

Registration number: SC271654

Newsprinters (Eurocentral) Limited

Report and financial statements

for the year ended 2 July 2017

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Newsprinters (Eurocentral) Limited

Contents

Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 6
Profit and Loss Account	7
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 22

Newsprinters (Eurocentral) Limited

Strategic Report for the year ended 2 July 2017

The directors present their Strategic Report and the financial statements of the company for the year ended 2 July 2017.

Principal activities and business review

Newsprinters (Eurocentral) Limited forms part of News Corporation which is a global diversified media and information services company focused on creating and distributing authoritative and engaging content to consumers and businesses throughout the world. News Corporation comprises businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia and pay-TV distribution in Australia, that are distributed under some of the world's most recognizable and respected brands. The principal activity of the company is the contract printing of newspapers titles of other members of the News Corp Investments UK & Ireland group ("News UK" group), as well as titles of companies outside of the group.

Effective from the beginning of the year there was an internal reorganisation within the News UK group and the company is now part of the Newsprinters business which now operates as a standalone division within News UK with all printing and distribution services provided to other group companies charged at current market rates. The purpose of the reorganisation is to create a more commercially-focused business with the aim of optimising press capacity and increasing revenues.

The company generated turnover for the year of £5,000,000 (2016 - £9,851,000) and a loss before tax of £27,973,000 (2016 - profit before tax of £246,000). The decrease in revenue is as a result of a decrease in newspaper circulation. Included in the loss before tax is an impairment loss of £22,721,000 (2016 - £Nil) on tangible assets. The movements in the turnover and profit/loss before tax are a reflection of the reorganisation within the group

The company's key financial and other performance indicators during the period were as follows:

	2017	2016
	£ 000	£ 000
Turnover	5,000	9,851
EBITDA (excluding impairment loss)	(3,517)	2,010
EBITDA	(26,238)	2,010

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation charges.

Principal risks and uncertainties

The principal risks and uncertainties for the company are the same as for other group companies in the Newsprinters division and these are disclosed in Newsprinters Limited's (formerly known as News Solutions Limited) financial statements.

Future developments

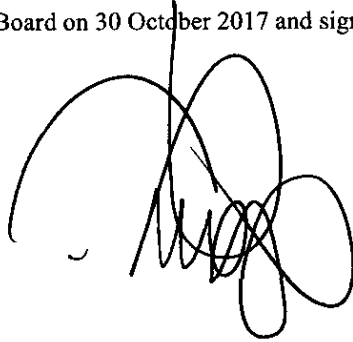
The directors expect the company to continue as a contract printing company for the foreseeable future.

Newsprinters (Eurocentral) Limited

Strategic Report for the year ended 2 July 2017 (continued)

Approved by the Board on 30 October 2017 and signed on its behalf by:

C.C.S. Longcroft
Director

A handwritten signature in black ink, consisting of several large, overlapping loops and a vertical line extending upwards from the center.

Newsprinters (Eurocentral) Limited

Directors' Report For the year ended 2 July 2017

The directors present their report and the financial statements for the year ended 2 July 2017.

Going concern

News Corporation has committed to provide financial support until at least 31 December 2018 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note of the financial statements, News Corp UK & Ireland Limited operates two collective facilities, in which News Corp UK & Ireland Limited has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation.

The News UK group has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative and a letter of support has also been received from News Corp UK & Ireland Limited.

The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Results and dividends

The loss for the year, after taxation, amounted to £28,742,000 (2016 - profit for the year, after taxation of £456,000).

The directors do not recommend a dividend (2016 - £Nil).

Directors

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

D.W. Dinsmore

C.C.S. Longcroft

All directors served throughout the year and are still directors at the date of this report.

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

Directors' indemnity provision

News Corporation has indemnified all directors of the company against liability in respect of proceedings brought by third parties, except that, in accordance with the Companies Act 2006, no indemnity is provided against: any liability incurred by the director in defending civil proceedings brought by the company, or an associated company, in which the final judgement is given against the director; and liability of the director to pay a fine imposed by criminal proceedings; any liability incurred by the director in defending criminal proceedings in which the director is convicted; any liability of the director to pay a penalty sum to a regulatory authority in respect of non compliance with any requirement of a regulatory nature, howsoever arising; or any liability of the director in connection with an application for relief in which the court refuses to grant him relief. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Newsprinters (Eurocentral) Limited

Directors' Report (continued) For the year ended 2 July 2017

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

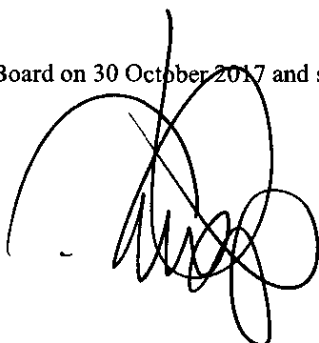
Disclosure of information to the auditor

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

Auditor

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

Approved by the Board on 30 October 2017 and signed on its behalf by:



C.C.S. Longcroft
Director

Registered office:
Collins House
Rutland Square
Edinburgh
EH1 2AA

Independent Auditor's Report to the Members of Newsprinters (Eurocentral) Limited

Opinion

We have audited the financial statements of Newsprinters (Eurocentral) Limited for the year ended 2 July 2017, 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 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 2 July 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Newsprinters (Eurocentral) Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

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



Neil Cullum (Senior statutory auditor)

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

London

Date: 2/11/2017

Newsprinters (Eurocentral) Limited

Profit and Loss Account For the year ended 2 July 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	5,000	9,851
Cost of sales		<u>(7,449)</u>	<u>(6,605)</u>
Gross (loss)/profit		(2,449)	3,246
Administrative expenses		(2,803)	(3,000)
Impairment loss	8	<u>(22,721)</u>	<u>-</u>
(Loss)/profit before tax	4	(27,973)	246
Taxation	9	<u>(769)</u>	<u>210</u>
(Loss)/profit for the financial year		<u><u>(28,742)</u></u>	<u><u>456</u></u>

The above results were derived from continuing operations.

Statement of Comprehensive Income For the year ended 2 July 2017

	2017 £ 000	2016 £ 000
(Loss)/profit for the financial year	<u>(28,742)</u>	<u>456</u>
Total comprehensive income for the year	<u><u>(28,742)</u></u>	<u><u>456</u></u>

The notes on pages 10 to 22 form part of these financial statements.

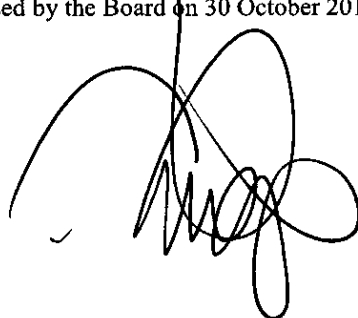
Newsprinters (Eurocentral) Limited
Registered number: SC271654

Balance Sheet
As at 2 July 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	10	2,796	26,985
Current assets			
Stocks	11	923	832
Debtors: amounts falling due within one year	12	16,790	10,462
Cash at bank and in hand	14	-	9,041
		17,713	20,335
Creditors: amounts falling due within one year	15	(46,564)	(44,633)
Net current liabilities		(28,851)	(24,298)
Total assets less current liabilities		(26,055)	2,687
Net (liabilities)/assets		(26,055)	2,687
Capital and reserves			
Called up share capital	19	-	-
Profit and loss account		(26,055)	2,687
Shareholder's (deficit)/funds		(26,055)	2,687

Approved and authorised by the Board on 30 October 2017 and signed on its behalf by:

C.C.S. Longcroft
Director



The notes on pages 10 to 22 form part of these financial statements.

Newsprinters (Eurocentral) Limited

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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 4 July 2016	-	2,687	2,687
Loss for the financial year	-	(28,742)	(28,742)
Total comprehensive income for the year	-	(28,742)	(28,742)
At 2 July 2017	-	(26,055)	(26,055)

Statement of Changes in Equity For the year ended 3 July 2016

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 29 June 2015	-	2,231	2,231
Profit for the financial year	-	456	456
Total comprehensive income for the year	-	456	456
At 3 July 2016	-	2,687	2,687

The notes on pages 10 to 22 form part of these financial statements.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements

For the year ended 2 July 2017

1 General information

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

The address of its registered office is:

Collins House
Rutland Square
Edinburgh
EH1 2AA

These financial statements were authorised for issue by the Board on 30 October 2017.

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

The financial statements of Newsprinters (Eurocentral) Limited have been prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements are made up to the Sunday closest to the 30 June each year. Consequently, the financial statements for the current period cover 52 weeks ended 2 July 2017 (prior period 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.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the ultimate parent undertaking.

The company has taken advantage of the following exemptions:

(a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

(b) From the financial instruments disclosures as required by FRS 102 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.

Going concern

News Corporation has committed to provide financial support until at least 31 December 2018 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note 14 of the financial statements, News Corp UK & Ireland Limited operates two collective facilities, in which News Corp UK & Ireland Limited has provided multilateral guarantees of up to £20 million in respect of each of these bank overdrafts of subsidiary undertakings. These facilities are ultimately guaranteed by News Corporation.

The News UK group has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative and a letter of support has also been received from News Corp UK & Ireland Limited.

The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

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.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

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:

Contract print revenue is recognised in instalments over the life of the print contract or on completion of individual print runs.

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.

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.

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.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

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.

Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

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.

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

Freehold and leasehold land	No depreciation charged
Freehold buildings	20 years to 50 years
Plant, fixtures and fittings	3 years to 30 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the higher of net present value of expected future cash flows of the relevant cash generating unit and fair value less cost to sell.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are held at purchase cost on a first in first out basis. Work in progress and finished goods are held at cost of direct materials and labour plus attributable overheads based on a normal level of activity. Provision is made for obsolete, slow moving or defective items where appropriate.

Spares stock held as replacement parts or components in relation to tangible fixed assets are written off over the useful economic life of the asset to which it relates. Where material these are reclassified to tangible fixed assets, otherwise these are presented within stock.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

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

Creditors

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

Critical judgements in applying the company's accounting policies

No critical judgements in applying the company's accounting policies have been identified in the current or preceding year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Impairment of fixed assets

Determining whether fixed assets are impaired requires an estimation of the value in use of each cash generating unit (CGU) to which the fixed assets have been allocated versus a calculation of the fair value less costs to sell. The recoverable amount is the higher of the two calculations. Key areas of estimation uncertainty in the value in use calculation include the estimation of future cash flows expected to arise from the CGU, the long term growth rates and a suitable discount rate to apply to cash flows in order to calculate present value. The fair value in use less costs to sell was calculated using an orderly liquidation value method. This method includes estimations of the open market value and replacement costs of assets. An impairment loss of £22,721,000 was recognised for the year ended 2 July 2017 (2016 - £Nil). Details of the impairment reviews that the company performs are provided in note 8.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

2 Accounting policies (continued)

b. Stock provisions:

Provisions are made for stock items that are deemed to be obsolete, slow moving or defective. In addition, stock items that are held as replacement parts or components in relation to tangible fixed assets are written off over the estimated useful economic life of the asset to which it relates. See note 11 for further detail.

c. Recoverability of deferred taxes:

The company makes estimates regarding the recoverability of deferred tax assets relating to brought forward losses based on forecasts of future taxable profits which are, by their nature, uncertain. The deferred tax asset recognised was £Nil (2016 - £769,000). See note 13 for further detail.

3 Turnover

The company's turnover and profit in the current year and prior year is derived from its principal activity of the contract printing of newspapers in the United Kingdom on behalf of other members of the News UK group, as well as for companies outside of the News UK group.

4 Operating (loss)/profit

Arrived at after charging:

	2017 £ 000	2016 £ 000
Depreciation expense	1,735	1,764
Operating lease expense	6	7
Defined contribution pension cost	208	209
Impairment loss on tangible fixed assets (note 8)	22,721	-

The operating lease costs relate to commitments held by News UK & Ireland Limited, a fellow subsidiary.

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

5 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of financial statements	49	49

Auditor's remuneration is borne by another group undertaking.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

6 Staff costs

The aggregate payroll costs were as follows:

	2017	2016
	£ 000	£ 000
Wages and salaries	1,940	2,359
Social security costs	220	252
Other pension costs	208	209
	<u>2,368</u>	<u>2,820</u>

Included within wages salaries is £793,000 (2016 - £145,000) of compensation for loss of office costs.

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

	2017	2016
	No.	No.
Production	<u>35</u>	<u>41</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£ 000	£ 000
Remuneration receivable	2,297	5,802
Value of company pension contributions to money purchase schemes	<u>5</u>	<u>33</u>
	<u>2,302</u>	<u>5,835</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:

	2017	2016
	No.	No.
Long term incentive plan	<u>-</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 News UK 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 holding company or subsidiary companies.

During the year there were no amounts payable to former directors as compensation for loss of office (2016 - £2,682,000).

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

8 Impairment loss

	2017 £ 000	2016 £ 000
Impairment loss	22,721	-

The company tests fixed assets annually for impairment or more frequently if there are indicators that assets may be impaired. The recoverable amounts for the company's fixed assets are measured through review of the value in use calculation and a fair value less cost of sale model. Value in use is determined by discounting future expected cash flows, based on management approved budgets and 3 year projections. These reflect management's current experience and future expectations of the markets in which the company operates.

Due to negative cash flows over the forecast period fair value less cost of sale was assessed using an orderly liquidation value method. The orderly liquidation value was greater than the value in use value utilising a discounted cash flow approach. This resulted in an impairment charge of £22,721,000 (2016 - £Nil) on tangible fixed assets.

9 Taxation

Tax charged/(credited) in the income statement

	2017 £ 000	2016 £ 000
Deferred taxation		
Origination and reversal of timing differences	366	(296)
Effect of rate changes	410	85
Adjustments in respect of prior years	(7)	1
Total deferred taxation	769	(210)
Taxation on (loss)/profit	769	(210)

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

9 Taxation (continued)

The tax on loss (2016 - profit) before tax for the period is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.75% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
(Loss)/profit before tax	(27,973)	246
Corporation tax at standard rate	(5,525)	49
Expenses not deductible for tax purposes	2,204	61
Group relief and transfer pricing adjustments	684	(406)
Adjustments in respect of prior years	(7)	1
Effect of rate change	410	85
Deferred tax not recognised	3,003	-
Total tax charge/(credit) for the year	769	(210)

Factors that may affect future tax charges

Following the 2015 summer budget and the 2016 budget, the UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The summer budget 2015 had originally announced that the rate would reduce to 18% from 1 April 2020, which was substantively enacted on 26 October 2015. This rate was on which the prior year deferred tax assets were provided. Subsequently, the 2016 budget announced that the rate would reduce further to 17% from 1 April 2020, which was enacted on 16 September 2016. As the revised rate was enacted prior to the year end, this is the rate at which deferred tax has been provided in this period.

The company has not recognised a deferred tax asset in respect of certain short term timing differences totalling £3,003,000 (2016 - £Nil) due to the uncertainty over whether these will be deductible when the underlying timing differences reverse.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

10 Tangible assets

	Freehold land and buildings £ 000	Plant, fixtures & fittings £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation				
At 4 July 2016	20,217	11,765	54	32,036
Additions	-	-	267	267
Transfers between classes	-	268	(268)	-
At 2 July 2017	20,217	12,033	53	32,303
Depreciation				
At 4 July 2016	1,308	3,743	-	5,051
Charge for the period	436	1,299	-	1,735
Impairment (see note 8)	15,730	6,991	-	22,721
At 2 July 2017	17,474	12,033	-	29,507
Carrying amount				
At 2 July 2017	2,743	-	53	2,796
At 3 July 2016	18,909	8,022	54	26,985

The company tests fixed assets annually for impairment or more frequently if there are indicators that investments may be impaired. The recoverable amounts for the company's fixed assets are measured through review of the value in use calculation and a fair value less cost of sale model. Value in use is determined by discounting future expected cash flows, based on management approved budgets and 3 year projections. These reflect management's current experience and future expectations of the markets in which the company operates.

Due to negative cash flows over the forecast period fair value less cost of sale was assessed using an orderly liquidation value method. The orderly liquidation value was greater than the value in use value utilising a discounted cash flow approach. This resulted in an impairment charge of £22,721,000 (2016 - £Nil) on tangible fixed assets.

11 Stocks

	2017 £ 000	2016 £ 000
Raw materials	923	832

Stock recognised in cost of sales during the year as an expense was £1,182,000 (2016 - £1,106,000).

An impairment loss of £16,000 (2016 - £3,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock. The stock provision is £92,000 (2016 - £76,000)

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

12 Debtors

	Note	2017 £ 000	2016 £ 000
Amounts owed by group undertakings		16,475	9,408
Prepayments		194	209
Accrued income		121	76
Deferred tax assets	13	-	769
		<u>16,790</u>	<u>10,462</u>

In the amounts included in debtors above, deferred taxation of £769,000 (2016 - £509,000) falls due after more than one year. All other amounts fall due within one year.

13 Deferred tax

The deferred tax asset is made up as follows:

	2017 £ 000	2016 £ 000
Balance brought forward	769	(559)
Profit and loss movement arising during the year	(366)	296
Effect of rate change	(410)	(85)
Adjustments in respect of prior year	<u>7</u>	<u>(1)</u>
	<u>-</u>	<u>(349)</u>

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

	2017 £ 000	2016 £ 000
Fixed asset timing differences	<u>-</u>	<u>769</u>

14 Cash and cash equivalents

	Note	2017 £ 000	2016 £ 000
Cash at bank		-	9,041
Bank overdrafts	15	<u>(122)</u>	<u>-</u>
		<u>(122)</u>	<u>9,041</u>

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.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements For the year ended 2 July 2017 (continued)

15 Creditors: amounts falling due within one year

	Note	2017 £ 000	2016 £ 000
Due within one year			
Bank overdrafts	14	122	-
Amounts owed to group undertakings		45,259	43,415
Other payables		234	115
Accrued expenses		949	1,103
		<u>46,564</u>	<u>44,633</u>

16 Pension and other schemes

The company participates in pension schemes operated by News Corp UK & Ireland Limited. The defined contribution scheme covers the majority of the executive, staff and works personnel. The remaining employees, mainly senior executives, are covered by defined benefit multi employer schemes and their share of the underlying assets and liabilities are not readily identifiable. The assets of the pension schemes are held in separate externally administered funds. The pension costs of the defined benefit schemes are in accordance with the advice of a qualified actuary using the projected unit method. The schemes are valued by an independent actuary on a triennial basis. During 2011, News Corp UK & Ireland Limited closed the main UK defined benefit pension plan to future accrual. The latest full actuarial valuation of the defined benefit schemes range from 31 March 2014 to 31 March 2017.

Following a group restructure on 4 July 2011, all pension expenses were transferred to News Corp UK & Ireland Limited, where the group's pension provision is held. A recharge is made to the company for the services of the personnel working for the company. No defined benefit scheme costs are recharged.

The total pension cost for the company was £208,000 (2016 - £209,000) all of which relates to defined contribution scheme.

Retirement benefit obligation disclosures for the defined benefit schemes are not presented in these company accounts, as the defined benefit scheme is a group scheme, and there is no group policy in place for charging the net defined benefit cost to individual group companies. Under FRS 102, this means that the defined benefit scheme deficit is recognised in the financial statements of the group company that is legally responsible for the plan, which is News Corp UK & Ireland Limited. The News Corp UK & Ireland Limited deficit as at 2 July 2017 is £65,610,000 (2016 £65,117,000). The fair value of the plans assets amounts to £423,139,000 (2016 - £407,226,000) whilst the benefit obligations amounts to £488,749,000 (2016 - £472,343,000).

17 Leasing and other financial commitments

Commitments under operating lease agreements are held by News UK & Ireland Limited, another company within the News UK group.

Newsprinters (Eurocentral) Limited

Notes to the Financial Statements

For the year ended 2 July 2017 (continued)

18 Funding

The financial statements are prepared on the going concern basis.

The net liabilities of the company are £26,055,000 at 2 July 2017 (2016 - net assets of £2,687,000). News Corp UK & Ireland Limited, the immediate parent company, 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, a period not less than 12 months from the date of signing.

19 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

20 Parent and ultimate parent undertaking

The company's immediate parent is News Printers Assets Limited, a company incorporated in United Kingdom.

The ultimate parent 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.