

Company Registration No. 02539623

Dawson Finance Company Limited

Report and Financial Statements

31 August 2013

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Dawson Finance Company Limited

Report and financial statements 2013

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Dawson Finance Company Limited

Report and financial statements 2013

Officers and professional advisers

Directors

M R Cashmore
N J Gresham

Secretary

S S Marriner

Registered office

Rowan House
Cherry Orchard North
Kembrey Park
Swindon
Wiltshire
SN2 8UH

Auditor

Deloitte LLP
Reading
United Kingdom
RG1 3BD

Dawson Finance Company Limited

Directors' report

The Directors present their report and the Company's audited financial statements for the year ended 31 August 2013.

Reporting entity

Dawson Finance Company Limited is a private limited company incorporated in England and Wales.

Dividends

No dividend was declared or paid in the period under review.

Business review and principal activities

The Company is a wholly owned subsidiary of Connect Group PLC (formerly known as Smiths News PLC, a public company incorporated in England and Wales and listed on the London Stock Exchange). It does not trade, but acts as an intermediate holding company and the Directors' do not anticipate that the Company will trade in the near future.

Going concern

The accounts have been prepared on a Going Concern basis. The Directors' consider this to be appropriate, despite the current uncertain economic climate although the Company has net liabilities at the year end, because of the principal creditors are group companies and the Directors' have received confirmation of continuing financial support from the parent company for the foreseeable future.

Principal risks and uncertainties

The main risk that the Company is exposed to is the impairment of investments. The Company annually reviews its investments for any indicators of impairment and makes provision as necessary.

Financial risk management policies

The Company's principal financial assets are amounts owed by group undertakings and investments. Consequently, the Company has no external credit, price or liquidity risks.

Directors

The Directors who served during the year and to the date of this report are as follows:

M R Cashmore
N J Gresham

Dawson Finance Company Limited

Directors' report (continued)

Auditor

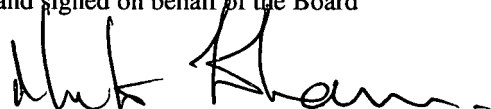
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as she/he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps she/he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

During the year Deloitte LLP have been appointed to the office of auditors of the Company.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'N J Gresham', written over the printed name.

N J Gresham
Director

23 May 2014

Dawson Finance Company Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Dawson Finance Company Limited

We have audited the financial statements of Dawson Finance Company Limited for the year ended 31 August 2013 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, the statement of accounting policies and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2013 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Dawson Finance Company Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Alexander Butterworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
23 May 2014

Independent auditor's report to the members of Dawson Finance Company Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Alexander Butterworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
23 May 2014

Dawson Finance Company Limited

Income statement

For the year ended 31 August 2013

	Notes	2013 £'000	2012 £'000
Continuing operations			
Impairment loss on investment	2	-	(1,226)
Result / Loss from operations		-	(1,226)
Result / Loss before tax		-	(1,226)
Tax	3	-	-
Result / Loss for the year		-	(1,226)

Dawson Finance Company Limited

Balance sheet

As at 31 August 2013

	Notes	2013 £'000	2012 £'000
Non-current assets			
Investment in subsidiaries	4	-	-
Total assets		-	-
Current liabilities			
Trade and other payables	5	(1,226)	(1,226)
Total liabilities		(1,226)	(1,226)
Net current liabilities		(1,226)	(1,226)
Net liabilities		(1,226)	(1,226)
Equity			
Share capital	6	-	-
Retained Loss		(1,226)	(1,226)
Total equity attributable to equity holders of the Company		(1,226)	(1,226)

The financial statements of Dawson Finance Company Limited, registered number 02539623 were approved by the Board of Directors on 23 May 2014.

Signed on behalf of the Board of Directors



N J Gresham
Director

Dawson Finance Company Limited

Statement of changes in equity For the year ended 31 August 2013

	Share capital £'000	Retained profit £'000	Total shareholder's equity £'000
At 31 August 2011	-	-	-
Result for the year	-	(1,226)	(1,226)
At 31 August 2012	-	(1,226)	(1,226)
Result for the year	-	-	-
At 31 August 2013	-	(1,226)	(1,226)

Dawson Finance Company Limited

Cash flow statement

For the year ended 31 August 2013

	2013 £'000	2012 £'000
Cash flows from operating activities		
Profit for the period	-	(1,226)
Adjustments for:		
Impairment loss on investment	-	1,226
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at start and end of year	<hr/> <hr/>	<hr/> <hr/>

Dawson Finance Company Limited

Notes to the financial statements (continued) **For the year ended 31 August 2013**

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('adopted IFRS') with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Changes in accounting policies

The following Standards and Interpretations which have not been applied in preparing these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 'Financial Instruments – Classification and Measurement'

IFRS 10 'Consolidated Financial Statements'

IFRS 11 'Joint Arrangements'

IFRS 12 'Disclosure of Interests in Other Entities'; and

IFRS 13 'Fair Value Measurement'

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements.

Significant sources of estimation uncertainty and critical accounting judgements in applying the Company's accounting policies.

The preparation of the financial statements in conformity with adopted IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in assessing the impairment of investments. The Company annually reviews its investments for any indications of impairment and makes provision as necessary.

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost convention and are presented in Pound Sterling which is also the Company's functional currency rounded to £1,000, except where otherwise indicated.

The accounts have been prepared on a Going Concern basis. The Directors' consider this to be appropriate, despite the current uncertain economic climate although the Company has net liabilities at the year end, because the principal creditors are group companies and the Directors' have received confirmation of continuing financial support from the parent company for the foreseeable future.

Consolidated financial statements

The Company is exempt under s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

Impairment reviews

At each balance sheet date, and such other time as there is any indication of impairment, the Company reviews the carrying amounts of its tangible and intangible assets to determine their recoverable amount. If the carrying value is in excess of the recoverable amount the asset is then written down to its recoverable amount.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is assessed using discounted cash flow forecasts of the net income that the asset is expected to generate.

Where the asset does not generate cash flows that are independent from other assets, for example goodwill, the Company allocates these assets to cash generating units. Goodwill is allocated to cash generating units upon acquisition, based on the synergies expected to arise from the business combination.

Dawson Finance Company Limited

Notes to the financial statements (continued) For the year ended 31 August 2013

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual obligations of the instrument. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for the tax effect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit, except where these differences arise upon the initial recognition of goodwill.

Deferred tax liabilities are recognised for all taxable temporary differences, except that no provision is made for the unremitted earnings of overseas subsidiaries where there is no commitment to remit such earnings. Deferred tax assets are recognised for all taxable temporary differences to the extent that it is probable that sufficient future taxable income will be available.

Deferred tax is charged or credited in the income statement except when it relates to items charged or credited to equity, in which case it too is charged or credited directly to equity.

2. Operating costs

	2013 £'000	2012 £'000
Impairment of investments	-	(1,226)

During the year the Directors were remunerated by another member of the Connect Group. The audit fees of the Company have been paid by another member of the Connect Group.

Dawson Finance Company Limited

Notes to the financial statements (continued) For the year ended 31 August 2013

3. Tax

Analysis of taxation charge for the year

	2013 £m	2012 £m
UK corporation tax:		
Based on profit for the period, at a rate of 24% (2012: 25%)	-	-

Factors affecting the tax charge for the year

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 24 % (2012: 25%).

The effective current tax rate for the period is Nil% (2012: Nil%) due to the factors set out in the following reconciliation:

	2013 £m	2012 £m
Loss before tax	-	(1,226)
Loss before tax multiplied by standard rate of corporation tax in the UK of 24 % (2012: 25%)	-	(307)
Tax effects of:		
Expenses not deductible for tax purposes:		
Other permanently disallowed items	-	307
Total income tax expense	-	-

Dawson Finance Company Limited

Notes to the financial statements (continued) For the year ended 31 August 2013

4. Investment in subsidiaries

	Cost £'000	Impairment £'000	Net book value £'000
At 31 August 2011	1,226	-	1,226
Movement in the year	-	(1,226)	-
At 31 August 2012	1,226	(1,226)	-
Movement in the year	-	-	-
At 31 August 2013	1,226	(1,226)	-

The trading subsidiary undertakings are as follows:

Name	Registered and operating in	Activities	Interest held and voting rights
Dawson Overseas Holdings Limited	England and Wales	Non-trading holding company	100%
Dawson Books Holdings Inc	USA	Non-trading holding company	100%
Dawson Books Inc	USA	Non-trading holding company	100%

5. Trade and other payables

	2013 £'000	2012 £'000
Amount due to group undertakings	1,226	1,226

The carrying value of these liabilities approximates to their fair value.

Dawson Finance Company Limited

Notes to the financial statements (continued) For the year ended 31 August 2013

6. Share capital

	2013 £'000	2012 £'000
Issued and fully paid		
2 ordinary shares of £1 each	-	-

The Company has one class of ordinary shares which carries no right to fixed income.

7. Related party disclosures

Parent undertaking

The immediate parent undertaking is Dawson Holdings Limited.

The ultimate parent undertaking and controlling party is Connect Group PLC.

Both undertakings are companies incorporated in England and Wales.

Connect Group PLC is the only parent undertaking to prepare consolidated financial statements that include the Company's results. Connect Group PLC's financial statements comply with International Financial Reporting Standards and have been produced for public use. Copies can be obtained from:

The Company Secretary
Connect Group PLC
Rowan House
Cherry Orchard North
Kembrey Park
Swindon
SN2 8UH