

Registered number: 05891477

News UK & Ireland Direct Limited

Report and financial statements

for the year ended 3 July 2016



News UK & Ireland Direct Limited

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News UK & Ireland Direct Limited

Strategic report For the year ended 3 July 2016

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

Principal activities and business review

The principal activity of the company is the provision of 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 £8,513,000 (2015 - £8,484,000). The company's profit on ordinary activities before taxation for the year was £914,000 (2015 - £714,000).

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

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 it is 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.

Future developments

The directors expect the company to continue to provide distribution services to retail outlets for the foreseeable future.

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



C. C. S. Longcroft
Director

Date: 25 October 2016

News UK & Ireland Direct Limited

Directors' report For the year ended 3 July 2016

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

Going concern

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

As highlighted in note 11 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 £915,000 (2015 - £721,000).

The directors do not recommend a dividend (2015 - £Nil).

Directors

The directors who served during the year were:

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

Except as noted above, both 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 judgement is given against any 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)
For the year ended 3 July 2016

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditor

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

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

Auditor

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

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



C. C. S. Longcroft
Director

Date: 25 October 2016

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 3 July 2016 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts.

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



Neil Cullum (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Date: 27/10/2016

News UK & Ireland Direct Limited

Profit and loss account For the year ended 3 July 2016

	Note	2016 £000	2015 £000
Turnover	3	8,513	8,484
Cost of sales		(6,954)	(6,990)
Gross profit		1,559	1,494
Administrative expenses		(645)	(780)
Profit on ordinary activities before taxation	4	914	714
Tax on profit on ordinary activities	8	1	7
Profit for the financial year		915	721

Statement of comprehensive income For the year ended 3 July 2016

	2016 £000	2015 £000
Profit for the financial year	915	721
Total comprehensive income for the year	915	721

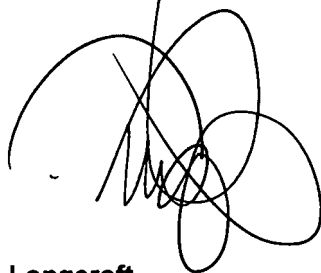
The notes on pages 9 to 16 form part of these financial statements.

News UK & Ireland Direct Limited
Registered number:05891477

Balance sheet
As at 3 July 2016

	Note	2016 £000	2015 £000
Current assets			
Debtors	9	8,048	7,951
		<u>8,041</u>	<u>7,951</u>
Creditors: amounts falling due within one year	13	(7,424)	(8,242)
Net assets/(liabilities)		<u>624</u>	<u>(291)</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		<u>624</u>	<u>(291)</u>
Shareholders' funds/(deficit)		<u>624</u>	<u>(291)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 October 2016.



C. C. S Longcroft
Director

The notes on pages 9 to 16 form part of these financial statements.

News UK & Ireland Direct Limited

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 29 June 2015	-	(291)	(291)
Profit for the financial year	-	915	915
Total comprehensive income for the year	-	915	915
At 3 July 2016	-	624	624

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 30 June 2014	-	(1,012)	(291)
Profit for the financial year	-	721	721
Total comprehensive income for the year	-	721	721
At 3 July 2016	-	(291)	(291)

News UK & Ireland Direct Limited

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

1. Accounting policies

1.1 General information

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

1.2 Statement of compliance

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

1.3 Basis of preparation of financial statements

The financial statements of News UK & Ireland Direct Limited were approved for issue by the Board of Directors on 25 October 2016. The financial statements have been prepared on a going concern basis, under the historical cost convention, 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's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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

The company transitioned from previously extant UK GAAP to FRS 102 as at 30 June 2014. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

1.4 FRS 102 reduced disclosure exemptions

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the 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 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:
 - Categories of financial instruments,
 - Items of income, expenses, gains or losses relating to financial instruments, and
 - Exposure to and management of financial risks.
- c) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

News UK & Ireland Direct Limited

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

1. Accounting policies (continued)

1.5 Going concern

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

As highlighted in note 11 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.

1.6 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 102 Section 33 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

1.7 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, VAT and other sales taxes or duty.

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:

Distribution services revenue is recognised on fulfilment of delivery services.

1.8 Operating leases

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

1.9 Pensions

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

1. Accounting policies (continued)

1.10 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.

1.11 Foreign currency translation

Transactions in foreign currencies are initially recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at present value of future payments, discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

No critical judgements or key sources of estimation uncertainty in applying the company's accounting policies have been identified in the current or preceding year.

3. Turnover

The company's turnover and profit are derived, for the current and prior year, entirely from its principal activity of 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.

News UK & Ireland Direct Limited

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

4. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Other operating lease rentals	85	190
Defined contribution pension cost	40	46

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

5. Auditor's remuneration

	2016 £000	2015 £000
Audit of financial statements	9	9

Auditor's remuneration is borne by another group undertaking.

6. Employees

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

	2016 £000	2015 £000
Wages and salaries	528	518
Social security costs	50	55
Other pension costs	40	46
	618	619

Included within wages and salaries is £67,000 (2015 - £Nil) of compensation for loss of office costs.

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

	2016 No.	2015 No.
Administrative	14	14

News UK & Ireland Direct Limited

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

7. Directors' remuneration

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

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

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

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

The 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.

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

8. Taxation

a) Analysis of tax credit for the year

	2016 £000	2015 £000
Deferred tax		
Origination and reversal of timing differences	(4)	(5)
Effect of rate change	3	1
Adjustments in respect of prior years	-	(3)
Total deferred tax	<u>(1)</u>	<u>(7)</u>
Taxation on profit on ordinary activities	<u>(1)</u>	<u>(7)</u>

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

8. Taxation (continued)

(b) Reconciliation of total tax charge included in profit and loss

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

	2016 £000	2015 £000
Profit on ordinary activities before tax	915	714
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	183	148
Effects of:		
Adjustments in respect of prior years	-	(3)
Effect of rate change	3	1
Group relief claimed	(187)	(153)
Total tax credit for the year	(1)	(7)

(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 received Royal Assent on 18 November 2015. Subsequently the 2016 Budget stated that from 1 April 2020 the rate will instead reduce to 17%. This change received Royal Assent on 15 September 2016.

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

9. Debtors

	2016 £000	2015 £000
Amounts owed by group undertakings	7,895	7,809
Prepayments and accrued income	125	115
Deferred taxation (see note 10)	28	27
	8,048	7,951

News UK & Ireland Direct Limited

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

10. Deferred taxation

The deferred taxation balance is made up as follows:

	2016 £000	2015 £000
Balance brought forward	27	20
Profit and loss movement arising during the year	1	4
Adjustments in respect of prior periods	-	3
	<u>28</u>	<u>27</u>

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

	2016 £000	2015 £000
Fixed asset timing differences	<u>28</u>	<u>27</u>

No reversal of the deferred tax asset is anticipated over the next year.

11. 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.

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. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdrafts	6,024	6,936
Amounts owed to group undertakings	969	910
Accruals and deferred income	431	396
	<u>7,424</u>	<u>8,242</u>

News UK & Ireland Direct Limited

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

14. Share capital

	2016 £	2015 £
Shares classified as equity		
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. 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 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.

16. First time adoption of FRS 102

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

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

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