

Registration number: 02380447

HarperCollins (UK)

Report and financial statements
for the year ended 30 June 2020



HarperCollins (UK)

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HarperCollins (UK)

Directors' Report For the year ended 30 June 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

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

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 report under Section 414B of the Companies Act 2006.

Going concern

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

The Parent Company has considered the impacts to the business of the recent outbreak of COVID-19. The Parent Company will continue to review its liquidity needs in light of the business and economic impacts of COVID-19; however it expects that its current cash balances will enable it to meet its liquidity needs in the foreseeable future, including repayment of debt.

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

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

Results and dividends

The loss for the year, after taxation, amounted to £2,264,000 (2019 - loss of £2,563,000).

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

Directors of the company

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

C. Redmayne

B. Murray

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) For the year ended 30 June 2020

Directors' responsibilities statement

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

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

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


Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's 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 by the Board on 2 June 2021 and signed on its behalf by:

DocuSigned by:

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J. Gervasio
Director

Registered office:
1 London Bridge Street
London
SE1 9GF

Independent Auditor's Report to the Members of HarperCollins (UK)

Opinion

We have audited the financial statements of HarperCollins (UK) for the year ended 30 June 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity, and related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of HarperCollins (UK) (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

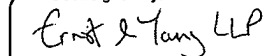
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Use of our report

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

DocuSigned by:



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Paul Copland (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor, Edinburgh
2 June 2021

HarperCollins (UK)**Profit and Loss Account
For the year ended 30 June 2020**

	Note	2020 £ 000	2019 £ 000
Interest payable	5	<u>(2,264)</u>	<u>(2,563)</u>
Loss before tax		(2,264)	(2,563)
Taxation	6	<u>-</u>	<u>-</u>
Loss for the financial year		<u><u>(2,264)</u></u>	<u><u>(2,563)</u></u>

The above results were derived from continuing operations.

**Statement of Comprehensive Income
For the year ended 30 June 2020**

	2020 £ 000	2019 £ 000
Loss for the year	<u>(2,264)</u>	<u>(2,563)</u>
Total comprehensive loss for the year	<u><u>(2,264)</u></u>	<u><u>(2,563)</u></u>

The notes on pages 8 to 13 form part of these financial statements.

HarperCollins (UK)
Registered number: 02380447

Balance Sheet as at 30 June 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments	7	748,903	748,903
Creditors: Amounts falling due within one year	8	<u>(1,083,350)</u>	<u>(1,081,086)</u>
Net liabilities		<u>(334,447)</u>	<u>(332,183)</u>
Capital and reserves			
Called up share capital	9	164,721	164,721
Share premium reserve		76,061	76,061
Other reserves		19,822	19,822
Profit and loss account		<u>(595,051)</u>	<u>(592,787)</u>
Shareholders' deficit		<u>(334,447)</u>	<u>(332,183)</u>

The financial statements were approved and authorised by the Board on 2 June 2021 and signed on its behalf by:

DocuSigned by:

Janet Gervasio

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J. Gervasio

Director

The notes on pages 8 to 13 form part of these financial statements.

HarperCollins (UK)**Statement of changes in equity
For the year ended 30 June 2020**

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2019	164,721	76,061	19,822	(592,787)	(332,183)
Loss for the financial year	-	-	-	(2,264)	(2,264)
Total comprehensive loss for the financial year	-	-	-	(2,264)	(2,264)
At 30 June 2020	164,721	76,061	19,822	(595,051)	(334,447)

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

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2018	164,721	76,061	19,822	(590,224)	(329,620)
Loss for the financial year	-	-	-	(2,563)	(2,563)
Total comprehensive loss for the financial year	-	-	-	(2,563)	(2,563)
At 30 June 2019	164,721	76,061	19,822	(592,787)	(332,183)

The notes on pages 8 to 13 form part of these financial statements.

HarperCollins (UK)

Notes to the Financial Statements For the year ended 30 June 2020

1 General information

HarperCollins (UK) is a company incorporated in the United Kingdom under the Companies Act.

The address of its registered office is:

1 London Bridge Street
London
SE1 9GF

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

The financial statements 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 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:

- (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);

HarperCollins (UK)

Notes to the Financial Statements For the year ended 30 June 2020 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

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

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.

Going concern

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

The Parent Company has considered the impacts to the business of the recent outbreak of COVID-19. The Parent Company will continue to review its liquidity needs in light of the business and economic impacts of COVID-19; however it expects that its current cash balances will enable it to meet its liquidity needs in the foreseeable future, including repayment of debt.

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

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

Interest payable

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

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.

HarperCollins (UK)

Notes to the Financial Statements For the year ended 30 June 2020 (continued)

2 Accounting policies (continued)

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.

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.

Creditors

Short term 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.

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.

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.

Critical accounting judgements and key sources of estimation uncertainty

No critical judgements or key sources of estimation uncertainty in applying the company's accounting policies have been identified in the current or preceding year.

3 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of financial statements	<u>3</u>	<u>3</u>

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 HarperCollins Publishers Limited.

4 Staff costs

No staff or director remuneration is incurred directly by the company. The remuneration for directors which was allocated to the company by the group in 2020 as noted below was £3,000 (2019 - £3,000).

All Directors are paid by other Group entities and no recharge is made to the company. No Director receives any specific payment in respect of their roles or function for this company. An appropriate notional allocation of their total remuneration in respect of qualifying services provided to the company is included in the aggregate directors remuneration total disclosed above.

HarperCollins (UK)**Notes to the Financial Statements
For the year ended 30 June 2020 (continued)****5 Interest payable**

	2020	2019
	£ 000	£ 000
Interest payable on amounts due to subsidiary undertakings	15	15
Interest payable on amounts due to parent undertakings	2,249	2,548
	<u>2,264</u>	<u>2,563</u>

6 Taxation

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

The differences are reconciled below:

	2020	2019
	£ 000	£ 000
Loss before tax	<u>(2,264)</u>	<u>(2,563)</u>
Corporation tax at standard rate	(430)	(487)
Tax increase arising from group relief	<u>430</u>	<u>487</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The 2016 Budget announced that the rate would reduce to 17% from 1 April 2020, which was enacted on 16 September 2016. No subsequent changes have been announced in relation to UK corporation tax rates.

HarperCollins (UK)**Notes to the Financial Statements
For the year ended 30 June 2020 (continued)****7 Investments**

	2020	2019
	£ 000	£ 000
Investments in subsidiaries	<u>748,903</u>	<u>748,903</u>
Subsidiaries		£ 000
Cost		
At 1 July 2019		<u>748,903</u>
At 30 June 2020		<u>748,903</u>
Carrying amount		
At 30 June 2020		<u>748,903</u>
At 30 June 2019		<u>748,903</u>

Subsidiary undertakings

The following are subsidiary undertakings of the company (unless stated all ownership is 100% and registered in England):

- William Collins Holdings Limited - Dormant company
- HarperCollins Investments UK Limited - Dormant company
- Collins Desktop Publishing Limited (registered in New Zealand) - Dormant company

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. All subsidiary undertakings are dormant companies.

8 Creditors

	2020	2019
	£ 000	£ 000
Due within one year		
Amounts owed to group undertakings	195,223	192,974
Amounts owed to subsidiary undertaking	888,041	888,026
Accrued expenses	<u>86</u>	<u>86</u>
	<u>1,083,350</u>	<u>1,081,086</u>

Included in amounts owed to group undertakings is £195,223,000 (2019 - £192,974,000) due to the parent undertaking which is interest bearing at LIBOR plus 0.5% and payable on demand.

HarperCollins (UK)**Notes to the Financial Statements
For the year ended 30 June 2020 (continued)****9 Share capital****Allotted, called up and fully paid shares**

	2020		2019	
	No.	£ 000	No.	£ 000
Ordinary of £1 each	3,000	3	3,000	3
Cumulative A Preference 15% of £1 each	153,815,650	153,816	153,815,650	153,816
Cumulative B Preference 15% of \$0.15 each	109,000,000	10,902	109,000,000	10,902
	<u>262,818,650</u>	<u>164,721</u>	<u>262,818,650</u>	<u>164,721</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 share) repayment in full of the capital paid upon the non-equity shares held by them and payment of a sum equal to any arrears 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 2020 or any period thereto.

10 Parent and ultimate parent undertaking

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

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

The smallest and largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.