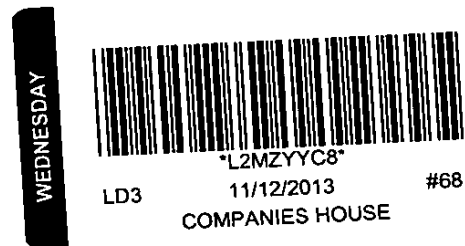


News Group Newspapers Limited

Report and financial statements

30 June 2013



News Group Newspapers Limited

Financial statements

Year ended 30 June 2013

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News Group Newspapers Limited

The directors' report

Year ended 30 June 2013

The directors present their report and the financial statements of the company for the year ended 30 June 2013

Principal activities and business review

The principal activity of the company is the printing and publishing of The Sun newspaper. The company uses the printing facilities of fellow subsidiaries of the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group).

The company generated turnover for the year of £514,310,000 (2012: £493,697,000). Revenue growth was helped by the launch of The Sun on Sunday which began publication in February 2012 and cover price increases on the Monday to Friday edition. The company's operating loss for the year was £65,453,000 (2012: £271,934,000).

As described in note 2 to the financial statements, online gaming revenue in relation to Sun Bingo and Fabulous Bingo has been reported net to better reflect the requirements of FRS 5 'Revenue Recognition'. The prior period information has been restated on a comparable basis resulting in a £14,960,000 reduction in revenue and cost of sales. This had no impact on gross profit.

On June 28 2013, News Corporation (renamed 21st Century Fox) completed the separation of its publishing and media and entertainment businesses into two distinct publicly traded companies, new News Corporation and 21st Century Fox.

As a result of this separation, News Group Newspapers Limited and other key newspaper and publishing related group companies have become part of new News Corporation, which comprises of newspapers and information businesses in the US, UK and Australia, leading book publishing brands, integrated marketing service companies, digital education groups as well as other assets in Australia.

The Sun's newspaper circulation share (Monday to Saturday) was marginally lower year-on-year based on six-monthly ABC figures (ABC: July to December 2012 and January to June 2013). The Sun on Sunday second half circulation (ABC: January to June 2013) was 1.9m copies, demonstrating a strong entry into the Sunday popular segment.

The company's strategy is to focus on digital paid-for subscriptions. The website was converted from free to paid-for in August 2013. The company has acquired rights to show highlights on mobile devices and websites of all Barclays Premier League football matches for the next three seasons. These rights, coupled with further editorial and product innovations, existing offers such as The Sun's £9.50 Holidays, Dream Team fantasy football league and Sun Bingo will continue to engage and entertain our readers. This will ensure that the brands remain an attractive proposition for our advertising clients.

The Sun's (Monday-Saturday) and The Sun on Sunday's average issue readership for the year (National Readership Survey: July 2012 to June 2013) showed 6.4 million readers and 5.7 million readers respectively. The Sun (Monday to Saturday) had over 50% more readers than its nearest competitor.

Restructuring

On 5 July 2012, News UK (formerly known as News International) terminated an existing agreement with Johnston Press Plc in relation to contract printing in order to bring the printing of its publications in house and utilise available capacity. On 6 July 2012, compensation totalling £30,000,000 was paid to Johnston Press Plc for terminating this contract. On 27 March 2013, a further contract with Johnston Press Plc was terminated due to declining circulation volumes enabling News UK to print all of its publications in house. Additional compensation totalling £10,000,000 was paid in order to terminate this contract. As the two contracts with Johnston Press Plc were to print the publications of News Group Newspapers Limited the full compensation payment of £40,000,000 has been reported in the company's financial statements.

News Group Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

Restructuring - continued

A number of announcements were made during the year as the company has restructured its workforce to match the requirements of the business. The company has incurred £11,688,000 (2012 £9,125,000) of redundancy costs relating to this restructure.

The company has incurred £87,565,000 (2012 £288,104,000) of non-operational one-off charges relating to allegations of voicemail interception and inappropriate payments to public officials and other related matters ('UK newspaper matters').

Principal risks and uncertainties facing the business

The company continues to recognise the challenges to its traditional business model from new technology and changing consumer behaviours. There has been a continuing market decline for newspaper circulation; however, the company has been addressing this by providing print and digital offerings. From August 2013, the company has moved to a fully paid-for model and is offering digital paid-for subscriptions through Sun+, which includes near live Barclays Premier League football highlights. The company is positioning itself as a multi-platform news provider, offering its news content through various media and platforms, including print, website, smartphone and tablet apps. It continues to invest in product and editorial development to offer products to its audience from which to maximise revenues through newsstand sales, digital subscriptions and advertising opportunities.

In line with a decrease in circulation, newspaper readership has also decreased. The amount of advertising spend with newspapers has declined as a result and this spend has shifted to other media, predominantly television, internet and mobile devices. The company's strategy of pursuing a strong digital product offering is to offset the decrease in advertising revenue on newspaper with increased advertising on digital devices. Reporting of the company's digital subscribers and consumption of digital editions will enable the company to demonstrate its total audience which will enable it to attract advertising spend and monetise both its print and digital audiences.

Along with other newspaper publishing groups, the company continually faces risks associated with the cost of its paper. Paper is a basic commodity and its price is sensitive to the balance of supply and demand. The company's costs and expenses are affected by the cyclical increases and decreases in the price of paper.

The company has no trade debtors, with other companies within the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) collecting advertising and circulation revenue on its behalf. Bad debts associated with advertising and circulation revenue are recharged to the company.

Credit checks are performed for all new advertising customers requesting credit in excess of £1,500. Advance payment is requested when credit ratings are not sufficient. Formal processes are in place to ensure overdue accounts are followed up on a timely basis, with accounts being blocked for further advertisements when overdue. These checks have been particularly effective in the current economic environment.

Risk to bad debt from circulation customers is limited due to the majority of customers paying by direct debit and any overdue accounts blocked for further supply until full settlement is received.

The majority of the company's transactions are in sterling; exposure to fluctuations in foreign currency exchange rates is therefore limited. Foreign currency is managed centrally by the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group), which takes into account the foreign currency transactions of the company.

News Group Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

Principal risks and uncertainties facing the business - continued

Following the allegations of voicemail interception and inappropriate payments to public officials there have been a number of civil cases brought against the company, some of which have been settled, or are in the process of being settled. A provision has been made at the balance sheet date in respect of all claims that have been filed up until the date of finalisation of the statutory accounts. In 2011 the company established a compensation scheme which was closed in April 2013. A provision has been made at the balance sheet date for all applicants accepted to participate in this scheme. No provision has been made for letters of claim which have been received but where no formal court proceedings have been issued, or for individuals who have not contacted the company. It is not possible to estimate the liability for such additional claims given the information that is currently available to the company. If more claims are filed and additional information becomes available in the civil cases, the company will update the liability provision for such matters. A charge of £10,269,000 (2012 £17,553,000) in respect of claimants legal fees and damages has been made in respect of this litigation, based on available information at the date of signing the financial statements. The final cost may or may not be significantly higher than the amounts recognised. This has been reported as a one off charge due to its size and incidence. Further information in connection with these matters is disclosed in note 24.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the business review section on pages 1 to 3.

"The Sun" brand has a strong presence in its market with 50% more readers than its nearest competitors, £9.50 holiday reader promotions leading the UK domestic travel market and Dream Team being one of the largest fantasy league games in the world. The Sun brand is significantly cash generative and the directors consider that the company remains in a healthy position financially.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The loss for the year amounted to £72,683,000. Particulars of dividends paid are detailed in note 14 to the financial statements.

Directors

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

C. C. S. Longcroft	
M. Darcey	(Appointed 1 January 2013)
T. Mockridge	(Resigned 31 December 2012)
S. L. Panuccio	(Resigned 26 September 2012)

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

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

News Group Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

Directors' indemnity provision

News Corporation has agreed to indemnify 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.

Policy on the payment of creditors

The company has no direct suppliers as a fellow subsidiary purchases on behalf of the group. All details relating to supplier payment policy have been disclosed in the accounts of News UK & Ireland Limited (formerly known as News International Trading Limited).

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 year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 financial statements,
- 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.

News Group Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

Charitable and political contributions

Charitable contributions made by the company in the financial year amounted to £63,841 (2012 £3,062,861). The prior year value included a charitable donation of £2,933,000 relating to the net proceeds from the sale of the last edition of The News of the World. There were no political contributions in the year (2012 £Nil).

Post balance sheet event

As announced on 17 July 2013, News UK (formerly known as News International) has been awarded the rights to show Football Association match clips in a four year deal beginning August 2014. This will allow News Group Newspapers Limited and fellow group companies to show near-live clips across all digital platforms of FA Cup matches, FA Community Shield matches, 14 England senior friendly matches, all England U21 matches (subject to them being broadcast live) and England Development Team matches over four years until autumn 2018.

As a result, The Sun will be able to provide clips of all England, FA Cup and Barclays Premier League Football games via smart phone, tablet and PC, which will enhance the sports offering to readers, and will help transform the way football is enjoyed across a range of platforms.

In accordance with FRS 21 'Events after the balance sheet date', these are not considered to be adjusting events.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

It is the policy of the company to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the company and the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) of which it is a member.

Communication meetings between management and employees are held both formally and informally, where matters of specific interest are discussed. Consultation with all employees occurs on a regular basis covering pensions and health and safety and their views are taken into consideration when making decisions. A range of training programmes, are held for employees.

Auditor

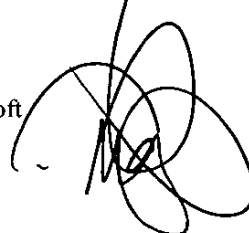
The directors will place a resolution before the Annual General meeting to reappoint Ernst & Young LLP as auditors for the ensuing year.

Registered office
3 Thomas More Square
London
E98 1XY

Signed on behalf of the directors

C C S Longcroft

Director



Approved by the directors on 12 November 2013

Company Registration Number 00679215

Independent auditor's report to the members of News Group Newspapers Limited

Year ended 30 June 2013

We have audited the financial statements of News Group Newspapers Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 30. 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 4, 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 Directors' 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 30 June 2013 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.

Emphasis of matter - significant uncertainty over provisions and contingencies related to voicemail interception cases and on-going investigations after allegations of voicemail interception and inappropriate payments to public officials and other related matters.

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 24 to the financial statements concerning future expenditures for which reliable estimates cannot be made and other contingencies related to voicemail interception cases and on-going investigations after allegations of voicemail interception and inappropriate payments to public officials and other related matters. The ultimate exposure of the company in relation to these matters is subject to significant uncertainty, and the total amounts that will ultimately be determined to be payable by the company will be dependent on many factors, including the number of individuals making a claim against the company, any findings as to the extent of their loss, as well as the potential size of any civil, administrative or criminal fines or penalties. Consequently the actual cost may or may not be significantly higher than the amounts recognised in the financial statements and disclosed in note 24.

Independent auditor's report to the members of News Group Newspapers Limited (continued)

Year ended 30 June 2013

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

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



RICHARD ADDISON (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP
Statutory Auditor
London

14 November 2013

News Group Newspapers Limited

Profit and loss account

Year ended 30 June 2013

		2013	2012 (restated)
	Note	£000	£000
Turnover	2	514,310	493,697
Cost of sales		(350,151)	(340,946)
Gross profit		<u>164,159</u>	<u>152,751</u>
Sales and marketing costs		(44,270)	(40,453)
Administrative expenses		(189,072)	(384,819)
Other operating income	3	<u>3,730</u>	<u>587</u>
Operating loss	4	(65,453)	(271,934)
Attributable to			
Operating profit before exceptional items		62,112	16,170
Operating one-off charges	4	<u>(127,565)</u>	<u>(288,104)</u>
		(65,453)	(271,934)
Restructuring expense	8	(11,261)	(43,286)
		<u>(76,714)</u>	<u>(315,220)</u>
Income from shares in group undertakings	9	720,500	–
Interest receivable	10	1,576	411
Amounts written off investments	11	(720,500)	–
Interest payable and similar charges	12	–	(3,215)
Loss on ordinary activities before taxation		<u>(75,138)</u>	<u>(318,024)</u>
Tax on loss on ordinary activities	13	2,455	32,150
Loss for the financial year		<u>(72,683)</u>	<u>(285,874)</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 10 to 27 form part of these financial statements

News Group Newspapers Limited

Balance sheet

30 June 2013

	Note	2013 £000	2012 £000
Fixed assets			
Intangible assets	15	560,000	560,000
Tangible assets	16	111	111
Investments	17	—	720,500
		<u>560,111</u>	<u>1,280,611</u>
Current assets			
Stocks	18	8,258	9,842
Debtors	19	84,662	2,661,774
Cash at bank and in hand		670,197	1,848
		<u>763,117</u>	<u>2,673,464</u>
Creditors: Amounts falling due within one year	22	<u>(233,319)</u>	<u>(1,554,327)</u>
Net current assets		529,798	1,119,137
Total assets less current liabilities		<u>1,089,909</u>	<u>2,399,748</u>
Provisions for liabilities			
Provisions for liabilities and charges	24	<u>(20,257)</u>	<u>(30,196)</u>
		<u>1,069,652</u>	<u>2,369,552</u>
Capital and reserves			
Called-up equity share capital	26	2,625	2,625
Share premium account	27	523,308	1,750,525
Other reserves	27	559,074	559,074
Profit and loss account	27	(15,355)	57,328
Shareholders' funds	28	<u>1,069,652</u>	<u>2,369,552</u>

These financial statements were approved by the directors and authorised for issue on 12 November 2013, and are signed on their behalf by

C C S Longcroft
Director



The notes on pages 10 to 27 form part of these financial statements

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

1. Accounting policies

Basis of preparation

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

True and fair override provisions of the Companies Act 2006 have been invoked, as described in "Publishing rights and titles" below and note 15

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the business review on pages 1 to 3 "The Sun" brand has a strong presence in its market with 50% more readers than its nearest competitors, £9.50 holiday reader promotions leading the UK domestic travel market and Dream Team being one of the largest fantasy league games in the world. The Sun brand is significantly cash generative and the directors consider that the company remains in a healthy position financially. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements 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 30 June 2013.

The company is exempt from the requirement of SSAP 25 'Segmental reporting' to include segmental analysis as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate, and segmental reporting is included in the financial statements of News Corporation, the ultimate parent company, which prepares consolidated financial statements that are publicly available.

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 United States of America and prepares consolidated financial statements that include the company. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

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.

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

1 Accounting policies *(continued)*

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

Following the News Corporation separation on 28 June 2013, associated undertakings that now form part of the 21st Century Fox group are no longer being treated as a related party and thus all transactions are reported with them on a third party basis

Turnover

Turnover is the net amount receivable by the company in the ordinary course of its business, excluding value added tax, trade discounts and other sales related taxes

Advertising revenue is recognised upon publication

Circulation revenue is recognised at the point of sale. A provision is deducted from circulation revenue for expected returns and adjusted for actual returns as known

Digital revenue is recognised on a straight line basis over the period of the online campaign

Other revenue is recognised at the time of sale or over the duration of provision of service as appropriate

Publishing rights and titles

Publishing rights and titles are stated at cost less any provisions made for impairment. No amortisation is provided on publishing rights and titles since, in the opinion of the directors, these assets have indefinite useful economic lives

No amortisation is provided where the board is of the opinion that to do so would not show a true and fair view of the profit for the year or the financial position of the company at the end of the year. This overrides the requirement of the Companies Act 2006 to amortise intangible fixed assets and it is in compliance with FRS 10

Had the publishing rights and titles been amortised in accordance with the Companies Act 2006 over the FRS 10 rebuttable assumption period of 20 years, £28,000,000 would have been charged to the profit and loss account in the year to 30 June 2013 (2012: £28,000,000)

The directors believe that the publishing rights and titles have a sufficiently well-established position in the market place to be defended against threats arising from current competitors, potential new entrants and potential technological changes in the industry. Any impairment results from specific events or circumstances and does not indicate that the inherent lives of assets are anything other than indefinite

Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

1. Accounting policies *(continued)*

Heritage assets

The company has two collections of heritage assets which are held to increase historical knowledge of future generations and to assist in the production of the companies newspapers

The collections are accounted for as follows

1) Manuscripts, newspapers and other artefacts

The company holds a collection of manuscripts, newspapers and other artefacts within its archives. The collection is one of the most significant within the British newspaper industry and is available for both internal and external research purposes. This collection has been initially reported on the balance sheet at valuation following an independent valuation of the collection by Sotheby's in November 2003. Subsequent acquisitions, which have been purchased after this valuation, have been recorded at cost. No depreciation has been charged on these assets.

2) Art collection

The company holds a collection of paintings, which has been initially reported on the balance sheet at valuation following an independent valuation of the collection by Robert Holden Limited in May 2001. Subsequent acquisitions, which have been purchased after the valuation, have been recorded at cost. No depreciation has been charged on these assets.

In addition to the two collections above, the company also holds a complete back catalogue of their newspaper publications with The Sun dating back to 1964 and The News of the World dating back to 1843. These collections have not been recognised on the balance sheet due to the one off nature of these collections. A valuation could not be reasonably established without a considerable and costly valuation exercise being completed.

Investments

Investments are stated at cost less provision for impairment.

Stocks

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. Raw materials, consumables and goods for resale are held at purchase cost on a first-in first-out basis. Work in progress and finished goods are held at cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price, less further costs of disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Leases

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

Pension costs and post retirement medical benefits

During the year, the employees of the company were members of pension schemes operated by News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's immediate parent company, which require contributions to be made to separately administered funds. Contributions to these funds were charged to the profit and loss account as they became payable in accordance with the rules of the schemes.

Further details on the pension schemes are provided in the notes to the financial statements.

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

1 Accounting policies (*continued*)

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

Foreign currency

Transactions in foreign currencies are recorded at the rate 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 differences are taken to the profit and loss account

Share-based payments

The cost of cash settled transactions is measured at fair value using an appropriate option-pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period, a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit and loss for the period.

The company issues equity-settled share-based payments to certain employees, which must be measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity. The fair values of these payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the Group's estimate of the number of awards, which will lapse due to employees leaving the Group prior to vesting. The total amount recognised in the profit and loss account as an expense is adjusted to reflect the actual number of awards that will vest.

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

2. Turnover

Substantially all the company's turnover and profit, in both the current and prior year, are derived, both by origin and destination, from printing and publishing activities in the United Kingdom

In the current year, online gaming revenue in relation to Sun Bingo and Fabulous Bingo has been reported net to better reflect the requirements of FRS 5 'Revenue Recognition'. The prior period information has been restated on a comparable basis resulting in a £14,960,000 reduction in revenue and cost of sales. This had no impact on gross profit.

3. Other operating income

	2013	2012
	£000	£000
Other operating income	<u>3,730</u>	<u>587</u>

4. Operating loss

Operating loss is stated after charging

	2013	2012
	£000	£000
Operating lease costs		
- Plant and equipment	546	759
One-off charges	<u>127,565</u>	<u>288,104</u>

Included within operating profit are £11,100,000 (2012: £31,200,000) of costs recharged from other group companies at an appropriate mark up.

The operating lease costs relate to commitments held by News UK & Ireland Limited (formerly known as News International Trading Limited), a fellow subsidiary.

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

4 Operating loss *(continued)*

Operating loss - continued

The company has incurred a total of £127,565,000 of one-off operating costs in the year (2012 £288,104,000)

The company has incurred £87,565,000 (2012 £288,104,000) of operating one-off costs in relation to UK newspaper matters -

There are a number of on-going legal claims against the company as a result of voicemail interception allegations. A charge of £10,269,000 (2012 £17,553,000) in respect of claimants legal fees and damages has been made based on available information at the date of signing the financial statements. The closing legal claims provision can be seen in note 24.

The company has incurred £51,393,000 (2012 £46,653,000) of one-off costs in relation to UK newspaper matters. These included £50,115,000 of legal fees (2012 £28,226,000), £1,064,000 (2012 £10,853,000) for compensation of loss of office payments, and £214,000 (2012 £2,613,000) of other title specific related closure costs. In the prior year the company also paid £2,933,000 of charitable donations from the sale of the last edition of the paper and £2,028,000 of contract printing costs.

The News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) have incurred £25,903,000 (2012 £63,898,000) of primarily legal and professional fees relating to the Management and Standards Committee (MSC) investigations. The MSC is not a statutory entity, therefore whilst it has independence from the company, costs relating to the MSC must be recognised in the financial statements of a statutory entity. All costs relating exclusively to investigations into The News of the World have been borne by News Group Newspapers Limited.

In the prior year the full value of £160,000,000 of publishing rights for The News of the World were fully written off. The directors consider there to be no impairment on the company's other publishing rights.

On 5 July 2012, News UK (formerly known as News International) terminated an existing agreement with Johnston Press Plc in relation to contract printing in order to bring the printing of its publications in house and utilise spare capacity. On 6 July 2012 compensation totalling £30,000,000 was paid to Johnston Press Plc for terminating this contract. On 27 March 2013, a further contract with Johnston Press Plc was terminated due to declining circulation volumes enabling News UK to print all of its publications in house. Additional compensation totalling £10,000,000 was paid in order to terminate this contract. As the two contracts with Johnston Press Plc were to print the publications of News Group Newspapers Limited the full compensation payment of £40,000,000 has been reported in the company's financial statements.

These have been reported as one-off item due to their size and incidence and one-off nature.

5. Auditors' remuneration

	2013	2012
	£000	£000
Audit of the financial statements	<u>176</u>	<u>217</u>

Auditors' remuneration, including amounts in respect of non-audit services, is borne by another group undertaking which meets the disclosures required by regulation 5(1) (b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

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 News Corp UK & Ireland Limited (formerly known as NI Group Limited).

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

6 Staff costs

The average number of staff employed by the company during the financial year amounted to

	2013 No	2012 No
Editorial	<u>486</u>	<u>467</u>

The aggregate payroll costs of the above were

	2013 £000	2012 £000
Wages and salaries	32,980	37,507
Social security costs	3,598	3,651
Other pension costs	3,368	2,689
	<u>39,946</u>	<u>43,847</u>

The administrative personnel resources of the company are provided by other members of the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) Therefore all administrative staff costs are shown in the financial statements of a fellow group undertaking and a recharge is made to the company for the services of these personnel

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2013 £000	2012 £000
Remuneration receivable	<u>10,016</u>	<u>6,356</u>

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

	2013 No	2012 No
Defined benefit schemes	<u>2</u>	<u>2</u>

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

7. Directors' remuneration (continued)

The directors of the company are also directors of the holding company or fellow UK subsidiaries. The 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.

During the year £12,172,000 was payable to former directors as compensation for loss of office (2012 £10,853,000). Compensation for loss of office has increased due to such payments being made to a greater number of directors in the current year.

The compensation for loss of office includes various on-going benefits of which the costs were borne by the company. These benefits largely comprised the services of employees of the company and office space for a period of two years, as well as reimbursement for all legal and other professional costs incurred with on-going investigations until those investigations are completed. The company also agreed to pay the tax associated with the legal and other professional costs. Legal and professional costs have been recognised as incurred. Further costs are likely to be incurred in future accounting periods but these have not been recognised due to the uncertainty surrounding the timing and value of these costs. Future costs comprising the services of employees of the company and office space have been provided for as disclosed in note 24.

8. Restructuring expense

	2013 £000	2012 £000
Restructuring expense	<u>11,261</u>	<u>43,286</u>

During the year the company has restructured the workforce to match the requirements of the business. The company has incurred £11,688,000 (2012 £9,125,000) of redundancy costs relating to this restructuring programme within editorial, production and support services as at the balance sheet date.

In the prior year the company incurred £34,161,000 of exceptional restructuring costs in relation to The News of the World, including £22,201,000 of redundancy costs, £6,190,000 of editorial and production costs and £1,389,000 of human resource support costs. During the current year the company released £427,000 of provision against these costs. In 2012 News Corp UK & Ireland Limited (formerly known as N1 Group Limited), the immediate parent company incurred a loss on disposal of The News Of the World website which was fully written off following the closure of the title. News Corp UK & Ireland Limited charged the company £4,381,000 for compensation of this loss.

9. Income from shares in group undertakings

	2013 £000	2012 £000
Dividend income from fixed asset investment	<u>720,500</u>	<u>—</u>

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

10 Interest receivable

	2013	2012
	£000	£000
Interest receivable on corporation tax debtor	1,177	—
Interest from group undertakings	399	411
	<u>1,576</u>	<u>411</u>

11. Amounts written off investments

	2013	2012
	£000	£000
Amount written off investments	<u>720,500</u>	<u>—</u>

The directors have carried out an impairment review on the company's investment in News 2026 Limited and an impairment of £720,500,000 has been recognised in the year

12. Interest payable and similar charges

	2013	2012
	£000	£000
Interest payable on corporation tax liability	<u>—</u>	<u>3,215</u>

13. Taxation on ordinary activities

(a) Analysis of charge/ (credit) in the year

	2013	2012
	£000	£000
Current tax		
UK Taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 23.75% (2012 25.50%)	—	(15,926)
(Over)/under provision in prior year	—	(377)
	<u>—</u>	<u>(16,303)</u>
Foreign tax		
Current tax on income for the year	<u>1</u>	<u>1</u>
Total current tax	1	(16,302)
Deferred tax		
Origination and reversal of timing differences	(8,161)	(15,988)
Effect of changes in tax rate on opening balance	127	396
Prior year adjustment	5,578	(256)
Total deferred tax (note 20)	<u>(2,456)</u>	<u>(15,848)</u>
Tax on loss on ordinary activities	<u>(2,455)</u>	<u>(32,150)</u>

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

13. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge/ (credit)

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.75% (2012: 25.50%)

The differences are reconciled below.

	2013 £000	2012 £000
Loss on ordinary activities before taxation	(75,138)	(318,024)
Loss on ordinary activities by rate of tax	(17,845)	(81,096)
Expenditure not deductible for tax	3,517	3,201
Write off of intangible assets	-	40,800
Decelerated capital allowances	57	111
Difference in tax rates on loss carried back	-	(1,158)
Other timing differences	2,255	(1,528)
Loss carried forward	6,511	18,221
Higher taxes on overseas earnings	1	1
UK Transfer pricing adjustments	(1,579)	5,523
Group relief surrendered for nil payment	7,084	-
Corporation tax over provided in previous years	-	(377)
Total current tax (note 13(a))	1	(16,302)

(c) Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 24% to 23% on 1 April 2013. The Finance Act 2012 received Royal Assent on 17 July 2012, with the 23% rate being substantively enacted from 3 July 2012. Deferred tax balances have been restated accordingly in these financial statements.

The standard rate of corporation tax is set to reduce to 21% from 1 April 2014 and by a further 1% to a rate of 20% from 1 April 2015. These further reductions had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. If these future rate reductions had been substantively enacted at the balance sheet date, the effect would be to reduce the closing deferred tax balance by £2,644,000.

14 Dividends

Equity dividends

	2013 £000	2012 £000
Paid during the year		
£467.51 per ordinary share (2012: £Nil per ordinary share)	1,227,217	-

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

15. Intangible fixed assets

	Publishing rights and titles £000
Cost	
At 2 July 2012 and 30 June 2013	<u>560,000</u>
Net book value	
At 30 June 2013	<u>560,000</u>
At 1 July 2012	<u>560,000</u>

16. Tangible fixed assets

	Heritage assets £000
Cost	
At 2 July 2012 and 30 June 2013	<u>111</u>
Net book value	
At 30 June 2013	<u>111</u>
At 1 July 2012	<u>111</u>

Heritage assets

Heritage assets include assets held at a valuation of £93,000 (2012: £93,000) and assets held at an historic cost of £18,000 (2012: £18,000)

The heritage assets recorded at valuation consist of a collection of manuscripts, newspapers and other artefacts which were independently valued at £89,000 in November 2003 by Sotheby's and an Art collection which was valued at £4,000 by Robert Holden Limited in May 2001

The heritage assets recorded at the historic cost of £18,000 (2012: £18,000) consist of a number of small items in relation to The Sun and The News of the World newspapers

The directors feel that these valuations are still appropriate

Additions and disposals in the year

During the year, there have been no significant additions to the collections. There have also been no heritage asset disposals during the current or prior year

Five-year financial summary of heritage asset transactions

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Purchases					
Manuscripts, newspapers & other artefacts	<u>—</u>	<u>—</u>	<u>3</u>	<u>2</u>	<u>2</u>

There have been no disposals of any heritage assets over the five year period

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

17. Investments

	Total £000
Cost	
At 2 July 2012 and 30 June 2013	<u>720,500</u>
Amounts written off	
Written off in year	<u>720,500</u>
At 30 June 2013	<u>720,500</u>
Net book value	
At 30 June 2013	<u>-</u>
At 1 July 2012	<u>720,500</u>

The company's sole investment is a principal subsidiary undertaking as follows -

	Country of incorporation	% of shares held	Class of share
News 2026 Limited	England & Wales	100	Ordinary

The directors have carried out an impairment review on the company's investment in News 2026 Limited and an impairment of £720,500,000 has been recognised in the year

18. Stocks

	2013 £000	2012 £000
Raw materials and consumables	<u>8,258</u>	<u>9,842</u>

19. Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	40,711	2,602,999
Corporation tax repayable	15,545	15,545
VAT recoverable	277	192
Other debtors	4,084	6,671
Prepayments and accrued income	3,774	18,552
Deferred taxation (note 20)	20,271	17,815
	<u>84,662</u>	<u>2,661,774</u>

All debtors are repayable within one year of the balance sheet date

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

20. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2013	2012
	£000	£000
Included in debtors (note 19)	<u>20,271</u>	<u>17,815</u>

The movement in the deferred taxation account during the year was

	2013	2012
	£000	£000
Balance brought forward	17,815	4,890
Profit and loss account movement arising during the year	8,034	15,848
Prior year adjustment	<u>(5,578)</u>	<u>(2,923)</u>
Balance carried forward	<u>20,271</u>	<u>17,815</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2013	2012
	£000	£000
Excess of depreciation over capital allowances	1,634	105
Tax losses available	15,199	17,149
Other timing differences	<u>3,438</u>	<u>561</u>
	<u>20,271</u>	<u>17,815</u>

A deferred tax asset has been recognised as the directors are of the opinion that the level of future taxable profits and deferred tax liabilities within the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group) will be sufficient to utilise the deferred tax asset being recognised. This includes £66,082,000 (2012 £71,000,000) of trading losses.

21 Cash at bank and in hand

News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's immediate 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.

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

22. Creditors Amounts falling due within one year

	2013 £000	2012 £000
Overdrafts	–	713,837
Amounts owed to group undertakings	156,788	768,081
Other creditors	17,547	19,870
Accruals and deferred income	58,984	52,539
	<u>233,319</u>	<u>1,554,327</u>

23. Pensions

The company participates in pension schemes operated by News Corp UK & Ireland Limited (formerly known as NI Group Limited). The defined contribution scheme covers the majority of the executive, staff and works personnel. The remaining employees, mainly senior executives, are covered by defined benefit multi-employer schemes and their share of the underlying assets and liabilities are not readily identifiable. The assets of the pension schemes are held in separate externally administered funds. The pension costs of the defined benefit schemes are in accordance with the advice of a qualified actuary using the projected unit method. The schemes are valued by an independent actuary on a triennial basis. During 2011, News Corp UK & Ireland Limited closed the main UK defined benefit pension plan to future accrual. The latest full actuarial valuation of the defined benefit schemes range from 2 July 2012 to 30 June 2013.

Following a group restructure on 4 July 2011, all pension expenses were transferred to News Corp UK & Ireland Limited, where the groups pension provision is held. A recharge is made to the company for the services of the personnel working for the company.

The total pension cost for the company was £3,368,000 (2012 £2,689,000) of which £3,368,000 (2012 £2,689,000) relates to the defined contribution scheme and £Nil (2012 £Nil) relates to defined benefit schemes.

Employer's contributions are set in relation to the current service period only. There are no other obligations other than to pay a contribution that reflects the benefits earned in the current period. Under such circumstances FRS 17 'Retirement benefits' allows the scheme to be accounted for as a defined contribution scheme. Therefore defined contribution accounting has been adopted in these financial statements.

FRS 17 disclosures for the defined benefit schemes can be found in the financial statements of News Corp Investments UK & Ireland (formerly known as Newscorp Investments). The News Corp UK & Ireland Limited deficit as at 30 June 2013 is £43,495,000 (2012 £83,143,000). The fair value of the plans assets amounts to £311,765,000 (2012 £240,025,000) whilst the benefit obligations amounts to £355,710,000 (2012 £323,168,000).

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

24. Provisions for liabilities and charges

	2013 Legal Claims £000	2013 Other £000	2013 Total £000
Provision for legal claims:			
Balance brought forward	29,593	603	30,196
Charged to the profit and loss account	10,269	-	10,269
Paid during the year	(19,770)	(438)	(20,208)
	<u>20,092</u>	<u>165</u>	<u>20,257</u>

Following the allegations of voicemail interception and inappropriate payments to public officials there have been a number of civil cases brought against the company, some of which have been settled, or are in the process of being settled. A provision has been made at the balance sheet date in respect of all claims that have been filed up until the date of finalisation of the statutory accounts. In 2011 the company established a compensation scheme which was closed in April 2013. A provision has been made at the balance sheet date for all applicants accepted to participate in this scheme. No provision has been made for letters of claim which have been received but where no formal court proceedings have been issued, or for individuals who have not contacted the company. It is not possible to estimate the liability for such additional claims given the information that is currently available to the company. If more claims are filed and additional information becomes available in the civil cases, the company will update the liability provision for such matters. A charge of £10,269,000 (2012: £17,553,000) in respect of claimants' legal fees and damages has been made in respect of this litigation, based on available information at the date of signing the financial statements. The final cost may or may not be significantly higher than the amounts recognised. This has been reported as a one off charge due to its size and incidence. This provision has not been discounted due to the uncertainty over the timing of the settlement of these cases.

The company is subject to several on-going investigations initiated in 2011 by regulators and various governmental authorities after allegations of voicemail interception and inappropriate payments to public officials and other related matters.

The company is not able to estimate the ultimate outcome or cost associated with these investigations. Consequently no provision has been made in relation to them. Violations of law may result in civil, administrative or criminal fines or penalties, which may or may not be significant.

The other provision is expected to be utilised within one year.

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Notes to the financial statements

Year ended 30 June 2013

25. Share-based payments

Employee share ownership scheme

The company operates an employee share ownership scheme which enables employees to enter into fixed-term savings contracts with independent financial institutions linked to an option for Class A Common Stock in its previous ultimate parent undertaking 21st Century Fox. Due to the separation, options are no longer in the ultimate parent undertaking News Corporation. All options became exercisable on the separation date of 28 June 2013 and remain exercisable for a period of 6 months. All options not exercised by the end of the 6 month period will lapse. The scheme is accounted for as a cash-settled transaction.

Restricted stock units (RSUs)

Restricted stock unit awards are grants that entitle the holder to shares of Class A Common stock of 21st Century Fox or News Corporation based on the expected vesting date and the terms of the Employee Matters Agreement. Any employee who holds RSUs shall have no ownership interest in the shares to which such RSUs relate until and unless shares are delivered to the holder. RSUs are issued under the plans of fiscal 2013, 2012 and 2011. RSUs vest over a period of 4 years, with 25% of units vesting each year.

Prior to the separation, the company participated in 21st Century Fox's plans which RSUs were granted. In connection with the separation RSUs were adjusted and converted into new equity awards using a formula designed to preserve the value of the awards immediately prior to the separation in accordance with the Employee Matters Agreement. Converted awards have the same terms and features as the original awards. The schemes which vest prior to 31 December 2013 were converted to and will be settled in shares of 21st Century Fox. The remaining awards which vest after 1 January 2014 were converted to and will be settled in shares of News Corporation.

Share options and average share price

Details on the number of share options and the weighted average exercise price (WAEP) for both equity and cash settled share based payments outstanding during the year are as follows:

	2013		2012	
	No	WAEP £	No	WAEP £
Outstanding at the beginning of the year	–	–	463,600 00	7 460
Transfer to other group companies	–	–	(463,600 00)	7 460
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Transfer of share options

Following a group restructure on 4 July 2011, all share options and their related liabilities were transferred to News UK & Ireland Limited (formerly known as News International Trading Limited), a fellow group company.

26. Share capital

Authorised share capital:

	2013 £000	2012 £000
2,625,000 (2012 - 1,400,000) Ordinary shares of £1 each	2,625	1,400
Nil (2012 - 1,225 000) Non-voting ordinary shares of £1 each	-	1,225
	<u>2,625</u>	<u>2,625</u>

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

26. Share capital *(continued)*

Allotted, called up and fully paid:

	2013 No	£000	2012 No	£000
2,625,000 Ordinary shares (2012 1,400,000) of £1 each	2,625,000	2,625	1,400,000	1,400
Nil non-voting ordinary shares (2012 1,225,000) of £1 each	-	-	1,225,000	1,225
	<u>2,625,000</u>	<u>2,625</u>	<u>2,625,000</u>	<u>2,625</u>

On 4 April 2013, the directors passed a resolution to convert 1,225,000 non-voting ordinary shares of £1 each into 1,225,000 ordinary shares of £1 each

27. Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
Balance brought forward as previously reported	1,750,525	559,074	57,328
Loss for the year	-	-	(72,683)
Equity dividends	-	-	(1,227,217)
Other movements			
Share premium cancelled	(1,227,217)	-	-
Transfer from share premium	-	-	1,227,217
Balance carried forward	<u>523,308</u>	<u>559,074</u>	<u>(15,355)</u>

On 4 April 2013, the directors passed a resolution to cancel £1,227,217,000 of its share premium account which was then credited to the profit and loss reserves

The other reserves brought forward relates to the profit on disposal of publishing rights of The Sun on 30 June 2003 to News 2026 Limited, the company's subsidiary. The profits were regarded as unrealised since the consideration received was in the form of assets that the directors could not assess the ultimate cash realisation with reasonable certainty.

28. Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Loss for the financial year	(72,683)	(285,874)
Equity dividends	(1,227,217)	-
Transfer of equity settled share-based payments to fellow group companies	-	(494)
Net reduction to shareholders' funds	<u>(1,299,900)</u>	<u>(286,368)</u>
Opening shareholders' funds	2,369,552	2,655,920
Closing shareholders' funds	<u>1,069,652</u>	<u>2,369,552</u>

News Group Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

29. Post balance sheet event

As announced on 17 July 2013, News UK (formerly known as News International) has been awarded the rights to show Football Association match clips in a four year deal beginning August 2014. This will allow News Group Newspapers Limited and fellow group companies to show near-live clips across all digital platforms of FA Cup matches, FA Community Shield matches, 14 England senior friendly matches, all England U21 matches (subject to them being broadcast live) and England Development Team matches over four years until autumn 2018.

As a result, The Sun will be able to provide clips of all England, FA Cup and Barclays Premier League Football games via smart phone, tablet and PC, which will enhance the sports offering to readers, and will help transform the way football is enjoyed across a range of platforms.

In accordance with FRS 21 'Events after the balance sheet date', these are not considered to be adjusting events.

30. Ultimate parent company

The company's immediate parent company is News Corp UK & Ireland Limited (formerly known as NI Group Limited), a company incorporated in England.

Prior to 28 June 2013, the ultimate parent company was 21st Century Fox (formerly known as News Corporation), a company incorporated in Delaware. As at the 30 June 2013, the ultimate parent company is News Corporation, a company incorporated in Delaware.

The largest groups in which the results of the company are consolidated are those headed by News Corporation and 21st Century Fox (formerly known as News Corporation), whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The smallest group in which they are consolidated is that headed by News Corp UK & Ireland Limited (formerly known as 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.