Registered number: 05891477

News UK & Ireland Direct Limited

Report and financial statements

for the year ended 28 June 2015

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News UK & Ireland Direct Limited

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News UK & Ireland Direct Limited

Strategic report
for the year ended 28 June 2015

The directors present their Strategic report and the financial statements of the company for the year ended 28 June 2015.

Principal activities and business review
The principal activity of the company is the provision of distribution services to retail outlets of newspapers, periodicals, other printed material and other goods on behalf of other News Corp Investments UK & Ireland group companies ("News UK" group) in the United Kingdom.

The company generated turnover for the year of £8,484,000 (2014 - £8,618,000). The company's profit on ordinary activities before taxation for the year was £714,000 (2014 - £171,000).

The company's profit on ordinary activities before taxation has improved in the year due to a number of cost efficiency initiatives implemented which has enabled the company to reduce costs and generate more profits.

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

Principal risks and uncertainties
As the company derives revenues from distribution services to retail outlets on behalf of the News UK group, the principal risks to the company are whether they are the most economically beneficial method to distribute products and also the fluctuation in fuel prices, which influences the ability to source distribution vehicles at rates that can be recovered to ensure that the company is profitable.

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

C. C. S. Longcroft
Director

Date: 21 October 2015

Directors' report
28 June 2015

The directors present their report and the financial statements for the year ended 28 June 2015.

Going concern
News Corporation has committed to provide financial support until 30 November 2016 to News Corp Investments UK & Ireland ("News UK" group) which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note 10 to the financial statements, News Corp UK & Ireland Limited operates two collective overdraft facilities, in which it 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 £721,000 (2014 - £171,000).

The directors do not recommend a dividend.

Directors
The directors who served during the year were:

C. C. S. Longcroft
M. W. Darcey (ceased 14 September 2015)
D. Dinsmore (appointed 14 September 2015)

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.

Directors' report (continued)
28 June 2015

Directors' responsibilities
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 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 these financial statements, the directors are required to:

- select suitable accounting policies 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;
- 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 the auditor
Each of the persons who is a director at the date of approval of this report confirm 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 steps that they ought to have taken as a director to make themself 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.

C. C. S. Longcroft
Director

Date: 21 October 2015

Registered office:
1 London Bridge Street
London
SE1 9GF

Independent auditor's report to the members of News UK & Ireland Direct Limited

We have audited the financial statements of News UK & Ireland Direct Limited for the year ended 28 June 2015 which comprise the Profit and Loss Account, the 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 auditors' 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 28 June 2015 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of News UK & Ireland Direct 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.

Richard Addison (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
London

21 October 2015

News UK & Ireland Direct Limited

Profit and Loss Account
Year ended 28 June 2015

	Note	2015 £000	2014 £000
Turnover	1,2	8,484	8,618
Cost of sales		(6,990)	(7,436)
Gross profit		1,494	1,182
Administrative expenses		(780)	(1,011)
Operating profit	3	714	171
Profit on ordinary activities before taxation		714	171
Tax on profit on ordinary activities	7	7	-
Profit for the financial year	15	721	171

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and Loss Account.

The notes on pages 8 to 13 form part of these financial statements.

News UK & Ireland Direct Limited
Registered number: 05891477

Balance Sheet
28 June 2015

	Note	£000	2015 £000	£000	2014 £000
Current assets					
Debtors	8	7,951		8,460	
Creditors: amounts falling due within one year	11	(8,242)		(9,472)	
Net current liabilities			(291)		(1,012)
Net liabilities			(291)		(1,012)
Capital and reserves					
Called up share capital	14		-		-
Profit and loss account	15		(291)		(1,012)
Shareholders' deficit	16		(291)		(1,012)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 October 2015.

C. C. S. Longcroft
Director

The notes on pages 8 to 13 form part of these financial statements.

1. Accounting policies

1.1 Basis of accounting

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

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 28 June 2015.

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

1.2 Going concern

News Corporation has committed to provide financial support until 30 November 2016 to News Corp Investments UK & Ireland ("News UK" group) which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note 10 to the financial statements, News Corp UK & Ireland Limited (the company's immediate parent company) operates two collective overdraft facilities, in which it 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.

1.3 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 accounts of News Corporation, the ultimate parent company.

1.4 Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

1.5 Turnover

Turnover is the net amount receivable by the company in the ordinary course of its business, excluding value added tax, trade discounts and other sales related taxes.

Turnover is recognised on fulfilment of delivery services.

1.6 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

1.7 Pensions

The employees of the company participated in a defined contribution pension scheme, which requires contributions to be made to separately administered funds. 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. Accounting policies (continued)

1.8 Taxation

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

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

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

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

2. Turnover

The company's turnover and profit are derived, for the current and prior year, entirely from distribution services to retail outlets of newspapers, periodicals, other printed material and other goods on behalf of other News UK group companies in the United Kingdom.

3. Operating profit

Operating profit is stated after charging:

	2015 £000	2014 £000
Operating lease rentals:		
- plant and machinery	73	89
- other operating leases	116	112

The annual commitments for the operating lease rentals are held by other companies in the News UK group.

4. Auditor's remuneration

	2015 £000	2014 £000
Audit of financial statements	9	10

Auditor's remuneration is borne by another group undertaking.

5. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	518	607
Social security costs	55	56
Other pension costs	46	34
	619	697

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

	2015 No.	2014 No.
Administrative	14	15

6. Directors' remuneration

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

	2015 £000	2014 £000
Remuneration receivable	2,867	3,135
Value of company pension contributions to money purchase schemes	40	46
Total	2,907	3,181

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:

	2015 No	2014 No
Long term incentive plan	2	2

The directors of the company are also directors of the holding company or fellow UK subsidiaries. The directors received total remuneration for the year as shown above, all of which was paid by a fellow group company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the subsidiary companies.

7. Taxation

	2015 £000	2014 £000
(a) Analysis of tax credit in the year		
Deferred tax		
Origination and reversal of timing differences	(5)	-
Rate change	1	-
Prior year adjustment	(3)	-
Total deferred tax (see note 9)	(7)	-
Tax on profit on ordinary activities	(7)	-

(b) Factors affecting tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	714	171
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%)	148	38
Effects of:		
Depreciation in excess of capital allowances	4	2
Group relief claimed	(152)	(40)
Current tax charge for the year	-	-

(c) 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 is expected to receive Royal Assent in autumn 2015. As the proposed changes were not substantively enacted at the balance sheet date, deferred tax balances in these financial statements have been calculated at the 20% rate.

8. Debtors

	2015 £000	2014 £000
Amounts owed by group undertakings	7,809	8,391
Prepayments and accrued income	115	49
Deferred tax asset (see note 9)	27	20
	7,951	8,460

9. Deferred tax asset

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Balance brought forward	20	20
Profit and loss account movement arising during the year	4	(1)
Adjustment in respect of prior periods	3	1
	27	20

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

	2015 £000	2014 £000
Excess of depreciation over capital allowances	27	20

A deferred tax asset has been recognised as the directors are of the opinion that the level of future taxable profits and deferred tax liabilities within the News UK group will be sufficient to utilise the deferred tax asset being recognised.

10. Group banking arrangements

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.

11. Creditors:
Amounts falling due within one year

	2015 £000	2014 £000
Overdrafts	6,936	6,942
Amounts owed to group undertakings	910	1,505
Accruals and deferred income	396	1,025
	8,242	9,472

12. Leasing and other financial commitments

Commitments under operating lease agreements are held by News Corp UK & Ireland Limited and News UK & Ireland Limited.

13. Funding

The financial statements are prepared on the going concern basis.

The net liabilities of the company are £291,000 (2014 - £1,012,000). News Corp UK & Ireland Limited 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.

14. Share capital

	2015 £	2014 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

15. Reserves

	Profit and Loss Account £000
At 30 June 2014	(1,012)
Profit for the financial year	721
At 28 June 2015	(291)

16. Reconciliation of movement in shareholders' deficit

	2015 £000	2014 £000
Opening shareholders' deficit	(1,012)	(1,183)
Profit for the financial year/period	721	171
Closing shareholders' deficit	(291)	(1,012)

17. Ultimate parent company

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

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

The 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 smallest group in which they are consolidated is that headed by News Corp UK & Ireland Limited, a company incorporated in England. The consolidated financial statements of these groups are available to the public and may be obtained from 1 London Bridge Street, London SE1 9GF.