

Registered number: 01893198

## News UK & Ireland Limited

### Report and financial statements

for the year ended 3 July 2016



# **News UK & Ireland Limited**

## **Contents**

	<b>Page</b>
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 4</b>
<b>Independent auditor's report</b>	<b>5 - 6</b>
<b>Profit and Loss Account</b>	<b>7</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 - 21</b>

## **News UK & Ireland Limited**

### **Strategic report For the year ended 3 July 2016**

#### **Introduction**

The directors present their Strategic report and the financial statements of the company for the year ended 3 July 2016.

#### **Principal activities and business review**

The principal activity of the company is the provision of personnel resources and administrative services to other members of the News Corp Investments UK & Ireland group ("News UK" group).

The company generated turnover for the year of £111,269,000 (2015 - £99,979,000). The company's gross profit for the year was £915,000 (2015 - £1,048,000). The decrease in gross profit is due to a decrease in the amount recharged to other group companies for personnel resources and administration services.

The company is part of News UK group and therefore is subject to the Key Performance Indicators as disclosed in the other group companies' financial statements.

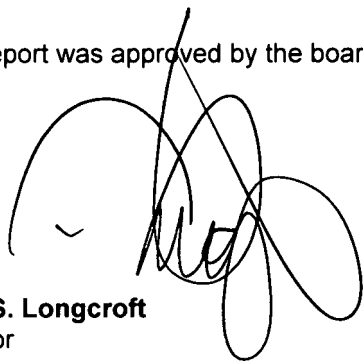
#### **Principal risks and uncertainties facing the business**

The company's trade and activities are dependent on other group companies within the News UK group. Therefore, the principal risks and uncertainties are borne by other group companies within the News UK group and are disclosed in these financial statements.

#### **Future developments**

The directors expect the general level of activity to continue for the foreseeable future.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'C. C. S. Longcroft', written over a small, faint circular stamp.

**C. C. S. Longcroft**  
Director

Date: 25 October 2016

## **News UK & Ireland Limited**

### **Directors' report For the year ended 3 July 2016**

The directors present their report and the financial statements for the year ended 3 July 2016.

#### **Going concern**

News Corporation has committed to provide financial support until 30 November 2017 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note 12 to the financial statements, News Corp UK & Ireland Limited operates two collective overdraft facilities, in which News Corp UK & Ireland Limited 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 profit for the year, after taxation, amounted to £993,000 (2015 - £852,000).

The directors do not recommend a dividend.

#### **Directors**

The directors who served during the year were:

D. Dinsmore (appointed 14 September 2015)  
C. C. S. Longcroft

Except as noted above, all of the 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.

#### **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 company 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.

**Directors' report (continued)**  
**For the year ended 3 July 2016**

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments 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; and
- 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.

**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 UK 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.

**Disabled employees**

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.

**Directors' report (continued)**  
**For the year ended 3 July 2016**

**Disclosure of information to the auditor**

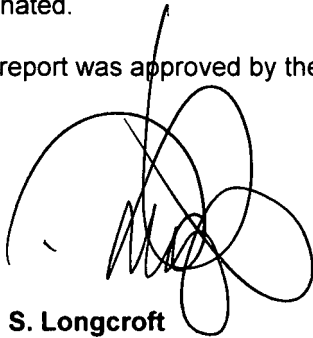
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, consisting of several overlapping loops and a final horizontal stroke, positioned above the printed name of the director.

**C. C. S. Longcroft**  
Director

Date: 25 October 2016

1 London Bridge Street  
London  
SE1 9GF

## **Independent auditor's report to the shareholders of News UK & Ireland Limited**

We have audited the financial statements of News UK & Ireland Limited for the year ended 3 July 2016 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 19. 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) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 statement of directors' responsibilities set out on page 3, 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 report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 3 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts

## **Independent auditor's report to the members of News UK & Ireland Limited (continued)**

### **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  
Date: 27/01/2016



**News UK & Ireland Limited**

**Profit and loss account  
For the year ended 3 July 2016**

	Note	2016 £000	2015 £000
Turnover	3	111,269	99,979
Cost of sales		(110,354)	(98,931)
<b>Gross profit</b>		<u>915</u>	<u>1,048</u>
Interest receivable and similar income	8	10	11
<b>Profit on ordinary activities before tax</b>		<u>925</u>	<u>1,059</u>
Tax on profit on ordinary activities	9	68	(207)
<b>Profit for the financial year</b>		<u><u>993</u></u>	<u><u>852</u></u>

**Statement of comprehensive income  
For the year ended 3 July 2016**

	2016 £000	2015 £000
Profit for the financial year	993	852
<b>Total comprehensive income for the year</b>	<u><u>993</u></u>	<u><u>852</u></u>

The notes on pages 10 to 21 form part of these financial statements.

**Balance sheet**  
**As at 3 July 2016**

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Debtors	10	353,406	352,542
Cash at bank and in hand	12	109,288	840,164
		<u>462,694</u>	<u>1,192,706</u>
Creditors: amounts falling due within one year	13	(326,060)	(1,057,445)
<b>Net assets</b>		<u>136,634</u>	<u>135,261</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Share based payments reserve		8,880	9,004
Profit and loss account		<u>127,754</u>	<u>126,257</u>
		<u>136,634</u>	<u>135,261</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

**25 OCT 2016**

**C. C. S. Longcroft**  
Director

The notes on pages 10 to 21 form part of these financial statements.

**News UK & Ireland Limited**

**Statement of changes in equity  
For the year ended 3 July 2016**

	Called up share capital	Share based payments reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 29 June 2015	-	9,004	126,257	135,261
Profit for the financial year	-	-	993	993
<b>Total comprehensive income for the year</b>	-	-	993	993
Settlement of equity settled share based payments	-	(504)	504	-
Equity settled share based payments issued		380	-	380
<b>At 3 July 2016</b>	-	8,880	127,754	136,634

**Statement of changes in equity  
For the year ended 28 June 2015**

	Called up share capital	Share based payments reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 30 June 2014	-	9,901	119,550	129,451
Profit for the financial year	-	-	852	852
<b>Total comprehensive income for the year</b>	-	-	852	852
Settlement of equity settled share based payments	-	(5,855)	5,855	-
Equity settled share based payments issued	-	4,958	-	4,958
<b>At 28 June 2015</b>	-	9,004	126,257	135,261

The notes on pages 10 to 21 form part of these financial statements.

## **News UK & Ireland Limited**

### **Notes to the financial statements For the year ended 3 July 2016**

#### **1. Accounting policies**

##### **1.1 General information**

News UK & Ireland Limited is a limited liability company incorporated in the United Kingdom under the Companies Act. The address of the registered office is 1 London Bridge Street, London, SE1 9GF. The nature of the company's operations and its principal activities are set out in the Strategic report on page 1.

##### **1.2 Statement of compliance**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

##### **1.3 Basis of preparation of financial statements**

The financial statements of News UK & Ireland Limited were approved for issue by the Board of Directors on 25 October 2016. The financial statements have been prepared on a going concern basis under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The financial statements are made up to the Sunday closest to 30 June each year. Consequently, the financial statements for the current period cover 53 weeks ended 3 July 2016. The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

The company transitioned from previously extant UK GAAP to FRS 102 as at 30 June 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

##### **1.4 Financial reporting standard 102 - reduced disclosure exemptions**

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation.

The company has taken advantage of the following exemptions:

- a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Presentation paragraph 3.17(d)
- b) From the financial instruments disclosures as required by FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:
  - Categories of financial instruments,
  - Items of income, expenses, gains or losses relating to financial instruments, and
  - Exposure to and management of financial risks.
- c) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

## **News UK & Ireland Limited**

### **Notes to the financial statements For the year ended 3 July 2016**

#### **1. Accounting policies (continued)**

##### **1.5 Going concern**

News Corporation has committed to provide financial support until 30 November 2017 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note 12 to the financial statements, News Corp UK & Ireland Limited operates two collective overdraft facilities, in which News Corp UK & Ireland Limited 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.

##### **1.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **1.7 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **1.8 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company, and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably (d) the costs incurred or to be incurred in respect of the transaction can be measured reliably and (e) it is probable that future economic benefits will flow to the entity. Specific revenue recognition criteria also apply depending on the revenue stream, as described below:

Service revenue is recognised over the duration of the provision of the service.

##### **1.9 Operating leases**

Rentals payable under operating leases are charged on a straight-line basis to the profit and loss account over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly recognised on a straight-line basis over the lease term.

**1. Accounting policies (continued)**

**1.10 Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward currency rate. All differences are taken to the profit and loss account.

**1.11 Share based payments**

Equity-settled share-based awards are made to certain employees, which must be measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair values of these awards 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 company's estimate of the number of awards, which will lapse due to employees leaving the company 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.

**1.12 Pensions**

The employees of the company participate in a defined contribution pension scheme; the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**1.13 Interest income**

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

**1.14 Taxation**

Taxation expense for the reporting period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax, including UK corporation tax and foreign tax, is the amount payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are considered as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits or deferred tax liabilities in the foreseeable future against which to recover carried forward tax losses and from which the future reversal of 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 are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## News UK & Ireland Limited

### Notes to the financial statements For the year ended 3 July 2016

#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

##### Recoverability of deferred tax assets

The company makes estimates regarding the recoverability of deferred tax assets relating to fixed asset timing differences and share based payments based on forecasts of future taxable profits which are, by their nature, uncertain. The deferred tax asset recognised at 3 July 2016 was £1,895,000 (28 June 2015 - £1,827,000).

#### 3. Turnover

The company's turnover and profit is derived from its principal activity the provision of personnel resources and administration services to other members of the News UK group within the United Kingdom.

#### 4. Operating profit

Other members of the News UK group provide the company with administrative and support services, for which no charge is made.

#### 5. Auditor's remuneration

	2016 £000	2015 £000
Audit of financial statements	123	123

Auditor's remuneration is borne by another group undertaking.

## News UK & Ireland Limited

### Notes to the financial statements For the year ended 3 July 2016

#### 6. Particulars of employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	94,151	82,714
Social security costs	10,024	9,837
Other pension costs (see note 16)	6,065	5,449
Share based payments (see note 15)	380	4,958
	<u>110,620</u>	<u>102,958</u>

Included within wages and salaries is £15,676,000 (2015 - £2,706,000) of compensation for loss of office costs.

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Production	20	11
Distribution	357	330
Administrative	641	723
Sales	24	30
Editorial	167	175
	<u>1,209</u>	<u>1,269</u>

The employees of the company participate in a defined contribution pension scheme operated by News Corp UK & Ireland Limited.

The company employs staff on behalf of other members of the News UK group and the cost of personnel resources are transferred to fellow News UK group companies. A recharge is made to the fellow News UK group companies for the processing of the group's payroll function.

The above expenses for share-based payments include costs for all group companies. These are recharged on through intercompany accounts so have no net impact on the Profit and loss account of News UK & Ireland Limited. Details on the type of settlement have been provided in note 15.



**News UK & Ireland Limited**

**Notes to the financial statements  
For the year ended 3 July 2016**

**7. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were:

	2016 £000	2015 £000
Remuneration receivable	5,802	2,867
Value of company pension contributions to money purchase schemes	33	40
	<u>5,835</u>	<u>2,907</u>

The number of directors who through participating in News Corporation's long term incentive plan were remunerated in News Corporation Common A stock were as follows:

	2016 No	2015 No
Long term incentive plan	<u>2</u>	<u>2</u>

The highest paid director received remuneration (excluding pension contributions) of £3,581,000 (2015 - £2,148,000).

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 News UK 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 holding company or subsidiary companies.

During the year £2,682,000 (2015 - £1,121,000) was payable to former directors as compensation for loss of office.

**8. Interest receivable**

	2016 £000	2015 £000
Other interest receivable	<u>10</u>	<u>11</u>
	<u>10</u>	<u>11</u>

**9. Taxation**

	2016 £000	2015 £000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(279)	215
Effect of rate change	211	(8)
<b>Total deferred tax</b>	<u>(68)</u>	<u>207</u>
<b>Taxation on profit on ordinary activities</b>	<u>(68)</u>	<u>207</u>

## News UK & Ireland Limited

### Notes to the financial statements For the year ended 3 July 2016

#### 9. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	925	1,059
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	185	220
Effects of:		
Expenses not deductible for tax	55	754
Effect of rate change	211	(8)
Group relief and transfer pricing adjustments	(519)	(759)
<b>Total tax (credit)/charge for the year</b>	<b>(68)</b>	<b>207</b>

##### Factors that may affect future tax charges

The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The 2015 summer budget stated that the rate of corporation tax will be reduced from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. This change received Royal Assent on 18 November 2015. Subsequently the 2016 Budget stated that from 1 April 2020 the rate will instead reduce to 17%. This change received Royal Assent on 15 September 2016.

Deferred tax balances have been measured at a rate of 18%, being the rate substantively enacted at the balance sheet date.

#### 10. Debtors

	2016 £000	2015 £000
Trade debtors	73,552	95,609
Amounts owed by group undertakings	258,460	242,934
Other debtors	833	4,170
Prepayments and accrued income	18,666	8,002
Deferred taxation (see note 11)	1,895	1,827
	<b>353,406</b>	<b>352,542</b>

## News UK & Ireland Limited

### Notes to the financial statements For the year ended 3 July 2016

#### 11. Deferred taxation

	2016 £000	2015 £000
The deferred tax asset is made up as follows:		
At beginning of year	1,827	2,034
Profit and loss account movement arising during the year	279	(215)
Effect of rate change	(211)	8
<b>At end of year</b>	<b>1,895</b>	<b>1,827</b>

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

	2016 £000	2015 £000
Accelerated capital allowances	23	26
Share based payments	1,872	1,801
	<b>1,895</b>	<b>1,827</b>

Of the £1,895,000 deferred tax asset recognised at 3 July 2016, approximately £300,000 is expected to reverse over the next year as a result of the settlement of share based payments.

#### 12. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	109,288	840,164
Less: bank overdrafts (see note 13)	(208,434)	(967,732)
	<b>(99,146)</b>	<b>(127,568)</b>

News Corp UK & Ireland Limited operates two collective overdraft facilities with its bankers, which allows individual companies in the News UK 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 UK & Ireland Limited**

**Notes to the financial statements  
For the year ended 3 July 2016**

**13. Creditors: amounts falling due within one year**

	2016 £000	2015 £000
Bank overdrafts (see note 12)	208,434	967,732
Trade creditors	33,061	23,097
Amounts owed to group undertakings	10,359	12,530
Taxation and social security	7,095	7,083
Other creditors	4,729	4,386
Accruals and deferred income	62,382	42,617
	<u>326,060</u>	<u>1,057,445</u>

**14. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2 - Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**Notes to the financial statements**  
**For the year ended 3 July 2016**

**15. Share based payments**

**Restricted stock units (RSUs)**

Restricted stock unit awards are grants that entitle the holder to shares of Class A Common Stock of News Corporation based on the expected vesting date. 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 2014, 2013 and 2012. RSUs vest over a period of 2 or 3 years, with 50% or 33.33% of units vesting each year, respectively.

**Performance stock units (PSUs)**

The performance stock units were granted to eligible employees who were awarded a target number of PSUs at the beginning of a 3 year performance period. The number of shares vesting after the completion of the 3 year performance period can range from 0% to 200% of the target award subject to the achievement of pre-defined performance measures for the applicable performance period. The number of shares expected to vest is estimated based on management's determination of the probable outcome of the performance condition.

**Number and weighted average grant date fair value**

Details on the number of share options, PSUs and RSUs and weighted average grant date fair value (WAGDFV) outstanding during the year are as follows:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	9.63	1,442,920	8.18	1,570,619
Granted during the year	10.37	709,344	10.70	503,593
Exercised during the year	11.18	(22,546)	6.77	(324,489)
Expired during the year	8.37	(816,409)	7.00	(306,803)
<b>Outstanding at the end of the year</b>	<b>10.78</b>	<b>1,313,309</b>	<b>9.63</b>	<b>1,442,920</b>

The weighted average fair value of RSUs and PSUs granted during the year was £10.37 (2015 - £10.70). There have been no share options granted during the year (2015 - £Nil). The weighted average share price at the date of exercise for the options exercised was £Nil (2015 - £Nil).

**Financial impact**

The expense recognised for share-based payments in respect of employee services received during the year to 3 July 2016 is £380,000 (2015 - £4,958,000). The expense is borne by another group undertaking via a recharge.

The portion of that expense arising from equity-settled share-based payment transactions is £380,000 (2015 - £4,958,000).

## News UK & Ireland Limited

### Notes to the financial statements For the year ended 3 July 2016

#### 16. Pension commitments

The company participates in pension schemes operated by News Corp UK & Ireland 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 31 March 2011 to 31 March 2014.

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 £6,065,000 (2015 - £5,449,000) all of which relates to the defined contribution scheme.

Retirement benefit obligation disclosures for the defined benefit schemes are not presented in these company accounts, as the defined benefit scheme is a group scheme, and there is no group policy in place for charging the net defined benefit cost to individual group companies. Under FRS 102, this means that the defined benefit scheme deficit should be recognised in the financial statements of the group entity that is legally responsible for the plan, which for this group is News Corp UK & Ireland Limited. The News Corp UK & Ireland Limited deficit as at 3 July 2016 is £65,117,000 (2015 - £27,366,000). The fair value of the plans assets amounts to £407,226,000 (2015 - £380,956,000) whilst the benefit obligations amounts to £472,343,000 (2015 - £408,322,000).

#### 17. Commitments under operating leases

At 3 July 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	135	166
Later than 1 year and not later than 5 years	775	485
Later than 5 years	129,812	158,215

#### 18. Ultimate parent company

The company's immediate parent company is News Corp UK & Ireland Limited, a company incorporated in England.

The company's ultimate parent company is News Corporation, a company incorporated in Delaware, in the United States.

The smallest and largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.

**19. First time adoption of FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 28 June 2015.

The date of transition to FRS 102 was 30 June 2014.

The transition had no impact on the profit or loss for the financial year ended 28 June 2015 and the total equity as at 30 June 2014 and 28 June 2015, hence no reconciliation between UK GAAP as previously reported and FRS 102 is presented.