

John Leng & Company Limited

**Directors' report and consolidated accounts for the
year ended 31 March 2012**

Registered number SC044341

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John Leng & Company Limited

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John Leng & Company Limited

Directors' report

The directors submit the annual report and accounts for the year ended 31 March 2012.

Principal activity and review of the business

The principal activity of the group continued to be that of magazine publishers.

Business review

The results for the year are set out in the profit and loss account on page 4.

The Puzzle magazines published by the group performed well in the circumstances of a difficult magazine market place. Although turnover fell by 9% which led directly to the fall in trading profit, the increase in Interest Receivable and Other Income reflects market conditions.

The group continues to have a strong balance sheet and cash flows. For a full commentary on the results of the group, readers are referred to the consolidated accounts of the ultimate parent company DC Thomson & Company Limited and the accounts of the key trading subsidiary Puzzler Media Limited.

Financial

The directors recommend the payment of a dividend of £2,000,000 (2011 - £2,000,000).

Directors

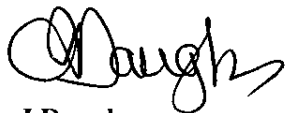
The directors who held office at 31 March 2012 were Messrs LM Thomson, AF Thomson and CHW Thomson and ARF Hall.

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.

By Order of the Board



I Douglas
Secretary
Dundee

22 October 2012

John Leng & Company Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 Practice and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 UK 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 which 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.

John Leng & Company Limited

Independent auditor's report to the shareholders of John Leng & Company Limited

We have audited the accounts of the John Leng & Company Limited for the year ended 31 March 2012 which comprise the group profit and loss account, the group and parent company balance sheets 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 2), 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 for Auditors.

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 group and parent 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 read all the financial and non-financial information in the directors report to identify 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 group and parent company's affairs as at 31 March 2012 and of the group's profit 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.

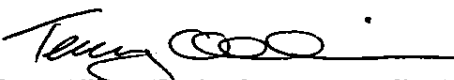
Opinion on other matters prescribed by the Companies Act 2006

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

22 October 2012

John Leng & Company Limited

Consolidated profit and loss account for the year to 31 March 2012

	Note	£000	2012 £000	£000	2011 £000
Turnover	2		26,332		28,381
Raw materials and consumables		12,170		12,744	
(Increase)/decrease in stock of finished goods and work in progress		209		(242)	
			(12,379)		(12,502)
			13,953		15,879
Staff costs		4,123		3,972	
Other operating charges		3,168		2,933	
Depreciation and amortisation		5,280		4,904	
			(12,571)		(11,809)
Trading profit	3-5		1,382		4,070
Interest receivable and other income	6		3,286		2,951
Interest payable			-		(3)
Exceptional items	7		-		2,260
Profit on ordinary activities before taxation			4,668		9,278
Taxation	8		(1,327)		(2,785)
Profit for the year			3,341		6,493

All activities are continuing.

A statement of reserves is given in note 17.

Consolidated statement of total recognised gains and losses

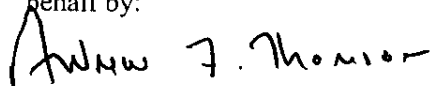
Profit for the year	3,341	6,493
Exchange movement on foreign currency net investment	5	(3)
Total recognised gains and losses	3,346	6,490

John Leng & Company Limited

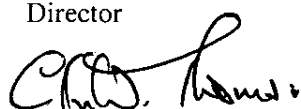
Consolidated balance sheet at 31 March 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Intangible assets	9		65,176		69,926
Tangible assets	10		1,368		1,443
Investments	11		9,521		9,491
			<u>76,065</u>		<u>80,860</u>
Current assets					
Stocks		426		636	
Debtors	12	4,135		5,664	
Cash at bank and in hand		10,844		21,387	
		<u>15,405</u>		<u>27,687</u>	
Creditors					
Amounts falling due within one year	13	(12,187)		(12,332)	
			<u>3,218</u>		<u>15,355</u>
Net current assets					
			<u>79,283</u>		<u>96,215</u>
Total assets less current liabilities					
Creditors					
Amounts falling due outwith one year	14		(15,722)		(34,000)
			<u>63,561</u>		<u>62,215</u>
Net assets					
Capital and reserves					
Called up share capital	16		800		800
Reserves	17		62,761		61,415
			<u>63,561</u>		<u>62,215</u>
Shareholders' funds	18				

These accounts were approved by the board of directors on 22 October 2012 and were signed on its behalf by:



AF Thomson
Director



CHW Thomson
Director

John Leng & Company Limited

Company balance sheet at 31 March 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Investments at cost	11		65,592		65,562
Current assets					
Other debtors and accrued income	12	34,372		38,589	
Cash at bank and in hand		6,615		14,854	
		<u>40,987</u>		<u>53,443</u>	
Creditors					
Amounts falling due within one year	13	(7,547)		(7,324)	
Net current assets			33,440		46,119
Total assets less current liabilities			<u>99,032</u>		<u>111,681</u>
Creditors					
Amounts falling due after more than one year	14		(15,722)		(34,000)
Net assets			<u>83,310</u>		<u>77,681</u>
Capital and reserves					
Called up share capital	16		800		800
Reserves	17		82,510		76,881
Shareholder's funds	18		<u>83,310</u>		<u>77,681</u>

These accounts were approved by the board of directors on 22 October 2012 and were signed on its behalf by:

Andrew J. Thomson

AF Thomson
Director

CHW Thomson

CHW Thomson
Director

John Leng & 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.

Basis of consolidation

The consolidated accounts include the results of all its subsidiary undertakings. The results of those subsidiary undertakings based in foreign countries are translated at the average exchange rate for the year and their balance sheets are translated at the exchange rate in force at the end of the year. Any difference arising on opening reserves or arising from differences between average and year end rate are accounted for through reserves.

Goodwill arising on the acquisition of subsidiary undertakings is amortised to the profit and loss account over 20 years straight line, the period over which, in the opinion of the directors, the company will derive economic benefit from the goodwill acquired as part of that business. Goodwill previously eliminated under the accounting policy at that time has not been reinstated but will be charged to the profit and loss if the relevant business is sold.

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

Cash flow statement

The company has taken advantage of the provisions of Financial Reporting Standard 1 which exempts it from preparing a cash flow statement on the grounds that its parent company produces one which deals with the cash flows of the group.

Revenue recognition

Net news trade circulation and advertising revenues relating to a magazine are recognised on the date that the magazine goes on sale. Subscription revenues are included as deferred income and released to profit and loss account over the life of the subscription.

Investment and interest income

Investment and interest income receivable on or before the year end are treated as revenue for the year. Unfranked investment income is stated on the basis of gross receipts before deduction of income tax.

Management expenses

Management expenses are stated on the basis of amounts applicable to the financial years concerned.

Debt interest

Finance costs are charged to the profit and loss account at a constant rate based on the amount of loan outstanding. Directly associated legal and arrangement fees are amortised over the life of the debt at the same rate, in accordance with FRS4.

John Leng & Company Limited

Notes to the accounts (continued)

1 Accounting policies (continued)

Intangible fixed assets

Intangible assets acquired are capitalised at cost and amortised over their expected useful economic life of 20 years.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	over 50 years
Motor vehicles	-	over 4 years
Office furniture and equipment	-	over 5 years

No depreciation is provided on freehold land.

Stock

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Work in progress

Costs for incomplete magazines are deferred where the recoverability of costs is reasonably certain.

Research and development

Research and development expenditure is written off as incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

Leases

Rentals payable under operating leases are charged to the profit and loss account in the period in which they become payable.

Post-retirement benefits

The company makes contributions to the personal pension schemes of individual employees. These are charged to the profit and loss account in accordance with FRS 17.

John Leng & Company Limited

Notes to the accounts (continued)

1 Accounting policies (continued)

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 asset realised, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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

Turnover represents the amounts (excluding value added tax) charged to third parties in respect of copy sales, advertising and other trading revenue. Subscriptions received in advance are deferred and recognised at on sale date of related publication.

Analysis by destination market	2012 £000	2011 £000
Market:		
United Kingdom	23,450	25,074
Rest of Europe	892	1,041
Rest of World	1,990	2,266
	<u>26,332</u>	<u>28,381</u>

3 Trading profit

Trading profit is stated after charging/(crediting):

Auditors' remuneration - audit	43	42
- taxation	2	7
Gain on sale of fixed assets	-	7
Depreciation	144	154
Amortisation of intangible assets	5,136	4,750
Rentals under operating leases:		
Plant and machinery	-	10
Land and buildings	91	87
	<u>=====</u>	<u>=====</u>

John Leng & Company Limited

Notes to the accounts (continued)

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	2012 No.	2011 No.
Admin and editorial	<u>112</u>	<u>109</u>
The aggregate payroll costs of these persons was as follows:	£000	£000
Wages and salaries	3,555	3,441
Social security costs	382	359
Other pension costs	186	172
	<u>4,123</u>	<u>3,972</u>

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

5 Directors

The directors received no remuneration for their services during the year to 31 March 2012 (2011- £Nil).

6 Interest receivable and other income

	2012 £000	2011 £000
Bank interest	217	408
Dividend income	3,069	2,543
	<u>3,286</u>	<u>2,951</u>

7 Exceptional item

Gain on sale of investments	-	2,260
	<u>=====</u>	<u>=====</u>

John Leng & Company Limited

Notes to the accounts (continued)

8	Taxation	2012 £000	2011 £000
	Corporation tax		
	Current year	1,393	2,826
	Prior year	(68)	(35)
		<u>1,325</u>	<u>2,791</u>
	Deferred tax		
	Current year	2	(6)
		<u>1,327</u>	<u>2,785</u>

The tax charge includes £Nil (2011 - £546,000) relating to the exceptional item.

Factors affecting tax charge for year	2012 £000	2011 £000
Profit per accounts	<u>4,668</u>	<u>9,278</u>
Tax @ 26% (2011 - 28%)	1,213	2,597
Effects of:		
Franked investment income	(797)	(712)
Difference between book gain and capital gain on investments	-	(87)
Intangible asset amortisation	913	990
Depreciation in excess of capital allowances	5	8
Expenses not deductible for tax purposes	30	21
Other timing differences	29	9
Adjustment in respect of prior period	(68)	(35)
	<u>1,325</u>	<u>2,791</u>

John Leng & Company Limited

Notes to the accounts (continued)

9 Intangible fixed assets

Group	Publishing rights £000	Intellectual property £000	Goodwill £000	Total £000
Cost				
At 31 March 2011	19,752	354	76,462	96,568
Additions	-	386	-	386
At 31 March 2012	19,752	740	76,462	976,954
Amortisation				
At 31 March 2011	7,834	354	18,454	26,642
Charge for the year	1,235	386	3,515	5,136
At 31 March 2012	9,069	740	21,969	31,778
Net book value				
At 31 March 2012	10,683	-	54,493	65,176
At 31 March 2011	11,918	-	58,008	69,926

10 Tangible fixed assets

Group	Land & buildings £000	Plant and equipment £000	Total £000
Cost			
At 31 March 2011	1,385	1,584	2,969
Additions	-	69	69
Disposals	-	(974)	(974)
At 31 March 2012	1,385	679	2,064
Depreciation			
At 31 March 2011	246	1,280	1,526
Charge for the year	24	120	144
On disposals	-	(974)	(974)
At 31 March 2012	270	426	696
Net book value			
At 31 March 2012	1,115	253	1,368
At 31 March 2011	1,139	304	1,443

John Leng & Company Limited

Notes to the accounts (continued)

11 Fixed asset investments

Group	Listed on recognised stock exchange £000		
At 31 March 2011	9,491		
Additions	30		
At 31 March 2012	<u>9,521</u>		
Company	Listed on recognised stock exchange £000	Subsidiary undertaking £000	Total £000
At 31 March 2011	9,491	56,071	65,562
Additions	30	-	30
At 31 March 2012	<u>9,521</u>	<u>56,071</u>	<u>65,592</u>
		2012 £000	2011 £000
Market value of listed investments		<u>131,391</u>	<u>134,817</u>
Potential tax liability if sold at this value		<u>22,915</u>	<u>25,992</u>

John Leng & Company Limited

Notes to the accounts (continued)

11 Fixed asset investments (continued)

The principal subsidiary undertakings in which the group's interest at the year end is more than 20%, all of which are consolidated in the group's accounts, are as follows:

Subsidiary undertaking	Principal activity	
Puzzler Media Holdings Ltd	Holding company	100% ordinary £1 shares 100% cumulative redeemable preference £1 shares
*Puzzler Media Group Ltd	Holding company	100% ordinary £1 shares
*BEAP Holdco Limited	Holding company	100% ordinary £1 shares
*Puzzler Media Limited	Magazine publisher	100% ordinary £1 shares
*Puzzler Media Australia Pty Limited	Magazine publisher	100% ordinary £1 shares
MWOL Limited	Online consumer advice	100% ordinary £1 shares
This England Publishing Limited	Publisher	100% ordinary £1 shares

These companies are all incorporated in England except Puzzler Media Australia Pty Limited which is Australian.

*Puzzler Media Holdings Limited is the intermediate holding company.

12 Debtors

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade debtors	1,980	2,163	-	-
Due from group company	1,240	624	34,095	36,513
Other debtors	911	2,871	277	2,076
Deferred tax (note 15)	4	6	-	-
	<u>4,135</u>	<u>5,664</u>	<u>34,372</u>	<u>38,589</u>

John Leng & Company Limited

Notes to the accounts (continued)

13	Creditors	Group		Company	
		2012 £000	2011 £000	2012 £000	2011 £000
	Amounts falling due within one year:				
	Trade creditors	1,370	1,449	-	-
	Dividend	2,000	2,000	2,000	2,000
	Due to holding company	2,214	1,732	1,887	1,540
	Corporation tax	386	800	149	271
	Other creditors	6,083	6,215	3,511	3,513
	Other taxes and social security costs	134	136	-	-
		<u>12,187</u>	<u>12,332</u>	<u>7,547</u>	<u>7,324</u>
14	Creditors				
	Amounts falling due after more than one year:				
	Due to holding company	<u>15,722</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
15	Deferred tax (note 12) - Group				£000
	<i>Other timing differences</i>				
	At 31 March 2011				6
	Transfer from profit and loss				(2)
	At 31 March 2012				<u>4</u>

John Leng & Company Limited

Notes to the accounts (continued)

16	Share capital	2012	2011
		£000	£000
	Allotted, called up and fully paid		
	800,000 Ordinary shares of £1 each	800	800
		<u> </u>	<u> </u>

17	Reserves			
	Group	Profit and loss account £000	Other reserves £000	Total £000
	At 31 March 2011	60,793	622	61,415
	Profit for year	3,341	-	3,341
	Exchange movement	5	-	5
	Dividends declared and paid	(2,000)	-	(2,000)
	At 31 March 2012	62,139	622	62,761
		<u> </u>	<u> </u>	<u> </u>

The above reserves are distributable.

Company

	At 31 March 2011	76,259	622	76,881
	Profit for year	7,629	-	7,629
	Dividends declared and paid	(2,000)	-	(2,000)
	At 31 March 2012	81,888	622	82,510
		<u> </u>	<u> </u>	<u> </u>

The above reserves are distributable.

18	Reconciliation of movements in shareholder's funds	2012
		£000
	Group	
	Profit for year	3,341
	Exchange movement on foreign currency net investment	5
	Dividends declared and paid	(2,000)
	Net increase in shareholders' funds	<u>1,346</u>
	Opening shareholder's funds at 31 March 2011	62,215
	Closing shareholder's funds at 31 March 2012	63,561
		<u> </u>

John Leng & Company Limited

Notes to the accounts (continued)

18	Reconciliation of movements in shareholder's funds (continued)	2012
		£000
	Company	
	Profit for year	7,629
	Dividends declared and paid	(2,000)
	Net increase in shareholder's funds	5,629
	Opening shareholder's funds at 31 March 2011	77,681
	Closing shareholder's funds at 31 March 2012	83,310

19 Operating lease commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below:

Land and buildings	2012	2011
	£000	£000
Amount payable next year where lease expires:		
Within one year	20	17
In second to fifth year inclusive	75	50
	95	67
Other		
Amount payable next year where lease expires:		
Within one year	-	1
In second to fifth year inclusive	-	-
After five years	-	1
	-	2

20 Ultimate holding company and control

The company is a wholly owned subsidiary of DC Thomson & Company Limited, a company incorporated in Great Britain and registered in Scotland. There is no individual controlling party.