Aberdeen Journals Limited

Directors' report and accounts
for the year ended 31 March 2011

Registered number SC015256

Aberdeen Journals Limited

Contents

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Company information

Directors	AF Thomson CHW Thomson DHE Thomson W Mutch
Secretary	W Mutch
Registered Office	Lang Stracht Mastrick Aberdeen AB15 6DF
Auditors	Henderson Loggie Chartered Accountants Royal Exchange Panmure Street Dundee DD1 1DZ
Solicitors	James & George Collie 1 East Craibstone Street Aberdeen AB11 6YQ
Bankers	Bank of Scotland 35 Luna Place Dundee

Aberdeen Journals Limited

Directors' report for the year ended 31 March 2011

The directors present their report and accounts for the year ended 31 March 2011.

Principal activities and review of the business

The company is a wholly owned subsidiary of D C Thomson and Company Limited. The company's principal activities are the printing and publishing of newspapers in Aberdeen and the North of Scotland.

The operating profitability of the company before taxation shows a small improvement compared to the previous year. The growth in advertising that we achieved at the start of 2010 continued into this financial year and we experienced growth for the first five months. Thereafter we experienced a decline in revenues until the end of the financial year.

Total revenues are in line with last year. Costs savings achieved in the year resulted in a modest improvement in gross margin. Overall staff costs showed a reduction against last year. Operating profit, before impairment charges, for the year to 31 March 2011 shows a small increase on last year reflecting the improvement in gross margin. The trading performance has, however, continued to have a positive impact on the company's finances and this is reflected in the improvement in overall net current assets and liquidity.

The outlook for future trading remains challenging. Uncertainty both globally and nationally continues to have an impact on our performance. Our industry is responding to lower advertising and circulation and is undergoing a significant amount of change.

The company continues to devote appropriate resources to manage risks arising but also to exploit opportunities. The main commodity price risk the company faces is that of paper. The company enters into various arrangements as appropriate for their particular industry to manage effectively the cost of paper as far as possible.

There is competition in the market in which the company operates. The challenges facing the company and competitors alike is to respond to the change in the industry. The company continues to seek innovative ways of attracting new revenues whilst at the same time ensure control is exercised over the cost base. The internet offers the company, its competitors and the business segments it operates in a range of opportunities and threats.

The company continues to place considerable emphasis on environmental compliance and not only seek to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes. Wherever possible we will seek to eliminate use of hazardous chemicals. The company devotes management time to and reports on key environmental matters including specific energy consumption and packaging waste. No chemicals are discharged through the public waste system. Any effluent is removed by environmental recovery specialists. Increased security fencing and improved lighting has added to staff protection and building safety measures.

The company monitors forthcoming and current legislation regularly and continues to manage proactively the operational and reporting requirements arising from legislation and an increasing regulatory regime throughout its operations.

Principal activities and review of the business (continued)

As discussed below, the company's staff resources are vital to its continued operational success and performance indicators are closely monitored including the number of accidents and time lost from injury, illness and otherwise. The company takes the safety of its staff very seriously and these indicators along with regular safety training and similar initiatives help ensure standards are maintained. During the year there were no reportable accidents in the company *(2010 – 2)*.

Results and dividends

The loss for the year ended 31 March 2011 was £432,000 *(2010 – profit £1,571,000)*. The directors have paid a final dividend of £nil per share *(2010 - £Nil)*.

Directors

The directors of the company at the date of this report and during the year are shown on page 1. DA Tucker resigned on 21 December 2010 and AA Scott resigned on 9 September 2011.

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.

Employees

It is the responsibility of management to encourage the involvement and participation of the employees in the company.

Management make every effort to ensure regular contact and exchange of information with staff. It is the company's policy to give full and fair consideration to suitable applications from disabled persons for employment. Where employees become disabled in the course of their employment, they will continue to be employed, wherever practicable, in the same job. If this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training.

Donations

Charitable donations made by the company in the year amounted to £29,003 *(2010 - £19,579)*. There were no political donations by the company in the year.

Approved by the board of directors and signed on behalf of the board by:

Walter Mutch

W Mutch
Secretary

26 October 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts 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 those accounts, 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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 to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the shareholders of Aberdeen Journals Limited

We have audited the accounts of Aberdeen Journals Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors
As explained more fully in the directors' responsibilities statement (set out on page 5), the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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.

Scope of the audit
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatements, 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 accounts. In addition, we need all the financial and non-financial information in the directors' report to identify any material inconsistencies with the audited accounts. Should we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on accounts
In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 accounts are prepared is consistent with the accounts.

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 company accounts 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.

Terry Allison (Senior Statutory Auditor)
For and on behalf of Henderson Loggie
Statutory Auditor
Dundee
26 October 2011

Aberdeen Journals Limited

Profit and loss account for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Turnover	2	**32,728**	32,573
Raw materials and consumables		**(4,779)**	(4,881)
Staff costs		**(13,847)**	(13,915)
Other operating charges		**(9,341)**	(9,221)
Depreciation		**(5,233)**	(2,195)
Operating (loss)/profit	3	**(472)**	2,361
Interest receivable	6	**64**	83
Interest payable	7	**(104)**	(171)
(Loss)/profit on ordinary activities before taxation		**(512)**	2,273
Tax on loss/(profit) on ordinary activities	8	**80**	(702)
(Loss)/profit for financial year		**(432)**	1,571

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no gains or losses other than the loss for the financial year of £432,000 *(2010 - £1,571,000)*. Such profits represent the only movement on shareholder funds.

Aberdeen Journals Limited

Balance sheet at 31 March 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Tangible assets	9		**8,213**		11,459
Current assets					
Stocks	10	**427**		405	
Debtors	11	**4,211**		3,945	
Cash at bank and in hand		**2,209**		7,505	
		6,847		11,855	
Creditors					
Amounts falling due within one year	12	**(2,653)**		(8,075)	
Net current assets			**4,194**		3,780
Total assets less current liabilities			**12,407**		15,239
Creditors					
Amounts falling due after more than one year	12		**(12,936)**		(14,400)
Provision for liabilities					
Deferred taxation	13		**(160)**		(1,096)
Net liabilities			**(689)**		(257)
Capital and reserves					
Called up share capital	14		**10**		10
Profit and loss account	15		**(699)**		(267)
Shareholder's funds			**(689)**		(257)

These accounts were approved by the board of directors on 26 October 2011 and were signed on its behalf by:

W Mutch

W Mutch
Director

1 Accounting policies

Basis of accounting

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

The company has taken advantage of the exemption in Financial Reporting Standards No 1 from the requirement to produce a cash flow statement on the grounds that it is a subsidiary of DC Thomson & Company Limited which produces one which deals with the cash flows of the group.

Turnover

Turnover 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. Advertising revenue is recognised on the date of publication and sales revenue is recognised at point of sale less provisions for levels of expected returns.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold land and buildings	-	over 25 years
Fixtures, plant and equipment and motor vehicles	-	3 to 10 years straight line
Printing presses	-	20 to 25 years straight line

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Stocks

Stocks are valued at the lower of cost and net realisable value. Where necessary, provision has been made for obsolete, slow-moving and defective stocks. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

1 Accounting policies (continued)

Pensions

The defined benefit pension scheme is accounted for in line with FRS17 Retirement Benefits.

The company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme since the scheme includes members from other companies within the DC Thomson & Company Limited group. Under FRS17 the scheme is therefore accounted for as a defined contribution scheme by the company. The pension cost charge represents contributions payable by the company to the funds during the year.

Taxation

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

The tax currently payable is based on taxable profit for the year. The company'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 accounts and the corresponding tax bases, as used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets is realised. Deferred tax is charged or credited in the profit and loss accounts, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating (loss)/profit

	2011	2010
	£000	£000
Operating (loss)/profit is stated after charging/(crediting):		
Auditors' remuneration	**14**	11
Auditors' remuneration for non-audit work	**2**	3
Depreciation	**2,233**	2,195
Impairment	**3,000**	-
Rentals under operating leases:		
- plant and machinery	**158**	145
- other operating leases	**284**	316
Loss/(gain) on sale of fixed tangible assets	**77**	(2)

4 Employees

	No.	No.
Average number of staff employed by the company by activity:		
Administration and publishing	**432**	448
Printing	**69**	70
	501	518

	£000	£000
Total staff costs including directors comprised:		
Wages and salaries	**12,874**	12,888
Social security costs	**973**	1,027
	13,847	13,915

5 Directors' emoluments

The emoluments of the directors of the company were as follows:

Aggregate emoluments	**463**	564
Highest paid director		
Aggregate emoluments	**248**	314
Accrued pension under a defined benefit scheme	**31**	31

Of the directors at 31 March 2011 who received emoluments during the year, retirement benefits are accruing to two directors under a defined benefit scheme *(2010 - 3)*.

		2011	2010
6	**Investment income**	**£000**	£000
	Bank interest receivable	**64**	83
7	**Interest payable**		
	Finance lease interest payable	**104**	171
8	**Taxation on profit on ordinary activities**		
	Corporation tax		
	Current year	**856**	812
	Deferred taxation		
	Effects of change in tax rates and laws	**(73)**	-
	Current year	**(863)**	(110)
		(936)	(110)
	Tax on (loss)/profit on ordinary activities	**(80)**	702
	Factors affecting tax charge for year		
	(Loss)/profit for the year before tax	**(512)**	2,273
	Tax on profit on ordinary activities at 28%	**(143)**	636
	Factors affecting the charge:		
	Disallowed expenses	**30**	28
	Capital allowances timing differences	**129**	148
	Impairment of asset adjustment	**840**	-
		999	176
	Current tax charge	**856**	812

9 Tangible fixed assets

	Long leasehold land and buildings £000	Fixtures, plant and machinery and motor vehicles £000	Total £000
Cost			
At 1 April 2010	3,946	25,680	29,626
Additions	-	2,002	2,002
Disposals	-	(316)	(316)
At 31 March 2011	**3,946**	**27,366**	**31,312**
Accumulated depreciation			
At 1 April 2010	1,096	17,071	18,167
Disposals	-	(302)	(302)
Charge for the year	163	2,071	2,234
Impairment	-	3,000	3,000
At 31 March 2011	**1,259**	**21,840**	**23,099**
Net book value			
At 31 March 2011	**2,687**	**5,526**	**8,213**
At 1 April 2010	2,850	8,609	11,459

The net book value of tangible fixed assets includes £Nil *(2010 - £486,000)* in respect of plant and machinery assets held under finance leases. Depreciation on these assets for the year was £Nil *(2010 - £486,000)*.

10 Stocks

	2011 £000	2010 £000
Raw materials and consumables	**341**	329
Finished goods	**86**	76
	427	405

11 Debtors

	2011 £000	2010 £000
Amounts falling due within one year:		
Trade debtors	**3,658**	3,416
Prepayments and accrued income	**462**	507
Other debtors	**91**	22
	4,211	3,945

12 Creditors

	2011 £000	2010 £000
Amounts falling due within one year:		
Obligations under finance leases (secured)	**-**	1,914
Trade creditors	**386**	595
Amounts owed to group undertakings	**-**	3,395
Corporation tax	**254**	392
Other taxation and social security	**303**	417
Accruals and deferred income	**1,675**	1,343
Other creditors	**35**	19
	2,653	8,075
Amounts falling due after more than one year:		
Amounts owed to group undertakings	**12,936**	14,400
	12,936	14,400

13 Provisions for liabilities and charges

	£000
Deferred taxation	
Accelerated capital allowances	
At 1 April 2010	1,096
Movement in the year (note 8)	(936)
At 31 March 2011	**160**

14 Called up share capital

	2011 £000	2010 £000
Allotted and fully paid		
10,001 ordinary shares of £1 each	**10**	10

15 Profit and loss account

	£000
At 1 April 2010	(267)
Loss for the year	(432)
At 31 March 2011	**(699)**

16 Financial commitments

Operating leases

The amounts payable next year under non cancellable operating leases are:

	31 March 2011		31 March 2010	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire				
- within one year	**28**	**51**	20	71
- between two and five years inclusive	**26**	**22**	31	25
- after five years	**264**	-	277	-
	318	**73**	328	96

Capital commitments

	2011 £000	2010 £000
Contracted for but not provided	**37**	23

17 Pension arrangements

Aberdeen Journals Limited is a participating employer in its parent company scheme. The actuary is unable to provide separate asset valuations for the parent and Aberdeen Journals Limited so, in accordance with FRS17, these individual companies are now accounted for as defined contribution schemes in their own company accounts.

In accordance with FRS17, information on the funding position of the group scheme is presented below. The asset arises from the previous funding in the DC Thomson scheme rather than the company's scheme and contribution levels for the company are set based upon its own employee funding requirements rather than collectively as part of the group scheme.

There was no pension charge for the company in either year

	2011 £000	2010 £000
Change in benefit obligation		
Benefit obligation at beginning of year	**425,100**	316,300
Current service cost	**7,300**	5,800
Interest cost	**23,100**	20,900
Actuarial (gains)/losses	**(31,900)**	98,000
Contributions - employee	**400**	400
Benefits paid	**(18,000)**	(16,300)
Benefit obligation at end of year – wholly funded	**406,000**	425,100
Change in plan assets		
Fair value of plan assets at beginning of year	**559,000**	441,200
Expected return on plan assets	**37,700**	26,800
Actuarial losses	**13,900**	106,900
Contributions - employee	**400**	400
Benefits paid	**(18,000)**	(16,300)
Fair value of plan assets at end of year	**593,000**	559,000
Retirement benefit surplus	**187,000**	133,900

17 Pension arrangements (continued)

	2011 £000	2010 £000
Retirement benefit surplus		
Funded status	**187,000**	133,900
Effect of IAS19 paragraph 58(b) limit	**(105,600)**	(46,600)
Net amount recognised	**81,400**	87,300
Surplus	**81,400**	87,300

Plan assets

The weighted average asset allocations at the year end were as follows:

Asset category	%	%
Equities	**78**	75
Bonds	**15**	17
Cash and annuities	**7**	8
	100	100

	£000	£000
Amounts included in the fair value of assets for:		
Equities	**462,600**	418,400
Bonds	**88,900**	96,200
Cash	**41,500**	44,400
	593,000	559,000
Actual return on plan assets	**51,600**	136,000

17 Pension arrangements (continued)

Weighted average assumptions used to determine benefit obligations

	2011	2010
	%	%
Discount rate	**5.50**	5.50
Rate of salary increase	**4.65**	4.60
Inflation rate	**3.50**	3.60

Life expectancy at age 65 is assumed at 23 years for males and 26 years for females.

Weighted average assumptions used to determine net pension cost for year

	2011	2010
Discount rate	**5.50**	6.70
Expected long term return on plan assets	**6.85**	6.23
Rate of salary increase	**4.60**	4.10

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. This resulted in the selection of the 6.85% assumption at 31 March 2011.

History

	2011	2010	2009	2008
	£000	£000	£000	£000
Benefit obligation at end of year	**406,000**	425,100	316,400	302,400
Fair value of plan assets at end of year	**593,000**	559,000	438,300	555,200
Surplus	**187,000**	133,900	121,900	252,800
Difference between expected and actual return on scheme assets:				
amount (£000)	**13,900**	109.800	(138,300)	(75,700)
percentage of scheme assets	**2%**	20%	(32%)	14%
Experience gains and losses on scheme liabilities:				
amount (£000)	**17,300**	2,500	(20.700)	(1,100)
percentage of scheme liabilities	**4%**	1%	(7%)	0%

Stakeholder pensions

The company provides access to a stakeholder pension plan for relevant employees who are not eligible for other pension schemes operated by the company.

18 Related party transactions

The company has taken advantage of the exemption under FRS8 Related Party Disclosure not to disclose related party transactions between companies which are wholly owned by the ultimate parent company during the year.

19 Ultimate parent company and ultimate controlling party

The company is wholly owned by DC Thomson & Company Limited, the ultimate parent company. There is no individual controlling party.