local authority areas. This became an essential way for our readers to keep track of Covid rates in their areas.
- The Press & Journal and Evening Express' newspaper delivery teams did an exceptional job ensuring readers received their daily newspapers throughout lockdown. Many of our paper boys and girls went above and beyond, delivering essentials to regular customers who were shielding. Their work was recognised with an award at the UK Regional Press Awards.

As a major employer in Dundee since 1905, we believe we have a particular role to play in supporting the city and the surrounding communities and their development:

We have partnered with Social Good Connect, a Dundee based volunteering platform that offers a unique search and match solution; positively impacting communities by connecting our colleagues with volunteering opportunities.

Our support for the V&A Dundee continues and DC Thomson director David Thomson is on the advisory board of Eden Scotland, the exciting potential transformation of a disused gasworks into a new ecological attraction of international interest for Dundee.

Finally, the Northwood Charitable Trust was able to support the Dundee Cultural Recovery Fund with a donation of £500,000, supporting five local cultural attractions that will play an essential role in the city's economic recovery including V&A Dundee. Northwood has also been giving additional assistance to support the most vulnerable in our communities throughout the pandemic including food banks and children's charities.

Awards

Our businesses have had the privilege of accepting a number of awards over the past year:

- DC Thomson titles and journalists won seven awards and seven runner-up commendations across the **UK Regional Press Awards** and **Scottish Press Awards**.
- The Aberdeen home delivery team won the Special 2020 award at the **UK Regional Press Awards** for keeping readers connected during lockdown.
- At the **PPA Scotland Magazine Awards** My Weekly won media brand of the year, The Dirt was named podcast of the year and The Sunday Post's P.S magazine won supplement of the year. The Beano also took home Children's Magazine of the Year.
- DC Thomson also triumphed at the **Marketing Star Awards** with the Sunday Post winning the brand development category and The People's Friend's Close Knit Friends winning the brand experience categories. My Weekly took silver in the marketing planning category and Bunkered Golf Breaks was bronze in the sport and leisure category.
- Puzzler won two awards at ACE's annual **Newspaper & Magazines Awards**. The company was named 2021 - Covid Hero of the Year for responding positively to the increased demand for puzzle magazines by offering free home delivery, free puzzles online and producing a magazine to raise over £18,000 for the NHS. Team of the Year was awarded to Puzzler Media's Marketing Department.
- Ella Dolphin, CEO of The Stylist Group, was honoured in the 2021 **CEO Today Global Awards**. The awards honour the most respected companies and their C-level executives operating across the globe today.

DC Thomson & Company Limited

Strategic report (continued)

Beano also marked the 70th anniversary of Dennis the Menace this year by partnering with Royal Mail to release a set of limited-edition stamps.

In October 2021 Somerset House presented Beano: The Art of Breaking the Rules, a major exhibition celebrating the world's longest-running weekly comic's mix of mischief, mayhem and fun.

By order of the board:

A handwritten signature in black ink, appearing to read 'CHW Thomson', written over a horizontal line.

CHW Thomson
Director
3 November 2021

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 2021.

The Directors' report to the hundred and seventeenth Annual General Meeting of DC Thomson & Company Limited, to be held at Meadowside, Dundee on Tuesday 30 November 2021 at 12 noon.

Dividends

The Directors recommend that a final dividend of £16,954,800 (2020 - £16,582,621) be paid, which together with the interim dividend of £5,220,838 (2020 - £5,169,146) already paid, will make a total of £22,175,638 (2020 - £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 shareholders. In addition, charitable donations of £160,597 (2020 - £241,832) were made.

Other

The Streamlined Energy and Carbon Reporting (SECR) report for the year ended 31 March 2021 is included in the Strategic Report.

Directors

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

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

In so far as the Directors are aware:

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

Auditors

A resolution concerning the re-appointment of Henderson Loggie LLP 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
3 November 2021

DC Thomson & Company Limited

Group income statement for the year ended 31 March 2021

Continuing operations:	Note	£000	2021 £000	2020 £000
Revenue	3		160,151	180,415
Change to inventories of finished goods and work in progress	17	(383)		702
Raw materials and consumables		(52,985)		(67,568)
			(53,368)	(66,866)
Employee benefits cost	5	(74,425)		(69,639)
Depreciation	12	(10,098)		(9,519)
Amortisation	11	(5,109)		(7,638)
Impairment of goodwill and other intangible assets	11	(4,945)		(79,507)
Impairment of tangible assets	12	(3,972)		(54)
Lease liabilities remeasurement		3,217		-
Other expenses		(22,710)		(30,256)
Fair value gain on financial instruments	20	(411)		411
Finance costs	7	(628)		(738)
Total expenses			(119,081)	(196,940)
Other income			2,821	535
Gain/(loss) from disposal of financial assets		19,809		(266)
Valuation gains/(losses) on financial assets	13	330,207		(80,894)
Impairment of financial assets	13	-		(417)
Net gain/(loss) from financial assets			350,016	(81,577)
Share of post-tax results of associates	15	(1,854)		(1,955)
Impairment of associates	15	-		(7,056)
			(1,854)	(9,011)
Profit/(loss) before taxation			338,685	(173,444)
Taxation	8		(60,048)	9,633
Profit/(loss) for financial year from continuing operations			278,637	(163,811)
Discontinued operations:				
Loss for the year from discontinued operations	9		(5,338)	(3,065)
Profit/(loss) for the year			273,299	(166,876)
Profit/(loss) attributable to:				
Owners of the parent			273,470	(166,646)
Non-controlling (minority) interest	16		(171)	(230)
			273,299	(166,876)

DC Thomson & Company Limited

Group statement of comprehensive income for the year ended 31 March 2021

	Note	2021 Retained earnings £000	2020 Retained earnings £000
Profit/(loss) for financial year		273,299	(166,876)
Exchange differences on translation of foreign operations		667	211
Actuarial gain/(loss) on defined benefit pension scheme	22	55,700	(111,279)
Deferred tax arising on above	21	(10,526)	14,746
Other comprehensive income/(expenditure) for the year net of tax		45,841	(96,322)
Total comprehensive income/(expenditure) for the year		319,140 =====	(263,198) =====
Total comprehensive income/(expenditure) attributable to:			
Shareholders of parent		319,311	(262,968)
Non-controlling (minority) interest		(171)	(230)
		319,140 =====	(263,198) =====

DC Thomson & Company Limited**Company statement of comprehensive income for the year ended 31 March 2021**

	Note	2021 Retained earnings £000	2020 Retained earnings £000
Profit/(loss) for financial year		412,300	(232,584)
Actuarial gain/(loss) on defined benefit pension scheme	22	55,700	(111,279)
Deferred tax arising on above	21	(10,526)	14,746
Other comprehensive income/(expenditure) for the year net of tax		45,174	(96,533)
Total comprehensive income/(expenditure) for the year		457,474 =====	(329,117) =====


DC Thomson & Company Limited

Group balance sheet at 31 March 2021

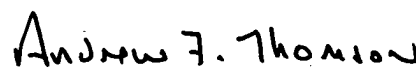
	Note	2021 £000	2020 £000
Non-current assets			
Goodwill	11	64,514	67,714
Other intangible assets	11	157,755	161,006
Property, plant and equipment	12	77,395	91,392
Financial assets – other business assets	13	834,021	507,688
Interests in associates	15	3,743	9,770
Retirement benefit surplus	22	262,800	211,300
		1,400,228	1,048,870
Current assets			
Inventories	17	2,494	15,438
Trade and other receivables	18	22,286	33,663
Income tax assets		1,997	4,663
Financial instruments held at fair value through profit or loss	20	-	411
Cash and cash equivalents	23	96,710	64,518
Assets directly associated with a disposal group classified as held for sale	9	1,292	-
		124,779	118,693
Total assets		1,525,007	1,167,563
Current liabilities			
Trade and other payables	19	37,945	42,733
Liabilities directly associated with a disposal group classified as held for sale	9	2,328	507
		40,273	43,240
Non-current liabilities			
Trade and other payables	19	10,336	17,802
Deferred tax liabilities	21	185,858	116,742
Liabilities directly associated with a disposal group classified as held for sale	9	1,373	-
		197,567	134,544
Total liabilities		237,840	177,784
Net assets		1,287,167	989,779
Equity (Page 22)			
Share capital		4,135	4,135
Other reserves		151,865	151,865
Retained earnings and foreign currency translation reserve		1,131,543	833,984
Shareholders' equity		1,287,543	989,984
Non-controlling (minority) interest	16	(376)	(205)
Total equity		1,287,167	989,779

The financial statements were approved and authorised for issue by the Board of Directors on 3 November 2021 and signed on its behalf by:

CHW Thomson
Director



AF Thomson
Director



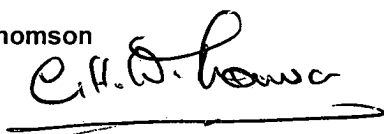
DC Thomson & Company Limited

Company balance sheet at 31 March 2021

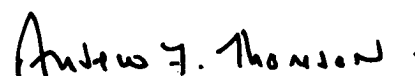
	Note	2021 £000	2020 £000
Non-current assets			
Other intangible assets	11	178	273
Property, plant and equipment	12	58,292	66,775
Financial assets – other business assets	13	834,021	507,688
Interests in group undertakings	14	186,451	180,955
Retirement benefit surplus	22	262,800	211,300
		1,341,742	966,991
Current assets			
Inventories	17	2,176	3,967
Trade and other receivables	18	10,483	10,816
Income tax assets		-	976
Financial instruments held at fair value through profit or loss	20	-	411
Cash and cash equivalents	23	86,976	56,272
		99,635	72,442
Total assets		1,441,377	1,039,433
Current liabilities			
Trade and other payables	19	30,448	129,534
Income tax liabilities		1,489	-
		31,937	129,534
Non-current liabilities			
Trade and other payables	19	3,895	7,994
Deferred tax liabilities	21	159,987	92,069
		163,882	100,063
Total liabilities		195,819	229,597
Net assets		1,245,558	809,836
		=====	=====
Equity (Page 23)			
Share capital		4,135	4,135
Other reserves		1,865	1,865
Retained earnings		1,239,558	803,836
Total equity		1,245,558	809,836
		=====	=====

The financial statements were approved and authorised for issue by the Board of Directors on 3 November 2021 and signed on its behalf by:

CHW Thomson
Director



AF Thomson
Director



DC Thomson & Company Limited

Group cash flow statement for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Profit/(loss) before taxation:			
Continuing		338,685	(173,444)
Discontinued	9	(6,032)	(6,360)
Depreciation and amortisation	9/11/12	17,094	18,227
Impairment of goodwill and other intangible assets	11	4,945	79,507
Impairment of property, plant and equipment	9/12	4,868	54
Impairment of financial assets	13	-	417
Valuation (gains)/losses on financial assets	13	(330,207)	80,894
Share of result of associates	15	1,854	1,955
Impairment of associates	15	-	7,056
Loss on disposal of property, plant and equipment		30	10
(Gain)/loss on disposal of financial assets		(19,809)	266
Forward contract valuation movement	20	411	(411)
Pension adjustment	22	4,200	337
Pension contributions paid		-	(16)
Decrease/(increase) in inventories		12,944	(2,546)
Decrease in receivables		11,377	5,540
Decrease in payables		(3,570)	(3,416)
Exchange movement		928	(91)
Cash generated from operations		37,718	7,979
Income tax received		566	155
Net cash generated from operating activities		38,284	8,134
Investing activities			
Proceeds on disposal of property, plant and equipment		66	31
Proceeds on disposal of financial assets		67,068	67,007
Proceeds on disposal of associates	15	1,630	-
Repayment from associates	15	3,928	-
Investment in associates	15	(1,360)	(3,963)
Purchase of intangible assets	11	(4,051)	(6,529)
Purchase of property, plant and equipment	12	(4,233)	(5,535)
Purchase of financial assets	13	(43,385)	(9,808)
Investment in subsidiary undertakings	11	-	(2,994)
Deferred consideration paid		(763)	(277)
Net cash generated from investing activities		18,900	37,932
Financing activities			
Dividends paid	10	(21,752)	(21,752)
Repayment of lease obligations		(3,240)	(3,740)
Net cash used in financing activities		(24,992)	(25,492)
Net increase in cash and cash equivalents		32,192	20,574
Cash and cash equivalents acquired with subsidiaries		-	96
Cash and cash equivalents at 31 March 2020	23	64,518	43,848
Cash and cash equivalents at 31 March 2021	23	96,710	64,518
		=====	=====

DC Thomson & Company Limited

Company cash flow statement for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Profit/(loss) before taxation		471,974	(239,215)
Depreciation and amortisation	11/12	4,831	4,134
Impairment of property, plant and equipment	12	3,972	54
Impairment of financial assets	13	-	-
Impairment of interests in group undertakings	14	2,100	160,743
Valuation (gains)/losses on other business assets	13	(330,207)	80,894
Loss on disposal of property, plant and equipment		1	-
(Gain)/loss on disposal of financial assets		(19,809)	266
Forward contract valuation movement	20	411	(411)
Pension adjustment	22	4,200	337
Pension contributions paid		-	(16)
Decrease/(increase) in inventories		1,791	(232)
Decrease/(increase) in receivables		333	44,843
(Decrease)/increase in payables		(102,239)	990
Cash generated from operations		37,358	52,387
Income tax received/(paid)		682	(1,083)
Net cash generated from operating activities		38,040	51,304
Investing activities			
Proceeds on disposal of property, plant and equipment		3	-
Proceeds on disposal of financial assets		67,068	67,007
Repayment from group companies	14	250	-
Repayment from associates	14/15	3,928	-
Purchase on intangible assets	11	-	(298)
Purchase of property, plant and equipment	12	(229)	(2,782)
Purchase of financial assets	13	(43,385)	(9,808)
Investment in subsidiary undertakings	14	(9,907)	(43,507)
Investment in associates	14	(1,867)	(3,683)
Deferred consideration paid		(362)	-
Net cash generated from investing activities		15,499	6,929
Financing activities			
Dividends paid	10	(21,752)	(21,752)
Repayment of lease obligations		(1,083)	(962)
Net cash used in financing activities		(22,835)	(22,714)
Net increase in cash and cash equivalents		30,704	35,519
Cash and cash equivalents at 31 March 2020	23	56,272	20,753
Cash and cash equivalents at 31 March 2021	23	86,976	56,272
		=====	=====

DC Thomson & Company Limited

Group statement of changes in equity for the year ended 31 March 2021

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
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
Profit/(loss) for financial year	-	-	273,470	273,470	(171)	273,299
Other comprehensive income/ (expenditure)	-	-	45,841	45,841	-	45,841
Total comprehensive income/(expenditure)	-	-	319,311	319,311	(171)	319,140
Recognised directly in equity:						
Dividends	-	-	(21,752)	(21,752)	-	(21,752)
Total movements	-	-	297,559	297,559	(171)	297,388
Balance at 31 March 2021	4,135	151,865	1,131,543	1,287,543	(376)	1,287,167

Authorised and called up share capital represents 4,135,317 (2020 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves include a capital redemption reserve of £1,865,000 (2020 - £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 (2020 - £50,000,000) and a capital expenditure reserve of £100,000,000 (2020 - £100,000,000).

Included in retained earnings is £212,868,000 (2020 - £171,153,000) 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 2019	14,468
Arising in year	211
At 31 March 2020	14,679
Arising in year	667
At 31 March 2021	15,346

DC Thomson & Company Limited

Company statement of changes in equity for the year ended 31 March 2021

	Share capital £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 31 March 2019	4,135	1,865	1,154,705	1,160,705
Profit/(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
Profit/(loss) for financial year	-	-	412,300	412,300
Other comprehensive income/(expenditure)	-	-	45,174	45,174
Total comprehensive income/ (expenditure)	-	-	457,474	457,474
Transactions with owners of the company recognised directly in equity				
Dividends	-	-	(21,752)	(21,752)
Total movements	-	-	435,722	435,722
Balance at 31 March 2021	4,135	1,865	1,239,558	1,245,558

Authorised and called up share capital represents 4,135,317 (2020 – 4,135,317) fully paid ordinary shares of £1 each.

Other reserves represent a capital redemption reserve of £1,865,000 (2020 - £1,865,000) created on the purchase by the Company of its own shares.

Included in retained earnings is £212,868,000 (2020 – £171,153,000) 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 2021 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.

New standards

There are no new standards which took effect in the current financial year.

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 2020.

Amendments:

IBOR reform Phase 1 amendments

On 26 September 2019, the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting. The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

IFRS 3 amendments:
Definition of a business

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.

Amendment 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.

Amendment 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.

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

2 Accounting policies (continued)

Company information

DC Thomson & Company Limited ("the Company") is a private limited company domiciled and incorporated in Scotland. The registered office is Courier Buildings, 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 2021.

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

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

Subsidiaries

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

Associates

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

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

2 Accounting policies (continued)

Acquisitions

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

Goodwill and other intangible assets

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

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

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

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

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

The principal rates employed are:

Dataset development	10 years straight line
Publishing rights	10-20 years straight line
Software and app development	3-4 years straight line

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

Where non-controlling interests in subsidiary undertakings are acquired, the Economic Entity Model under IFRS 3 is applied with goodwill arising being charged through equity.

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

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

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

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. Comparative figures in the income statement are re-presented to show separately the results of the discontinued operation in that period.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

2 Accounting policies (continued)

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Critical judgements in applying the Group's accounting policies

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

Valuation of intangible assets on acquisition

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

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.

2 Accounting policies (continued)

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

The calculations undertaken by the actuary apply a number of critical assumptions which can materially impact the reported asset and the amount recognised in the income statement from year to year. The principal factors are disclosed in Note 22.

Provision for returns

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

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 16 amendment	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.
IBOR reform Phase 2 amendments	On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.
IFRS16 amendment	On 31 March 2021, the IASB published 'COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides 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 April 2021.
2018–2020 annual improvements cycle	On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
IAS 16 amendments regarding proceeds before intended use	On 14 May 2020, the IASB issued 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

2 Accounting policies (continued)

IAS 37 amendments regarding onerous contracts	On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
IFRS 3 amendments updating a reference to the Conceptual Framework	On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
Amendments to IFRS 17	On 25 June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017. The amendments are effective for annual periods beginning on or after 1 January 2023.
Amendments on disclosure of accounting policies	On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.
IAS 1 amendments on classification	On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.
IAS 8 amendments on accounting estimates	On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.
IAS 12 amendments on deferred tax	On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

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.

DC Thomson & Company Limited

Notes to the financial statements (continued)

3	Revenue	Continuing £000	2021 Discontinued £000	Total £000	Continuing £000	2020 Discontinued £000	Total £000
	Trading revenue	145,650	31,527	177,177	164,256	33,840	198,096
	Other income:						
	Dividends	13,725	-	13,725	14,981	-	14,981
	Interest	776	-	776	1,178	-	1,178
		<u>160,151</u>	<u>31,527</u>	<u>194,678</u>	<u>180,415</u>	<u>33,840</u>	<u>214,255</u>
		=====	=====	=====	=====	=====	=====

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

Circulation	78,198	-	78,198	81,956	-	81,956
Advertising	19,124	-	19,124	34,397	-	34,397
Consumer products	1,853	31,525	33,378	1,655	33,840	35,495
Contract printing	2,833	-	2,833	3,161	-	3,161
Events	594	-	594	4,073	-	4,073
Genealogy	22,244	-	22,244	18,743	-	18,743
Hosting	8,768	-	8,768	8,716	-	8,716
Other	12,036	2	12,038	11,555	-	11,555
	<u>145,650</u>	<u>31,527</u>	<u>177,177</u>	<u>164,256</u>	<u>33,840</u>	<u>198,096</u>
	=====	=====	=====	=====	=====	=====

Notes to the financial statements (continued)

3 Revenue

	Continuing £000	2021 Discontinued £000	Total £000	Continuing £000	2020 Discontinued £000	Total £000
Analysis of trading revenue by destination market						
United Kingdom	130,223	12,123	142,346	139,462	10,527	149,989
Rest of Europe	2,741	1,166	3,907	1,376	3,984	5,360
North America	3,532	13,105	16,637	13,360	13,664	27,024
Australia	5,214	4,294	9,508	7,128	4,674	11,802
Rest of World	3,940	839	4,779	2,930	991	3,921
	<u>145,650</u>	<u>31,527</u>	<u>177,177</u>	<u>164,256</u>	<u>33,840</u>	<u>198,096</u>
	=====	=====	=====	=====	=====	=====

4 Income statement

	Continuing £000	2021 Discontinued £000	Total £000	Continuing £000	2020 Discontinued £000	Total £000
Total expenses are stated after charging/(crediting):						
Auditor's remuneration to audit group financial statements	107	-	107	102	-	102
Auditor's remuneration for other services	315	93	408	292	47	339
	=====	=====	=====	=====	=====	=====
Loss/(gain) on sale of fixed tangible assets	3	45	48	20	(10)	10
	=====	=====	=====	=====	=====	=====

The auditor's remuneration for other services was in connection with, the audit of subsidiaries £202,000 (2020 - £192,000), general consultancy £28,000 (2020 - £37,000), taxation services £178,000 (2020 - £108,000) and other legislative compliance £Nil (2020 - £2,000).

Notes to the financial statements (continued)

5 Employee benefits costs

Average monthly number of employees during the year:

	Continuing Number	2021 Discontinued Number	Total Number	Continuing Number	2020 Discontinued Number	Total Number
Group	1,642 =====	82 =====	1,724 =====	1,711 =====	149 =====	1,860 =====
Company	770 =====	- =====	770 =====	767 =====	- =====	767 =====

	Continuing £000	2021 Discontinued £000	Total £000	Continuing £000	2020 Discontinued £000	Total £000
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Employee costs during the year (including directors

remuneration) amounted to:

Wages and salaries	60,009	4,820	64,829	61,786	7,904	69,690
Social security costs	5,906	402	6,308	5,539	422	5,961
Defined contribution pension costs	66	-	66	605	76	681
	<u>65,981</u>	<u>5,222</u>	<u>71,203</u>	<u>67,930</u>	<u>8,402</u>	<u>76,332</u>

Defined benefit pension charge (Note 22)

Severance payments	4,200	-	4,200	337	-	337
	<u>4,244</u>	<u>2,822</u>	<u>7,066</u>	<u>1,372</u>	<u>105</u>	<u>1,477</u>

	<u>74,425</u>	<u>8,044</u>	<u>82,469</u>	<u>69,639</u>	<u>8,507</u>	<u>78,146</u>
	=====	=====	=====	=====	=====	=====

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

DC Thomson & Company Limited

Notes to the financial statements (continued)

6	Key management personnel emoluments	2021	2020
		£000	£000
	Remuneration	1,289	1,255
		====	====

The emoluments receivable by the highest paid member of key management were £353,000 (2020 - £332,000).

DC Thomson & Company Limited

Notes to the financial statements (continued)

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Notes to the financial statements (continued)

8	Taxation (continued)	2021			2020		
		Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
	Factors affecting tax charge for year						
	Profit/(loss) for year before tax	338,685	(6,032)	332,653	(173,444)	(6,360)	(179,804)
	Tax thereon at 19% (2020 – 19%)	64,350	(1,146)	63,204	(32,954)	(1,208)	(34,162)
	Effects of:						
	Franked investment income not attracting tax	(2,086)	-	(2,086)	(2,682)	-	(2,682)
	Book gain compared with capital gain	(2,675)	-	(2,675)	3,201	-	3,201
	Other timing differences	(499)	(137)	(636)	436	(46)	390
	Overseas profits tax impact	63	142	205	1,633	(1,934)	(301)
	Associate undertaking effect	313	-	313	(81)	-	(81)
	Other items affecting tax charge	240	(349)	(109)	37	152	189
	Change in tax rate	-	-	-	10,892	(7)	10,885
	Adjustments in respect of prior periods	(900)	(540)	(1,440)	348	(252)	96
	Losses available to carry forward/(utilised)	(32)	1,166	1,134	37	-	37
	Television production and R&D tax credit	(420)	-	(420)	(899)	-	(899)
	Impairment of financial assets	-	-	-	79	-	79
	Impairment of goodwill and other intangible assets	940	-	940	8,688	-	8,688
	Impairment of associates	-	-	-	1,632	-	1,632
	Impairment of property, plant and equipment	754	170	924	-	-	-
	Taxation charge/(credit)	60,048	(694)	59,354	(9,633)	(3,295)	(12,928)

The standard rate of UK corporation tax changed from 20% to 19% with effect from April 2017. The corporation tax rate will increase from 19% up to 25% with effect from 1 April 2023 but this increase was not substantively enacted at the year end and so the 19% rate has continued to be used to calculate the year end deferred tax position. The impact of the change in tax rate from 19% to 25% on the year end deferred tax position of the would be an increase to the Group's deferred tax liability of £58.6m.

9 Discontinued operations

In June 2020, the Group made the decision to close the Wild & Wolf Limited subgroup, part of the Group's Consumer Products Division. In February 2018, the Parragon Publishing Limited subgroup was also closed. Both were part of the Group's Consumer Products Division and have been subject to a controlled wind down of activities since the closure decisions.

During the current financial year, the operations of both of these subgroups have been classified as a disposal group held for sale and has been presented separately in the balance sheet. Comparative figures in the income statement have also been represented to include both subgroups as discontinued operations.

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

	Note	£000	2021 £000	2020 £000
Revenue	3		31,527	33,840
Change to inventories of finished goods and work in progress	17	(10,858)		2,532
Raw materials and consumables		(13,586)		(29,014)
			(24,444)	(26,482)
Employee benefits cost	5	(8,044)		(8,507)
Depreciation		(1,504)		(994)
Amortisation		(383)		(76)
Impairment of tangible assets		(896)		-
Other expenses		(2,555)		(3,994)
Finance costs	7	(104)		(147)
Total expenses			(13,486)	(13,718)
Other income			371	-
(Loss)/profit on disposal of discontinued operations			(6,032)	(6,360)
Attributable taxation	8		694	3,295
Net (loss)/profit attributable to discontinued operations (attributable to owners of the Company)			(5,338)	(3,065)
			=====	=====

During the year, the discontinued subgroups contributed an inflow of £10.2m (2020 - outflow £0.7m) to the Group's net operating cashflows, paid £Nil (2020 - paid £Nil) in respect of investing activities and paid £Nil (2020 - 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:

	2021 £000	2020 £000
Property, plant and equipment	708	-
Inventories	-	-
Trade and other receivables	401	-
Deferred tax asset	183	-
Total assets classified as held for sale	1,292	-
Trade and other payables - current	(2,328)	(507)
Trade and other payables – non current	(1,373)	-
Total liabilities classified as held for sale	(3,701)	(507)
Net (liabilities)/assets of disposal group	(2,409) =====	(507) =====

10 Dividends - paid in the year

	2021 £000	2020 £000
Ordinary shares:		
Final for 2020 of 401p per share paid (2019 – 401p)	16,583	16,583
Interim for 2020 of 125p per share (2019 - 125p)	5,169	5,169
	21,752 =====	21,752 =====

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

Dividends - paid post year end and proposed

Interim of 126.25p paid (2020 – 125p)	5,221	5,169
Final of 410p per share proposed (2020 – 401p)	16,955	16,583
	22,176 =====	21,752 =====

11 Goodwill and other intangible assets

Goodwill

Group	2021 £000	2020 £000
At 31 March 2020	67,714	110,583
Additions	-	2,856
Impairments	(3,200)	(45,725)
At 31 March 2021	64,514 =====	67,714 =====
Goodwill includes:		
Media	28,512	28,512
Genealogy	25,702	25,702
Stylist	10,300	10,300
Consumer Products	-	3,200
At 31 March 2021	64,514 =====	67,714 =====

Included in revenue is £3m in respect of proceeds from the sale of intellectual property owned by the Consumer Products division as part of the wind down process.

11 Goodwill and other intangible assets (continued)**Goodwill (continued)**

Intangible assets	Indefinite life	Other	Total
Group	£000	£000	£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
Additions	-	4,051	4,051
Amortisation	-	(5,109)	(5,109)
Retranslation of foreign assets	-	(65)	(65)
Impairments	-	(1,745)	(1,745)
Transfer to assets directly associated with disposal group classified as held for sale	-	(383)	(383)
At 31 March 2021	138,504	19,251	157,755

At 31 March 2021, accumulated amortisation amounted to £170,970,000 (2020 - £165,861,000).

Indefinite life intangible assets include mastheads of £72m (2020 - £72m) on the acquisition of Puzzler Media Holdings Limited and £67m (2020 - £67m) on the acquisition of Aberdeen Journals Limited.

Other intangible assets are mainly licences and distribution channels to market and include £0.7m (2020 - £1m) in Puzzler Media Holdings Limited; television programme costs of £2.4m (2020 - £4m) in Beano Studios Limited and Gnashville Limited; £0.7m (2020 - £1m) magazine titles in Aceville; and datasets and customer databases in brightsolid online innovation limited of £15.3m (2020 - £15m).

11 Goodwill and other intangible assets (continued)

Intangible assets	Indefinite life	Other	Total
Company	£000	£000	£000
At 31 March 2019	-	72	72
Additions	-	298	298
Amortisation	-	(97)	(97)
At 31 March 2020	-	273	273
Additions	-	-	-
Amortisation	-	(95)	(95)
At 31 March 2021	-	178	178
	=====	=====	=====

At 31 March 2021, accumulated amortisation amounted to £1,725,000 (2020 - £1,630,000).

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 £3.2m was recognised (2020 - £45.7m) together with an impairment of intangible assets of £1.7m (2020 - £33.8m).

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 magazine publishing CGUs, cash flows are projected over the next 10 years based on the directors' best estimate of future trends. A terminal value is determined using a perpetual growth factor with a steady growth rate. This reflects the 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 decision to exit the Wild & Wolf business, the Consumer Products goodwill has been fully written off.

For other CGUs, 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 is determined using a perpetual growth factor with a steady growth rate.

Where perpetual growth rates have been used to arrive at terminal values these range from - 5% to 10% depending on the nature and stage of development of the underlying CGU revenue streams. The cash flows for all CGUs have been discounted at a minimum discount rate of 7%, 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 20% has been used.

The combined excess of recoverable amount over carrying values is £88m. 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 £5.1m (2020 - £7.7m) 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 2021 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 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
Additions	-	1,639	2,378	216	4,233
Transfers	-	161	80	(241)	-
Disposals	(1,396)	(109)	(604)	-	(2,109)
Retranslation of foreign assets	(45)	-	(50)	-	(95)
Transfer to assets directly associated with disposal group classified as held for sale	(3,217)	-	(1,956)	-	(5,173)
At 31 March 2021	17,860	77,623	85,798	98	181,379
Depreciation					
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
Charge for year	2,578	1,054	6,466	-	10,098
On disposals	(729)	(109)	(588)	-	(1,426)
Retranslation of foreign assets	(11)	-	(48)	-	(59)
Impairment	3,972	-	-	-	3,972
Transfer to assets directly associated with disposal group classified as held for sale	(726)	-	(1,006)	-	(1,732)
At 31 March 2021	7,776	31,070	65,138	-	103,984
Net book value					
At 31 March 2021	10,084	46,553	20,660	98	77,395
At 31 March 2020	19,826	45,807	25,636	123	91,392

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 2019	-	67,220	72,152	556	139,928
On adoption of IFRS16	9,240	-	-	-	9,240
Additions	-	2,086	535	161	2,782
Disposals	-	-	594	(594)	-
At 31 March 2020	9,240	69,306	73,281	123	151,950
Additions	-	-	13	216	229
Transfers	-	161	80	(241)	-
Disposals	-	-	(9)	-	(9)
At 31 March 2021	9,240	69,467	73,365	98	152,170
Depreciation					
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
Charge for year	1,250	821	2,665	-	4,736
On disposals	-	-	(5)	-	(5)
Impairment	3,972	-	-	-	3,972
At 31 March 2021	6,045	28,633	59,200	-	93,878
Net book value					
At 31 March 2021	3,195	40,834	14,165	98	58,292
	=====	=====	=====	=====	=====
At 31 March 2020	8,417	41,494	16,741	123	66,775
	=====	=====	=====	=====	=====

13 Financial assets – other business assets

	2021		2020	
	Group £000	Company £000	Group £000	Company £000
At 31 March 2020	507,688	507,688	646,464	646,047
Additions	43,385	43,385	9,808	9,808
Disposals	(47,259)	(47,259)	(67,273)	(67,273)
Fair value gains/(losses)	330,207	330,207	(80,894)	(80,894)
Impairments	-	-	(417)	-
At 31 March 2021	834,021	834,021	507,688	507,688

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 £103m (2020 - £45m) and is included in Note 21. The carrying value of unlisted investments of £18m (2020 - £25m) 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 24 to the financial statements.

	Shares £000	Loans £000	Total £000
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
Additions	507	11,267	11,774
Repayments	-	(4,178)	(4,178)
Impairments	(2,100)	-	(2,100)
At 31 March 2021	163,333	23,118	186,451

15 Interests in associates

	2021 £000	2020 £000
Group		
At 31 March 2020	9,770	14,663
Additions	1,360	3,963
Loan repayments	(3,928)	-
Disposal	(1,630)	-
Share of loss on continuing activities	(1,854)	(1,955)
Retranslation of foreign assets	25	155
Impairment	-	(7,056)
At 31 March 2021	3,743 =====	9,770 =====

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%
* 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.

During the year, the group disposed of its 50% investment in Love Reading Information Consultancy (Shenzhen) Co. Limited.

During the year, the group sold its 50% investment in Timar SNC.

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	(4,268)
Net assets/(liabilities)	(25,927)

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 £171,000 (2020 – loss £230,000).

At 31 March 2021, the non-controlling (minority) interest is an asset of £376,000 (2020 – asset £205,000), 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	(1,123)
Net assets/(liabilities)	1,193
Cash inflow/(outflow)	14,766

17 Inventories

	2021		2020	
	Group £000	Company £000	Group £000	Company £000
Work in progress	464	336	767	564
Finished goods and goods for resale	165	-	11,103	-
Inventories of finished goods and work in progress	629	336	11,870	564
Raw materials and consumables	1,865	1,840	3,568	3,403
	<u>2,494</u>	<u>2,176</u>	<u>15,438</u>	<u>3,967</u>
	=====	=====	=====	=====

The cost of inventories recognised as an expense during the year in respect of continuing operations was £53,368,000 (2020 - £66,866,000).

Group inventories reflect provisions for slow moving items of £450,000 (2020 - £3,009,000).
Company inventories reflect provisions for slow moving items of £450,000 (2020 - £292,000).

18 Trade and other receivables

	2021		2020	
	Group £000	Company £000	Group £000	Company £000
Trade receivables	11,796	2,057	17,609	4,765
Other receivables	3,763	4,942	7,618	1,710
Contract assets	6,727	3,484	8,436	4,341
	<u>22,286</u>	<u>10,483</u>	<u>33,663</u>	<u>10,816</u>
	=====	=====	=====	=====
Current	22,286	10,483	33,663	10,816
Non-current	-	-	-	-
	=====	=====	=====	=====

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 £1m (2020 - £5m) 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**

	2021	2020
	£000	£000
Overdue by		
0 - 30 days	850	2,212
30 - 60 days	270	1,130
60 + days	292	2,143
	1,412	5,485
	=====	=====

Total trade receivables are stated net of provision for bad debts as set out in the accounting policies. These total £0.6m (2020 - £1.4m).

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

19 Trade and other payables

	2021		2020	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade payables and accruals	3,381	1,916	4,769	582
Other taxes and social security	2,381	906	2,754	993
Payables due to group undertakings	-	14,409	-	117,265
Other payables	17,315	8,741	21,076	7,219
Contract liabilities	13,446	3,783	11,401	2,833
Deferred consideration	-	-	401	-
Lease liabilities	11,758	4,588	20,134	8,636
	48,281	34,343	60,535	137,528
	=====	=====	=====	=====
Current	37,945	30,448	42,733	129,534
Non-current	10,336	3,895	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:

	2021		2020	
	Group £000	Company £000	Group £000	Company £000
Less than one year	1,422	693	2,332	642
Within 1-2 years	1,381	681	1,857	632
Within 2-5 years	4,860	3,214	7,014	2,565
More than 5 years	4,095	-	8,931	4,797
	11,768	4,688	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	2021 £000	2020 £000
Financial assets (current and non-current)		
Financial assets – other business assets	834,021	507,688
Trade and other receivables	22,286	33,663
Financial instruments at fair value through profit or loss	-	411
Cash and cash equivalents	96,710	64,518
Financial liabilities (current and non-current)		
Trade and other payables	(48,281)	(60,535)

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\$Nil (2020 - US\$17.5m). The fair value of these contracts is an asset of £Nil (2020 - £411k) 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
2021	£000	£000	£000	£000	£000
Trade receivables	11,449	-	178	169	11,796
Trade receivables directly associated with disposal group classified as held for sale	152	-	100	98	350
Trade payables	(3,339)	-	(31)	(11)	(3,381)
Trade payables directly associated with disposal group classified as held for sale	(9)	-	(1)	-	(10)
Cash and cash equivalents	94,156	1,007	818	729	96,710
	<u>102,409</u>	<u>1,007</u>	<u>1,064</u>	<u>985</u>	<u>105,465</u>
	=====	=====	=====	=====	=====
2020					
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
	<u>68,163</u>	<u>780</u>	<u>6,268</u>	<u>2,147</u>	<u>77,358</u>
	=====	=====	=====	=====	=====

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 £326k with a change in the fair value of the forward contract values of £Nil as at the year end. The impact on equity would be £955k 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
2021	
Within 3 months	-
Between 4 and 6 months	-
Between 6 months and one year	-
2020	
Within 3 months	5,112
Between 4 and 6 months	11,265
Between 6 months and one year	1,125

Credit risk management

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

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

Trade and other receivables

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

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

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

Trade and other payables

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

Liquidity risk management

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

DC Thomson & Company Limited

Notes to the financial statements (continued)

21	Deferred tax liabilities	Accelerated capital allowances £000	Revalued financial assets £000	Pension surplus £000	Intangible assets £000	Other £000	Total £000
Group							
	At 31 March 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
	Transfer	-	162	-	-	(162)	-
	Transfer to corporation tax	-	-	-	-	162	162
	Transfer (to)/from profit and loss account	(628)	58,305	(741)	-	1,375	58,311
	Statement of recognised income and expense	-	-	10,526	-	-	10,526
	Adjustment in respect of prior periods	(66)	-	-	-	-	(66)
	Transfer to assets directly associated with disposal group classified as held for sale	183	-	-	-	-	183
	At 31 March 2021	6,256	103,480	49,932	26,314	(124)	185,858
Company							
	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
	Transfer	-	162	-	-	(162)	-
	Transfer to corporation tax	-	-	-	-	162	162
	Transfer from/(to) profit and loss account	(390)	58,305	(741)	-	68	57,242
	Statement of recognised income and expense	-	-	10,526	-	-	10,526
	Adjustment in respect of prior periods	-	-	-	-	(12)	(12)
	At 31 March 2021	6,864	103,480	49,932	-	(289)	159,987

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% (2020 - 19%).

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 £4,200,000 (2020 - £337,000). In addition, contributions of £66,000 (2020 - £681,000) 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.

	2021 £000	2020 £000
Change in benefit obligation		
Benefit obligation at beginning of year	569,900	540,900
Recognition of plan obligations	-	56,000
Current service cost	8,300	7,037
Interest cost	13,300	13,917
Actuarial (gains)/losses	61,000	(15,554)
Benefits paid	(33,000)	(32,400)
Benefit obligation at end of year – wholly funded	619,500	569,900
Change in plan assets		
Fair value of plan assets at beginning of year	781,200	863,800
Recognition of plan assets	-	56,000
Employer contributions	100	16
Expected return on plan assets	17,100	20,400
Actuarial gains/(losses)	116,600	(126,833)
Interest income on assets	1,100	1,317
Benefits paid	(33,000)	(32,400)
Administration expenses	(800)	(1,100)
Fair value of plan assets at end of year	882,300	781,200
Retirement benefit surplus	262,800	211,300
	=====	=====

22 Retirement benefits (continued)

	2021	2020
	£000	£000
Retirement benefit surplus		
Group and Company		
Surplus	262,800	211,300
	=====	=====

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

There is a charge to 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 service cost is higher than in the previous year mainly due to a significant increase in the number of members and hence level of contributions in the Defined Contribution section. 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 lower compared with the previous year. The combined impact is a charge in the income statement.

The amount of the Funded Status (assets less liabilities) that can be recognised as an asset of the Company is constrained by the limit set out in paragraph 64 (183) of IAS19. This limit restricts the recognised pension asset to the value of the benefits that will be accrued over the remaining life of the Fund, calculated at each year end, reduced by the value of any future contributions payable by the members themselves. Defined Benefit accrual in the Provident 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 Provident Fund is higher than the surplus at 31 March 2021 and so the Provident Fund can fully recognise the surplus. There is no surplus or deficit for the Superannuation Fund. The 2020 figures also allow for the full surplus to be recognised.

The surplus disclosed above has been calculated using assumptions determined in accordance with the requirements of IAS19. The Trustee of the pension funds 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)

	2021	2020
Components of pension cost	£000	£000
Current service cost	8,300	7,037
Interest cost	12,200	12,600
Administration expenses	800	1,100
Expected return on plan assets	(17,100)	(20,400)
Total pension charge recognised in employee benefit costs	4,200	337
	=====	=====
Total pension gain recognised in statement of comprehensive income	55,700	(111,279)
	=====	=====

Plan assets

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

Asset category	2021	2020
	%	%
Equities	54	52
Debt instruments	14	17
Property	4	5
Alternatives	5	4
Cash and annuities	23	22
	100	100
	=====	=====
	£000	£000
Amounts included in the fair value of assets for:		
Equities	472,800	407,600
Debt instruments	123,900	130,000
Property	39,000	38,000
Alternatives	45,600	35,100
Cash and annuities	201,000	170,500
	882,300	781,200
	=====	=====

22 Retirement benefits (continued)**Weighted average assumptions used to determine benefit obligations**

	2021	2020
	%	%
Discount rate	2.09	2.38
Rate of salary growth	4.53	3.83
Inflation rate (RPI)	3.53	2.83
Inflation rate (CPI)	3.03	2.33

Implied life expectancy at age 65:

Male currently aged 65	21.5	21.8
Male currently aged 45	23.3	23.9
Female currently aged 65	24.3	24.6
Female currently aged 45	26.3	26.6

Weighted average assumptions used to determine net pension cost for year

	2021	2020
	%	%
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

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

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Benefit obligation at end of year	619,500	569,900	540,900	518,400	638,700
Fair value of plan assets at end of year	882,300	781,200	863,800	817,800	824,100
Surplus	262,800	211,300	322,900	299,400	185,400
	=====	=====	=====	=====	=====

Difference between expected and actual return on scheme assets:

Amount (£000)	116,600	(126,833)	52,300	400	107,700
Percentage of scheme assets	13%	16%	6%	0%	13%

Experience gains and losses on scheme liabilities:

Amount (£000)	61,000	(15,554)	28,200	24,500	-
Percentage of scheme liabilities	10%	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.

22 Retirement benefits (continued)**Defined benefit obligation – sensitivity analysis**

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

	Minus 0.25% discount rate £000	Plus 0.25% discount rate £000	Minus 0.25% inflation rate £000	Plus 0.25% inflation rate £000	Mortality – 1 year age rating £000
Fair value of plan assets	882,300	882,300	882,300	882,300	882,300
Defined benefit obligation	642,800	597,800	599,700	640,600	643,400
Net defined benefit asset	239,500 =====	284,500 =====	282,600 =====	241,700 =====	238,900 =====

23 Notes to the cash flow statement

	2021		2020	
	Group £000	Company £000	Group £000	Company £000
Cash and cash equivalents				
Bank balances	21,837	12,103	15,103	6,857
Call deposits	74,873	74,873	49,415	49,415
Cash and cash equivalents	96,710 =====	86,976 =====	64,518 =====	56,272 =====

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

	2021		2020	
	Group £000	Company £000	Group £000	Company £000
Cash flows from operating activities include:				
Dividends	13,725	13,725	14,981	14,981
Interest	776	776	1,178	1,138
	14,501 =====	14,501 =====	16,159 =====	16,119 =====

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

The interest arises primarily from deposits.

24 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.

25 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 (2020 - £250,000).

At the year end, the Group had provided a guarantee of £1.2m (2020 - £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.

26 Financial commitments

	2021	2020
	£000	£000
Capital commitments - Group		
Contracted for but not provided	-	2,790
	=====	=====
Capital commitments - Company		
Contracted for but not provided	-	146
	=====	=====

27 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 (2020 - £561,000) being £152,000 (2020 - £157,000) for AF Thomson, £76,000 (2020 - £76,000) for CHW Thomson, £199,000 (2020 - £199,000) for ARF Hall and £134,000 (2020 - £129,000) for DHE Thomson.

28 Control

There is no individual controlling party.

29 Country of registration

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

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.

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 2021 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 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing feedback from recent third party compliance visits;
- Reviewing Board meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of goodwill, intangible assets, investments, defined benefit pension scheme asset and the recognition of deferred tax on intangible assets; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the fields in which the Group and Parent Company operates, we identified the following areas as those most likely to have a material impact on the financial statements: The Data Protection Act 2018 and Privacy Electronic Communications Regulations 2011; Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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.



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

3 November 2021

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