

Times Newspapers Holdings Limited

Financial statements

1 July 2012

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Times Newspapers Holdings Limited

Financial statements

Year ended 1 July 2012

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Times Newspapers Holdings Limited

The directors' report

Year ended 1 July 2012

The directors present their report and the financial statements of the company for the year ended 1 July 2012

Principal activities and business review

The principal activity of the company is to hold investments in certain NewsCorp Investments group companies involved in the printing and publishing of The Times and The Sunday Times and leasing film rights

A business review has not been completed for the company because it is entitled to claim the exemption from doing so under Section 415A of the Companies Act 2006

On the 28 June 2012, News Corporation announced its intention to pursue the separation of its publishing and media and entertainment businesses into two distinct publicly traded companies. Upon closing of such a transaction, Times Newspapers Holdings Limited and other key newspaper and publishing related group companies would be part of a publishing company, which would comprise of News Corporation's newspapers and information businesses in the US, UK and Australia, the Groups leading book publishing brands, its integrated marketing services company, its digital education group as well as other assets in Australia.

The new publishing company would create a scaled publishing platform that would be one of the best capitalised in the industry. With a balanced portfolio of stable and growing news publishing brands and other assets, shareholders would benefit from strong and consistent free cash flow generated by these businesses, over multiple platforms. The separation is expected to be completed in approximately 1 year from the date of announcement and requires final approval from the News Corporation board of directors and News Corporation shareholders.

The separation is also subject to the receipt of regulatory approvals, opinions from tax advisors and favourable rulings from certain tax jurisdictions regarding the tax free nature of the transaction to News Corporation and to its shareholders, further due diligence as appropriate, and the filing and effectiveness of appropriate filings with the US Securities and Exchange Commission. There can be no assurances that the separation will occur.

Principal risks and uncertainties facing the business

A summary of the principal risks and uncertainties facing the company has not been completed because it is entitled to claim the exemption from preparing the business review under Section 415A of the Companies Act 2006.

Going concern

News Corporation has committed to provide financial support until 28 June 2013, the date of the expected separation of the publishing and media and entertainment business. As highlighted in note 10 to the financial statements, NI Group Limited (the company's immediate UK parent company) has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation. NI Group has prepared a rolling three year forecast in which the cash flows of the Group are assessed. These show the Group to be cash generative and a letter of support has also been received from NI Group Limited. These factors lead the directors to conclude that they have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future.

Results and dividends

The profit for the year amounted to £nil. The directors have not recommended a dividend.

Times Newspapers Holdings Limited

The directors' report *(continued)*

Year ended 1 July 2012

Directors

The directors who served the company during the year were as follows

J B Reed	
V J C Wadley*	
A A L Healy	
S A L Baxter	
Lady Eccles of Moulton*	
R H Searby Q C	
A S B Knight (Chairman)	(Appointed as Chairman 12 September 2012)
S J Bagnall*	
P Macleod	
R Pennant-Rea*	
K Diekmann	
Lord Griffiths of Fforestfach	
Lord Marlesford*	
J Scarlett	
Sir Peter Stothard	
T Mockridge	(Appointed 19 September 2011)
S Grabiner*	(Appointed 13 June 2012)
R Brooks	(Resigned 8 August 2011)
J R Murdoch	(Resigned 21 March 2012)
K R Murdoch (Chairman)	(Resigned 20 July 2012)
Sir Robin Mountfield	(Deceased 9 November 2011)

* Independent National Directors at 1 July 2012

Except as noted above, all directors serves throughout the year and are still directors at the date of this report

The articles of association require one third of the Independent National Directors and all other Directors to retire and be nominated for reappointment at the Annual General meeting

Directors' indemnity provision

News Corporation has indemnified all directors of the company against liability in respect of proceedings brought by third parties, except that, in accordance with the Companies Act 2006, no indemnity is provided against any liability incurred by the director in defending civil proceedings brought by the company, or an associated company, in which the final judgment is given against the director, any liability of the director to pay a fine imposed by criminal proceedings, any liability incurred by the director in defending criminal proceedings in which the director is convicted, any liability of the director to pay a penalty sum to a regulatory authority in respect of non-compliance with any requirement of a regulatory nature, howsoever arising, or any liability of the director in connection with an application for relief in which the court refuses to grant him relief. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report

Times Newspapers Holdings Limited

The directors' report *(continued)*

Year ended 1 July 2012

Directors' responsibilities

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 the directors have elected to prepare the financial statements 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 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

Charitable and political donations

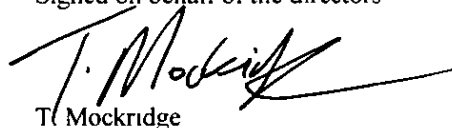
The company has made no charitable or political contributions in the year (2011 - £Nil)

Auditor

The directors will place a resolution before the Annual General Meeting to reappoint Ernst & Young LLP as auditors for the ensuing year.

Registered office
3 Thomas More Square
London
E98 1XY

Signed on behalf of the directors



T. Mockridge

Director

Approved by the directors on 26 November 2012

Company Registration Number 00206377

Independent auditor's report to the members of Times Newspapers Holdings Limited

Year ended 1 July 2012

We have audited the financial statements of Times Newspapers Holdings Limited for the year ended 1 July 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements 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 1 July 2012 and of its result 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 financial statements are prepared is consistent with the financial statements.

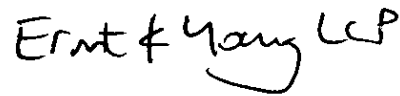
Independent auditor's report to the members of Times Newspapers Holdings Limited (continued)

Year ended 1 July 2012

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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors report



TONY McCARTNEY (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP
Statutory Auditor
Cambridge

26 November 2012

Times Newspapers Holdings Limited

Profit and loss account

Year ended 1 July 2012

	Note	2012 £000	2011 £000
Turnover		—	—
Interest receivable	5	1,436	1,436
Interest payable and similar charges	6	(1,436)	(1,436)
Profit on ordinary activities before taxation		<u>—</u>	<u>—</u>
Tax on profit on ordinary activities		—	—
Profit for the financial year		<u>—</u>	<u>—</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 12 form part of these financial statements

Times Newspapers Holdings Limited

Balance sheet

1 July 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	8	<u>5,076</u>	<u>5,076</u>
Current assets			
Debtors due within one year	9	1,436	1,436
Debtors due after one year	9	<u>28,721</u>	<u>28,721</u>
		30,157	30,157
Creditors: Amounts falling due within one year	11	<u>(4,169)</u>	<u>(4,169)</u>
Net current assets		25,988	25,988
Total assets less current liabilities		<u>31,064</u>	<u>31,064</u>
Creditors: Amounts falling due after more than one year	12	<u>(28,721)</u>	<u>(28,721)</u>
		<u>2,343</u>	<u>2,343</u>
Capital and reserves			
Called-up equity share capital	14	1,000	1,000
Other reserves	15	<u>1,343</u>	<u>1,343</u>
Shareholders' funds	16	<u>2,343</u>	<u>2,343</u>

These financial statements were approved by the directors and authorised for issue on 26 November 2012, and are signed on their behalf by



T Mockridge
Director

The notes on pages 8 to 12 form part of these financial statements

Times Newspapers Holdings Limited

Notes to the financial statements

Year ended 1 July 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

News Corporation has committed to provide financial support until 28 June 2013, the date of the expected separation of the publishing and media and entertainment business. As highlighted in note 10 to the financial statements NI Group operates two collective overdraft facilities, in which NI Group Limited (the company's immediate parent company) has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation. NI Group has prepared a rolling three year forecast in which the cash flows of the Group are assessed. These show the Group to be cash generative and a letter of support has also been received from NI Group Limited. These factors lead the directors to conclude that they have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future.

The financial statements of the company are made up to the Sunday closest to the 30 June each year. Consequently the financial statements for the current period cover 52 weeks ended 1 July 2012.

The principal accounting policies have been applied consistently throughout the year and the preceding year.

Consolidated financial statements

Under Section 401 of the Companies Act 2006, the company is exempt from the requirement to prepare and deliver group financial statements since it is a wholly owned subsidiary of News Corporation which is incorporated in the USA and prepares consolidated financial statements that are publicly available.

Cash flow statement

The company is exempt from the requirement of FRS 1 'Cash Flow Statements' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate, and a consolidated cash flow statement is included in the financial statements of News Corporation, the ultimate parent company.

Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

Investments

Investments are stated at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Times Newspapers Holdings Limited

Notes to the financial statements

Year ended 1 July 2012

1. Accounting policies *(continued)*

Interest receivable and payable

Interest receivable and payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

2 Auditors' remuneration

	2012	2011
	£000	£000
Audit of the financial statements	<u>18</u>	<u>16</u>

Auditors' remuneration, including amounts in respect of non-audit services, is borne by another group undertaking

Fees paid to the company's auditors, Ernst & Young LLP, for services other than statutory audit of the company are disclosed in the financial statements of NI Group Limited

3. Particulars of employees

The company has no employees (2011 - None)

4 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£000	£000
Remuneration receivable	<u>6,219</u>	<u>3,254</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2012	2011
	No	No
Defined benefit schemes	<u>2</u>	<u>4</u>

Some of the directors of the company are also directors of the holding company or fellow UK subsidiaries. These directors received total remuneration for the year as shown above, all of which was paid by a fellow group company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the subsidiary companies.

Those directors who are not also directors of the holding company or fellow UK subsidiaries received total remuneration for the year of £176,000 (2011 - £146,000)

During the year £10,852,700 was payable to one director as compensation for loss of office (2011 £Nil)

5. Interest receivable

	2012	2011
	£000	£000
Interest from group undertakings	<u>1,436</u>	<u>1,436</u>

6. Interest payable and similar charges

	2012	2011
	£000	£000
Interest on loan stock held by NI Group Limited	<u>1,436</u>	<u>1,436</u>

Times Newspapers Holdings Limited

Notes to the financial statements

Year ended 1 July 2012

7. Tax on profit on ordinary activities

a) Factors affecting current tax charge

The tax assessed on the profit on the ordinary activities for the year is £Nil (2011 - £Nil). No differences exist between the tax assessed and the standard rate of corporation tax in the UK of 24 % (2011 - 26%)

b) Factors affecting future tax charge

The standard rate of UK Corporation Tax reduced from 26% to 24% on 1 April 2012. The Finance Act 2012 received Royal Assent on 17 July 2012, with the 25.5% rate being substantively enacted from 26 March 2012.

The standard rate of corporation tax is set to reduce to 23% from 1 April 2013 and by a further 1% to a rate of 22% from 1 April 2014. These further reductions had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

8. Investments

	Total £000
Cost	
At 4 July 2011 and 1 July 2012	<u>5,076</u>
Net book value	
At 1 July 2012 and 3 July 2011	<u>5,076</u>

The principal subsidiary undertakings of the company are

	Principal activity	Country of incorporation	% of ordinary share capital held
Times Newspapers Limited	Publishers of The Times and The Sunday Times	England and Wales	100%
Times Newspapers Production Company Limited	Leasing film rights	England and Wales	100%

9. Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	<u>30,157</u>	<u>30,157</u>

The debtors above include the following amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed by group undertakings	<u>28,721</u>	<u>28,721</u>

10. Cash at bank and in hand

NI Group Limited (the company's immediate UK parent company) operates two collective overdraft facilities with its bankers, which allows individual companies in the group to overdraw subject to an agreed limit of £20 million, for each facility, not being exceeded in aggregate. The overdraft facilities are also guaranteed by News Corporation.

Times Newspapers Holdings Limited

Notes to the financial statements

Year ended 1 July 2012

11. Creditors: Amounts falling due within one year

	2012	2011
	£000	£000
Overdrafts	2,733	2,733
Amounts owed to group undertakings	1,436	1,436
	<u>4,169</u>	<u>4,169</u>

12 Creditors: Amounts falling due after more than one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	<u>28,721</u>	<u>28,721</u>

13. Guarantees

NI Group Limited (the company's immediate UK parent company) operates two collective overdraft facilities with its bankers, which allows individual companies in the group to overdraw subject to an agreed limit of £20 million, for each facility, not being exceeded in aggregate. The overdraft facilities are also guaranteed by News Corporation.

14. Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	£000	No	£000
1,000,004 Ordinary 'A' shares of £1 each	1,000,004	1,000	1,000,004	1,000
96 Ordinary 'B' shares of £1 each	96	-	96	-
	<u>1,000,100</u>	<u>1,000</u>	<u>1,000,100</u>	<u>1,000</u>

The company's Articles of Association provide that the "B" shares do not rank for dividends. In the event of a winding up, available assets shall be applied first in payment to the holders of all shares in the company of the capital paid thereon, and thereafter any remainder shall be distributed to the holders of the "A" shares.

On a show of hands every holder of "A" shares and "B" shares has one vote. On a poll every holder of "A" shares and "B" shares has one vote for every share held, except for a poll for the removal of an Independent National Director from office. In this instance, the Independent National Directors shall have, for every "B" share held, such number of votes as will give the majority of Independent National Directors 51% of the total votes.

Times Newspapers Holdings Limited

Notes to the financial statements

Year ended 1 July 2012

15. Reserves

	Other Reserves	Profit and loss account	Total share-holders' funds
	£000	£000	£000
At 4 July 2011 & 1 July 2012	<u>1,343</u>	<u>—</u>	<u>1,343</u>

16. Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	<u>2,343</u>	<u>2,343</u>
Closing shareholders' funds	<u>2,343</u>	<u>2,343</u>

17. Ultimate parent company

The Company's immediate parent company is NI Group Limited, a company incorporated in England

The ultimate parent company is News Corporation, a company incorporated in Delaware

The largest group in which the results of the company are consolidated is that headed by News Corporation, whose principle place of business is at 1211 Avenue of the Americas, New York, NY10036. The smallest group in which they are consolidated is that headed by NI Group Limited, a company incorporated in England. The consolidated financial statements of these groups are available to the public and may be obtained from 3 Thomas More Square, London E98 1XY.