

Registration number: 00894646

Times Newspapers Limited

Report and financial statements

for the year ended 28 June 2020



Times Newspapers Limited

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Times Newspapers Limited

Strategic Report for the year ended 28 June 2020

The directors present their Strategic Report and the financial statements of the company for the year ended 28 June 2020.

Principal activities and business review

Times Newspapers 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 and other products and services to consumers and businesses throughout the world. News Corporation comprises businesses across a range of media, including: digital real estate services, subscription video services in Australia, news and information services and book publishing, that are distributed under some of the world's most recognizable and respected brands, including The Wall Street Journal, Barron's, Dow Jones, The Australian, Herald Sun, The Sun, The Times, HarperCollins Publishers, Foxtel, FOX SPORTS Australia, realestate.com.au, realtor.com®, talkSPORT and many others.

The principal activities of the company are the publishing of The Times and The Sunday Times and the distribution of content through its digital platforms, including thetimes.co.uk, thesundaytimes.co.uk as well as other websites and apps, and audio properties. The Times and The Sunday Times are the most read national newspapers in the UK quality market according to PAMCo 3 2020 data (Publishers Audience Measurement Company). During the year, The Times and The Sunday Times achieved record breaking brand reach across print and digital platforms with a monthly audience of 15m UK adults (2019 - 8.6m) as readers turned to trusted newsbrands to stay informed about the fast moving COVID-19 outbreak and the ever changing political landscape including the General Election and Brexit.

Since March 2020, our business has been impacted by the ongoing COVID-19 outbreak and the resulting UK lockdown. We have seen an impact on our newsstand sales, particularly on Monday-Friday due to the lower levels of daily commuters, which has resulted in increased adoption of our digital products. Our advertising business has also been affected due to the general economic downturn, across both print and digital formats, despite growth in online traffic. During these unprecedented times, the company has remained agile and despite these challenges we have never missed an edition.

The company generated turnover for the year of £310,144,000 (2019 - £330,272,000) with an adjusted operating profit of £19,921,000 (2019 - £8,456,000) and an operating profit of £12,665,000 (2019 - £6,084,000). The decrease in revenue was due to challenging market conditions, with declines both in newspaper circulation and in print advertising, in line with other businesses in the sector and the wider economy. This was partly offset by strong growth in digital subscription revenue as well as digital advertising revenue, supported by the implementation of price increases on The Sunday Times during the period.

The Times and The Sunday Times digital-only paid subscribers totalled 336,000 at 28 June 2020, representing 60% (2019 - 56%) of the overall total of 556,000 subscribers. Digital-only paid subscriptions grew 11% compared to the prior year, with the mix shifting towards premium subscribers, as we focus our strategy on our high value, highly engaged base and increasing their retention. In September 2019, best in class content from The Times, The Sunday Times and their associated magazines was made available as part of the Apple News+ subscription, bringing new audiences to the titles and driving additional revenue. During the final quarter of the year, premium digital subscriber acquisitions grew at their fastest rate ever at a time when there was a bigger appetite amongst readers for high quality news due to COVID-19. Digital audience engagement continued to improve and there are now more subscribers who read The Times or The Sunday Times on a daily basis than ever before.

This year marked a significant change in the company's leadership as Emma Tucker was appointed editor of The Sunday Times, becoming the first female editor of the title in more than a century. Previously deputy editor of The Times, Emma has played a key role in the digital delivery of our content and in overseeing the evolution of our products and our newsrooms.

Times Newspapers Limited

Strategic Report for the year ended 28 June 2020 (continued)

Principal activities and business review (continued)

The Times and The Sunday Times remain committed to standing at the forefront of quality news reporting. Throughout the period we have continued to provide the public with high profile, in-depth editorial content. In October 2019, we launched the second iteration of our Politics. Tamed. a multi-platform campaign, reinforcing our commitment to keep readers well informed in confusing times, with a takeover of Westminster Station which reached more than 29m people via social media. Other high profile editorial content which provided notable uplift included our 'Yellow Hammer' exclusive relating to leaked Brexit reports and our exclusive interview with David Cameron including the serialisation of his book.

The talent and high quality journalism possessed by The Times and The Sunday Times continues to be a key driver of sales performance. This was evidenced again this year through the recognition the titles and their journalists received from the wider industry. In total, The Times and The Sunday Times won 50 awards for their achievements during the year. The Times won six National Press Awards including Magazine of the Year for Times Magazine and News Podcast of the Year for The Times Red Box. The Sunday Times won Scoop of the Year at the National Press Awards and The British Journalism Awards, highlighting the strength of their investigative journalism. Individual talent was also rewarded with journalists from the newspapers receiving three honours at the British Journalism Awards and seven accolades from the National Press Awards, including Interviewer of the Year - Broadsheet, Young Journalist of the Year and Foreign Reporter of the Year.

The company continues to innovate and invest in new content and offerings to grow our audience and engagement beyond subscriptions. Throughout the year, The Times and The Sunday Times added a number of titles to a growing roster of successful podcasts in partnership with Wireless Studios. Notably, Stories of Our Times, a new daily podcast hosted by award winning journalists, was launched in March and has risen to the top of the Apple news podcasts chart. The podcast takes listeners inside agenda-setting pieces of Times or Sunday Times journalism, often across multiple episodes. In December 2019, we launched Times Money Mentor, a standalone website outside our paywall providing impartial advice to help our audience feel more confident about their finances; delivered through how to guides, best buys and real life stories.

EBITDA for the year (excluding restructuring expense and one-off operating charges) was £26,307,000 (2019 - £14,675,000). The company's EBITDA has increased compared to the prior year as the decline in revenue was more than offset by operational cost saving initiatives across editorial, marketing, commercial and corporate functions, COVID-19 cost mitigations, and lower print production costs.

Key performance indicators

The key performance indicators include Turnover, EBITDA growth and newspaper PAMCo as shown in the detail below:

	2020	2019
	£ 000	£ 000
Turnover	310,144	330,272
EBITDA	19,051	12,303
EBITDA excluding restructuring expense and one-off operating charges	<u>26,307</u>	<u>14,675</u>

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

PAMCo 3 2020 - Total Brand Reach (monthly) (source: Publishers Audience Measurement Company - Apr'19 to Mar'20 print data fused with Jun'20 Comscore data, measuring combined print and digital reach):

	2020	2019
The Times and The Sunday Times	<u>14,975,000</u>	<u>8,630,000</u>

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Strategic Report for the year ended 28 June 2020 (continued)

*Print data not updated since the PAMCo 2 data release as due to COVID-19 face to face interviewing was suspended.

Future developments

The future for The Times and The Sunday Times remains strong with a continuing commitment to the delivery of high quality journalism and incisive commentary from across the political spectrum during pivotal moments in British politics.

Growth in digital subscriptions remains key to the on-going success of the Times and The Sunday Times. Through enhanced product value, new content verticals as well as targeted investments in product innovation, the business will aim to attract additional premium subscribers and drive deeper loyalty and engagement. This will in turn underpin further growth in digital advertising and customer revenue.

We are committed to exposing The Times and The Sunday Times journalism and unique storytelling capabilities to new audiences in new, compelling formats. In January, we unveiled plans for the launch, in conjunction with Wireless, of Times Radio, a new ad-free news and current affairs digital radio station bringing together the peerless journalistic expertise of The Times and The Sunday Times with the world-class speech radio and podcasting experience of Wireless. The station was successfully launched at 6am on Monday 29 June. Times Radio is key for The Times and The Sunday Times audio strategy, enabling the brands to reach a broader audience who want quality reporting and trusted commentary in real time.

The ongoing impact of the COVID-19 pandemic and measures to prevent its spread have created significant economic volatility, uncertainty and disruption. The company has to date experienced significant adverse impacts on advertising and print circulation revenue. While adverse changes caused by COVID-19 are expected to continue impacting the company's performance in fiscal year 2021, the rate and magnitude of the impacts should gradually slow as containment measures become increasingly more relaxed over time. The decline in circulation volumes has already moderated from the lows experienced in April and May, particularly for the weekend papers, while we continue to see growth in digital subscribers. Nevertheless, the ultimate impact of the COVID-19 pandemic is highly uncertain and cannot be predicted. The company will continue to take various steps intended to offset the impact of COVID-19 by reducing variable costs and implementing cost-savings initiatives.

Principal risks and uncertainties

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 the risks associated with paper used for printing. Paper is a basic commodity and its price is sensitive to the balance of supply and demand; as such, 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' judgements 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 judgements 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 advertising from print to digital. These new media formats could impact the company's overall performance, positively or negatively.

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Strategic Report for the year ended 28 June 2020 (continued)

Principal risks and uncertainties (continued)

A Cyber-crime attack on systems and data could disrupt the digital service and thus damage advertising revenue. Response plans are in place with security policies, standards and procedures being well established.

A combination of vision, leadership and innovation is essential for senior roles in the managerial team and failure to secure and retain the right people for senior and business critical roles, or plan for the natural succession for these positions, could lead to untimely loss of critical knowledge, experience and competitive advantage. The appeal of our editorial talent supported by skilled and creative staff is a fundamental component of our business and failure to secure and retain talented people for these roles could impact the ability to maintain circulation volume, performance and deliver growth. The company remains committed to the recruitment, engagement, retention and reward of experienced and quality management.

As a multi platform news provider, the company recognises the importance of maximising 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.

The company has no third party trade debtors. The only debtors are 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 are 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.

The company is exposed to libel claims in the ordinary course of business and vigorously defends against claims received. The Group makes provision for the estimated costs to defend such claims when incurred and provides for any settlement costs when such an outcome is judged probable.

Report on compliance with section 172 of Companies Act 2006

Section 172 of the Companies Act 2006 requires company directors to act in a way which promotes the long term success of the company and in doing so to consider the interests of the company stakeholders.

The News Corp UK & Ireland Limited Board ("the Board") has oversight of the following News UK group companies: News Group Newspapers Limited; Times Newspapers Limited; News UK & Ireland Limited; talkSPORT Limited; Newsprinters Limited; and Newsprinters (Broxbourne) Limited ("the News UK Group").

During Financial Year 2020, the Board undertook a variety of activities to engage with stakeholders on behalf of the News UK Group and ensured that their status was recognised in the Boardroom.

This section of the report describes the impact of this engagement for the News UK Group and confirms that the Board has at all times during the year under review (and at all other times) acted in the way that they considered, in good faith, would be most likely to promote the success of the News UK Group for the benefit of its members as a whole, and in doing so had regard (amongst other matters) to:

Times Newspapers Limited

Strategic Report for the year ended 28 June 2020 (continued)

Principal risks and uncertainties (continued)

Report on compliance with section 172 of Companies Act 2006 (continued)

- the likely consequences of any decision in the long term;
- the interests of employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of operations on the community and the environment;
- the desirability of maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members.

Engagement with and interests of employees

The Board promotes colleagues' voices to be heard in the Boardroom through a variety of different channels.

Engaging employees

In October 2019, News UK & Ireland Limited ran an employee engagement survey to the News UK Group to enable it to better understand its colleagues' views on what it's like to work for the company. The results were shared with the Board and resulted in a series of departmental plans being drawn up with the objective of continuing to improve engagement across the business.

In addition, News UK & Ireland Limited also encourages potential, current and outgoing employees of the News UK Group to complete experience surveys to ensure that colleague's opinions are shared throughout their lifecycle with the business. These take the form of recruitment surveys at the point of interview (whether successful or not), on-boarding surveys, and 360 degree and team effectiveness surveys.

Inclusion

The Board is proud to be building an inclusive business which is a great place for all colleagues to work. In view of this, News UK & Ireland Limited surveyed employees of the News UK Group to better understand diversity across the business and this data is being used to inform a diversity strategy which is shared with the Board.

Health and Wellbeing

A number of wellness initiatives have been successfully introduced since January 2020, such as "Wellness Wednesdays" which aim to cover a range of physical, mental, social and financial wellbeing issues. During the Covid-19 period, a Ways of Working survey was also launched and a mental health check-in to ensure voices were heard and issues were identified. New initiatives were launched to connect people within the business, including a daily 'News United' email, sharing inspirational stories and new digital training, on building resilience and dealing with change.

Board Communication

The Board is active in communicating its messages to its employees. In particular, during the Covid-19 period, the Board sent regular emails to all News UK Group employees updating them on business objectives, well-being, support and charitable initiatives.

Colleagues continue to be able to report any concerns relating to wrongdoing or misconduct via Alertline, News Corporation's whistleblowing service.

Fostering relationships with suppliers, customers and others in a business relationship with the company

Suppliers

All material suppliers have a contractual relationship with News UK & Ireland Limited for the benefit of the News UK Group.

Times Newspapers Limited

Strategic Report for the year ended 28 June 2020 (continued)

Principal risks and uncertainties (continued)

Report on compliance with section 172 of Companies Act 2006 (continued)

Fostering relationships with suppliers, customers and others in a business relationship with the company (continued)

The Board recognises the integral role our suppliers play in ensuring the News UK Group delivers a reliable service. In recognition of this News UK & Ireland Limited has a Supplier and Contributor Policy and Procurement Guidelines which govern the News UK Group's engagement with third parties and are reviewed by the Board periodically. The purpose of these policies is to ensure that the News UK Group only engages with third parties that comply with all applicable laws and regulations, and meet News UK & Ireland Limited's standards for ethical conduct. It also ensures that the News UK Group's third party database is proportionate to its size and product portfolio.

All third parties must be onboarded via the News UK Group's third party risk management tool. This tool enables the News UK Group to better assess the risks of engaging with third parties and exists as part of the News UK Group's wider commitment to complete proportionate and risk-based due diligence on all third parties it engages with. The tool also governs the ongoing management of such third party engagements.

Moreover, certain members of the Board are also engaged each month in a procurement meeting to review relevant activity with third parties for that period. This review provides oversight on contractual relationships, tender activity, projects and financial status. All material approvals for commitments or transactions with third parties must comply with News UK & Ireland Limited's Approval Policy which sets out thresholds for the levels of approvals required.

Customers

Customers are at the heart of everything that the News UK Group does. During the year, the Board has received updates on consumer Key Performance Indicators (including, but not limited to print sales, listeners, digital traffic and digital subscriptions) and the business' engagement with customers, content themes and improvements to overall customer experience. The Board has also received progress reports on customer service performance updates and how any issues with customers are resolved and has had the opportunity to review results and provide feedback on customer insights, analytics and other related data.

Community and Environment

The News UK Group is committed to managing the wider, social, environmental and economic impacts of its operations which includes the way it deals with its customers and manages sustainability issues in its supply chain. Refer to [news.co.uk](https://www.news.co.uk) for further information on News Corp Group's Modern Slavery Statement and Standards of Business Conduct.

Shareholders

The Board provides regular updates to its parent company, News Corporation. The financial results of the News UK Group are reported to News Corporation on a quarterly basis.

For example, a CEO report is prepared for News Corporation each quarter, which provides information on each News UK Group entity, including updates on: revenues and KPIs; Covid-19; subscriptions; changes in senior resource; audience engagement; advertising; sales performance; projects; key legal and HR issues; and technology.

Other examples of communications shared with News Corporation throughout the year include litigation reports and corporate audit updates.

Principal decisions of the Board

Covid-19

The Coronavirus pandemic had a significant impact on the business operations of the News UK Group since February 2020.

Times Newspapers Limited

Strategic Report for the year ended 28 June 2020 (continued)

Principal risks and uncertainties (continued)

Report on compliance with section 172 of Companies Act 2006 (continued)

Principal decisions of the Board (continued)

In response to this, an initial working group was established by the Board in early February 2020 with the aim of monitoring developments and initiating planning. The working group considered risk under 4 key categories including: operational business risk; risk to people; risk to facilities; and communications risks. This working group was made up of Board members; HR; Safety; Occupational, Health; Business Resilience; Security; Facilitations Management; Communications; and Legal.

As the pandemic developed, the News UK Group Crisis Management Plan was updated to detail the composition and structure of the various crisis committees. This provided a strong framework and broadened the scope of the original committees in place to include representation from all parts of the business (previous crises were geographically or functionally limited and did not require such comprehensive coordination).

As members of the committees, the Board has overseen and approved all decisions relating to employees' access to the offices and print sites. The Board has also worked closely with the business to develop policies, communications and staff support mechanisms to protect the health and safety of all staff across the News UK Group on an ongoing basis.

In addition, the Board has received regular updates on the impact on revenue and relationships with customers and suppliers and overseen all efforts to mitigate the impacts of the crisis. In doing this, the Board has considered the continuity of business to support long term relationships and has considered payment terms to balance the need of the News UK Group business and the needs of customers and suppliers equally.

Importance of newspapers during Covid-19

During the Covid-19 period, the Board highlighted to its employees the importance of the News UK Group newspapers to the public and was in regular dialogue with the government to ensure key worker status for its staff.

The Board highlighted to staff that many of its readers or their extended families would be struggling during the Covid-19 period and that the News UK Group newspapers had a strong responsibility to stand up for their readers' interests and hold those in power to account.

For the benefit of customers and shareholder value, the Board asked its employees to do everything they could to ensure that customers understood the value of buying a newspaper, encouraging staff to use the hashtag #buyapaper on their social media. The Board wanted customers to be reminded that, in an age of fake news, the News UK Group newspapers continued to provide a lifeline of trusted information to millions and that the information provided really could mean the difference between life and death in the pandemic.

Distribution of newspapers

Covid-19 also impacted the way in which newspapers could be accessed by customers.

As such, the Board has overseen the promotion of Home News Delivery, which offers customers the opportunity to receive a print copy of the newspaper each day without having to leave their homes.

In addition, the availability of digital subscriptions meant that customers could still access the titles digitally through the web or mobile devices in a way that suited them. This ensured that customers could remain connected with the titles and was also key in maintaining shareholder value.

Engagement with Regulators

The Board receives regular updates on the status of any regulatory issues relating to the News UK Group. These updates are provided by the News UK General Counsel and the Managing Editors and are discussed at Board meetings.

Times Newspapers Limited

Strategic Report for the year ended 28 June 2020 (continued)

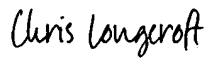
Principal risks and uncertainties (continued)

Report on compliance with section 172 of Companies Act 2006 (continued)

Principal decisions of the Board (continued)

In addition, the News UK Group's Legal team provides regular updates to News Corporation on regulatory and reputational issues and contributes to a Compliance Steering Committee meeting held by News Corporation each quarter.

Approved by the Board on 30 October 2020 and signed on its behalf by:



C. C. S. Longcroft
Director

Times Newspapers Limited

Directors' Report For the year ended 28 June 2020

The directors present their report and the financial statements of the company for the year ended 28 June 2020.

Results and dividends

The profit for the year, after taxation, amounted to £10,068,000 (2019 - £3,677,000).

The directors do not recommend a dividend (2019 - £Nil).

Directors

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

R. M. Brooks

D. W. Dinsmore

M. C. Gill

M. P. Ivens (resigned 3 March 2020)

J. Witherow

C. C. S. Longcroft

E. Tucker (appointed 3 April 2020)

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 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 them 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.

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 the 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.

Times Newspapers Limited

Directors' Report (continued) For the year ended 28 June 2020

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.

Going concern

The ultimate parent undertaking, News Corporation (the "Parent Company") has agreed to provide continuing financial support to enable the Company to meet its obligations as and when they fall due for a minimum period of at least 12 months from the date of these financial statements.

The Parent Company has considered the impacts to the business of the recent outbreak of COVID-19. The Parent Company will continue to review its liquidity needs in light of the business and economic impacts of COVID-19; however it expects that its current cash balances will enable it to meet its liquidity needs for at least 12 months from the date of these financial statements, including repayment of debt. The Parent Company also has available borrowing capacity under its undrawn \$750 million revolving credit facility and expects to have access to the worldwide credit and capital markets, subject to market conditions, in order to issue additional debt if needed or desired. Please refer to the latest financial statements of News Corp found at: <https://investors.newscorp.com/>

Based on this information and on enquiries, the directors believe that News Corporation has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent, and their assessment of the impact on the Company summarised in the Future developments section and Note 21, the directors are of the view, to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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Directors' Report (continued) For the year ended 28 June 2020

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.

Auditors

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

Approved by the Board on 30 October 2020 and signed on its behalf by:



C. C. S. Longcroft
Director

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Independent Auditor's Report to the Members of Times Newspapers Limited

Opinion

We have audited the financial statements of Times Newspapers Limited for the year ended 28 June 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and 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 28 June 2020 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.

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 Times Newspapers 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 in relation to which 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 11, 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.

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.

Use of our report

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.



Richard Addison (Senior statutory auditor)

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

Date: 6 Nov 2020

Times Newspapers Limited

Profit and Loss Account For the year ended 28 June 2020

	Note	2020 £ 000	2019 £ 000
Turnover	3	310,144	330,272
Cost of sales		<u>(207,599)</u>	<u>(222,138)</u>
Gross profit		102,545	108,134
Sales and marketing costs		(22,797)	(34,698)
Administrative expenses		<u>(59,827)</u>	<u>(64,980)</u>
Adjusted operating profit	4	19,921	8,456
Restructuring expense	8	<u>(7,256)</u>	<u>(2,372)</u>
Operating profit	4	12,665	6,084
Interest payable	9	<u>(2,311)</u>	<u>(2,329)</u>
Profit before tax		10,354	3,755
Taxation	10	<u>(286)</u>	<u>(78)</u>
Profit for the financial year		<u><u>10,068</u></u>	<u><u>3,677</u></u>

All amounts relate to continuing operations.

Adjusted operating profit is defined as total operating profit before restructuring expense.

Statement of Comprehensive Income For the year ended 28 June 2020

	2020 £ 000	2019 £ 000
Profit for the financial year	<u>10,068</u>	<u>3,677</u>
Total comprehensive income for the financial year	<u><u>10,068</u></u>	<u><u>3,677</u></u>

The notes on pages 17 to 29 form part of these financial statements.

Times Newspapers Limited
Registered number: 00894646

Balance Sheet
As at 28 June 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Intangible assets	11	14,335	12,265
Heritage assets	12	<u>1,614</u>	<u>1,614</u>
		<u>15,949</u>	<u>13,879</u>
Current assets			
Stocks	13	622	766
Debtors	14	14,892	17,596
Cash at bank and in hand	15	<u>19,517</u>	<u>17,605</u>
		35,031	35,967
Creditors: Amounts falling due within one year	16	<u>(537,260)</u>	<u>(500,059)</u>
Net current liabilities		<u>(502,229)</u>	<u>(464,092)</u>
Total assets less current liabilities		(486,280)	(450,213)
Creditors: Amounts falling due after more than one year	16	<u>-</u>	<u>(46,135)</u>
Net liabilities		<u>(486,280)</u>	<u>(496,348)</u>
Capital and reserves			
Called up share capital	18	1,000	1,000
Profit and loss account		<u>(487,280)</u>	<u>(497,348)</u>
Shareholder's deficit		<u>(486,280)</u>	<u>(496,348)</u>

Approved and authorised by the Board on 30 October 2020 and signed on its behalf by:

Chris Longcroft

C. C. S. Longcroft
 Director

The notes on pages 17 to 29 form part of these financial statements.

Times Newspapers Limited**Statement of Changes in Equity
For the year ended 28 June 2020**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2019	1,000	(497,348)	(496,348)
Profit for the financial year	-	10,068	10,068
Total comprehensive income for the financial year	-	10,068	10,068
At 28 June 2020	1,000	(487,280)	(486,280)

**Statement of Changes in Equity
For the year ended 30 June 2019**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 2 July 2018	1,000	(501,025)	(500,025)
Profit for the financial year	-	3,677	3,677
Total comprehensive income for the financial year	-	3,677	3,677
At 30 June 2019	1,000	(497,348)	(496,348)

The notes on pages 17 to 29 form part of these financial statements.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020

1 General information

The private company limited by shares is incorporated in England and Wales under the Companies Act.

The address of its registered office is:

1 London Bridge Street
London
SE1 9GF

These financial statements were authorised for issue by the Board on 30 October 2020.

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

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

Basis of preparation

The financial statements of Times Newspapers 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 28 June 2020 (52 weeks to 30 June 2019). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (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

The ultimate parent undertaking, News Corporation (the "Parent Company") has agreed to provide continuing financial support to enable the Company to meet its obligations as and when they fall due for a minimum period of at least 12 months from the date of these financial statements.

The Parent Company has considered the impacts to the business of the recent outbreak of COVID-19. The Parent Company will continue to review its liquidity needs in light of the business and economic impacts of COVID-19; however it expects that its current cash balances will enable it to meet its liquidity needs for at least 12 months from the date of these financial statements, including repayment of debt. The Parent Company also has available borrowing capacity under its undrawn \$750 million revolving credit facility and expects to have access to the worldwide credit and capital markets, subject to market conditions, in order to issue additional debt if needed or desired. Please refer to the latest financial statements of News Corp found at: <https://investors.newscorp.com/>.

Based on this information and on enquiries, the directors believe that News Corporation has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent, and their assessment of the impact on the Company summarised in the Future developments section and Note 21, the directors are of the view, to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (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

Revenue is measured at the fair value of the consideration received or receivable, and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company, and value added taxes.

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:

Print advertising revenue is recognised on issue of publication net of any agency rebate.

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

Circulation revenue is recognised at the point of sale. A deduction is made from circulation revenue for expected returns and is updated for actual returns as known.

Subscriptions revenue is recognised on a straight line basis over the period of the subscription.

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

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.

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 spread on a straight line basis over the lease term.

Pension

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.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

2 Accounting policies (continued)

Taxation

Taxation expense for the reporting period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax, including UK corporation tax and foreign tax, is the amount payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax assets are considered as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits or deferred tax liabilities in the foreseeable future against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Foreign currency transactions and balances

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

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Internal use software	3 years
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Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

2 Accounting policies (continued)

Heritage Assets

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 had previously been 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. However, FRS 102 paragraph 34.51 requires entities to recognise and measure heritage assets using the cost model or revaluation model. The company has applied the cost model, and has taken the deemed cost exemption under FRS 102 paragraph 35.10(d). As a result all heritage assets are carried at cost, from the date of transition. No depreciation has been charged on these assets.

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.

Provision is made for obsolete, slow moving or defective items where appropriate.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured 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.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

2 Accounting policies (continued)

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. Contract discount and rebate provisions

The Company enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of their spend over the contract period. These rebates can take the form of free advertising space, cash payments or both. The rebate provision is calculated using the forecast spend over the contract period and rebate entitlement set out in the trading agreement. Calculating the required provision therefore requires an estimate of future period spend in determining what tier of spend the agencies may reach over the agreement.

b. Recoverability of deferred tax assets

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 at 28 June 2020 was £Nil (2019 - £Nil).

c. Provision for libel claims

The company is exposed to libel claims in the ordinary course of business and vigorously defends against claims received. The company makes provision for the estimated costs to defend such claims when incurred and provides for any settlement costs when such an outcome is judged probable. The libel provision as at 28 June 2020 was £1,918,000 (2019 - £2,594,000) and is included in creditors: amounts falling due within one year.

d. Recoverability of software

There were no indicators of impairment for software.

3 Turnover

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

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

4 Operating profit

Arrived at after charging:-

	2020	2019
	£ 000	£ 000
Operating lease expense - plant and machinery	242	305
Pension costs	3,314	2,973
Amortisation expense (see note 11)	<u>6,386</u>	<u>6,219</u>

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

5 Auditor's remuneration

	2020	2019
	£ 000	£ 000
Audit of financial statements	<u>263</u>	<u>232</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	41,906	38,499
Social security costs	4,794	4,509
Pension costs	<u>3,314</u>	<u>2,973</u>
	<u>50,014</u>	<u>45,981</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2020	2019
	No.	No.
Editorial	<u>524</u>	<u>520</u>

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	2020 £ 000	2019 £ 000
Remuneration	7,787	7,411
Value of company contributions to defined contribution pension schemes	17	18
	<u>7,804</u>	<u>7,429</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:

	2020 No.	2019 No.
Long term incentive plan	<u>6</u>	<u>6</u>

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Remuneration	<u>2,442</u>	<u>2,787</u>

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

8 Restructuring expense

	2020 £ 000	2019 £ 000
Restructuring expense	<u>7,256</u>	<u>2,372</u>

During the year the company restructured its editorial workforce to match the requirements of the business. Total costs incurred were £7,256,000 (2019 - £2,372,000).

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

9 Interest payable

	2020 £ 000	2019 £ 000
On loans from group undertakings	875	893
On loans due to the parent undertaking	1,436	1,436
	<u>2,311</u>	<u>2,329</u>

Interest was charged at 5% on the loan due to the parent undertaking in both years. Interest was charged at 5.1% on the loan due from group undertakings in both years.

10 Taxation

Tax charged in the profit and loss account

	2020 £ 000	2019 £ 000
Tax charge in the profit and loss account		
Current taxation		
UK corporation tax	-	18
UK corporation tax adjustment to prior periods	268	60
Double taxation relief	-	(18)
	<u>268</u>	<u>60</u>
Foreign tax	18	18
Tax charge in the profit and loss account	<u>286</u>	<u>78</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	<u>10,354</u>	<u>3,755</u>
Corporation tax at standard rate	1,967	713
Expenses not deductible for tax purposes	376	195
Deferred tax not recognised	1,322	1,292
Adjustments in respect of prior years	18	-
Adjustments to brought forward values	(68)	(65)
Group relief and transfer pricing adjustments	(3,597)	(2,117)
Effect of prior year adjustment	<u>268</u>	<u>60</u>
Total tax charge	<u>286</u>	<u>78</u>

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

10 Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate has remained at 19% for several years. The rate was expected to reduce to 17% from 1 April 2020, however due to the March 2020 Budget announcement, the rate will now remain at 19%. The rate of 19% is expected to remain in place until 31 March 2022, although is only currently substantially enacted for the period ending 31 March 2021.

11 Intangible assets

	Internal use software £ 000
Cost	
At 1 July 2019	30,484
Additions	<u>8,456</u>
At 28 June 2020	<u>38,940</u>
Amortisation	
At 1 July 2019	18,219
Amortisation charge	<u>6,386</u>
At 28 June 2020	<u>24,605</u>
Net book value	
At 28 June 2020	<u><u>14,335</u></u>
At 30 June 2019	<u><u>12,265</u></u>

12 Heritage assets

	£ 000
Cost	
At 1 July 2019	<u>1,614</u>
At 28 June 2020	<u>1,614</u>
Net book value	
At 28 June 2020	<u><u>1,614</u></u>
At 30 June 2019	<u><u>1,614</u></u>

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

12 Heritage assets (continued)

The collection of manuscripts, newspapers and other artefacts were independently valued at £1,524,000 in November 2003 by Sotheby's with additional purchases made at cost amounting to £90,000. The directors feel that this valuation is still appropriate. The company has applied the cost model, and has taken the deemed cost exemption under FRS 102 paragraph 35.10(d), as a result all heritage assets are carried at cost, from the date of transition.

Additions and disposals in the year

During the period there have been no additions or disposals to the collections of heritage assets.

Five year history

There have been no significant additions or disposals of heritage assets within the past five financial years.

13 Stocks

	2020	2019
	£ 000	£ 000
Raw materials and consumables	622	766

14 Debtors

	2020	2019
	£ 000	£ 000
Amounts owed by group undertakings	89	1,981
Other debtors	7,215	7,006
Prepayments and accrued income	7,588	8,609
	14,892	17,596

All amounts owed by group undertakings relate to trading balances with no fixed repayment terms and no interest charged.

15 Cash and cash equivalents

	2020	2019
	£ 000	£ 000
Cash at bank	19,517	17,605

News Corp UK & Ireland operates a collective overdraft facility with its bankers, which allows individual companies in the News UK group to overdraw subject to an agreed limit of £20 million, not being exceeded in aggregate. The overdraft facility is also guaranteed by News Corporation.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

16 Creditors

	2020 £ 000	2019 £ 000
Due within one year		
Amounts due to group undertakings	490,753	453,298
Social security and other taxes	549	2,040
Other payables	2,828	6,162
Accrued expenses	42,803	38,499
Income tax liability	327	60
	<u>537,260</u>	<u>500,059</u>
Due after one year		
Amounts due to group undertakings	-	46,135

Included within amounts due to group undertakings are 5% unsecured loan stock due to News Corp UK & Ireland Limited in 2021 of £12,679,000 (2019 - £12,679,000), 15% unsecured loan stock due to News Corp UK & Ireland Limited in 2021 of £4,376,000 (2019 - £4,735,000) and 5% unsecured loan stock due to Times Newspapers Holdings Limited in 2021 of £28,721,000 (2019 - £28,721,000). All other amounts due to group undertakings relate to trading balances with no fixed repayment terms and no interest charged.

17 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 calculated 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 30 September 2016 to 30 June 2019.

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.

The total pension cost for the company was £3,314,000 (2019 - £2,973,000) all of which relates to defined contribution schemes.

Times Newspapers Limited

Notes to the Financial Statements For the year ended 28 June 2020 (continued)

17 Pension and other schemes (continued)

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 asset or 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 liability as at 28 June 2020 is £23,779,000 (2019 - net asset of £852,000). The fair value of the plans assets amounts to £425,932,000 (2019 - £410,051,000) whilst the benefit obligations amounts to £449,711,000 (2019 - £409,199,000).

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£ 000	No.	£ 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.

19 Leasing and other financial commitments

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

20 Ultimate parent company

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

The ultimate parent is News Corporation, 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.