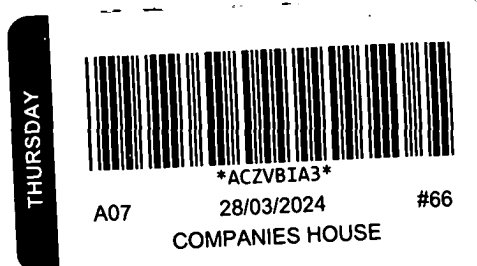


Registration number: 00679215

News Group Newspapers Limited

Report and financial statements

for the year ended 2 July 2023



News Group Newspapers Limited

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News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023

The directors present their Strategic Report and the financial statements of the company for the year ended 2 July 2023.

Principal activities and business review

News Group 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 recognisable 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, OPIS and many others.

The company's principal activities are the publishing of The Sun and The Sun on Sunday ("The Sun") and the distribution of content through its digital platforms, including thesun.co.uk, and other websites and apps ("The Sun Online"). The Sun has a clear mission to build on its success as Britain's most popular newspaper, engage with its customers across print and digital and secure a sustainable future for its journalism.

Across print and digital combined, The Sun has a remarkable combined monthly audience of 27.2m UK adults based on PAMCO H2 2023 (Publishers Audience Measurement Company). The Sun is the number one newsbrand in the UK in terms of weekly and daily reach. It continues to outperform competitors digitally, leading the way with the highest weekly and daily digital reach via mobile, web, apps, social channels and podcasts. During the year, the volatility of social platforms' approach toward news content has adversely impacted digital audiences across the industry. As a result, The Sun's UK online digital audience fell to 23.8m (2022: 27.8m). Globally, digital offering reached approximately 159m unique users (Meta Pixel) on a monthly basis in June 2023.

The Sun remains committed to keeping the nation informed, entertained and healthy during uncertain times and a turbulent political landscape. The continued popularity of The Sun's brand is underpinned by the talent of employees and their ongoing focus on producing best in class content across the core pillars (News, Football, Family Value, Health, and TV & Showbiz). During the year, the achievements of The Sun's teams and journalists have been recognised across the industry including being named Front Page of the Year and Scoop of the Year by The Press Awards. Continued coverage of the war in Ukraine and frontline reporting resulted in The Sun's Jeromer Starkey being named news reporter of the year. The company is also dedicated to developing journalism talent which was evidenced by two of its journalists winning in Under 30 Awards' political and breakthrough categories as journalists to watch. Brand reach is also driven by synergies across News UK with Wireless and talkSPORT in particular assisting in the development of The Sun brand and vice versa, through sharing content and talent and driving audiences between brands.

The company generated turnover for the year of £305,246,000 (2022 - £320,479,000). The decrease in turnover was driven by the absence of additional week 53 of trading versus 2022. In addition, the structural declines in the print market and volatility of social platforms' approach toward news content negatively impacted both print and digital advertising revenues. Circulation revenues benefited from cover price rise in prior year which was able to offset the structural volume declines. In addition, the-sun.com revenues continued to grow as a result of a surge in page views and higher yields year on year.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (continued)

Principal activities and business review (continued)

Throughout the year, there has been a steady improvement in the Betting and Gaming division. Product enhancements and targeted marketing in Bingo and Vegas proposition have driven increases in monthly active users. The Sun's products received recognition from the wider industry, as Sun Bingo won Best Playtech site at the Which Bingo Awards and Sun Vegas was revealed to be the CRM Campaign of the year at the EGT Marketing and Innovation Awards. During the year, the company entered into a new partnership with Gaming Innovation Group (GiG) in the UK, with US initiatives being launched in the second half of 2023. The ongoing expansion of the company's affiliate network is generating synergies across the News UK Group by creating sporting content shared across The Sun and talkSPORT that drives audiences to their affiliate partners.

The Sun continues to champion social and environmental causes. This year's Who Cares Wins awards, partnering with NHS Charities Together, celebrating NHS and healthcare heroes was the biggest and best yet with His Majesty King Charles III presenting the award for Best Doctor. The Sun's Earthquake Appeal has raised more than £1.5m with the help of readers and some of Britain's biggest brands, supporting the survivors of the quakes in Syria and Turkey. The Sun also honoured International Women's Day with a special panel event attended by celebrities as well as representatives from Women's Aid and The Princes Trust. In an effort to support struggling parents, Fabulous has launched 'Baby, Bank On Us' in partnership with Save the Children, Little Village and baby banks across the UK. The campaign aims to shine a spotlight on young children in Britain living in financial hardship during the cost-of-living crisis.

EBITDA for the year was (£58,878,000) (2022 - (£117,640,000)). The increase in EBITDA was a result of lower restructuring and one-off costs that were partially offset by lower revenues and increased costs base as a result of inflationary pressures. Operating costs increased year on year due to increased energy prices as a consequence of the war in Ukraine. Cost saving initiatives were implemented to offset some of these pressures.

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

Financial KPIs	2023	2022 excluding week 53	2022
	£'000	£'000	£'000
Turnover	305,246	313,890	320,479
EBITDA	(58,878)	(125,585)	(117,640)

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

PAMCo H2 2023 - Total Brand Reach (monthly) (source: Publishers Audience Measurement Company - Jun'21 to Jun'23 print data fused with Jun'23 Ipsos Iris data, measuring combined print and digital reach):

	2023	2022
Sun (The Sun, The Sun on Sunday and The Sun Online)	27,200,000	30,652,000

Future developments

The company's priority is to sustain the market leading position as the number one newsbrand in the UK by ensuring the proposition maintains its relevance for readers. The Sun will continue to invest and focus on investigative journalism and delivering the big stories that showcase its quality. In addition, the company constantly evaluates and improves its offering in order to continue growing its audience and engagement across existing and new channels and maximise commercial opportunities.

As the industry moves towards a cookie-less world, the company's digital growth strategies are focused on growing known audiences by redeveloping the brand's apps and websites to increase on-platform engagement, including initiatives to convert print and international audiences to app users. The Sun Online remains a key area of digital growth, supported by The Fifth, Studio Pi, The Ozone Project and the News IQ platform.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (continued)

Future developments (continued)

The ongoing success of the Sun's digital portfolio will help to get to know readers even more, developing deeper reader relationships, strong first party data and become an even stronger proposition for advertisers. Relationships with major tech platforms remained strong during 2023, with news payment agreements continuing to provide a source of revenues. Looking ahead, The Sun is working closely with the tech platforms to explore further opportunities that could benefit all parties within publishing, advertising and Artificial Intelligence spaces.

Artificial Intelligence (AI) represents both a threat and opportunity. The company believes that original content, created by world-class journalists, will become more valuable as generative AI-created content proliferates. Relationships with major technology platforms remained strong during 2023, with news payment agreements continuing to provide sources of revenue. Looking ahead, further opportunities with the technology platforms will be explored that could benefit all parties within publishing, advertising and AI. These additions will in turn underpin further growth in digital advertising.

The company continues to monitor macroeconomic factors that could impact its business. In June 2023, The Sun increased the cover price across all editions to mitigate the impact of inflationary headwinds, particularly newsprint price rises and a difficult UK advertising market, affecting the wider industry. Cost-saving initiatives identified during the year are expected to further mitigate these cost pressures. Since year-end, there have been signs that inflationary pressures are beginning to moderate, most notably in newsprint prices.

Principal risks and uncertainties

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 and its overall performance, positively or negatively.

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 application 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.

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.

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.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (continued)

Principal risks and uncertainties (continued)

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 being blocked for further supply until full settlement is received.

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 maximise 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 on advertisers' judgements as to the most effective use of their advertising budgets. Competition for advertising is based upon the reach of 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.

The majority of the company's transactions are in sterling, 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 News UK 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.

Following the allegations of voicemail interception and inappropriate payments to public officials there have been a number of civil cases brought against the company, most of which have been settled. A provision has been made at the balance sheet date in respect of all claims that have been filed up until the date of finalisation of the financial statements. It is not possible to estimate the liability for such additional claims given the information that is currently available to the company. If more claims are filed and additional information becomes available in the civil cases, the company will update the liability provision for such matters. A charge of £5,365,000 in respect of claimants' legal fees and damages has been made in respect of this litigation, based on available information at the date of signing the financial statements. In the prior year, a number of claims were issued in September 2022 in order to ensure claims were brought before the 30 September 2022 court imposed cut off date to the current tranche of the Managed litigation. Failure to bring them before this date would have meant they were stayed and unable to proceed as part of the managed litigation until the commencement of a further tranche of the litigation (if this were to be ordered by the court). The prior year costs for the year ended 3 July 2022 of £99,816,000 represented costs recognised during the year of £46,789,000 and a provision for the additional claims issued prior to 30 September 2022 deadline amounting to £53,027,000. There was no such deadline in the current year. The final cost may or may not be significantly higher than the amounts recognised depending on the course of the litigation, which in turn may also mean costs end up to be significantly lower than those provided for. This has been reported as a one off charge due to its size and incidence. This provision has not been discounted due to the uncertainty over the timing of the resolution of these cases.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (continued)

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 Media Limited; News UK & Ireland Limited; talkSPORT Limited; Newsprinters Limited; and Newsprinters (Broxbourne) Limited ("the News UK Group").

During Financial Year 2023, 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:

- 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

Annually, News UK & Ireland Limited ("News UK") runs an employee engagement survey across the News UK Group to enable it to better understand its colleagues' views on what it is like to work for the company. The results are shared with the Board and business leaders and result in a series of departmental plans being drawn up with the objective of continuing to improve engagement across the business. For the survey conducted in this period we saw improvements in overall completion rate and across the core questions driving overall colleague engagement. 'This company builds teams that are diverse' saw the greatest improvement score year-on-year, along with 'alignment & involvement'.

In addition, News UK also encourages potential, current and outgoing employees of the News UK Group to complete experience surveys to ensure that colleagues' 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), onboarding surveys, as well as 360 degree and team effectiveness surveys. News UK also invites colleagues to take part in an exit interview prior to leaving the company both in person and via a survey.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (continued)

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

Engagement with and interests of employees (continued)

Equity, Diversity and Inclusion

The Board is proud to be building an inclusive business which is a welcoming place for all colleagues to work. Our diversity strategy remains clear as do our targets on representation - 50:50 on gender and 20% on minority ethnic employment. We have 11 well established employee networks which run across the business including News for Parent & Carers; GenZ; Christian Fellowship; Disability Network and many more. A now-well established internship and apprenticeship scheme is in place with a focus on bringing in and developing diverse talent, along with a number of work experience programmes. We launched Britain's first-ever forum and conference aimed at improving representation of disabled staff in newsrooms across the UK and alongside this we invested in accessibility programmes to support our current colleagues and those of the future. We have fostered a number of successful outreach programmes partnering with a range of well-respected organisations including Brixton Finishing School and the Raheem Sterling Foundation. We have also created a number of internally designed and delivered programmes including an Executive Sponsorship scheme and mentoring & coaching programmes.

Health and Wellbeing

The Board considers that wellbeing is the foundation stone of what each of us are able to achieve and has highlighted to employees that it's important to News UK that all colleagues have the support they need to build a strong sense of all round wellbeing.

The Board continues to support, organise and promote talks, competitions and activities, designed to help employees with their wellbeing, and to help employees to help others.

A broad and varied range of support services are available to colleagues including gym membership, health assessment, private medical & mental health support services (via AXA) and an expert in-house occupational health team. Alongside these we have trained a number of colleagues as Mental Health Practitioners and have a very established and engaged network of Mental Health First Aiders. We are proud to have Executive/Board sponsors for each strand of our wellbeing strategy and they help engage and inform our colleagues of all the support and resources available to them as well as encourage them to speak up if they need support and share new thinking, ideas and inspiration. A number of free-to-all tools including Headspace, Peppy and EAP are all easily accessible via our benefits portal for ease of use.

Board Communication

The Board is active in communicating its messages to its employees across a range of formats, from in-person events to bi-annual all hands virtual strategic briefings. Each division holds regular Town Hall events to provide strategic updates, celebrate success and share information from other parts of the business. The Board also shares information directly to staff via email, the intranet and the regular News UK email newsletter, News United. Weekly virtual 'Huddle' events, often hosted by Board members, also provide ways for the company to come together to hear about a range of topics related to the business.

During the period the Board has updated colleagues on the News UK and News Corp approach to Generative AI. Updates have also covered: the detention of Evan Gershkovich; cyber security; compliance; realignment of business units; strategic priorities; the importance of journalism in Ukraine; several new HR and employee benefits initiatives; charity projects and fundraising; Gender Pay Gap reporting; and EDI strategy updates.

Colleagues continue to be able to report any concerns relating to wrongdoing or misconduct via their line managers; Legal or Compliance; or confidentially via Alertline, News Corporation's whistleblowing service.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (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

Suppliers

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

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 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'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 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, viewers, 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 minimising the impact of its activities on the environment and our sustainability strategy is focused on three key pillars: Reduce, Engage and Source Responsibly.

Sustainability was the theme of News UK's News Corp Giving scheme in FY22, with the Marine Conservation Society and Trees For Cities receiving a £50,000 donation each. News UK continued to build on the partnership with the Marine Conservation Society throughout FY23, carrying out four beach cleans across the country and collecting over 33kg of marine litter.

The Board regularly hosts internal Huddle events, streamed to all staff, covering sustainability issues. In FY23, we held a week of events to mark Earth Day, which included a Huddle with musician-turned-campaigner Feargal Sharkey, talking about The Times' Clean It Up campaign, and a waste awareness event with our waste partner at The News Building, Recorra. These events are designed to increase engagement with sustainability and to embed a sustainability culture within the organisation.

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 for further information on News Corp Group's Modern Slavery Statement and Standards of Business Conduct.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (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)

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, compliance steering committee and corporate audit updates.

Principal decisions of the Board

Realignment of Business Units

In March 2022, the Board made the decision to realign the responsibilities of the executive team in order to focus on News UK's strategic priorities, namely to: drive digital advertising revenues; grow digital subscribers; accelerate connected listening; launch TV and grow video and CTV advertising revenues; negotiate new partnerships with the big technology platforms; and maximise print revenues.

The Board acknowledged that as a business of very strong consumer brands, each of the strategic priorities needed focus to have the best chance of succeeding. The Board therefore decided that The Sun, The Times & The Sunday Times, and its Broadcasting brands will each run as separate business units, with an executive having responsibility for each to manage all of the revenue and cost levers, giving them a more targeted focus and greater control.

A smaller number of departments continue to work as a centralised resource across the whole business, including Finance, HR, Corporate Affairs and Legal. Technology continues to have centralised oversight and resources, but some roles are dedicated to individual business units.

The Board reminded employees that its brands' readers, listeners and viewers must always be at the heart of everything News UK does. It also highlighted that the realignment would help commercial partners have the opportunity to buy premium advertising inventory across the whole portfolio of brands and formats, reaching those large and sought-after audiences at multiple touch points. The Board emphasised that as a data-led and technology-powered business, the realignment would assist News UK to continue to build audiences and offer ever greater value to its clients.

The realignment continued to take effect during the Financial Year 2023 and is now complete.

News Group Newspapers Limited

Strategic Report for the year ended 2 July 2023 (continued)

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

Principal decisions of the Board (continued)

Response to Ukraine

This year News UK's newsrooms have been working around the clock to deliver expert analysis on the war in Ukraine, as employees and all of its readers, listeners and viewers try to make sense of the conflict.

There have been so many examples of world-class reporting – from The Sun's first-hand accounts, vividly depicting the human cost of Putin's invasion, to The Times's brilliant maps and charts, showing the Russian advance – telling the world the truth about what's happening. Times Radio and TalkRADIO are brilliantly covering every angle of this rapidly evolving situation, with contributions from newspaper reporters to our live radio reporting and podcasts. Amongst much industry recognition, The Sun's Defence Editor, Jerome Starkey won News Reporter of the Year at the Press Awards and Multimedia Journalist of the Year at the London Press Awards, having reported from the frontline in Ukraine since the invasion by Russia.

News UK and its brands have also continued to stand by imprisoned Wall Street Journal reporter Evan Gershkovich. Our brands have used key moments including the 100th day of his captivity to focus audience attention, and The Times and Times Radio recognise his continued detention on a daily basis.

The Board communicates this fantastic work to employees on an on-going basis and have been actively discussing matters as they arise in the titles and Broadcasting quarterly Board meetings; 1-1s with the Executive teams and on an ad-hoc basis as the situation develops. The Board is also regularly updated by the Health & Safety team on the welfare and security of any employees working in dangerous territories and of sanctions risks by the Compliance team.

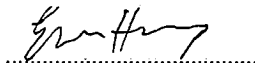
Engagement with Regulators

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. In doing this, the Board monitors News UK Group's compliance with regulatory issues and the actions taken to maintain this such as the implementation of internal training and updates to policies and procedures.

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 and authorised by the Board on 21 November 2023 and signed on its behalf by:

PP



E. Humphreys
Director

News Group Newspapers Limited
Directors' Report for the year ended 2 July 2023

The directors present their report and the financial statements of the company for the year ended 2 July 2023.

Results and dividends

The loss for the year, after taxation, amounted to £66,477,000 (2022: £127,333,000).

The directors do not recommend a dividend (2022: £nil).

Directors of the company

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

R.M. Brooks

D.W. Dinsmore

C.C.S Longcroft (resigned 25 July 2022)

E. Humphreys (appointed 25 July 2022)

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 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.

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.

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.

News Group Newspapers Limited

Directors' Report for the year ended 2 July 2023 (continued)

Going Concern

The company is in a net current asset position as at 2nd July 2023 and has sufficient resources to settle its liabilities when they become due. The assets are dependent upon the recoverability of intercompany receivables that may require support of the parent.

The directors have considered the financial position and trading activities of the company, including forecasts, for the going concern assessment period to 31 December 2024 (the 'assessment period'). Given the utilisation of, and access to, the group facility indicated above, the ultimate parent undertaking, News Corporation (the 'Parent company') has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due for the assessment period.

The Parent Company will continue to review group and company liquidity needs in light of the business and financial impacts it may face in light of economic factors such as higher rates of interest and inflation and any mitigating actions which may be required. The parent company also has available borrowing capacity under its undrawn \$750 million revolving credit facility.

After making due enquiries and considering the forecasts of the News UK group, incorporating the impact of global macroeconomic inflationary pressures, the general challenging market environment, access to funds through the group facility and the Parent Company support, the directors have a reasonable expectation that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for the going concern assessment period to 31 December 2024. These considerations include the company, as well as the wider News Corp. group. Accordingly, the financial statements are prepared on the going concern basis.

Streamlined energy and carbon report

A detailed report has been included within the financial statements of the company's immediate parent entity News Corp UK & Ireland Limited. The results cover the UK operations of the News UK group and cannot be allocated to individual companies.

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Strategic Report, 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 in accordance with Section 10 of FRS 102 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

News Group Newspapers Limited

Directors' Report for the year ended 2 July 2023 (continued)

Directors' responsibilities statement (continued)

- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

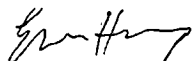
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of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

Auditor

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

Approved and authorised by the Board on 21 November 2023 and signed on its behalf by:

PP



.....
E. Humphreys
Director

Independent Auditor's Report to the Members of News Group Newspapers Limited

Opinion

We have audited the financial statements of News Group Newspapers Limited (the 'company') for the year ended 2 July 2023 which comprise Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes 1 to 21 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 state of the company's affairs as at 2 July 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. 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.

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

Emphasis of matter: significant uncertainty over provisions and contingencies related to voicemail interception cases after allegations of voicemail interception and inappropriate payments to public officials and other related matters

We draw attention to the disclosures made in note 18 of the financial statements, concerning future expenditures for which reliable estimates cannot be made and other contingencies related to voicemail interception cases after allegations of voicemail interception and inappropriate payments to public officials and other related matters. The ultimate exposure of News Group Newspapers Limited in relation to these matters is subject to significant uncertainty, and the total amounts that will ultimately be determined to be payable by the company will be dependent on many factors, including the number of individuals making a claim against the company and any findings as to the extent of their loss, as well as the potential size of any civil or administrative fines or penalties. Consequently the actual cost may or may not be significantly higher than the amounts recognised in the financial statements and disclosed in note 18. Our opinion is not qualified in respect of this matter

Independent Auditor's Report to the Members of News Group Newspapers Limited (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matter 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 period 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the Members of News Group Newspapers Limited (continued)

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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal matters and compliance. We corroborated these enquiries through our review of policies and board meeting minutes. We reviewed management's entity level controls to understand the company culture of honest and ethical behaviour, including the emphasis on fraud prevention.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through inquiry of management and those charged with governance as to established policies and procedures that exist. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored.

Independent Auditor's Report to the Members of News Group Newspapers Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and to respond to the assessed risks. We determined there to be a risk of management override and a fraud risk over manual adjustments to revenue. To address the fraud risk on revenue, we used data analytics to identify the population of manual journal entries impacting revenue and selected a sample of specific transactions. We understood the transactions identified for testing and agreed them to source documentation. To address the risk of management override of controls we used data analytics to sample from the entire population of journal entries, identifying transactions which did not meet our expectations based on specific criteria, to investigate, gain an understanding and agree to source documentation. Our procedures also included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through inquiry with management and the Directors, reading of the board meeting minutes and correspondence with the relevant authorities with no indication of non-compliance identified. Furthermore, we performed procedures to conclude on the compliance of disclosures made in the annual report and accounts with all applicable requirements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

Ernst & Young LLP

Lauren Houghton (Senior Statutory Auditor)

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

Date: 24/11/2023

News Group Newspapers Limited

Profit and Loss Account for the year ended 2 July 2023

	Note	2023 £ 000	2022 £ 000
Turnover	3	305,246	320,479
Cost of sales		<u>(223,361)</u>	<u>(214,539)</u>
Gross profit		81,885	105,940
Distribution costs		(26,758)	(32,907)
Administrative expenses		(66,100)	(67,565)
Operating one-off charges	4	<u>(51,632)</u>	<u>(128,310)</u>
Adjusted operating loss	6	(62,605)	(122,842)
Restructuring expense	5	<u>(3,282)</u>	<u>(4,406)</u>
Operating loss	6	<u>(65,887)</u>	<u>(127,248)</u>
Loss before tax		(65,887)	(127,248)
Tax on loss	11	<u>(590)</u>	<u>15</u>
Loss for the financial year		<u><u>(66,477)</u></u>	<u><u>(127,233)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Statement of Comprehensive Income for the year ended 2 July 2023

	2023 £ 000	2022 £ 000
Loss for the financial year	<u>(66,477)</u>	<u>(127,233)</u>
Total comprehensive income for the financial year	<u><u>(66,477)</u></u>	<u><u>(127,233)</u></u>


The notes on pages 20 to 33 form an integral part of these financial statements.

News Group Newspapers Limited**(Registration number: 00679215)****Balance Sheet as at 2 July 2023**

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	12	30,083	23,783
Heritage assets	13	107	107
		<u>30,190</u>	<u>23,890</u>
Current assets			
Stocks	14	9,538	11,063
Debtors	15	531,012	442,821
Cash at bank and in hand		40	62
		<u>540,590</u>	<u>453,946</u>
Creditors: Amounts falling due within one year	17	<u>(459,593)</u>	<u>(282,848)</u>
Net current assets		<u>80,997</u>	<u>171,098</u>
Total assets less current liabilities		111,187	194,988
Provisions for liabilities	18	<u>(77,483)</u>	<u>(94,807)</u>
Net assets		<u>33,704</u>	<u>100,181</u>
Capital and reserves			
Called up share capital	19	2,625	2,625
Share premium reserve		653,308	653,308
Retained earnings		<u>(622,229)</u>	<u>(555,752)</u>
Shareholders' funds		<u>33,704</u>	<u>100,181</u>

Approved and authorised by the Board on 21 November 2023 and signed on its behalf by:

pp


E. Humphreys
Director

The notes on pages 20 to 33 form an integral part of these financial statements.

News Group Newspapers Limited**Statement of Changes in Equity for the year ended 2 July 2023**

	Share capital	Share premium	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000
At 4 July 2022	2,625	653,308	(555,752)	100,181
Loss for the financial year	-	-	(66,477)	(66,477)
Total comprehensive loss for the financial year	-	-	(66,477)	(66,477)
At 2 July 2023	2,625	653,308	(622,229)	33,704

Statement of Changes in Equity for the year ended 3 July 2022

	Share capital	Share premium	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000
At 28 June 2021	2,625	653,308	(428,519)	227,414
Loss for the financial year	-	-	(127,233)	(127,233)
Total comprehensive loss for the financial year	-	-	(127,233)	(127,233)
At 3 July 2022	2,625	653,308	(555,752)	100,181

The notes on pages 20 to 33 form an integral part of these financial statements.

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023

1 General information

The company is a private company limited by share capital, 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 21 November 2023.

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value.

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

The financial statements are made up to the Sunday closest to the 30 June each year. Consequently, the financial statements for the current period cover 52 weeks ended 2 July 2023 (53 weeks ended 3 July 2022). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

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:

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- (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 paragraph 11.42 to 11.48A and paragraphs 12.26 to 12.27, 12.29 (a) & (b) and 12.29A, 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 company is in a net current asset position as at 2nd July 2023 and has sufficient resources to settle its liabilities when they become due. The assets are dependent upon the recoverability of intercompany receivables that may require support of the parent.

The directors have considered the financial position and trading activities of the company, including forecasts, for the going concern assessment period to 31 December 2024 (the 'assessment period'). Given the utilisation of, and access to, the group facility indicated above, the ultimate parent undertaking, News Corporation (the 'Parent company') has provided a support letter indicating that they will continue to provide the financial support to enable the company to meet its liabilities as and when they fall due for the assessment period.

The Parent Company will continue to review group and company liquidity needs in light of the business and financial impacts it may face in light of economic factors such as higher rates of interest and inflation and any mitigating actions which may be required. The parent company also has available borrowing capacity under its undrawn \$750 million revolving credit facility.

After making due enquiries and considering the forecasts of the News UK group, incorporating the impact of global macroeconomic inflationary pressures, the general challenging market environment, access to funds through the group facility and the Parent Company support, the directors have a reasonable expectation that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for the going concern assessment period to 31 December 2024. These considerations include the company, as well as the wider News Corp. group. Accordingly, the financial statements are prepared on the going concern basis.

Turnover

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 turnover 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 and (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.

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Turnover (continued)

- 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.

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.

Operating leases

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

One off operating charges and restructuring

One-off operating charges and restructuring expenses are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

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.

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.

Tax

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.

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Tax (continued)

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

Deferred tax assets are considered as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits 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 average 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.

Intangible assets

Intangible assets consist of internal use software, and are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Internal use software - 3 years

Publishing rights and titles

Publishing rights and titles are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over their estimated useful life of 20 years. Provision is made for any impairment.

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.

Cash and cash equivalents

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

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are held at purchase cost on a first in first out basis.

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

Debtors

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

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial assets and liabilities

Financial assets and liabilities are held at fair value. Changes in fair value are included in the Profit and Loss Account. Financial assets and liabilities are derecognised on expiry or when all contractual rights and obligations are transferred.

Provisions

Provisions are recognised when the company has a present obligation, legal or constructive, as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Critical judgements in applying the company's accounting policies

Management are required to make judgements in the process of applying the company's accounting policies. The judgements that have the most significant effect on the amounts are recognised in the financial statements are discussed below.

a. Operating one-off costs and restructuring expense

The company has made a judgement to present some operating items separately on the face of the profit and loss account as operating one-off costs or restructuring expenses. These operating items include significant transactions such as legal fees relating to on-going legal issues, costs in relation to early termination of contract agreements and costs relating to the restructuring of the business. In making this judgement the company considers whether such items are material to the profit and loss account and if their separate disclosure is necessary for an appropriate understanding of the company's financial performance. These items have been presented on a separate line in the company's profit and loss account, above operating profit/(loss), and are further explained in notes 4 and 5.

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (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 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. Provisions for on-going legal issues

There is uncertainty as to liabilities arising from the outcome or resolution of on going legal claims. Following the allegations of voicemail interception and inappropriate payments to public officials there have been a number of civil cases brought against the company, most of which have been settled or are in the process of being settled. A provision has been made at the balance sheet date in respect of all claims that have been filed up until the date of finalisation of the financial statements. In 2011 the company established a compensation scheme which was closed to new entrants in April 2013. A provision has been made at the balance sheet date for all applicants accepted to participate in this scheme. No provision has been made for letters of claim which have been received but where no formal court proceedings have been issued, or for individuals who have not contacted the company. It is not possible to estimate the liability for such additional claims given the information that is currently available to the company. Further details are given in note 17.

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 profitable. The libel provision at 2 July 2023 was £1,823,000 (2022: £2,245,000) and is included in Creditors: amounts falling due within one year.

d. Recoverability of deferred tax assets

The company makes estimates regarding the recoverability of deferred tax assets relating to losses based on forecasts of future taxable profits which are, but their nature, uncertain. The deferred tax asset recognised at 2 July 2023 was £nil (2022: £nil).

3 Turnover

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

The analysis of the company's turnover for the period from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Sale of goods	184,318	185,821
Rendering of services	120,928	134,658
	<u>305,246</u>	<u>320,479</u>

During the current year £7,065,000 (2022: £7,313,000) of turnover from rendering of services related to advertising barter transactions.

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

4 Operating one-off charges

	2023 £ 000	2022 £ 000
Claimants' legal fees and damages (see note 18)	5,365	99,816
Costs in relation to UK newspaper matters	45,303	27,539
Costs in relation to the Management and Standards Committee	964	955
	<u>51,632</u>	<u>128,310</u>

There are a number of on-going legal claims against the company as a result of voicemail interception allegations. The current year charge of £5,365,000 is in respect of claimant legal fees and damages and has been made in respect of this litigation, based on available information at the date of signing the financial statements. In the prior year, a number of claims were issued in September 2022 in order to ensure claims were brought before 30 September 2022 court imposed cut off date to the current tranche of the managed litigation. Failure to bring them before this date would have meant they were stayed and unable to proceed as part of the managed litigation until the commencement of a further tranche of litigation (if this was to be ordered by the court). The prior year costs for the year ended 3 July 2022 of £99,816,000 represented costs recognised during the year of £46,789,000 and a provision for the additional claims issued prior to 30 September 2022 deadline amounting to £53,027,000. There was no such deadline in the current year.

The company has incurred £45,303,000 (2022: £27,539,000) of one-off costs in regards to UK Newspaper matters.

The News UK group has incurred costs of £964,000 (2022: £955,000) which are primarily legal and professional fees relating to the Management and Standards Committee (MSC). The MSC is not a statutory entity; therefore whilst it has independence from the company, costs relating to MSC must be recognised in the financial statements of a statutory entity. As the costs relate exclusively to investigations in The News of the World, these costs have been borne by News Group Newspapers Limited.

5 Restructuring expense

	2023 £ 000	2022 £ 000
Restructuring expenses	<u>3,282</u>	<u>4,406</u>

During the year the company restructured its editorial workforce to match the requirements of the business. Total costs incurred in the period were £3,282,000 (2022: £4,406,000).

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

6 Operating loss

Arrived at after charging:

	2023	2022
	£ 000	£ 000
Amortisation expense	7,117	9,608
Foreign exchange (gains)/losses	(26)	157
Operating lease expense - plant and machinery	<u>225</u>	<u>224</u>

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

7 Auditor's remuneration

	2023	2022
	£ 000	£ 000
Audit of the financial statements	<u>413</u>	<u>346</u>

8 Staff costs

	2023	2022
	£ 000	£ 000
Wages and salaries	37,638	38,229
Social security costs	4,460	4,407
Pension costs	<u>2,755</u>	<u>3,158</u>
	<u>44,853</u>	<u>45,794</u>

The average number of persons employed by the company during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Editorial	<u>549</u>	<u>552</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£ 000	£ 000
Allocation of directors qualifying services to the company	<u>1,085</u>	<u>1,369</u>

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

9 Directors' remuneration (continued)

The directors of this company provide services to this company and a number of other group companies. The amounts above relate to the share of qualifying services that have been allocated to this company.

No directors accrued benefits under company pension schemes (2022 - none).

During the period the number of directors who were receiving benefits and share incentives was as follows:

	2023 No.	2022 No.
Received or were entitled to receive shares under long term incentive schemes	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2023 £ 000	2022 £ 000
Allocation of directors qualifying services to the company	<u>585</u>	<u>721</u>

10 Pension and other schemes

The company participates in pension schemes operated by News Corp UK & Ireland Limited. The defined contribution scheme covers the majority of the executive, staff and works personnel. The remaining employees, mainly senior executives, are covered by defined benefit multi employer schemes and their share of the underlying assets and liabilities are not readily identifiable. The assets of the pension schemes are held in separate externally administered funds. The pension costs of the defined benefit schemes are in accordance with the advice of a qualified actuary using the projected unit method. The schemes are valued by an independent actuary on a triennial basis. During 2011, News Corp UK & Ireland Limited closed the main UK defined benefit pension plan to future accrual. The latest full actuarial valuation of the defined benefit schemes range from 30 September 2019 to 30 June 2021 with a roll forward valuation for June 2023.

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 being held. A recharge is made to the company for the services of the personnel working for the company.

Retirement benefit obligation disclosures for the defined benefit schemes are not presented in these company accounts, as the defined benefit scheme is a group scheme, and there is no group policy in place for charging the net defined benefit cost to individual group companies. Under FRS 102, this means that the defined benefit scheme deficit is recognised in the financial statements of the group company that is legally responsible for the plan, which is News Corp UK & Ireland Limited. The News Corp UK & Ireland Limited net pension asset as at 2 July 2023 is £35,965,000 (2022 - £20,208,000). The fair value of the plans assets amounts to £298,420,000 (2022 - £343,866,000) whilst the benefit obligations amounts to £262,455,000 (2022 - £323,658,000).

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

11 Taxation

Tax charged/(credited) in the profit and loss account

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax	586	-
Foreign tax	4	(15)
Tax expense/(receipt) in the Profit and Loss Account	<u>590</u>	<u>(15)</u>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 20.5% (2022 - 19%).

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Loss before tax	<u>(65,887)</u>	<u>(127,248)</u>
Corporation tax at standard rate	(13,504)	(24,177)
Expenses not deductible for tax purposes	903	12,472
Effect of foreign tax rates	1	-
Effect of rate change	273	(3,419)
Movement in deferred tax asset not recognised	(1,514)	3,379
Effects of prior year adjustments	589	(15)
Group relief and transfer pricing adjustments	14,440	11,746
Tax decrease from changes in tax provisions due to legislation	(21)	-
Fixed asset differences	<u>(577)</u>	<u>(1)</u>
Total tax charge/(credit)	<u>590</u>	<u>(15)</u>

Factors that may affect future tax charges

The UK Corporation Tax rate increased mid-year from 19% to 25%. This was following an announcement of the rate increase in the March 2021 budget which received Royal Assent on 10 June 2021. The rate used in the financial statements is a blended rate consisting of 19% for the year to 31 March 2023 and 25% from 1 April onwards. This leads to a composite rate of 20.5% for the full year.

There are £8,126,000 short term timing differences (2022 - £23,922,000) and £70,519,000 of losses (2022 - £108,831,000) for which no deferred tax asset is recognised in the balance sheet.

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

12 Intangible assets

	Internally generated software development costs £ 000	Publishing rights and titles £ 000	Total £ 000
Cost			
At 4 July 2022	58,226	560,000	618,226
Additions	13,518	-	13,518
Transfer from group company	(100)	-	(100)
Disposals	(3,885)	-	(3,885)
At 2 July 2023	<u>67,759</u>	<u>560,000</u>	<u>627,759</u>
Amortisation			
At 4 July 2022	34,443	560,000	594,443
Amortisation charge	7,117	-	7,117
Amortisation eliminated on disposals	(3,884)	-	(3,884)
At 2 July 2023	<u>37,676</u>	<u>560,000</u>	<u>597,676</u>
Carrying amount			
At 2 July 2023	<u>30,083</u>	<u>-</u>	<u>30,083</u>
At 3 July 2022	<u>23,783</u>	<u>-</u>	<u>23,783</u>

The company tests fixed assets annually for impairment or more frequently if there are indicators that fixed assets may be impaired. The recoverable amounts for the company's fixed assets are measured through review of the value in use calculation, which is compared to the carrying value. Value in use is determined by discounting future expected cash flows, based on management approved budgets and long term projections. These reflect management's current experience and future expectations of the markets in which the company and its subsidiaries operate.

The pre-tax discount rate used by the company in its impairment test is 10.5% (2022: 10.5%). The growth rate used in the projections that are extrapolated beyond the formally approved budgets and forecasts prepared by management is 0% (2022: 0%). This has resulted in an impairment charge of £nil (2022: £nil) in the company. There are no indicators of impairment for internal use software (2022: £nil).

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

13 Heritage assets

	£ 000	Total £ 000
Cost		
At 4 July 2022	107	107
At 2 July 2023	107	107
Carrying amount		
At 2 July 2023	107	107
At 3 July 2022	107	107

The collection of manuscripts, newspapers and other artefacts were independently valued at £107,000 in November 2003 by Sotheby's. 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 during 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 additions or disposals of heritage assets within the past five financial years.

14 Stocks

	2023 £ 000	2022 £ 000
Raw materials and consumables	9,538	11,063

Stock recognised in cost of sales during the year as an expense was £nil (2022: £nil).

15 Debtors

	2023 £ 000	2022 £ 000
Current		
Amounts owed by related parties	509,227	420,448
Other debtors	5,897	3,505
Prepayments	12,719	15,110
Corporation tax repayable	3,169	3,758
	531,012	442,821

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

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

16 Cash and cash equivalents

	2023	2022
	£ 000	£ 000
Cash at bank	<u>40</u>	<u>62</u>

17 Creditors

	2023	2022
	£ 000	£ 000
Due within one year		
Bank overdrafts	134,969	86,132
Amounts due to related parties	264,965	146,589
Other payables	16,409	11,536
Accruals and deferred income	<u>43,250</u>	<u>38,591</u>
	<u>459,593</u>	<u>282,848</u>

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

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.

18 Provisions for liabilities

	Legal	Total
	proceedings	£ 000
	£ 000	£ 000
At 4 July 2022	94,807	94,807
Additional provisions (note 4)	5,365	5,365
Provisions used	<u>(22,689)</u>	<u>(22,689)</u>
At 2 July 2023	<u>77,483</u>	<u>77,483</u>

News Group Newspapers Limited

Notes to the Financial Statements for the year ended 2 July 2023 (continued)

18 Provisions for liabilities (continued)

Following the allegations of voicemail interception and inappropriate payments to public officials there have been a number of civil cases brought against the company, most of which have been settled. A provision has been made at the balance sheet date in respect of all claims that have been filed up until the date of finalisation of the financial statements. It is not possible to estimate the liability for such additional claims given the information that is currently available to the company. If more claims are filed and additional information becomes available in the civil cases, the company will update the liability provision for such matters. A charge of £5,365,000 in respect of claimant's legal fees and damages has been made in respect of this litigation, based on available information at the date of signing the financial statements. A number of claims were issued in September 2022 in order to ensure claims were brought before the 30 September 2022 court imposed cut off date to the current tranche of the Managed litigation. Failure to bring them before this date would have meant they were stayed and unable to proceed as part of the managed litigation until the commencement of a further tranche of the litigation (if this were to be ordered by the court). The £5,365,000 therefore represents costs recognised during the year. In the prior year the total cost of £99,816,000 represented the costs recognised in the year of £46,789,000 as well as a provision for the additional claims issued prior to the 30 September 2022 deadline amounting to £53,027,000. The final cost may or may not be significantly higher than the amounts recognised depending on the course of the litigation, which in turn may also mean costs end up to be significantly lower than those provided for. This has been reported as a one off charge due to its size and incidence. This provision has not been discounted due to the uncertainty over the timing of the resolution of these cases.

19 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>2,625,001</u>	<u>2,625</u>	<u>2,625,001</u>	<u>2,625</u>

20 Other reserves

The other reserves brought forward relate to the profit on disposal of publishing rights of The Sun on 20 June 2003 to News 2026 Limited, the company's subsidiary. The profits were regarded as unrealised since the consideration received was in the form of assets for which the directors could not assess the ultimate cash realisation with reasonable clarity

21 Parent and ultimate parent undertaking

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

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.