

**Registered number: 02380447**

**HarperCollins (UK)**

**Report and financial statements**

**for the year ended 30 June 2015**

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**HarperCollins (UK)**

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## **HarperCollins (UK)**

### **Directors' report 30 June 2015**

The directors present their report and the financial statements for the year ended 30 June 2015.

#### **Principal activities and business review**

The principal activity of the company is that of a holding company for the investments in and loans to certain UK resident subsidiary undertakings and associated undertakings of the HarperCollins (UK) group. The company will continue to act as a holding company in the forthcoming year.

A strategic review and a business review have not been completed for the company because it is entitled to claim the exemption from doing so under Section 414B and 415A of the Companies Act 2006.

#### **Principal risks and uncertainties facing the business**

A summary of the principal risks and uncertainties facing the company has not been completed because it is entitled to claim the exemption from preparing the strategic review under Section 414B of the Companies Act 2006.

#### **Going concern**

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, are described above.

After making enquiries, including receipt of a letter of support for a period of twelve months from the date of signing from News Corp Investment UK & Ireland, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the annual report and accounts.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £1,966,000 (2014 - loss £1,867,000).

The directors do not recommend a dividend.

#### **Directors**

The directors who served during the year were:

B. Murray  
C. Redmayne  
J. Gervasio

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.

**HarperCollins (UK)**

**Directors' report (continued)**  
**30 June 2015**

**Directors' responsibilities**

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

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

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

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

**Disclosure of information to the auditor**

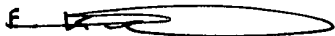
Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

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

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



**E. Kielbasiewicz**  
Secretary

Date: 27 November 2015

Registered office:  
1 London Bridge Street  
London  
SE1 9GF

### **Independent auditor's report to the members of HarperCollins (UK)**

We have audited the financial statements of HarperCollins (UK) for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

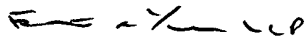
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of HarperCollins (UK) (continued)**

**Matters on which we are required to report by exception**

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

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



Ian McDowall (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP**  
Statutory Auditor  
Glasgow

Date: 2 December 2015

**HarperCollins (UK)**

**Profit and loss account  
Year ended 30 June 2015**

	Note	2015 £000	2014 £000
Interest payable and similar charges	4	(1,966)	(1,867)
<b>Loss on ordinary activities before taxation</b>		(1,966)	(1,867)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	10	(1,966)	(1,867)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

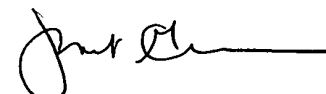
The notes on pages 7 to 11 form part of these financial statements.

HarperCollins (UK)  
Registered number: 02380447

**Balance sheet**  
**30 June 2015**

	Note	£000	2015 £000	£000	2014 £000
<b>Fixed assets</b>					
Investments	6		748,903		748,903
<b>Creditors: amounts falling due within one year</b>	7		(1,072,908)		(1,070,942)
<b>Total assets less current liabilities</b>			(324,005)		(322,039)
<b>Creditors: amounts falling due after more than one year</b>	8		(164,718)		(164,718)
<b>Net liabilities</b>			(488,723)		(486,757)
<b>Capital and reserves</b>					
Called up share capital	9		3		3
Share premium account	10		76,061		76,061
Other reserves	10		19,822		19,822
Profit and loss account	10		(584,609)		(582,643)
<b>Shareholders' deficit</b>	11		(488,723)		(486,757)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 November 2015.



**J. Gervasio**  
Director

The notes on pages 7 to 11 form part of these financial statements.



## **HarperCollins (UK)**

### **Notes to the financial statements 30 June 2015**

#### **1. Accounting policies**

##### **1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles.

The principal accounting policies have been applied consistently throughout the year and the preceding year.

##### **1.2 Consolidated financial statements**

Under Section 401 of the Companies Act 2006 the company is exempt from the requirement to prepare and deliver group financial statements since it is a wholly owned subsidiary of News Corporation which is incorporated in the United States of America and prepares consolidated financial statements. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

##### **1.3 Going concern**

The company is an holding company and therefore does not actively trade.

News Corporation has committed to provide financial support until 30 November 2016 to News Corp Investments UK & Ireland which in turn supports News Corp UK & Ireland Limited and its subsidiary undertakings.

After making enquiries, including receipt of a letter of support for a period of twelve months from the date of signing from News Corp Investment UK & Ireland, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the annual report and accounts.

##### **1.4 Cash flow statement**

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

##### **1.5 Related party transactions**

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation.

##### **1.6 Financial instruments**

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

##### **1.7 Investments**

Investments in subsidiary undertakings are recorded at cost and adjusted for any impairment provisions. When an impairment has been identified it is reflected in the profit and loss account.

##### **1.8 Interest payable**

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

## HarperCollins (UK)

### Notes to the financial statements 30 June 2015

#### 1. Accounting policies (continued)

##### 1.9 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2. Auditor's remuneration

	2015 £000	2014 £000
Audit of the financial statements	3	3

Auditor's remuneration, including amounts in respect of non-audit services, is borne by another group undertaking.

Fees paid to the company's auditors, Ernst & Young LLP, for services other than statutory audit of the company are disclosed in the financial statements of Harper Collins Publishers Limited.

#### 3. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year (2014 - £Nil).

#### 4. Interest payable

	2015 £000	2014 £000
Interest payable on amounts due to subsidiary undertaking	14	14
Interest payable on amounts due to parent undertakings	1,952	1,853
	1,966	1,867

## HarperCollins (UK)

### Notes to the financial statements 30 June 2015

#### 5. Taxation

##### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%). The differences are explained below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	(1,966)	(1,867)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%)	(408)	(420)
Effects of:		
Group relief surrendered	1,054	1,124
UK Transfer pricing adjustments	(646)	(704)
Current tax charge for the year	-	-

##### Factors that may affect future tax charges

The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The 2015 summer budget stated that the rate of corporation tax will be reduced from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. This change is expected to receive Royal Assent in Autumn 2015.

#### 6. Fixed asset investments

	Investments in subsidiaries £000
<b>Cost</b>	
At 1 July 2014 and 30 June 2015	748,903
<b>Net book value</b>	
At 30 June 2015	748,903
At 30 June 2014	748,903

##### Investments in subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
William Collins Holdings Limited (England)	Ordinary £1 shares	100%
HarperCollins Investments UK Limited (England)	Ordinary £1 shares	100%
Collins Desktop Publishing Limited (New Zealand)	Ordinary NZ \$1 shares	100%

In the opinion of the directors the value of the interest in subsidiary undertakings comprising shares is not less than the amount at which this asset is stated in the balance sheet.

## HarperCollins (UK)

### Notes to the financial statements 30 June 2015

#### 7. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to parent undertakings	184,855	182,903
Amounts owed to fellow subsidiary undertakings	887,967	887,953
Accruals and deferred income	86	86
	<u>1,072,908</u>	<u>1,070,942</u>

Included in amounts owed to group undertakings is £184,855,000 (2014 - £182,903,000) due to the parent undertaking which is interest bearing at LIBOR plus 0.5% and payable on demand.

#### 8. Creditors: Amounts falling due after more than one year

	2015 £000	2014 £000
Shares classified as financial liabilities (Note 9)	<u>164,718</u>	<u>164,718</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 9.

#### 9. Share capital

	2015 £000	2014 £000
<b>Shares classified as capital</b>		
<b>Allotted, called up and fully paid</b>		
3,000 Ordinary shares shares of £1 each	<u>3</u>	<u>3</u>
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
153,815,650 Cumulative A Preference 15% shares shares of £1 each	153,816	153,816
109,000,000 Cumulative B Preference 15% shares shares of \$0.15138 each	10,902	10,902
	<u>164,718</u>	<u>164,718</u>

The non-equity share capital (A preference shares and B preference shares) are separate classes of shares but are essentially identical and rank pari passu in all respects. They are not redeemable and carry no voting rights. On a winding up or other return of capital their holders have the right to receive (in priority to any payment to the holders of any other class of shares) repayment in full of the capital paid up on the non-equity shares held by them and payment of a sum equal to any arrears or or accruals of dividends whether or not earned or declared, calculated down to the date of the return of capital. The beneficial owner of the A and B preference shares has not required the company to accrue or declare a dividend in respect of such stock for the year ended 30 June 2015 or any period prior thereto.

## HarperCollins (UK)

### Notes to the financial statements 30 June 2015

#### 10. Reserves

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 July 2014	76,061	19,822	(582,643)
Loss for the financial year	-	-	(1,966)
At 30 June 2015	<u>76,061</u>	<u>19,822</u>	<u>(584,609)</u>

#### 11. Reconciliation of movement in shareholders' deficit

	2015 £000	2014 £000
Opening shareholders' deficit	(486,757)	(484,890)
Loss for the financial year	<u>(1,966)</u>	<u>(1,867)</u>
Closing shareholders' deficit	<u>(488,723)</u>	<u>(486,757)</u>

#### 12. Ultimate parent company

The immediate parent company is News Collins Limited, a company incorporated in England and Wales.

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

The largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY10036. The smallest group in which they are consolidated is that headed by News Corp UK & Ireland Limited, a company incorporated in England. The consolidated financial statements of these groups are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.