

DC Thomson & Company Limited

**Directors' report and accounts
for the year ended 31 March 1999**

Registered number 5830



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DC Thomson & Company Limited

Directors' report

Directors' report to the ninety fifth Annual General Meeting of DC Thomson & Company Limited, to be held at 22 Meadowside, Dundee on 30 November 1999 at 12 noon.

The directors submit the audited accounts of the company and of the group for the year ended 31 March 1999.

Results and dividends

The results for the year are set out in the profit and loss account on page 3.

The directors recommend that a final dividend of £6,503,320 (*1998 - £5,882,862*) be paid, which together with the interim dividend of £620,459 (*1998 - £620,459*) already paid, will make a total of £7,123,778 (*1998 - £6,503,321*) for the year.

Activities

The principal activities of the group are the printing and publishing of newspapers, magazines and books.

Review of business

The market for sales both of newspapers and magazines remained very competitive, and it was difficult to achieve increases in readership.

A few modest changes took place in face prices of magazines. There was an improving trend in advertising revenue.

A small decrease in the cost of some grades of paper took place. Considerable activity continued in contract printing.

Staff numbers declined slightly.

Year 2000

Efforts have continued to ensure that the group's operations will not be affected by the impact of the year 2000. Appropriate action has been taken where necessary but there can be no guarantee.

Fixed assets

In the opinion of the directors, the market value of the land and buildings is not less than the book value stated in the accounts.

DC Thomson & Company Limited

Directors' report (continued)

Directors

The directors in office throughout the year were Messrs BH Thomson, DB Thomson, AF Thomson, AG Thomson, LM Thomson and CHW Thomson.

The directors' interests in the issued share capital of the company are shown in note 30 to these accounts.

In terms of the Articles of Association, Messrs BH Thomson and AF Thomson retire by rotation and being eligible, offer themselves for re-election.

Employees

Particulars concerning employees are shown in note 4 to the accounts. Full attention is given to the safeguarding of the health and safety at work of all employees.

Disabled employees are employed where this is practical.

Good relations with employees are regarded as of first importance.

Regular communication is carried out through heads of department and other seniors, and by visits by management to all departments and by head office management to branch offices.

Most employees are members of the Thomson Leng Superannuation and Provident Funds.

Exports

The value of exports from the United Kingdom was £4,993,614 (1998 - £5,540,294).

Charitable and political contributions

Most of the group's substantial charitable contributions are made by charitable trusts, the capital of which was privately contributed. In addition the group made charitable donations of £1,040 (1998 - £950). The group made no political contributions during the year.

Auditors

A resolution concerning the re-appointment of Henderson Loggie as auditors in accordance with Section 384 of the Companies Act 1985 and for their remuneration to be fixed by the directors will be proposed at the annual general meeting of the company.

By order of the board



I Douglas
Secretary
Dundee

21 October 1999

DC Thomson & Company Limited

Consolidated profit and loss account for the year ended 31 March 1999

	Note	1999 £000	1998 £000
Turnover	2	107,356	107,808
Raw materials and consumables		25,911	27,385
Increase in stock of finished goods and work in progress		(712)	(1,012)
		25,199	26,373
		82,157	81,435
Staff costs	4	38,919	37,903
Other operating charges		27,166	28,072
Depreciation		4,686	4,237
		70,771	70,212
Trading profit before exceptional items		11,386	11,223
Income from fixed asset investments	6	20,601	19,731
Other interest receivable	7	8,168	7,154
Profit before exceptional items		40,155	38,108
Exceptional items	8	6,225	13,143
Profit on ordinary activities before taxation		46,380	51,251
Taxation	9	10,425	12,497
Profit after taxation		35,955	38,754
Appropriations:			
Transfer to reserves	21	26,000	29,000
Dividends paid and proposed	10	7,124	6,503
		33,124	35,503
Retained profit for the year		2,831	3,251

A statement of reserves is given in notes 21 and 22 to these accounts.

There are no recognised gains or losses other than the profit for the financial year of £35,955,000 (1998 - £38,754,000).

DC Thomson & Company Limited

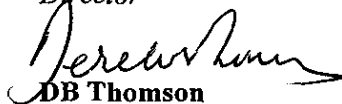
Consolidated balance sheet at 31 March 1999

	Note	£000	1999 £000	1998 £000
Fixed assets				
Tangible assets	11		96,440	95,891
Investments	12		119,649	117,272
			<u>216,089</u>	<u>213,163</u>
Current assets				
Stocks	13	15,510		14,615
Debtors	14	24,635		22,575
Investments	15	21,659		21,659
Short-term deposits		103,992		83,973
Cash at bank and in hand		13,447		9,944
			<u>179,243</u>	<u>152,766</u>
Creditors: amounts falling due within one year	16	22,077		21,204
			<u>157,166</u>	<u>131,562</u>
Net current assets				
			<u>373,255</u>	<u>344,725</u>
Total assets less current liabilities				
Provisions for liabilities and charges	17		(9,245)	(9,485)
Accruals and deferred income	18		(474)	(535)
			<u>363,536</u>	<u>334,705</u>
Capital and reserves				
Called up share capital	19		4,596	4,596
Capital redemption reserve	20		1,404	1,404
Reserve fund	21		259,587	233,587
Staff benefit and pension reserve	21		21,912	21,912
Stock reserve	21		8,700	8,700
Profit and loss account	22		67,337	64,506
			<u>363,536</u>	<u>334,705</u>

The accounts on pages 3 to 21 were approved by the Board of Directors on 21 October 1999 and signed on its behalf by:



BH Thomson
Director



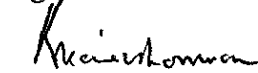
DB Thomson
Director


DC Thomson & Company Limited

Balance sheet at 31 March 1999

	Note	£000	1999 £000	1998 £000
Fixed assets				
Tangible assets	11		95,757	95,240
Investments, including subsidiary companies	12		114,069	111,486
			<u>209,826</u>	<u>206,726</u>
Current assets				
Stocks	13	11,349		11,179
Debtors	14	22,876		20,876
Investments	15	21,659		21,659
Short-term deposits		103,992		82,973
Cash at bank and in hand		850		806
			<u>160,726</u>	<u>137,493</u>
Creditors: amounts falling due within one year	16	21,269		20,747
			<u>139,457</u>	<u>116,746</u>
Net current assets				
			<u>349,283</u>	<u>323,472</u>
Total assets less current liabilities				
Provisions for liabilities and charges	17		(9,225)	(9,450)
Accruals and deferred income	18		(474)	(535)
			<u>339,584</u>	<u>313,487</u>
Capital and reserves				
Called up share capital	19		4,596	4,596
Capital redemption reserve	20		1,404	1,404
Reserve fund	21		258,964	232,964
Staff benefit and pension reserve	21		21,912	21,912
Stock reserve	21		8,700	8,700
Profit and loss account	22		44,008	43,911
			<u>339,584</u>	<u>313,487</u>

The accounts on pages 3 to 21 were approved by the Board of Directors on 21 October 1999 and signed on its behalf by:


BH Thomson
 Director


DB Thomson
 Director

DC Thomson & Company Limited

Consolidated cash flow statement for the year ended 31 March 1999

	Note	£000	1999 £000	1998 £000
Net cash inflow from operating activities	24		14,471	13,819
Returns on investments and servicing of finance				
Income from fixed asset investments		20,666		19,676
Other interest receivable		8,189		7,189
Net cash inflow from returns on investments and servicing of finance			28,855	26,865
Taxation				
Tax paid			(12,273)	(9,005)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(5,361)		(3,319)
Sale of tangible fixed assets		186		460
Purchase of investments		(9,117)		(30,864)
Sale of investments		12,943		15,943
Net cash outflow from investing activities			(1,349)	(17,780)
Equity dividends paid			(6,503)	(5,929)
Management of liquid resources				
Increase in short term deposits			(20,019)	(4,607)
Increase in cash	26		3,182	3,363

DC Thomson & Company Limited

Notes to the accounts

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The consolidated accounts include the results of the company and all its subsidiaries. Goodwill arising on acquisition of subsidiaries and associates is written off to reserves in the year the cost is incurred.

In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account of DC Thomson & Company Limited is not presented.

Investment income

Investment income is dealt with on the basis of cash receipts in the year with, in the case of franked investment income, the addition of related tax credits.

Depreciation

The cost of fixed tangible assets, except freehold land, is depreciated to estimated residual value over their estimated useful economic lives as follows:-

Freehold buildings	-	2%	Reducing balance
Plant and equipment	-	4 to 40 years	Straight line

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

Government grants

Government grants are credited to profit and loss over the period of the estimated useful economic lives of the assets to which they relate. The grants shown in the balance sheet consist of the total grants received and receivable to date less amounts so far credited to profits.

Pension costs

The group operates a defined benefit pension scheme covering all eligible employees. Payments to the scheme are charged against profits and are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. Independent actuarial values of the scheme are made every three years.

Payments in respect of defined contribution schemes are charged against profits when due.

1 Accounting policies (continued)

Stocks

Stocks 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.

Deferred taxation

Deferred taxation is provided at the rates at which the liabilities are expected to arise in respect of short term timing differences and the excess of capital allowances over depreciation where such liabilities are expected to crystallise in the foreseeable future.

2 Turnover

Turnover represents amounts invoiced in respect of goods provided during the year excluding value added tax.

3 Trading profit is stated after charging:

	1999	1998
	£000	£000
Auditors' remuneration	73	70
Auditors' remuneration for non-audit work	37	26
Loss on sale of fixed tangible assets	-	35
	<u> </u>	<u> </u>

and after crediting:

Gain on sale of fixed tangible assets	33	-
Net income from rents	149	52
	<u> </u>	<u> </u>

The auditors' remuneration for the company's audit, included above, amounted to £53,000 (1998 - £53,000)

4 Employees

	1999	1998
	Number	Number
Average weekly number of employees during the year	1,853	1,905
	<u> </u>	<u> </u>
	£000	£000
Employee costs during the year (including directors remuneration) amounted to:		
Wages and salaries	36,747	35,818
Social security costs	2,880	2,707
Other pension costs (note 29)	(708)	(622)
	<u> </u>	<u> </u>
	38,919	37,903
	<u> </u>	<u> </u>

DC Thomson & Company Limited

Notes to the accounts

5 Directors' emoluments

	1999 £000	1998 £000
Management remuneration	580	551
Pension scheme contributions	38	36
	<u>618</u>	<u>587</u>

The emoluments receivable by the highest paid director are £103,105 (1998 - £98,576), and no company pension contributions were made on his behalf.

Number of directors

	1999	1998
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	<u>4</u>	<u>4</u>

6 Income from fixed asset investments

	£000	£000
Listed	20,492	19,578
Unlisted	109	153
	<u>20,601</u>	<u>19,731</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

7	Other interest receivable	1999	1998
		£000	£000
	Income from listed UK government securities	709	582
	Income from short-term deposits and other sources	7,459	6,572
		<u>8,168</u>	<u>7,154</u>
8	Exceptional items		
	Gain on disposal of investments	6,149	12,807
	Reversal of provision against unlisted investments and loans	54	10
	Gain on disposal of fixed assets	22	326
		<u>6,225</u>	<u>13,143</u>
	Taxation thereon	<u>1,701</u>	<u>3,651</u>
9	Tax on profit on ordinary activities		
	UK corporation tax	7,295	8,819
	Transfer from deferred tax	(240)	(199)
	Tax on franked investment income	3,914	3,911
		<u>10,969</u>	<u>12,531</u>
	Adjustment for previous years:		
	Corporation tax	(544)	(67)
	Deferred tax	-	33
		<u>10,425</u>	<u>12,497</u>
10	Dividends		
	Ordinary shares - interim of 13.5p paid (1998 - 13.5p)	620	620
	- proposed final of 141.5p per share (1998 - 128p)	6,504	5,883
		<u>7,124</u>	<u>6,503</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

11 Fixed tangible assets

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Group				
Cost				
At 31 March 1998	52,587	106,801	409	159,797
Additions	152	3,220	1,994	5,366
Disposals	(9)	(6,764)	-	(6,773)
Transfers	-	409	(409)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	52,730	103,666	1,994	158,390
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 31 March 1998	15,164	48,742	-	63,906
Charge for year	746	3,940	-	4,686
Disposals	-	(6,642)	-	(6,642)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	15,910	46,040	-	61,950
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 March 1999	36,820	57,626	1,994	96,440
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
At 31 March 1998	37,423	58,059	409	95,891
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

DC Thomson & Company Limited

Notes to the accounts (continued)

11 Fixed tangible assets (continued)

	Freehold property £000	Plant and equipment £000	Assets in course of construction £000	Total £000
Company				
Cost				
At 31 March 1998	51,851	105,809	409	158,069
Additions	153	3,122	1,994	5,269
Disposals	(9)	(6,705)	-	(6,714)
Transfers	-	409	(409)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	51,995	102,635	1,994	156,624
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 31 March 1998	14,956	47,873	-	62,829
Charge for year	732	3,891	-	4,623
Disposals	-	(6,585)	-	(6,585)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	15,688	45,179	-	60,867
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 1999	<u>36,307</u>	<u>57,456</u>	<u>1,994</u>	<u>95,757</u>
At 31 March 1998	<u>36,895</u>	<u>57,936</u>	<u>409</u>	<u>95,240</u>

The cost of freehold property includes the cost of land, a significant part of which is not separately identifiable and is depreciated.

12 Fixed asset investments

	Fully listed £000	Listed on AIM £000	Unlisted £000	Total £000
Group				
Shares				
Cost less provisions				
At 31 March 1998	105,143	1,119	11,010	117,272
Additions	7,830	-	1,287	9,117
Disposals	(6,773)	-	(21)	(6,794)
Transfer	957	(957)	-	-
Provisions	-	54	-	54
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	<u>107,157</u>	<u>216</u>	<u>12,276</u>	<u>119,649</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

12 Fixed asset investments (continued)

Company	Subsidiary companies unlisted £000	Fully listed £000	Listed on AIM £000	Unlisted £000	Total £000
Shares					
Cost less provisions					
At 31 March 1998	5,400	88,634	1,119	11,010	106,163
Additions	50	7,687	-	1,287	9,024
Disposals	-	(1,422)	-	(22)	(1,444)
Transfers	-	957	(957)	-	-
Provisions	-	-	54	-	54
At 31 March 1999	<u>5,450</u>	<u>95,856</u>	<u>216</u>	<u>12,275</u>	<u>113,797</u>
Loans less provisions					
At 31 March 1998	5,323	-	-	-	5,323
Additions	35	-	-	-	35
Repayments	(5,086)	-	-	-	(5,086)
At 31 March 1999	<u>272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272</u>
Total					
At 31 March 1999	<u>5,722</u>	<u>95,856</u>	<u>216</u>	<u>12,275</u>	<u>114,069</u>
At 31 March 1998	<u>10,723</u>	<u>88,634</u>	<u>1,119</u>	<u>11,010</u>	<u>111,486</u>

The accumulated provision against cost of unlisted investments is £789,000 (1998 - £843,000) for the group and £3,151,000 (1998- £3,205,000) for the company.

DC Thomson & Company Limited

Notes to the accounts (continued)

12	Fixed asset investments (continued)				
		1999		1998	
	Valuation	Group	Company	Group	Company
		£000	£000	£000	£000
	At market value -				
	Fully listed	<u>775,716</u>	<u>651,417</u>	<u>714,039</u>	<u>580,617</u>
	Quoted on Alternative Investment				
	Market	<u>216</u>	<u>216</u>	<u>2,869</u>	<u>2,869</u>
	At directors valuation -				
	Unlisted	<u>13,097</u>	<u>13,097</u>	<u>11,810</u>	<u>11,810</u>
	Potential tax liability if sold				
	at this value	<u>172,000</u>	<u>146,000</u>	<u>161,000</u>	<u>133,000</u>

The principal companies in which the company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
John Leng & Company Limited	Scotland	Investment Company	100% Ordinary £1 shares
Meadowside Leasing Limited	Scotland	Holding company	100% Ordinary £1 shares
Peter Haddock Limited	England	Publisher	* 100% Ordinary £1 shares
Children's Leisure Products Ltd	England	Publisher	* 100% Ordinary £1 shares
Taytel Limited	Scotland	Publisher	100% Redeemable £1 shares
Tayview Limited	Scotland	Merchandising	100% Ordinary £1 shares
Unlisted companies			
Wendy Promotions Limited	England	Merchandising	50% Ordinary £1 shares

* An asterisk indicates that the share capital is held by an intermediate holding company.

DC Thomson & Company Limited

Notes to the accounts (continued)

13	Stocks					
				1999	1998	
	Group			£000	£000	
	Raw materials and consumables			7,741	7,571	
	Work in progress			2,293	2,390	
	Finished goods and goods for resale			5,476	4,654	
				<u>15,510</u>	<u>14,615</u>	
	Company					
	Raw materials and consumables			7,717	7,534	
	Work in progress			2,262	2,390	
	Finished goods and goods for resale			1,370	1,255	
				<u>11,349</u>	<u>11,179</u>	
14	Debtors					
		1999		1998		
		Due	Due	Due	Due	
		within	outwith	within	outwith	
		one	one	one	one	
		year	year	year	year	
		£000	£000	£000	£000	Total
	Group					£000
	Trade debtors	11,537	-	11,537	11,244	11,244
	Other debtors	6,754	1,270	8,024	5,759	6,931
	Prepayments and accrued income	5,074	-	5,074	4,400	4,400
		<u>23,365</u>	<u>1,270</u>	<u>24,635</u>	<u>21,403</u>	<u>22,575</u>
	Company					
	Trade debtors	9,965	-	9,965	9,916	9,916
	Other debtors	6,571	1,270	7,841	5,382	6,554
	Prepayments and accrued income	5,026	-	5,026	4,378	4,378
	Amounts due from group companies	44	-	44	28	28
		<u>21,606</u>	<u>1,270</u>	<u>22,876</u>	<u>19,704</u>	<u>20,876</u>

DC Thomson & Company Limited

Notes to the accounts (continued)

15 Current asset investments

Group and Company	1999	1998
	£000	£000
Cost		
Listed	21,659	21,659
	<u>=====</u>	<u>=====</u>
Valuation		
Market value of listed investments	25,217	23,359
	<u>=====</u>	<u>=====</u>
Potential tax liability if sold at this value	484	110
	<u>=====</u>	<u>=====</u>

16 Creditors: amounts falling due within one year

	1999		1998	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade creditors	1,289	845	574	379
Corporation tax	7,275	6,579	8,219	7,861
Group relief	-	83	-	186
Other taxes and social security	1,186	1,148	1,079	1,069
Other creditors	5,203	5,426	4,829	4,738
Amounts due to group companies	-	64	-	11
Interim dividend paid since date of balance sheet	620	620	620	620
Proposed final dividend	6,504	6,504	5,883	5,883
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
	22,077	21,269	21,204	20,747

17 Provisions for liabilities and charges

Deferred taxation:	Accelerated capital allowances £000	Other timing differences £000	Total £000
As provided Group			
At 31 March 1998	8,531	954	9,485
Transfer (to)/from profit and loss account	(530)	290	(240)
At 31 March 1999	8,001	1,244	9,245
Company			
At 31 March 1998	8,531	919	9,450
Transfer (to)/from profit and loss account	(530)	305	(225)
At 31 March 1999	8,001	1,224	9,225
On full deferral basis Group			
At 31 March 1999	18,951	1,244	20,195
At 31 March 1998	19,208	954	20,162
Company			
At 31 March 1999	18,951	1,224	20,175
At 31 March 1998	19,208	919	20,127

18 Accruals and deferred income

Group and Company	£000
Government grants	
At 31 March 1998	535
Credited to operating profit	(61)
At 31 March 1999	474

19 Called up share capital

	Authorised		Allotted, called up and fully paid			
	1999 £000	1998 £000	1999 Number	£000	1998 Number	£000
Ordinary shares of £1 each	6,000	6,000	4,595,986	4,596	4,595,986	4,596

DC Thomson & Company Limited

Notes to the accounts (continued)

20 Capital redemption reserve

Group and Company	1999 £000	1998 £000
	1,404	1,404
	<u>=====</u>	<u>=====</u>

21 Reserves

	Reserve Fund £000	Staff Benefit and Pension £000	Stock £000
Group			
At 31 March 1998	233,587	21,912	8,700
Transfer from profit and loss account	26,000	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31 March 1999	259,587	21,912	8,700
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Company			
At 31 March 1998	232,964	21,912	8,700
Transfer from profit and loss account	26,000	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31 March 1999	258,964	21,912	8,700
	<u>=====</u>	<u>=====</u>	<u>=====</u>

22 Profit and loss account

	Group 1999 £000	1998 £000	Company 1999 £000	1998 £000
At 31 March 1998	64,506	61,255	43,911	43,348
Retained profit for the year	2,831	3,251	97	563
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
At 31 March 1999	67,337	64,506	44,008	43,911
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Goodwill of £1,862,000 was charged direct to reserves in line with the accounting policy of that time. The goodwill was eliminated as a matter of accounting policy and will be charged or credited to the profit and loss account on subsequent disposal of the business to which it relates.

All the reserves detailed in notes 21 and 22 above are distributable.

DC Thomson & Company Limited

Notes to the accounts (continued)

23 Reconciliation of movements in shareholders' funds

	1999 £000	1998 £000
Profit for the financial year	35,955	38,754
Dividends	(7,124)	(6,503)
Net addition to shareholders' funds	28,831	32,251
Opening shareholders funds	334,705	302,454
Closing shareholders funds	363,536	334,705

24 Reconciliation of trading profit to cash flow

Trading profit	11,385	11,223
Depreciation	4,686	4,237
(Gain)/loss on sale of fixed assets	(33)	35
Amortisation of Regional Development Grants	(61)	(70)
(Increase)/decrease in stock	(895)	243
Increase in debtors	(1,481)	(2,018)
Increase in creditors	1,191	122
Exchange (gain)/loss	(321)	47
Net cash inflow from operating activities	14,471	13,819

25 Analysis of changes in net funds

	Deposits £000	Cash £000	Total £000
At 31 March 1997	79,366	6,826	86,192
Movement of year	4,607	3,118	7,725
At 31 March 1998	83,973	9,944	93,917
Movement of year	20,019	3,503	23,522
At 31 March 1999	103,992	13,447	117,439

DC Thomson & Company Limited

Notes to the accounts (continued)

26 Reconciliation of net cash flow to movement in net funds

	1999	1998
	£000	£000
Increase in cash in year	3,182	3,363
Cash outflow from increase in liquid resources	20,019	4,607
Translation differences	321	(245)
	<u>23,522</u>	<u>7,725</u>

27 Contingent liabilities

The Company has guaranteed payments in favour of Customs and Excise in respect of raw materials imports and other materials the maximum liability under which would be £500,000 (1998 - £500,000).

28 Capital commitments

	1999	1998
	£000	£000
Group and Company		
Contracted for but not provided	<u>815</u>	<u>3,979</u>

29 Pension commitments

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

The pension credit for the year was £708,000 (1998 - £622,000). This includes a credit of £811,000 (1998 - £761,000) in respect of the amortisation of existing surpluses over 13 years, the expected average remaining working lifetime of current employees.

Independent valuations are carried out by a qualified actuary every three years using the Projected Unit Credit Method.

The latest actuarial assessment was on 31 March 1997. The main assumptions used were a rate of interest of 8.5% per annum, salary increases at the rate of 6.5% per annum and post retirement pension increases of 4% per annum on the excess of the guaranteed minimum pension and 3% per annum on the post 1998 guaranteed minimum pension.

At the date of the latest actuarial assessment the market value of the assets of the scheme was £314,407,000 and the actuarial value of the assets was sufficient to cover 137% of the benefits that had accrued to members after allowing for expected future increases in earnings.

A prepayment of £4,219,000 (1998 - £3,408,000) included in debtors is the cumulative excess of contributions paid over funding requirements.

Contributions of £47,000 (1998 - £45,000) were paid in respect of defined contribution schemes.

30 Directors interests in share capital

The directors who held office at the year end had the following interests in the £1 ordinary shares of the company:

	31 March 1999	31 March 1998
Beneficial interest:		
BH Thomson	18,454	18,454
DB Thomson	26,500	26,500
AF Thomson	48,150	49,650
AG Thomson	20,453	20,453
LM Thomson	31,575	40,875
CHW Thomson	14,963	14,963
As trustees without beneficial interest:		
BH Thomson	213,021	205,291
DB Thomson	420,101	419,551
AF Thomson	187,428	187,943
As joint trustees without beneficial interest:		
BH Thomson)		
LM Thomson)	325,312	325,312
BH Thomson)		
DB Thomson)	183,611	183,611
AF Thomson)		
AG Thomson)		
LM Thomson)	195,872	186,572
BH Thomson)		
CHW Thomson)	16,625	16,625
BH Thomson)		
DB Thomson)		
CHW Thomson)	7,422	7,422

DC Thomson & Company Limited

Directors' responsibilities for the preparation of accounts

The directors are required by law to prepare accounts which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit of the group for the year. In addition, the directors are responsible for ensuring that adequate accounting records are maintained, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The directors confirm that the accounts of the company and the group for the year ended 31 March 1999 have been prepared on a going concern basis and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in their preparation and that applicable accounting standards have been followed.

Report of the auditors to the members of DC Thomson & Company Limited

We have audited the accounts on pages 3 to 21.

Respective responsibilities of the directors and auditors

As described above the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 31 March 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Henderson Loggie

Henderson Loggie
Chartered Accountants
Registered Auditors
Dundee

21 October 1999