

COMPANY REGISTRATION NUMBER 04165884

## **News Property Three Limited**

**Financial statements**

**3 July 2011**

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# **News Property Three Limited**

## **Financial statements**

**Year ended 3 July 2011**

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# **News Property Three Limited**

## **The directors' report**

### **Year ended 3 July 2011**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 3 July 2011

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

The principal activity of the company during the year was that of an asset holding company within Newscorp Investments Group

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

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

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

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Newscorp Investments (the company's ultimate UK parent company) has committed to providing financial support to enable the company to meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements (see note 11)

#### **Results and dividends**

The result for the year amounted to £1,007,000. The directors have not recommended a dividend.

#### **Directors**

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

M C Gill

S L Panuccio

C A Milner

(Resigned 31 December 2010)

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

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

#### **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

# News Property Three Limited

## The directors' report *(continued)*

Year ended 3 July 2011

### Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

In so far as each of the persons who were directors at the date of approving these financial statements is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- each director has 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

The company has made no charitable or political contributions in the year (2010 - £Nil)

### 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 auditors in the absence of a notice that the appointment is to be terminated.

Registered office  
3 Thomas More Square  
London  
E98 1XY

Signed on behalf of the directors



M C Gill

Director

Approved by the directors on 26 March 2012

Company Registration Number 04165884

# **News Property Three Limited**

## **Independent auditor's report to the members of News Property Three Limited**

We have audited the financial statements of News Property Three Limited for the year ended 3 July 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements 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 3 July 2011 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.

### **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.

## News Property Three Limited

### Independent auditor's report to the members of News Property Three 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, or

*Ernst & Young LLP*

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

*30/3/2012*

## News Property Three Limited

### Profit and loss account

Year ended 3 July 2011

	Note	2011 £000	2010 £000
Turnover		—	—
Administrative expenses		(4,139)	(4,139)
Other operating income	2	4,139	4,139
<b>Profit on ordinary activities before taxation</b>		<u>—</u>	<u>—</u>
Tax on profit on ordinary activities	7	1,007	335
<b>Profit for the financial year</b>		<u>1,007</u>	<u>335</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 7 to 12 form part of these financial statements

# News Property Three Limited

## Balance sheet

3 July 2011

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Tangible assets	8	<u>193,125</u>	<u>196,002</u>
<b>Current assets</b>			
Debtors	9	4,139	4,139
Cash at bank		<u>38,229</u>	<u>34,091</u>
		42,368	38,230
<b>Creditors: Amounts falling due within one year</b>	10	<u>(202,568)</u>	<u>(201,307)</u>
<b>Net current liabilities</b>		(160,200)	(163,077)
<b>Total assets less current liabilities</b>		<u>32,925</u>	<u>32,925</u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	<u>(8,744)</u>	<u>(9,751)</u>
		<u>24,181</u>	<u>23,174</u>
<b>Capital and reserves</b>			
Share capital	13	—	—
Profit and loss account	14	<u>24,181</u>	<u>23,174</u>
<b>Shareholders' funds</b>	15	<u>24,181</u>	<u>23,174</u>

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



M C Gill  
Director

The notes on pages 7 to 12 form part of these financial statements



# News Property Three Limited

## Notes to the financial statements

Year ended 3 July 2011

### 1. Accounting policies

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles

The financial statements have been prepared in accordance with applicable accounting standards. Newscorp Investments (the company's ultimate UK parent company) has committed to provide financial support and accordingly the directors continue to adopt the going concern basis in preparing the annual financial statements

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 53 weeks ended 3 July 2011

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 members of the group headed by News Corporation

#### **Tangible fixed assets and depreciation**

Land is stated at cost less provision for any impairment. Other tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Freehold land is not depreciated.

Where borrowings are used to finance capital projects, interest incurred prior to the completion of those projects is capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold land & buildings	- 2% per annum
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Assets in the course of construction are not depreciated. When such assets come into use they are transferred to the appropriate fixed asset category and depreciated accordingly.

No provision for depreciation is made in respect of freehold land and leasehold land on 999 year leases. Other leasehold properties are amortised over the shorter of their respective leases or 50 years, except for properties in the course of construction, which will be amortised from the date of completion.

# News Property Three Limited

## Notes to the financial statements

Year ended 3 July 2011

### 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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### 2. Other operating income

	2011	2010
	£000	£000
Rent receivable	<u>4,139</u>	<u>4,139</u>

### 3. Operating profit

Operating profit is stated after charging

	2011	2010
	£000	£000
Depreciation of owned fixed assets	<u>4,139</u>	<u>4,139</u>

### 4. Auditors' remuneration

	2011	2010
	£000	£000
Audit of the financial statements	<u>6</u>	<u>6</u>

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

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

### 5. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year

# News Property Three Limited

## Notes to the financial statements

Year ended 3 July 2011

### 6. Directors' remuneration

The directors of the company are also directors of the holding company or fellow UK subsidiaries. The directors received total remuneration for the year of £2,626,579 (2010: £1,637,938), 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.

2 of the directors were members of the defined benefit scheme (2010: 2).

Total payments in respect of compensation for loss of office of £1,242,050 (2010: £nil) were made in the year.

### 7. Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2011 £000	2010 £000
Deferred tax		
Origination and reversal of timing differences	(328)	(335)
Effect of changed tax rate on opening balance	(679)	-
Total deferred tax (note 12)	<u>(1,007)</u>	<u>(335)</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 27.50% (2010: 28%).

	2011 £000	2010 £000
Profit on ordinary activities by rate of tax	-	-
Depreciation in excess of capital allowances	329	335
Non-taxable income	809	824
UK Transfer pricing adjustments	(830)	(841)
Group relief claimed	<u>(308)</u>	<u>(318)</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

#### (c) Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 28% to 26% from 1 April 2011. Deferred tax has been restated accordingly in these financial statements. The Finance Act 2011 received Royal Assent on 19 July 2011, with the 26% rate being substantively enacted from 29 March 2011.

The UK government announced on 21 March 2012 further reductions in the standard rate of corporation tax to 24% from 1 April 2012 and by a further 1% per annum to 22% from 1 April 2014. These further reductions had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

# News Property Three Limited

## Notes to the financial statements

Year ended 3 July 2011

### 8. Tangible fixed assets

	Leasehold land and buildings £000	Assets under construction £000	Total £000
<b>Cost</b>			
At 28 June 2010	239,793	12,383	252,176
Additions	–	1,262	1,262
<b>At 3 July 2011</b>	<b>239,793</b>	<b>13,645</b>	<b>253,438</b>
<b>Depreciation</b>			
At 28 June 2010	56,174	–	56,174
Charge for the year	4,139	–	4,139
<b>At 3 July 2011</b>	<b>60,313</b>	<b>–</b>	<b>60,313</b>
<b>Net book value</b>			
<b>At 3 July 2011</b>	<b>179,480</b>	<b>13,645</b>	<b>193,125</b>
At 27 June 2010	183,619	12,383	196,002

Included in leasehold land and buildings is leasehold land at a cost of £56,670,000 (2010 - £56,670,000), which has not been depreciated, and interest on borrowings used to finance capital projects of £59,900,000 (2010 - £59,900,000)

The company has been granted planning permission by Tower Hamlets Borough Council to redevelop its leasehold land and buildings at Wapping. The costs associated with the redevelopment have been classified as 'Assets under the course of construction'

The directors' have reviewed the carrying value of the company's fixed assets and have adjusted the useful economic lives of the assets as appropriate

### 9. Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	4,139	4,139

### 10. Creditors: Amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	202,568	201,307

# News Property Three Limited

## Notes to the financial statements

Year ended 3 July 2011

### 11. Funding

The financial statements are prepared on the going concern basis

The net current liabilities of the company are £160,200,000 at 3 July 2011 (2010 - £163,077,000) Newscorp Investments 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

### 12. Deferred taxation

The movement in the deferred taxation provision during the year was

	2011 £000	2010 £000
Provision brought forward	9,751	10,086
Profit and loss account movement arising during the year	(1,007)	(335)
Provision carried forward	<u>8,744</u>	<u>9,751</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £000	2010 £000
Excess of taxation allowances over depreciation on fixed assets	8,744	9,751
	<u>8,744</u>	<u>9,751</u>

### 13. Share capital

#### Authorised share capital:

	2011 £000	2010 £000
100 Ordinary shares of £1 each	-	-

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

	2011 No	£000	2010 No	£000
1 Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

### 14 Profit and loss account

	2011 £000	2010 £000
Balance brought forward	23,174	22,839
Profit for the financial year	1,007	335
Balance carried forward	<u>24,181</u>	<u>23,174</u>

# News Property Three Limited

## Notes to the financial statements

Year ended 3 July 2011

### 15. Reconciliation of movements in shareholders' funds

	2011	2010
	£000	£000
Profit for the financial year	1,007	335
Opening shareholders' funds	23,174	22,839
Closing shareholders' funds	<u>24,181</u>	<u>23,174</u>

### 16. Post balance sheet events

News International is actively marketing its UK newspaper division headquarters located in East London, which it relocated from in August 2010 and has a reasonable expectation that this sale will be completed in the next 12 months. As the formal decision to sell the site was made after the balance sheet date, the assets are included within tangible fixed assets. The directors believe that the full value of the assets are recoverable.

### 17. Ultimate parent company

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

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

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