

Times Newspapers Limited

Report and financial statements

30 June 2013

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Times Newspapers Limited

Financial statements

Year ended 30 June 2013

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Times 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 publishing of The Times and The Sunday Times. The company uses the printing facilities of other members of the News Corp Investments UK & Ireland group (formerly known as the NewsCorp Investments group).

The company generated turnover for the year of £347,992,000 (2012 £360,637,000). The company's operating loss for the year was £5,910,000 (2012 £13,378,000). Advertising revenue decreased during the year driven by a decreasing national print advertising market whilst sales volume revenue was broadly flat from previous year. Cost of sales was lower during the year, as a result of decreased newsprint costs, due to lower circulation volumes offsetting modest newsprint price increases, and lower editorial costs than the previous year. The directors expect the general level of activity to continue for the foreseeable future.

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, Times 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 company has ceased publication of Eureka, the monthly science magazine. The last edition of the magazine was published in October 2012.

Both The Times' and The Sunday Times' print only circulation shares grew marginally year-on-year based on six-monthly ABC figures for the first half of the year (ABC July to December 2012) and for the second half of the year (ABC January to June 2013). The Sunday Times continued to sell more than the combined circulation of its main competitors during these periods. It is not possible to measure multi-channel sales market share as multi-channel sales (print, web, and digital) are not all reported through ABC. Based on multi-channel sales, The Times and The Sunday Times ended the year slightly lower than the previous year.

According to the National Readership Survey (July 2012-June 2013), The Times is read by 1.3 million people daily and The Sunday Times is read by 2.5 million people. The Times continues to be the number one quality daily paper for business readers in the UK with about 50% more business readers than either of The Financial Times or The Daily Telegraph and the survey states that 1 in 4 purchase decision makers read The Times (British Business Survey 2011). The Sunday Times continues to be the number one quality Sunday Newspaper, with 50% more business readers than The Sunday Telegraph and The Observer combined, and the survey states that 1 in 3 purchase decision makers read The Sunday Times and it is the leading title for board directors (British Business Survey 2011).

The company incurred £15,864,000 (2012 £12,683,000) of redundancy costs relating to restructuring the workforce to match business needs.

Times Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

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 offering innovative print and digital subscriptions. The company is 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 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 behalf of the company. 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.

Times Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

Going concern

News Corporation has committed to provide financial support until 28 November 2014. As highlighted in note 16 to the financial statements, News Corp UK & Ireland Limited (formerly known as NI Group Limited) operates two collective overdraft facilities, in which News Corp UK & Ireland Limited (the company's intermediary 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. The News UK 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 News Corp UK & Ireland Limited. The above 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 loss for the year amounted to £24,226,000. The directors have not recommended a dividend.

Directors

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

J. Witherow	
M. C. Gill	
C. C. S. Longcroft	(Appointed 26 September 2012)
M. Darcey	(Appointed 1 January 2013)
M. Ivens	(Appointed 18 January 2013)
T. Mockridge	(Resigned 31 December 2012)
J. P. Harding	(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.

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.

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 the supplier payment policy have been disclosed in the accounts of News UK & Ireland Limited (formerly known as News International Trading Limited).

Times Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

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.

Charitable and political contributions

Charitable contributions made by the company in the financial year amounted to £32,265 (2012: £16,925). There were no political contributions (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 Times 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 Times and The Sunday Times 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.

Times Newspapers Limited

The directors' report *(continued)*

Year ended 30 June 2013

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

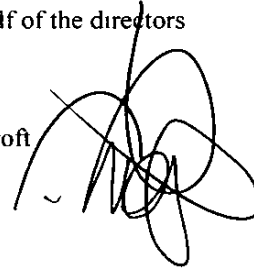
The directors will place a resolution before the Annual General Meeting to reappoint Ernst & Young LLP as auditors for the ensuing year.

Registered office
3 Thomas More Square
London
E98 1XY

Signed on behalf of the directors

C C S Longcroft

Director

A handwritten signature in black ink, appearing to be 'C C S Longcroft', written over a horizontal line.

Approved by the directors on 12 November 2013

Company Registration Number 00894646

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

Year ended 30 June 2013

We have audited the financial statements of Times Newspapers Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 26. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

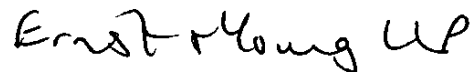
Independent auditor's report to the members of Times Newspapers Limited *(continued)*

Year ended 30 June 2013

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



NEIL CULLUM (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP
Statutory Auditor
London

14 November 2013

Times Newspapers Limited

Profit and loss account

Year ended 30 June 2013

	Note	2013 £000	2012 £000
Turnover	2	347,992	360,637
Cost of sales		(246,211)	(245,171)
Gross profit		<u>101,781</u>	<u>115,466</u>
Sales and marketing costs		(36,960)	(43,373)
Administrative expenses		(70,731)	(85,471)
Operating loss	3	(5,910)	(13,378)
Cost of restructuring the company	7	(15,864)	(12,683)
Interest payable and similar charges	9	(2,670)	(2,670)
Loss on ordinary activities before taxation		<u>(24,444)</u>	<u>(28,731)</u>
Tax on loss on ordinary activities	10	218	(23)
Loss for the financial year		<u>(24,226)</u>	<u>(28,754)</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 23 form part of these financial statements

Times Newspapers Limited

Balance sheet

30 June 2013

	Note	2013 £000	2012 £000
Fixed assets			
Intangible assets	11	1,425	1,425
Tangible assets	12	1,940	1,939
		<u>3,365</u>	<u>3,364</u>
Current assets			
Stocks	13	684	1,265
Debtors	14	18,194	323,045
Cash at bank and in hand		233	40,929
		<u>19,111</u>	<u>365,239</u>
Creditors: Amounts falling due within one year	17	<u>(478,484)</u>	<u>(800,385)</u>
Net current liabilities		(459,373)	(435,146)
Total assets less current liabilities		<u>(456,008)</u>	<u>(431,782)</u>
Creditors: Amounts falling due after more than one year	18	<u>(45,400)</u>	<u>(45,400)</u>
		<u>(501,408)</u>	<u>(477,182)</u>
Capital and reserves			
Called-up equity share capital	20	1,000	1,000
Profit and loss account	21	(502,408)	(478,182)
Deficit	22	<u>(501,408)</u>	<u>(477,182)</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 23 form part of these financial statements

Times 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

News Corporation has committed to provide financial support until 28 November 2014. As highlighted in note 16 to the financial statements, News Corp UK & Ireland Limited (formerly known as NI Group Limited) operates two collective overdraft facilities, in which News Corp UK & Ireland Limited (the company's intermediary 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. The News UK 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 News Corp UK & Ireland Limited. The above 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 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.

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.

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.

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

1 Accounting policies *(continued)*

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 provision made for impairment. No amortisation is provided on the 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, £71,250 would have been charged to the profit and loss account in the year to 30 June 2013 (2012 £71,250)

The directors believe that the publishing rights and titles of The Times and The Sunday Times 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

Times 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 company's newspapers

The collections are accounted for as follows

a) 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.

b) 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 Times dating back to 1785 and The Sunday Times dating back to 1822. These collections have not been recognised on the balance sheet as it has not been possible to obtain a valuation due to the one off nature of the collections.

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), 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.

Times 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

Shared-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.

2. Turnover

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

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

3 Operating loss

Operating loss is stated after charging

	2013 £000	2012 £000
Operating lease costs		
- Plant and equipment	<u>502</u>	<u>374</u>

Included within operating loss is £6,300,000 (2012 £22,100,000) 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

4. Auditors' remuneration

	2013 £000	2012 £000
Audit of the financial statements	<u>158</u>	<u>168</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 News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's intermediary UK parent company

5. Particulars of employees

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

	2013 No	2012 No
Editorial	<u>473</u>	<u>513</u>

The aggregate payroll costs of the above were

	2013 £000	2012 £000
Wages and salaries	38,252	39,131
Social security costs	4,286	3,967
Other pension costs	<u>3,326</u>	<u>3,445</u>
	<u>45,864</u>	<u>46,543</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

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2013 £000	2012 £000
Remuneration receivable	<u>13,181</u>	<u>7,526</u>

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

	2013 No	2012 No
Defined benefit schemes	<u>4</u>	<u>4</u>

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 £14,104,000 was payable to former directors as compensation for loss of office (2012 £10,852,700). Compensation for loss of office has increased due to such payments being made to a greater number of directors in the current year.

7. Cost of restructuring the company

	2013 £000	2012 £000
Cost of restructuring the company	<u>15,864</u>	<u>12,683</u>

During the year the company has restructured its workforce to match the requirements of the business. The company has incurred £15,864,000 (2012 £12,683,000) of redundancy costs relating to this restructure as at the balance sheet date. These costs have been classed as exceptional costs in the profit and loss account due to their one-off nature.

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

8 Pensions

The company participates in pension schemes operated by News Corp UK & Ireland Limited (formerly known as NI Group Limited), the company's intermediary UK parent company. 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 group's 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 £3,326,000 (2012 £3,445,000) of which £3,326,000 (2012 £3,445,000) 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 ultimate UK parent company. The News Corp UK & Ireland Limited deficit as at 30 June 2013 is £43,945,000 (2012 £83,143,000). The fair value of the plans assets amounts to £311,765,000 (2012 £240,025,000) whilst the benefit obligations amount to £355,710,000 (2012 £323,168,000).

9. Interest payable and similar charges

	2013 £000	2012 £000
On loans from News Corp UK & Ireland Limited (formerly known as NI Group Limited) - repayable after more than five years (note 18)	1,234	1,234
On amounts due to the immediate parent	1,436	1,436
	<u>2,670</u>	<u>2,670</u>

Interest was charged at 5% on the loan due to the immediate parent company in both years.

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

10. Taxation on ordinary activities

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

	2013 £000	2012 £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%)	22	24
Double taxation relief	(22)	(24)
	<u>-</u>	<u>-</u>
Foreign tax		
Current tax on income for the year	22	24
Total current tax	<u>22</u>	<u>24</u>
Deferred tax		
Origination and reversal of timing differences	(79)	(4)
Effect of changed tax rate on opening balance	3	12
Prior year adjustment	(164)	(9)
Total deferred tax (note 15)	<u>(240)</u>	<u>(1)</u>
Tax on loss on ordinary activities	<u>(218)</u>	<u>23</u>

(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	<u>(24,444)</u>	<u>(28,731)</u>
Loss on ordinary activities by rate of tax	(5,805)	(7,326)
Expenses not deductible for tax	359	1,705
Decelerated capital allowances	96	4
Other timing differences	(4)	-
Transfer pricing adjustments	28	-
Group relief surrendered	5,348	5,641
Total current tax (note 10(a))	<u>22</u>	<u>24</u>

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

10. Taxation on ordinary activities *(continued)*

(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 £51,000.

11. Intangible fixed assets

	Publishing rights and titles £000
Cost	
At 2 July 2012 and 30 June 2013	<u>1,425</u>
Net book value	
At 30 June 2013	<u>1,425</u>
At 1 July 2012	<u>1,425</u>

An impairment review was performed and no provision was required.

12. Tangible fixed assets

	Heritage assets £000
Cost	
At 2 July 2012	1,939
Additions	<u>1</u>
At 30 June 2013	<u>1,940</u>
Net book value	
At 30 June 2013	<u>1,940</u>
At 1 July 2012	<u>1,939</u>

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

12. Tangible fixed assets *(continued)*

Heritage assets

Heritage assets are shown at a historic cost of £85,000 (2012 £84,000) and a valuation of £1,855,000 (2012 £1,855,000)

The collection of manuscripts, newspapers and other artefacts were independently valued at £1,524,000 in November 2003 by Sotheby's whilst the Art collection was valued at £331,000 by Robert Holden Limited in May 2001. The directors feel that these valuations are still appropriate.

Additions and disposals in the year

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

Five-year financial summary of heritage asset transactions

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Purchases					
Manuscripts & other artefacts additions	<u>1</u>	<u>3</u>	<u>4</u>	<u>7</u>	<u>9</u>

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

13. Stocks

	2013 £000	2012 £000
Raw materials	<u>684</u>	<u>1,265</u>

14. Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	11,130	318,608
Other debtors	3,438	1,234
Prepayments and accrued income	3,232	3,049
Deferred taxation (note 15)	394	154
	<u>18,194</u>	<u>323,045</u>

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

15. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2013 £000	2012 £000
Included in debtors (note 14)	<u>394</u>	<u>154</u>

The movement in the deferred taxation account during the year was

	2013 £000	2012 £000
Balance brought forward	154	153
Profit and loss account movement arising during the year	76	1
Adjustment in respect of prior years	<u>164</u>	<u>-</u>
Balance carried forward	<u>394</u>	<u>154</u>

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

	2013 £000	2012 £000
Excess of depreciation over capital allowances	258	141
Other timing differences	<u>136</u>	<u>13</u>
	<u>394</u>	<u>154</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

16. Cash at bank and in hand

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

17. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Overdrafts	291,325	633,944
Amounts owed to group undertakings	161,449	152,740
Other taxation	1,080	326
Other creditors	4,508	3,363
Accruals and deferred income	<u>20,122</u>	<u>10,012</u>
	<u>478,484</u>	<u>800,385</u>

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

18. Creditors: Amounts falling due after more than one year

	2013	2012
	£000	£000
Amounts owed to group undertakings	<u>45,400</u>	<u>45,400</u>

Included within amounts owed to group undertakings are 5% unsecured loan stock due to News Corp UK & Ireland Limited (formerly known as NI Group Limited) in 2021 of £12,679,000 (2012 £12,679,000) and 15% unsecured loan stock due to News Corp UK & Ireland Limited in 2021, of £4,000,000 (2012 £4,000,000)

19. 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

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 of 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	–	–	661,019 00	9 10
Transfer to) other group companies	–	–	(661,019 00)	9 10
	<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 subsidiary within the News Corp Investments UK & Ireland group (formerly known as the Newscorp Investments group).

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

20. Share capital

Authorised share capital:

	2013	2012
	£000	£000
850,000 "A" ordinary shares of £1 each	850	850
75,000 "B" ordinary shares of £1 each	75	75
75,000 "C" ordinary shares of £1 each	75	75
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	2013		2012	
	No	£000	No	£000
850,000 "A" ordinary shares of £1 each	850,000	850	850,000	850
75,000 "B" ordinary shares of £1 each	75,000	75	75,000	75
75,000 "C" ordinary shares of £1 each	75,000	75	75,000	75
	<u>1,000,000</u>	<u>1,000</u>	<u>1,000,000</u>	<u>1,000</u>

All shares rank equally except the 'A' shares which carry preferential rights in relation to the first £1 million of profit and the first £1 million on winding up of the company

21. Reserves

	Profit and loss account £000
Balance brought forward	(478,182)
Loss for the year	<u>(24,226)</u>
Balance carried forward	<u>(502,408)</u>

22. Reconciliation of movements in shareholders' deficit

	2013	2012
	£000	£000
Loss for the financial year	(24,226)	(28,754)
Equity settled share-based payments	—	(822)
Net reduction to shareholders' deficit	<u>(24,226)</u>	<u>(29,576)</u>
Opening shareholders' deficit	(477,182)	(447,606)
Closing shareholders' deficit	<u>(501,408)</u>	<u>(477,182)</u>

23. Leasing and other financial commitments

Commitments under operating lease agreements are held by News UK & Ireland Limited, (formerly known as News International Trading Limited), a fellow subsidiary within the News Corp Investments UK & Ireland group (formerly known as the NewsCorp Investments group)

Times Newspapers Limited

Notes to the financial statements

Year ended 30 June 2013

24. Post balance sheet events

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 Times 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 Times and The Sunday Times 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.

25. Funding

The financial statements are prepared on the going concern basis.

The net liabilities of the company are £501,408,000 (2012 £477,182,000) and net current liabilities are £459,373,000 at 30 June 2013 (2012 £435,146,000). News Corp UK and Ireland Limited (formerly known as NI Group Limited), the company's intermediary UK parent company has confirmed its intention of providing continuing financial support to enable the company to meet its liabilities as they fall due for the foreseeable future.

26. Ultimate parent company

The Company's immediate parent company is Times Newspapers Holdings 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 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.