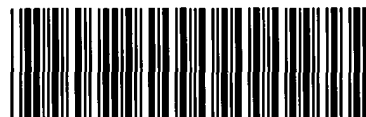


Registration number: 01893198

# News UK & Ireland Limited

**Report and financial statements**  
**for the year ended 1 July 2018**

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## **News UK & Ireland Limited**

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## News UK & Ireland Limited

### Strategic Report for the year ended 1 July 2018

The directors present their Strategic Report and the financial statements of the company for the year ended 1 July 2018

#### 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 £94,355,000 (2017 - £96,665,000). The company's gross profit for the year was £1,168,000 (2017 - £994,000.) The decrease in turnover is as a result of a decrease in staff costs recharged to group companies.

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

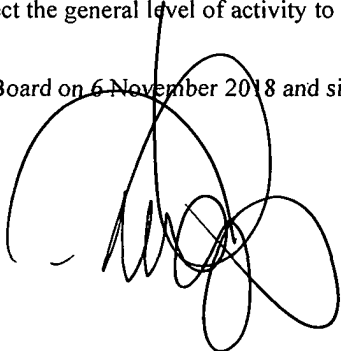
The company's trade and activities are dependent on other group companies within the News UK group. Therefore, the principal risks and uncertainties are borne by other group companies within the News UK group and are disclosed in these financial statements.

#### Future developments

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

Approved by the Board on 6 November 2018 and signed on its behalf by:

C.C.S. Longcroft  
Director

A large, stylized handwritten signature in black ink, consisting of several loops and a long vertical stroke, positioned to the right of the name C.C.S. Longcroft.

## **News UK & Ireland Limited**

### **Directors' Report For the year ended 1 July 2018**

The directors present their report and the financial statements for the year ended 1 July 2018.

#### **Going concern**

News Corporation has committed to provide financial support until at least 31 March 2020 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

News Corp UK & Ireland Limited operates two collective 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 £1,446,000 (2017 - £947,000).

The directors do not recommend a dividend (2017 - £Nil).

#### **Directors of the company**

The directors who held office during the year were as follows:

D.W. Dinsmore

C.C.S. Longcroft

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 UK & Ireland Limited**

### **Directors' Report (continued) For the year ended 1 July 2018**

#### **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 judgement is given against the director; and 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.

#### **Directors' responsibilities statement**

The directors acknowledge their responsibilities 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 and 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; 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.

## **News UK & Ireland Limited**

### **Directors' Report (continued) For the year ended 1 July 2018**

#### **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 the 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.

#### **Disclosure of information to the auditor**

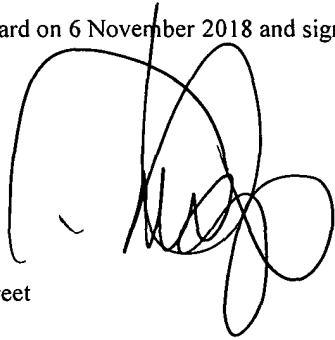
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **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.

Approved by the Board on 6 November 2018 and signed on its behalf by:

C.C.S. Longcroft  
Director  
1 London Bridge Street  
London  
SE1 9GF

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by several loops and a final flourish.

## **Independent Auditor's Report to the Members of News UK & Ireland Limited**

### **Opinion**

We have audited the financial statements of News UK & Ireland Limited for the year ended 1 July 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 1 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of News UK & Ireland Limited (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.



Neil Cullum (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor, London

Date: 8/11/2018



## News UK & Ireland Limited

### Profit and Loss Account For the year ended 1 July 2018

	Note	2018 £ 000	2017 £ 000
Turnover	4	94,355	96,665
Cost of sales		<u>(93,187)</u>	<u>(95,671)</u>
Gross profit		<u>1,168</u>	<u>994</u>
Total operating profit	5	1,168	994
Interest receivable and similar income	8	<u>9</u>	<u>9</u>
Profit before tax		1,177	1,003
Taxation	10	<u>269</u>	<u>(56)</u>
Profit for the financial year		<u>1,446</u>	<u>947</u>

The above results were derived from continuing operations.

### Statement of Comprehensive Income For the year ended 1 July 2018

	2018 £ 000	2017 £ 000
Profit for the financial year	<u>1,446</u>	<u>947</u>
Total comprehensive income for the year	<u>1,446</u>	<u>947</u>

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

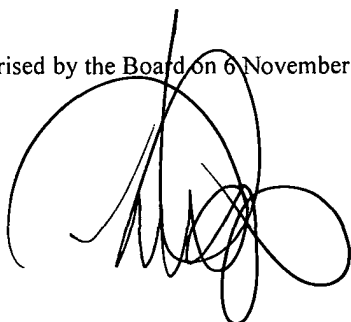
**News UK & Ireland Limited**  
**Registered number: 01893198**

**Balance Sheet**  
**As at 1 July 2018**

			(As restated)
	Note	2018 £ 000	2017 £ 000
<b>Current assets</b>			
Debtors	11	357,608	333,732
Cash at bank and in hand	13	<u>31,402</u>	<u>62,460</u>
		389,010	396,192
Creditors: amounts falling due within one year	14	<u>(245,170)</u>	<u>(259,046)</u>
<b>Net assets</b>		<u>143,840</u>	<u>137,146</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Other reserves		12,221	8,993
Profit and loss account		<u>131,619</u>	<u>128,153</u>
<b>Shareholders' funds</b>		<u>143,840</u>	<u>137,146</u>

Approved and authorised by the Board on 6 November 2018 and signed on its behalf by:

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 1 July 2018

	Note	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 3 July 2017		-	8,993	128,153	137,146
Profit for the financial year		-	-	1,446	1,446
Total comprehensive income		-	-	1,446	1,446
Settlement of equity settled share based payments		-	(2,020)	2,020	-
Share based payment transactions	16	-	5,248	-	5,248
At 1 July 2018		-	12,221	131,619	143,840

### Statement of Changes in Equity For the year ended 2 July 2017

	Note	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 4 July 2016 (As restated)		-	8,880	123,120	132,000
Profit for the financial year		-	-	947	947
Total comprehensive income		-	-	947	947
Settlement of equity settled share based payments		-	(4,086)	4,086	-
Share based payment transactions	16	-	4,199	-	4,199
At 2 July 2017		-	8,993	128,153	137,146

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 1 July 2018**

#### **1 General information**

The company is a private company limited by share capital incorporated in England and Wales under the Companies Act.

The address of its registered office is:

1 London Bridge Street

London

SE1 9GF

These financial statements were authorised for issue by the Board on 6 November 2018.

The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

##### **Basis of preparation**

The financial statements of News UK & Ireland Limited have been prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value.

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 below.

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 1 July 2018 (52 weeks to 2 July 2017). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

## **News UK & Ireland Limited**

### **Notes to the Financial Statements For the year ended 1 July 2018 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of 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 ultimate parent undertaking.

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 Statement Presentation paragraph 3.17(d);
- (b) From the financial instruments disclosures as required by FRS 102 paragraph 11.42 to 11.48A and paragraphs 12.26 to 12.27, 12.29 (a) & (b) and 12.29A, 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.

##### **Going concern**

News Corporation has committed to provide financial support until at least 31 March 2020 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

News Corp UK & Ireland Limited operates two collective 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 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.

##### **Revenue recognition**

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 relates to services provided to other group companies and is recognised over the duration of the provision of the service.

## **News UK & Ireland Limited**

### **Notes to the Financial Statements For the year ended 1 July 2018 (continued)**

#### **2 Accounting policies (continued)**

##### **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.

##### **Interest income**

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

##### **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.

##### **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.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade 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.

## **News UK & Ireland Limited**

### **Notes to the Financial Statements For the year ended 1 July 2018 (continued)**

#### **2 Accounting policies (continued)**

##### **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.

##### **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.

##### **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.

#### **3 Judgements in applying accounting policies and key sources of estimation uncertainty**

Management are required to make judgements in the process of applying the company's accounting policies. The judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below.

##### **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 1 July 2018 was £2,108,000 (2 July 2017 - £1,839,000).

#### **4 Turnover**

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

#### **5 Operating profit**

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

## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 6 Auditor's remuneration

	2018 £ 000	2017 £ 000
Audit of financial statements	122	123

Auditor's remuneration is borne by another group undertaking.

#### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	78,396	79,968
Social security costs	9,287	9,528
Pension costs, defined contribution scheme	4,646	5,292
Share-based payment expenses	5,249	4,199
	<u>97,578</u>	<u>98,987</u>

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

	2018 No.	2017 No.
Production	13	19
Administration and support	581	570
Sales	2	3
Distribution	366	382
Editorial	138	160
	<u>1,100</u>	<u>1,134</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 and is reported as turnover meaning the net impact of share based payments for the company is £Nil (2017 - £Nil). Details on the type of settlement have been provided in note 16.



## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 8 Other interest receivable

	2018 £ 000	2017 £ 000
Other interest receivable	<u>9</u>	<u>9</u>

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration receivable	2,597	2,297
Value of company pension contributions to money purchase schemes	<u>-</u>	<u>5</u>
	<u>2,597</u>	<u>2,302</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Long term incentive plan	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	<u>1,379</u>	<u>1,262</u>

The directors of the company are also directors of the holding company of fellow UK subsidiaries. The directors received total remuneration for the year as shown above. 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.

## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 10 Taxation

Tax charged/(credited) in the income statement

	2018 £ 000	2017 £ 000
Total current income tax	-	-
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(305)	(57)
Effect of rate change	32	113
Adjustments in respect of prior periods	4	-
Total deferred tax	(269)	56
Taxation on profit on ordinary activities	(269)	56

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.75%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	1,177	1,003
Corporation tax at standard rate	224	198
Effect of expense not deductible for tax	998	828
Effect of rate change	32	113
Increase in tax from adjustment for prior periods	4	-
Effect of group relief and transfer pricing adjustments	(673)	(469)
Adjustments to brought forward values	(613)	(21)
Other permanent differences	(241)	(593)
Total tax (credit)/charge	(269)	56

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The 2016 Budget announced that the rate would reduce to 17% from 1 April 2020, which was enacted on 16 September 2016. No subsequent changes have been announced in relation to UK corporation tax rates.

## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 11 Debtors

	Note	2018 £ 000	2017 £ 000
Trade debtors		122,168	67,186
Amounts owed by group undertakings		211,227	235,663
Other debtors		442	608
Prepayments		21,619	28,436
Deferred taxation	12	2,108	1,839
Corporation tax asset		44	-
Total current trade and other debtors		<u>357,608</u>	<u>333,732</u>

All amounts owed by group undertakings relate to trading balances with no fixed repayment terms and no interest charged.

#### 12 Deferred tax

	2018 £ 000	2017 £ 000
The deferred tax asset is made up as follows:		
At the beginning of the year	1,839	1,895
Profit and loss account movement arising during the year	301	57
Effect of rate change	(32)	(113)
At end of year	<u>2,108</u>	<u>1,839</u>

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

	2018 £ 000	2017 £ 000
Accelerated capital allowances	18	22
Share based payments	<u>2,090</u>	<u>1,817</u>
	<u>2,108</u>	<u>1,839</u>

Of the £2,108,000 deferred tax asset recognised at 1 July 2018, approximately £300,000 is expected to reverse over the next year as a result of the settlement of share based payments.

## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 13 Cash and cash equivalents

	Note	2018 £ 000	2017 £ 000
Cash at bank		31,402	62,460
Bank overdrafts	14	<u>(36,757)</u>	<u>(94,574)</u>
Cash and cash equivalents		<u>(5,355)</u>	<u>(32,114)</u>

News Corp UK & Ireland 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.

#### 14 Creditors

			(As restated)
	Note	2018 £ 000	2017 £ 000
<b>Due within one year</b>			
Bank overdraft	13	36,757	94,574
Trade creditors		55,587	38,265
Amounts due to group undertakings		41,195	24,415
Social security and other taxes		8,560	5,587
Other creditors		9,269	8,089
Accruals and deferred income		<u>93,802</u>	<u>88,116</u>
		<u>245,170</u>	<u>259,046</u>

All amounts due to by group undertakings relate to trading balances with no fixed repayment terms and no interest charged.

#### 15 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 16 Share-based payments

##### 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 2 or 3 year performance period. The number of shares vesting after the completion of the 2 or 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 PSUs weighted average grant date fair value (WAGDFV) outstanding during the year are as follows:

	2018 Number	2017 Number
Outstanding, start of year	1,510,488	1,313,309
Granted during the year	675,367	807,621
Expired during the year	(202,773)	(262,096)
Exercised during the year	(187,499)	(348,346)
Outstanding, end of year	<u>1,795,583</u>	<u>1,510,488</u>

The weighted average fair value of PSUs granted during the year was £10.17 (2017 - £11.54). There have been no share options granted during the year (2017 - £Nil). The weighted average share price at the date of exercise for the options exercised was £Nil (2017 - £Nil).

	2018 £	2017 £
Outstanding, start of year	11.03	10.78
Granted during the year	10.17	11.54
Expired during the year	10.87	11.04
Exercised during the year	<u>10.77</u>	<u>11.29</u>
Outstanding, end of year	<u>10.75</u>	<u>11.03</u>

##### Financial impact

The expense recognised for share based payments in respect of services received during the year to 1 July 2018 is £5,248,000 (2017 - £4,199,000). 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 £5,248,000 (2017 - £4,199,000).

## News UK & Ireland Limited

### Notes to the Financial Statements For the year ended 1 July 2018 (continued)

#### 17 Pension and other schemes

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 30 September 2016 to 30 June 2018.

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.

Retirement benefit obligations disclosures for the defined benefit schemes are not presented in these company accounts and there is no group policy in place for charging the net defined benefit cost to individual group companies. Under FRS102, 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 surplus as at 1 July 2018 is £3,233,000 (2017 - deficit of £65,610,000). The fair value of the plans' assets amounts to £398,586,000 (2017 - £423,139,000) whilst the benefit obligations amounts to £395,353,000 (2017 - £488,749,000).

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £4,646,000 (2017 - £5,292,000).

#### 18 Commitments under operating leases

At 1 July 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £ 000	2017 £ 000
Not later than one year	13,759	15,299
Later than one year and not later than five years	55,956	62,288
Later than five years	14,502	32,722
	<u>84,217</u>	<u>110,309</u>

## **News UK & Ireland Limited**

### **Notes to the Financial Statements For the year ended 1 July 2018 (continued)**

#### **19 Parent and ultimate parent undertaking**

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

The ultimate parent is News Corporation, 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.

#### **20 Restatement**

A prior year adjustment of £4,634,000 was identified following a reassessment of the calculation in holiday pay provisions. The impact on the comparative information as at 2 July 2017 and for the year then ended was as follows: increased other payables by £4,634,000 and increased opening reserves as at 4 July 2016 by £4,634,000. There was no impact on the comparative profit and loss account.