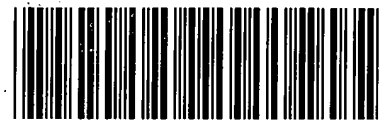


Times Newspapers Limited

Report and financial statements

for the year ended 28 June 2015

WEDNESDAY



L52USRH

LD2

16/03/2016

#88

COMPANIES HOUSE

Times Newspapers Limited

Contents

	Page
Strategic report	1 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11 - 22

Times Newspapers 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

Times Newspapers Limited forms part of News Corporation which comprises of newspapers and information businesses in the US, UK and Australia, leading book publishing brands, integrated marketing service companies, digital education groups as well as other assets in Australia. The principal activity of Times Newspapers Limited is the publishing of The Times and The Sunday Times. The company uses the printing facilities of other members of the News Corp Investments UK & Ireland group ("News UK" group). The company's strategy is to provide a distinctive and differentiated editorial proposition that is unambiguously paid for and available as a product bundle across platforms that offer our customers choice.

The company generated turnover for the year of £344,932,000 (2014 - £346,985,000). The company's operating profit for the year was £20,992,000 (2014 - £1,730,000). Turnover was roughly in-line with the previous year with increased digital and print subscription revenue and increases in The Times print circulation, more than offsetting lower advertising revenue and The Sunday Times print casual sales. Circulation revenue also benefited from a full year impact of prior year price changes taken in January 2014 when The Times Monday to Friday edition moved to £1.20 and the digital-only pack increased to £6 per week, as well as upside from the print subscription pack price increase to £7 per week from February 2015. Cost of sales were significantly lower than the previous year, as a result of the lower cost of newsprint and reduced external printing costs, while there were also considerable savings in editorial and marketing costs. The directors expect the titles' turnover to remain strong for the foreseeable future and are determined to realise cost efficiencies where possible.

Total paid for sales for The Times decreased by 1% and for The Sunday Times decreased by 3% compared to 2014. This reflects print sales growth on The Times of 1% and a 4% decline on The Sunday Times, while paid digital subscriptions decreased 6% to 147,000 for The Times and increased 1% to 158,000 for The Sunday Times as at 30 June 2015. Total paying subscribers across print and digital products were 311,000 for The Times and 369,000 for The Sunday Times at the end of the year. According to the Audit Bureau of Circulation (ABC), The Times' total print circulation grew 0.8% while The Sunday Times' print circulation declined by 4% in the year. Market share for both titles grew amongst their traditional competitor set with The Times up 0.7% to 24.4% and The Sunday Times up 0.1% to 26.7% respectively year-on-year.

The sales performance was underpinned by the quality of the company's journalism and product offering. During the year, The Times won eight awards and British Press Awards, including 'Newspaper of the Year', 'News Reporter of the year' and three Foreign Press Association Media Awards including 'News Story of the Year' for The Times reporter Anthony Loyd's reporting on his kidnapping in Syria with colleague Jack Hill. While The Sunday Times won 'British Journalist of the Year' and 'Scoop of the year' for the FIFA expose at the London Press Awards. The Times and The Sunday Times newspapers were also named the number one titles respectively for reaching business people, in particular senior management and executives, for another year according to the 2014 Business Elite Survey. Meanwhile, the company continued to enhance its sports offering with highlight clips for the Ryder Cup in September 2014 and the Tour of Britain for September 2014 and 2015 and with Shane Warne joining other cricket experts including Mike Atherton as an exclusive columnist during The Ashes. Other developments throughout the year included the launch of Redbox, the daily political e-newsletter and webpage, in the lead up to the General Election, as well as the launch of a new interactive puzzles microsite on the tablet app, a Crime Club for Times+ members and the addition of a new regular Travel Collection feature in the Saturday Times.

Times Newspapers Limited

Strategic report (continued) for the year ended 28 June 2015

Key non-financial performance indicators (Year to June)

	2015	2014
Average ABC - The Times - number of copies	394,000	391,000
Digital-only subscribers at the end of year - The Times	147,000	156,000
The Times - total paid for sales	<u>541,000</u>	<u>547,000</u>
Average ABC - The Sunday Times - number of copies	795,000	829,000
Digital-only subscribers at the end of year - The Sunday Times	158,000	157,000
The Sunday Times - total paid for sales	<u>953,000</u>	<u>986,000</u>

Future developments

The company is committed to further investment in order to continue to improve the experience across all platforms for our readers. A new seven day Irish digital edition of The Times is due in the first half of the year and the company is investing in a new weekly digital product specifically for international markets. The titles' sports proposition will be further enhanced with highlight clips available to subscribers for the UEFA Champions League and Europa League from this summer and through an exclusive three-year distribution partnership with Sky Sports from 2016 which enables the company to continue showing web and mobile match highlights for the English Premier League. Finally a new monthly Sunday Times food magazine, The Dish, was launched in September 2015.

Principal risks and uncertainties facing the business

The company's advertising volume, circulation and the price of paper are the key variables whose fluctuations can have a material effect on its operating results and cash flows. The company has to anticipate the level of advertising volume, circulation and paper prices in managing its business to maximize operating profit during expanding and contracting economic cycles. The company continues to be exposed to risks associated with paper used for printing. Paper is a basic commodity and its price is sensitive to the balance of supply and demand. The company's expenses are affected by the cyclical increases and decreases in the price of paper. The company's products compete for readership and advertising amongst its competitors and also compete with other media alternatives in their respective markets. Competition for circulation and subscriptions is based on the content of the products provided, pricing and, from time to time, various promotions. The success of these products also depends upon advertisers' judgments as to the most effective use of their advertising budgets. Competition for advertising is based upon the reach of the products, advertising rates and advertiser results. Such judgments are based on factors such as cost, availability of alternative media, distribution and quality of readership demographics.

Like other newspaper groups, the company faces challenges to its traditional print business model from new media formats and shifting consumer preferences. The company is also exposed to the impact of long-term structural movements in advertising spending, in particular, the move in classified advertising from print to digital. These new media formats could impact the company's overall performance, positively or negatively.

As a multi-platform news provider, the company recognizes the importance of maximizing revenues from new media, both in terms of paid-for content and in new advertising models, and continues to invest in its digital products. The development of technologies such as smartphones, tablets and similar devices and their related applications provides continued opportunities for the company to make its journalism available to a new audience of readers, introduce new or different pricing schemes, develop its products to continue to attract advertisers and/or affect the relationship between publisher and consumer. The company continues to develop and implement strategies to exploit its content in new media channels, including the implementation of digital subscriptions and bundles with other News Corp subsidiaries.

Times Newspapers Limited

**Strategic report (continued)
for the year ended 28 June 2015**

Principal risks and uncertainties facing the business (continued)

The company has no trade debtors, with other companies within the News UK group collecting advertising and circulation revenue on behalf of the company. Bad debts associated with advertising and circulation revenue are recharged to the company. Credit checks are performed for all new advertising customers requesting credit in excess of £1,500. Advance payment is requested when credit ratings are not sufficient. Formal processes are in place to ensure overdue accounts are followed up on a timely basis, with accounts being blocked for further advertisements when overdue.

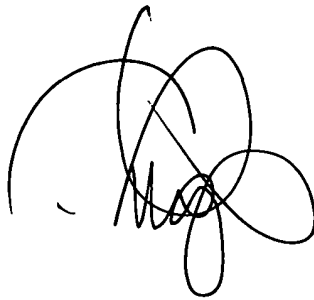
Risk to bad debt from circulation customers is limited due to the majority of customers paying by direct debit and any overdue accounts blocked for further supply until full settlement is received.

The majority of the company's transactions are in sterling, and exposure to fluctuations in foreign currency exchange rates is therefore limited. Foreign currency is managed centrally by the News UK group, which takes into account the foreign currency transactions of the company.

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

C. C. S. Longcroft
Director

Date: 21 October 2015

A handwritten signature in black ink, consisting of several loops and a final flourish, positioned to the right of the director's name.

Times Newspapers Limited

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 which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

As highlighted in note 17 to the financial statements, News Corp UK & Ireland Limited operates two collective overdraft 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 profit for the year, after taxation, amounted to £11,118,000 (2014 - loss £857,000).

The directors do not recommend a dividend.

Directors

The directors who served during the year were:

M. W. Darcey (ceased on 14 September 2015)
M. C. Gill
M. Ivens
C. C. S. Longcroft
J. Witherow
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.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

It is the policy of the company to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the company and the News UK group of which it is a member.

Communication meetings between management and employees are held both formally and informally, where matters of specific interest are discussed. Consultation with all employees occurs on a regular basis covering pensions and health and safety and their views are taken into consideration when making decisions. A range of training programmes are held for employees.

Times Newspapers Limited

Directors' report (continued)
28 June 2015

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 themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

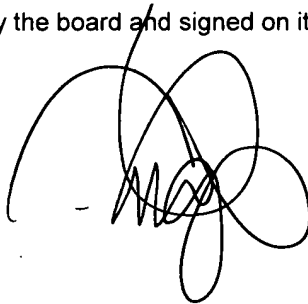
The Directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

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

A handwritten signature in black ink, consisting of several overlapping loops and a final horizontal stroke, positioned to the right of the director's name.

Independent auditor's report to the members of Times Newspapers Limited

We have audited the financial statements of Times Newspapers Limited for the year ended 28 June 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 5, they 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 Times Newspapers 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

Times Newspapers Limited

Profit and loss account Year ended 28 June 2015

	Note	2015 £000	2014 £000
Turnover	1,2	344,932	346,985
Cost of sales		(213,089)	(236,754)
Gross profit		131,843	110,231
Sales and marketing costs		(34,482)	(38,676)
Administrative expenses		(76,369)	(69,825)
Operating profit	3	20,992	1,730
Restructuring Expense	7	(7,434)	-
Profit on ordinary activities before interest		13,558	1,730
Interest receivable and similar income	9	-	5
Interest payable and similar charges	10	(2,670)	(2,670)
Profit/(loss) on ordinary activities before taxation		10,888	(935)
Tax on profit/(loss) on ordinary activities	11	230	78
Profit/(loss) for the financial year	22	11,118	(857)

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 11 to 22 form part of these financial statements.

Times Newspapers Limited
Registered number: 00894646

Balance sheet
28 June 2015

	Note	£000	2015 £000	£000	2014 £000
Fixed assets					
Intangible assets	12		1,425		1,425
Tangible assets	13		1,945		1,944
			<u>3,370</u>		<u>3,369</u>
Current assets					
Stocks	14	1,210		940	
Debtors	15	13,386		21,558	
Cash at bank and in hand		170		178	
		<u>14,766</u>		<u>22,676</u>	
Creditors: amounts falling due within one year	18	<u>(463,883)</u>		<u>(482,910)</u>	
Net current liabilities			<u>(449,117)</u>		<u>(460,234)</u>
Total assets less current liabilities			<u>(445,747)</u>		<u>(456,865)</u>
Creditors: amounts falling due after more than one year	19		<u>(45,400)</u>		<u>(45,400)</u>
Net liabilities			<u><u>(491,147)</u></u>		<u><u>(502,265)</u></u>
Capital and reserves					
Called up share capital	21		1,000		1,000
Profit and loss account	22		<u>(492,147)</u>		<u>(503,265)</u>
Shareholders' deficit	23		<u><u>(491,147)</u></u>		<u><u>(502,265)</u></u>

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 11 to 22 form part of these financial statements.

**Notes to the financial statements
28 June 2015**

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 Principles.

True and fair override provisions of the Companies Act 2006 have been invoked, as described in "Publishing rights and titles" below and note 12.

News Corporation has committed to provide financial support until 30 November 2016 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings. As highlighted in note 17 to the financial statements, News Corp UK & Ireland Limited operates two collective overdraft 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.

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 Cash flow statement

The company is exempt from the requirement of FRS 1 'Cash Flow Statements' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate, and a consolidated cash flow statement is included in the financial statements of News Corporation, the ultimate parent company.

1.3 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.

1.4 Segmental reporting

The company is exempt from the requirement of SSAP 25 'Segmental reporting' to include segmental analysis as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate, and segmental reporting is included in the financial statements of News Corporation, which prepares consolidated financial statements that are publicly available.

Notes to the financial statements
28 June 2015

1. Accounting policies (continued)

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.

Advertising revenue is recognised upon publication.

Circulation revenue is recognised at the point of sale. A provision is deducted from circulation revenue for expected returns and adjusted for actual returns as known.

Digital revenue is recognised on a straight line basis over the period of the online campaign.

Other revenue is recognised at the time of sale or over the duration of provision of service as appropriate.

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 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.

1.8 Interest receivable and payable

Interest receivable and payable is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

1.9 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.

1.10 Foreign currency

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

**Notes to the financial statements
28 June 2015**

1. Accounting policies (continued)

1.11 Publishing rights and titles

Publishing rights and titles are stated at cost less any provision made for impairment. No amortisation is provided on the publishing rights and titles since, in the opinion of the directors, these assets have indefinite useful economic lives.

No amortisation is provided where the board is of the opinion that to do so would not show a true and fair view of the profit/(loss) for the year or the financial position of the company at the end of the year. This overrides the requirement of the Companies Act 2006 to amortise intangible fixed assets and it is in compliance with FRS 10.

Had the publishing rights and titles been amortised in accordance with the Companies Act 2006 over the FRS 10 rebuttable assumption period of 20 years, £71,250 would have been charged to the profit and loss account in the year ended 28 June 2015 (2014 - £71,250)

The directors believe that the publishing rights and titles of The Times and The Sunday Times have a sufficiently well-established position in the market place to be defended against threats arising from current competitors, potential new entrants and potential technological changes in the industry. Any impairment results from specific events or circumstances and does not indicate that the inherent lives of assets are anything other than indefinite.

1.12 Heritage assets

The company has two collections of heritage assets which are held to increase historical knowledge of future generations and to assist in the production of the company's newspapers.

The collections are accounted for as follows:

a) Manuscripts, Newspapers and Other artefacts

The company holds a collection of manuscripts, newspapers and other artefacts within its archives. The collection is one of the most significant within the British newspaper industry and is available for both internal and external research purposes. This collection has been initially reported on the balance sheet at valuation following an independent valuation of the collection by Sotheby's in November 2003. Subsequent acquisitions, which have been purchased after this valuation, have been recorded at cost. No depreciation has been charged on these assets.

b) Art collection

The company holds a collection of paintings, which has been initially reported on the balance sheet at valuation following an independent valuation of the collection by Robert Holden Limited in May 2001. Subsequent acquisitions, which have been purchased after the valuation, have been recorded at cost. No depreciation has been charged on these assets.

In addition to the two collections above, the company also holds a complete back catalogue of their newspaper publications with The Times dating back to 1785 and The Sunday Times dating back to 1822. These collections have not been recognised on the balance sheet due to the one off nature of these collections. A valuation could not be reasonably established without a considerable and costly valuation exercise being completed.

1.13 Stocks

Stocks are stated at the lower of cost and net realisable value. 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.

Net realisable value is based on estimated selling price, less further costs of disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Times Newspapers Limited

Notes to the financial statements 28 June 2015

2. Turnover

Substantially all the company's turnover and profit/(loss) after taxation, for the current and prior year, are derived both by origin and destination from publishing activities in the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2015 £000	2014 £000
Operating lease rentals:		
- plant and machinery	412	487

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

4. Auditor's remuneration

	2015 £000	2014 £000
Audit of the financial statements	211	215

Auditor's remuneration is borne by another group undertaking.

5. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	36,593	35,944
Social security costs	3,969	4,147
Other pension costs	3,057	3,221
	43,619	43,312

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

	2015 No.	2014 No.
Editorial	459	454

Notes to the financial statements
28 June 2015

6. Directors' remuneration

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

	2015 £000	2014 £000
Remuneration receivable	4,893	4,836
Value of company pension contributions to money purchase schemes	56	98
Total	4,949	4,934

The number of directors who accrued benefits under company pension schemes was as follows:

	2015 No	2014 No
Defined benefit schemes	1	1

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	5	5

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 holding company or subsidiary companies.

During the year £1,121,000 was paid to former directors as compensation for loss of office (2014 - £820,000).

7. Restructuring expense

	2015 £000	2014 £000
Cost of restructuring the company	7,434	-

During the year the company restructured its workforce to match the requirements of the business and incurred £7,434,000 of redundancy costs relating to this restructure as at the balance sheet date. These costs were classed as exceptional costs in the profit and loss account due to their one-off nature.

Notes to the financial statements
28 June 2015

8. Pensions

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 2011 to 31 March 2014.

All pension expenses are incurred by 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.

The total pension cost for the company was £3,057,000 (2014 - £3,221,000) all of which relates to defined benefit scheme.

Employer's contributions are set in relation to the current service period only. There are no other obligations other than to pay a contribution that reflects the benefits earned in the current period. Under such circumstances FRS 17 'Retirement benefits' allows the scheme to be accounted for as a defined contribution scheme. Therefore defined contribution accounting has been adopted in these financial statements.

FRS 17 disclosures for the defined benefit schemes can be found in the financial statements of News Corp Investments UK & Ireland group. The News Corp UK & Ireland Limited group deficit as at 30 June 2015 is £36,737,000 (2014 - £31,986,000). The fair value of the plans assets amounts to £361,714,000 (2014 - £330,054,000) whilst the benefit obligations amounts to £398,451,000 (2014 - £362,040,000).

9. Interest receivable and similar income

	2015 £000	2014 £000
Other income receivable	-	5

10. Interest payable and similar charges

	2015 £000	2014 £000
On loans from group undertakings (note 19)	1,234	1,234
On amounts due to the parent undertaking	1,436	1,436
	<u>2,670</u>	<u>2,670</u>

Interest was charged at 5% on the loan due to the parent undertaking in both years.

Notes to the financial statements
28 June 2015

11. Taxation

	2015 £000	2014 £000
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
Foreign tax on income for the year	36	19
Deferred tax		
Origination and reversal of timing differences	(231)	392
Effect of changed tax rate	8	20
Adjustments in respect of previous periods	(43)	(509)
Total deferred tax	(266)	(97)
Tax on profit/loss on ordinary activities	(230)	(78)

Factors affecting tax charge 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/loss on ordinary activities before tax	10,888	(935)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%)	2,259	(210)
Effects of:		
Expenses not deductible for tax/(Non-taxable income)	97	(240)
Decelerated capital allowances	123	147
Other timing differences	108	(478)
Higher taxes on overseas earnings	-	19
Group relief and intra group adjustments	(2,722)	780
Transfer pricing adjustments	171	1
Current tax charge for the year (see note above)	36	19

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.

Notes to the financial statements
28 June 2015

12. Intangible fixed assets

	Publishing rights and titles £000
Cost	
At 30 June 2014 and 28 June 2015	1,425
Net book value	
At 28 June 2015	1,425
At 29 June 2014	1,425

The company tests intangible assets annually for impairment or more frequently if there are indicators that they may be impaired. The recoverable amounts for the company's intangible assets are measured through review of a value in use calculation. 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 operate.

The pre-tax discount rate used by the company in its impairment test is 12.5% (2014 - 12.5%). The growth rate used in the projections that are extrapolated beyond the formally approved budgets and forecasts prepared by management is 2% and therefore does not exceed the long term average growth rate. This has resulted in no impairment charge (2014 - £nil).

13. Tangible fixed assets

	Heritage assets £000
Cost	
At 30 June 2014	1,944
Additions	1
At 28 June 2015	1,945
Net book value	
At 28 June 2015	1,945
At 29 June 2014	1,944

Heritage assets

Heritage assets include assets held at a valuation of £1,855,000 (2014 - £1,855,000) and assets held at an historic cost of £90,000 (2014 - £89,000).

The collection of manuscripts, newspapers and other artefacts were independently valued at £1,524,000 in November 2003 by Sotheby's whilst the Art collection was valued at £331,000 by Robert Holden Limited in May 2001. The directors feel that these valuations are still appropriate.

Additions and disposals in the year

During the year there have been no significant additions to the collections. There have also been no heritage asset disposals during the current or prior years.

Notes to the financial statements
28 June 2015

13. Tangible fixed assets (continued)

Five-year financial summary of heritage asset transactions

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Purchases Manuscripts & other artefacts additions	<u>1</u>	<u>4</u>	<u>1</u>	<u>3</u>	<u>4</u>

There have been no disposals of any heritage assets over the five year period.

14. Stocks

	2015 £000	2014 £000
Raw materials	<u>1,210</u>	<u>940</u>

15. Debtors

	2015 £000	2014 £000
Amounts owed by group undertakings	208	10,462
Other debtors	6,924	5,461
Prepayments and accrued income	5,497	5,144
Deferred taxation (see note 16)	757	491
	<u>13,386</u>	<u>21,558</u>

16. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2015 £000	2014 £000
Included in debtors (see note 15)	<u>757</u>	<u>491</u>

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Balance brought forward	491	394
Profit and loss account movement arising during the year	231	(392)
Rate change	(8)	(20)
Adjustments in respect of prior years	43	509
Balance carried forward	<u>757</u>	<u>491</u>

Notes to the financial statements
28 June 2015

16. Deferred taxation (continued)

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	464	356
Other timing differences	293	135
Total	757	491

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.

17. 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.

18. Creditors:
Amounts falling due within one year

	2015 £000	2014 £000
Overdrafts	287,427	306,177
Amounts owed to group undertakings	141,862	137,250
Other taxation	1,373	1,233
Other creditors	3,732	5,760
Accruals and deferred income	29,489	32,490
	463,883	482,910

19. Creditors:
Amounts falling due after more than one year

	2015 £000	2014 £000
Amounts owed to group undertakings	45,400	45,400

Included within amounts owed to group undertakings are 5% unsecured loan stock due to News Corp UK & Ireland Limited in 2021 of £12,679,000 (2014 - £12,679,000) and 15% unsecured loan stock due to News Corp UK & Ireland Limited in 2021 of £4,000,000 (2014 - £4,000,000).

Times Newspapers Limited

Notes to the financial statements 28 June 2015

20. Funding

The financial statements are prepared on the going concern basis.

The net liabilities of the company are £491,147,000 (2014 - £502,265,000) and net current liabilities are £449,117,000 at 28 June 2015 (2014 - £460,234,000). News Corp UK and 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.

21. Share capital

	2015 £000	2014 £000
Authorised share capital:		
850,000 "A" ordinary shares shares of £1 each	850	850
75,000 "B" ordinary shares shares of £1 each	75	75
75,000 "C" ordinary shares shares of £1 each	75	75
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2015 No	2015 £000	2014 No	2014 £000
"A" ordinary shares of £1 each	850,000	850	850,000	850
"B" ordinary shares of £1 each	75,000	75	75,000	75
"C" ordinary shares of £1 each	75,000	75	75,000	75
	<u>1,000,000</u>	<u>1,000</u>	<u>1,000,000</u>	<u>1,000</u>

All shares rank equally except the 'A' shares which carry preferential rights in relation to the first £1 million of profit and the first £1 million on winding up of the company.

22. Reserves

	Profit and loss account £000
Balance brought forward	(503,265)
Profit for the year	11,118
	<u>(492,147)</u>
Balance carried forward	

Times Newspapers Limited

Notes to the financial statements 28 June 2015

23. Reconciliation of movement in shareholders' deficit

	2015 £000	2014 £000
Opening shareholders' deficit	(502,265)	(501,408)
Profit/(loss) for the financial year	11,118	(857)
Closing shareholders' deficit	<u>(491,147)</u>	<u>(502,265)</u>

24. Leasing and other financial commitments

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

25. Ultimate parent company

The company's immediate parent company is Times Newspapers Holdings Limited, a company incorporated in England and Wales.

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

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.