

News Property Three Limited

**Report and Financial Statements
27 June 2010**

Registered number: 4165884

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Directors' report

For News Property Three Limited for the year ended 27 June 2010 (registered number 4165884)

The Directors present their annual report on the affairs of News Property Three Limited ("the Company") together with the financial statements and auditors' report for the 52 weeks ended 27 June 2010 ("the year")

Principal activity

The principal activity of the Company is that of an asset holding company within the Newscorp Investments group

Business review

A business review has not been completed for the Company because it is defined under Section 382 of the Companies Act 2006 as a small company

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 defined under Section 382 of the Companies Act 2006 as a small company

Going concern

After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Newscorp Investments 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

Results and dividends

The Company's profit for the financial year was £335,000 (2009 – £335,000)

No dividends were paid during the year (2009 - £Nil) and the Directors do not recommend the payment of a final dividend (2009 - £Nil)

Directors and their interests

The Directors of the Company who served during the year were as follows

M C Gill
C A Milner
S L Panuccio

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 one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. 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

Charitable and political contributions

The Company has made no charitable or political contributions in the year (2009 - £Nil)

Auditors

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

Directors' report - continued

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of its profit and loss 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,
- state whether applicable 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 proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the Company and to 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.

Directors' statement of disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



M C Gill
Director

3 Thomas More Square
London
E98 1XY

19 November 2010

Independent Auditors' report

To the members of News Property Three Limited

We have audited the financial statements of News Property Three Limited for the year ended 27 June 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 12. 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 auditors

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 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 (APB'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.

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 27 June 2010 and of the company's 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 matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the company's 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.

Ernst & Young LLP

Tony McCartney (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

24/11/2010

Profit and loss account

For the year ended 27 June 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses		(4,139)	(4,139)
Other operating income		4,139	4,139
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities	4	335	335
		<hr/>	<hr/>
Profit for the financial year	11	335	335
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £335,000 for the year ended 27 June 2010 (2009 - £335,000)

Details of movements in reserves are shown in note 11

All operations of the Company continued throughout both years and no operations were acquired or discontinued

The notes to the financial statements are an integral part of this profit and loss account

Balance sheet

As at 27 June 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	5	196,002	198,863
Current assets			
Debtors	6	4,139	4,139
Cash at bank and in hand	7	34,091	29,951
		38,230	34,090
Creditors: Amounts falling due within one year	8	(201,307)	(200,028)
Net current liabilities	9	(163,077)	(165,938)
Total assets less current liabilities		32,925	32,925
Provisions for liabilities and charges	10	(9,751)	(10,086)
Net assets		23,174	22,839
Equity capital and reserves			
Called-up share capital	11	-	-
Profit and loss account	11	23,174	22,839
Equity shareholders' funds	11	23,174	22,839

The financial statements on pages 4 to 11 were approved by the Board of Directors on 19 November 2010 and signed on its behalf by



M C Gill
Director

19 November 2010

The notes to the financial statements are an integral part of this balance sheet

Notes to the financial statements

27 June 2010

1 Principal accounting policies

Basis of preparation

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

The financial statements of the Company are made up to the Sunday closest to the 30 June each year. Consequently, the financial statements for the current period cover 52 weeks ended 27 June 2010

In preparing the financial statements for the current year, the Company has adopted early FRS 30 'Heritage Assets' which becomes mandatory for all accounting periods beginning on or after 1 April 2010. As the Company does not hold any heritage assets, the adoption of FRS 30 has no impact on the financial statements

The principal accounting policies have been applied consistently throughout the year and the preceding year

Going concern

After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Newscorp Investments 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

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

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

Taxation

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements - continued

1 Principal accounting policies - continued

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.

Assets in 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, buildings thereon are depreciated at 2 per cent per annum on the straight line basis. Other leasehold properties are amortised over the shorter of their respective leases or 50 years, except for properties in course of construction, which will be amortised from the date of completion.

2 Profit on ordinary activities before taxation

	2010 £'000	2009 £'000
This is stated after (charging)/crediting		
Depreciation	(4,139)	(4,139)
Rent receivable	4,139	4,139

The Directors received no remuneration for their services to the Company (2009 - £Nil). The Directors received emoluments for their services provided to other group undertakings as disclosed in the financial statements of those companies.

The Company has no employees (2009 - None).

3 Auditors' remuneration

	2010 £'000	2009 £'000
Audit of the financial statements	6	6

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

Fees paid to the Company's auditors, Ernst & Young LLP, for services other than statutory audit of the Company are disclosed in the financial statements of News International Limited.

4 Tax on profit on ordinary activities

a) The tax credit is made up as follows

	2010 £'000	2009 £'000
Deferred tax		
Current year movement at 28% (2009 - 28 %)	335	335

Notes to the financial statements - continued

4 Tax on profit on ordinary activities - continued

b) Factors affecting current tax charge

The tax assessed on the profit on the ordinary activities for the year is £Nil (2009 - £Nil). The difference between the tax assessed and the standard rate of corporation tax in the UK of 28% (2009 - 28%) is explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	-	-
Corporation tax at 28% (2009 - 28%)	-	-
Permanent items	824	824
UK transfer pricing adjustment	(841)	(1,842)
Capital allowances less than depreciation and other timing differences	335	335
Group relief (claimed)/surrendered	(318)	683
Total current tax	-	-

c) Factors affecting future tax charge

The Chancellor announced in the emergency budget on 22 June 2010 that the standard rate of UK Corporation Tax will be reduced from 28% to 27% from 1 April 2011, and there will be progressive annual reductions of a further 1% until a rate of 24% is reached with effect from 1 April 2014. The Finance Act (No 2) 2010 received Royal Assent on 27 July 2010, with the first of the rate reductions being substantively enacted from 21 July 2010 under UK GAAP.

The Chancellor also announced changes to the Capital Allowances regime. The rate of writing down allowances on expenditure on plant and machinery allocated to the main pool will be reduced from 20% to 18%, and the writing down allowances on expenditure allocated to the special rate pool (i.e. long-life assets and integral features) will be reduced from 10% to 8%. These will have effect from 1 April 2012. In addition, the maximum amount of the annual investment allowance (which provides 100% relief in the year of spend) will be reduced from £100,000 to £25,000, also from 1 April 2012.

As this legislation was not substantively enacted by the balance sheet date, the figures within these accounts are calculated in accordance with the existing rates, however the impact of this would be to reduce the value of the company's deferred tax balances at the balance sheet date by approximately £1,393,000 to £8,358,000.

Notes to the financial statements - continued

5 Tangible fixed assets

	Leasehold land and buildings	Assets under the course of construction	Total
	£'000	£'000	£'000
Cost			
Beginning of the year	239,793	11,105	250,898
Additions	-	1,278	1,278
	<hr/>	<hr/>	<hr/>
End of the year	239,793	12,383	252,176
Depreciation			
Beginning of the year	52,035	-	52,035
Charge for the year	4,139	-	4,139
	<hr/>	<hr/>	<hr/>
End of the year	56,174	-	56,174
Net book value			
Beginning of the year	187,758	11,105	198,863
	<hr/>	<hr/>	<hr/>
End of the year	183,619	12,383	196,002
	<hr/>	<hr/>	<hr/>

Included in leasehold land and buildings is leasehold land at a cost of £56,670,000 (2009 - £56,670,000), which has not been depreciated, and interest on borrowings used to finance capital projects of £59,900,000 (2009 - £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

6 Debtors

	2010 £'000	2009 £'000
Amounts due from group undertakings	4,139	4,139
	<hr/>	<hr/>

7 Cash at bank and in hand

The Newscorp Investments group operates a collective overdraft facility with its bankers, which allows individual companies in the Newscorp Investments group to overdraw subject to an agreed limit not being exceeded in aggregate. This facility is guaranteed by News Corporation.

Notes to the financial statements - continued

8 Creditors Amounts falling due within one year

	2010 £'000	2009 £'000
Amounts due to group undertakings	201,307	200,028

9 Funding

The financial statements are prepared on the going concern basis

The net current liabilities of the Company are £163,077,000 at 27 June 2010 (2009 - £165,938,000) 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

10 Provisions for liabilities and charges

	Deferred tax £'000
Beginning of the year	10,086
Credit to profit and loss	
Current year movement	(335)
End of the year	9,751

Deferred taxation is provided at 28% (2009 - 28%) as follows

	2010 £'000	2009 £'000
Other timing differences	9,751	10,086
	9,751	10,086

11 Equity capital and reserves

a) Called-up equity share capital

	2010 £	2009 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted and fully-paid 1 ordinary share of £1 each	1	1

Notes to the financial statements - continued

11 Equity capital and reserves - continued

b) Reserves

	Profit and loss account £'000
Beginning of the year	22,839
Profit for the financial year	335
End of the year	23,174

c) Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit for the financial year	335	335
Opening shareholders' funds	22,839	22,504
Closing shareholders' funds	23,174	22,839

12 Ultimate parent company

The Company's immediate parent company is News International Publishers Limited, a company incorporated in England and Wales

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