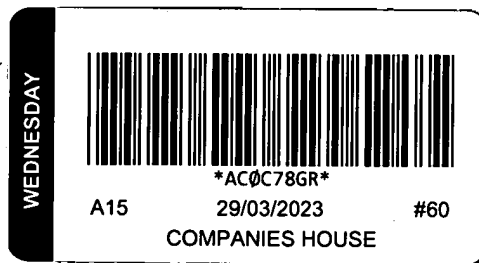


Registration number: 02806093

talkSPORT Limited

Report and financial statements
for the year ended 3 July 2022



talkSPORT Limited

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talkSPORT Limited

Strategic Report for the year ended 3 July 2022

The directors present their Strategic Report for the year ended 3 July 2022.

Principal activity

talkSPORT 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 news and information services, radio broadcasting, subscription video services in Australia, book publishing and digital real estate services, that are distributed under some of the world's most recognizable and respected brands, including The Wall Street Journal, Dow Jones, The Australian, Herald Sun, The Sun, The Times, HarperCollins Publishers, Foxtel, FOX SPORTS Australia, realestate.com.au, realtor.com®, talkSPORT and many others.

The principal activity of the company is that of national commercial radio broadcasting via AM, DAB/DAB+ and internet enabled devices as well as distribution of content through its digital and social platforms including talkSPORT.com, the talkSPORT app, the Times Radio app, talkRADIO.co.uk and virginradio.co.uk.

Business review

The focus of the company this year has been on investing in content to grow audience and revenues across our national stations with notable investment in talent on TalkRadio, exclusive sports rights on talkSPORT and enhancing our video and digital audio offerings.

The company continued to leverage marketing and editorial support from other UK-based News Corporation brands - The Sun, The Times and The Sunday Times - as well as supporting these brands with national radio routes to market. The most significant development has been the support to launch TalkTV whereby TalkRadio provides the programming for weekday daytime and weekend by visualizing the radio output.

Within the UK Radio market, Wireless is the most digital of all UK radio groups with 77% of all listening hours delivered on a digital platform.

The impact of COVID-19 was limited in the fiscal year as all restrictions were taken off and we saw the return of radio audience measurement by RAJAR, the official body in charge of measuring radio audiences in the UK. The pandemic had prevented research fieldwork activity from being undertaken, meaning that the last fieldwork undertaken was for calendar Q1 2020. For Q2 2020, RAJAR published the audience data based on the twelve month period of Q2 2019 to Q1 2020 and classified this data as Q2 which remained in place until the fieldwork measurement resumed. The first RAJAR since the pandemic was for the period of Q3 2021, which saw Wireless achieve record reach and hours as it reflected investments in Times Radio and talent in Virgin Radio and TalkRadio programming.

talkSPORT Network

talkSPORT Networks first RAJAR since the pandemic was strong, with audience of 3m and hours of 19.3m, which was up 2% with the comparative period in 2019. talkSPORT network also benefited from the UEFA Euros 2020 tournament at the beginning of the fiscal year which saw an incredible performance from the England team. talkSPORT continues to remain the home of football that includes EPL, FA cup, Euros 2020, Champions league and international games. talkSPORT network also covered broader sports rights including Cricket, Rugby Union, golf, tennis, horse racing and boxing matches that drove record connected listening audience and video views on social channels. During the year talkSPORT network bid for audio rights from FA Premier League (FAPL) for the next 3 seasons in the rights cycle. talkSPORT was successful in being awarded 120 exclusive matches each season which includes the first games of each season and for the first time games on Monday night.

The talkSPORT schedule has sought to continue to retain its star names like Alan Brazil, Ally McCoist, Laura Woods, Simon Jordan and Jim White whilst recruiting voices like Watford striker Troy Deeney in a joint deal with The Sun, Everton footballer Andros Townsend and ex-rugby player James Haskell to be part of our Lions commentary team.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

Business review (continued)

talkSPORT Network (continued)

talkSPORT continues to benefit from state of the art facilities in the News Building which has facilitated greater visualisation of the stations.

The impact of COVID-19 on talkSPORT revenues throughout the financial year was minimal and demand for airtime and sponsorship remained high.

talkSPORT's internet-enabled listening inventory continued to be sold by Octave Audio, a digital audio advertising platform launched by News UK and Bauer Media. Octave Audio allows advertisers to target digital audio listeners based on behaviour, emotion, opinion and habits for a network of stations including Absolute Radio, Greatest Hits Radio, Hits Radio, Kiss, Magic, talkSPORT, TalkRadio, Virgin Radio and Times Radio.

Other National Digital Stations

The national digital stations consist of three digital radio stations which were launched in March 2016 via the Sound Digital multiplex (also known as D2) and the subsequent expansion of the Virgin Radio music network and launch of Times Radio.

On Virgin Radio, the Chris Evans Breakfast Show on weekdays and Graham Norton on weekends continues to attract world class guests and the best live bands broadcasting from the purpose built studios in the News Building. The show is the most listened to breakfast show on UK digital-only stations. The Q3 2021 RAJAR demonstrated the impact of the investment with Virgin Radio Reach of 2.2m (+37% vs Q3 2019) and hours of 11.7m (+27% vs Q3 2019).

In June 2021, Virgin Radio launched Virgin Radio Pride, a station specifically targeting the LGBTQBT+ audience, with presenters from the community and documentaries commissioned specifically to challenge thinking, raise questions and celebrate the rich diversity.

TalkRadio

TalkRadio saw record audience in Q3 2021 RAJAR with reach of 450k (+10% vs Q3 2019) and hours of 3.5m (+55% vs Q3 2019). TalkTV (not part of talkSPORT limited) was launched on 25th April 2022 which simulcast weekday evening and weekend TalkRadio shows on the TV.

Times Radio

Times Radio had its first RAJAR in Q3 2021 with reach of 637k and listening hours of 3.5m. The line up has been refreshed with the addition of new presenters, including Ruth Davidson, Chloe Tilley and Calum Macdonald. Times Radio also launched its visualization project which enabled videos on social and building an audience of 150k+ subscribers on YouTube. Times Radio continues to successfully contribute to a strong growth in digital subscriptions for The Times and Sunday Times. We introduced ad breaks in the year in addition to the existing on-air commercial partnerships with sponsors.

Key performance indicators

The company's turnover, operating profit and EBITDA have increased compared to the prior year primarily due to the negative impact of COVID-19 on the 2021 results, and revenue growth driven by sports rights on talkSPORT.

	2022	2021
	£ 000	£ 000
Turnover from continuing operations	78,317	50,139
Operating profit/(loss) from continuing operations	10,660	(2,189)
EBITDA	13,008	(689)

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

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

Business review (continued)

Prior to 2021, the key non-financial performance indicators were reach and total hours, taken from RAJAR quarterly reports. There were no RAJAR reports published in the 2021 financial year due to the COVID-19 pandemic, and since then there have been changes to the availability and frequency of the reports which mean it is difficult to make meaningful comparisons. These factors contributed to the decision to exclude RAJAR figures from the company's current year KPIs.

Principal risks and uncertainties

The risk factors considered to be most significant to the company's operations, and where applicable an explanation of how these are managed or mitigated, are outlined below.

Economic conditions and impact on advertising revenue

The majority of the company's revenue stream is sourced as on-air advertising and, being a discretionary spend product, it is sensitive to economic conditions. A serious economic downturn would significantly impact the company's revenue which would be compounded by the reliance on on-air advertising. If this continued for a protracted period of time, it would present a major challenge to the basis and potentially the viability of the company's overall business model.

Management and mitigating factors:

- High quality programme content with strong branding and marketing will enable the company's market-leading stations to continue to be preferable to advertisers in difficult market conditions.
- Continued focus on growing revenue streams from digital platforms to reduce the reliance on on-air advertising.

Availability of sports broadcasting rights

Securing both exclusive and non-exclusive sports rights directly influences talkSPORT's audience. The pricing of rights determines the viability of broadcasting certain sports.

Management and mitigating factors

- The sellers of sports rights recognise talkSPORT as a premium brand which they continue to wish to be associated with.
- The financial return from sports rights is subjected to considerable assessment at the time of negotiation and also at regular follow-ups.
- Other sports rights are identified as programme alternatives.

Key customers

The advertising market is dominated by a small number of global agencies. Specific large customers are critical to the stations and the loss of their business could result in a significant reduction in revenue.

Management and mitigating factors:

- Strong programme content and audience performance encourages brand owners and advertising agencies to be associated with the station.
- Considerable effort goes into developing good agency relationships which means concerns can be raised at an early stage.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

Principal risks and uncertainties (continued)

Cyber-crime attacks on systems and data

An attack could cause loss of broadcast service to the audience and consequential loss of advertising revenue.

Management and mitigating factors

- Response plans are in place to manage a sustained systems outage and related publicity consequences.
- Security policies, standards and procedures are established.
- Prevention infrastructure configurations are installed.

Continuity of broadcast operations

If an incident or event occurred that terminated or significantly disrupted broadcast output or IT services for a sustained period of time, this would result in the immediate loss of the ability of the affected business to earn revenue.

Management and mitigating factors:

- Incident management response plans are in place at all locations to quickly recover from an event which includes substitute locations and equipment sources being identified with an IT contingency plan.
- Physical location safety and preventative measures inspections are routinely undertaken.
- Regular maintenance undertaken of essential broadcasting equipment and IT systems. Modernisation programme established for the replacement of legacy systems and equipment.

People

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 broadcasting 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 audience volume, performance and deliver growth.

Management and mitigating factors

- The company continues to review the business to create a fit for purpose organisation.
- The company remains committed to the recruitment, engagement, retention and reward of experienced, quality management and talent.

Financial instruments

The company's principal financial instruments comprise funding from group undertakings and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the company's financial instruments are credit and liquidity risk. The company has minimal transactions in foreign currencies and is not therefore exposed to foreign currency risk. Interest rate risks arising from financial instruments are managed by the company's ultimate parent company on a group basis.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

Financial instruments (continued)

Credit risk

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. Other financial assets of the company comprise cash and cash equivalents which are subject to minimal credit risk given the wider group's treasury policy of only investing funds with financial institutions with a high credit rating. Since the company trades only with recognised third parties there is no requirement for collateral.

Liquidity risk and going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out above. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, intercompany funding and operating leases. Funding is reviewed in line with operational cash flow requirements. The company's liquidity risk is managed as part of the wider group's treasury function.

The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due. In preparing the financial statements, the directors have taken into account both the company's future trading and cash flows and support from its parent undertaking and believe that it is appropriate to prepare the financial statements on the going concern basis.

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 board for the News UK Group (including Wireless) is situated within News Corp UK & Ireland Limited as this is the highest level trading company within the News UK Group structure. The News Corp UK & Ireland Limited Board ("the Board") has oversight of the following trading News UK group companies: News Group Newspapers Limited; Times Newspapers Limited; News UK & Ireland Limited; talkSPORT Limited; Newsprinters Limited; and Newsprinters (Broxbourne) Limited ("the News UK Group").

During Financial Year 2022, 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.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

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

Engagement with and interests of employees (continued)

Engaging employees

In December 2021, News UK & Ireland Limited ("News UK") ran an employee engagement survey to the News UK Group to enable it to better understand its colleagues' views on what it's like to work for the company. The results were shared with the Board and resulted in a series of departmental plans being drawn up with the objective of continuing to improve engagement across the business. The business launched the survey again in October 2022 and the results will be shared with the Board once available.

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

Inclusion

The Board is proud to be building an inclusive business which is a great place for all colleagues to work. In view of this, News UK surveyed employees of the News UK Group to better understand diversity across the business and this data is being used to inform a diversity strategy which is shared with the Board. The business has also set targets on representation - 50:50 on gender and 80:20 on ethnic minorities. There are also now 11 employee networks which run across the business representing our colleagues on parenting through to disability.

Health and Wellbeing

A number of wellness initiatives have been successfully introduced, such as "Wellness Wednesdays" which aim to cover a range of physical, mental, social and financial wellbeing issues. During the COVID-19 period, a Ways of Working survey was also launched and a mental health check-in to ensure voices were heard and issues were identified. New initiatives were launched to connect people within the business, including a daily 'News United' email, sharing inspirational stories and new digital training, on building resilience and dealing with change. All colleagues have access to Headspace to support mindfulness and Peppy, a new health app, which connects employees directly to highly-trained practitioners in specialised fields.

Board Communication

The Board is active in communicating its messages to its employees. In particular, during the COVID-19 period, the Board sent regular emails to all News UK Group employees updating them on business objectives, well-being, support and charitable initiatives. Since the COVID-19 period, the Board has communicated updates on TV; the realignment of business units and strategic priorities; the importance of journalism in Ukraine; several new HR and employee benefits initiatives; charity projects and fundraising; Gender Pay Gap reporting; and Diversity.

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.

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 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.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (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)

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, 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 worked with the charities on a year-long partnership; along with several beach cleans, in November 2021 the COO team planted 1,800 trees on a Trees For Cities volunteering day, the most ever planted in a single day for the charity.

The Board regularly hosts internal Huddle events, streamed to all staff, covering sustainability issues. Topics this year have included the July 2022 heatwave and changing weather patterns / drought, as well as a special streamed conversation with our charity partner, the Marine Conservation Society, to mark Cop26.

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.

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.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

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

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 Broadcasting will each run as separate business units, enabling the executive with responsibility for each to manage all of the revenue and cost levers, giving them a more targeted focus and greater control. The Board proposed to have dedicated advertising, marketing, and tech teams working directly for them as currently many of these services are shared across the whole business with competing interests for prioritisation.

This means that a number of people who work in the shared corporate functions, including in the Customer and Commercial teams, have had a change in focus in their role and a new reporting line. The Board's aim is to build strong teams which have very clearly defined goals and the ability to make fast progress. This is not a cost cutting exercise but an initiative to turbocharge the business. Editorial, and those working in broadcast output where there is already clear brand focus, should not see any change to their roles.

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

As part of this realignment the Board demonstrated that they were considering all stakeholders and communicated to employees that by redefining the way that we work internally, News UK is better equipped to grasp every opportunity and move at pace.

The Board reminded employees that its brands' readers, listeners and viewers must always be at the heart of what 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 business, this realignment would assist News UK to continue to build audiences and offer ever greater value to its clients.

Launch of Talk TV

In April 2022, Talk TV was launched and for the first time, News UK produced and broadcast high quality, live news programming. The three prime time shows - The News Desk, Piers Morgan Uncensored and The Talk - have already broken dozens of news stories, interviewed high profile guests and hosted intelligent and lively discussion. Presenters on TalkRadio have seamlessly pivoted to video, introducing graphics and imagery to create engaging news coverage day and night, with hourly news and weather bulletins from the studio in London Bridge. Journalists from all of News UK's brands are contributing.

The Board has been instrumental in shaping how Talk TV operates and has made it clear to all stakeholders that the investment in TV is key to News UK's future. The Board attends quarterly meetings focused on Broadcasting where topics are discussed and questions are raised on areas such as: Operational KPIs; Broadcasting Goals; Financials; Commercial updates (e.g. Editorial & Social Media; Marketing & PR); Technology; Distribution; Diversity; Policy and Compliance.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

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

Principal decisions of the Board (continued)

In June 2022, the Board appointed Richard Wallace as Head of TV for News UK Broadcasting. The Head of TV has editorial oversight of all programming and overall responsibility for the budget and P&L, reporting to Scott Taunton, EVP, President of Broadcasting, News UK. Scott has 1-1 meetings on a weekly basis with members of the Board to ensure that they are involved in all key decisions.

The Board's vision is that all News UK's brands should be multi-format and that stories must be reported in the way that audiences want to consume them. The Board has made it clear to stakeholders that to succeed, News UK must be bold and experiment with new and creative ideas. Whilst News UK continues with the written word - through printed newspapers and online - the Board emphasises that audiences also want to listen and watch News UK's reporting, through audio and video, live and on-demand. Existing audiences and younger generations will discover News UK's brands on social media and through streaming platforms.

The Board drives this vision purposefully in its quarterly meetings with the Executive team, which now contains a standalone update on Broadcasting and TV. A full Broadcasting update is also given as part of the News UK bi-annual Board meetings.

The Board has emphasised to stakeholders its part in building and developing other successful TV outputs demonstrating News UK's track record of trying new things and doing what it takes to get it right. As such, the Board is confident that whilst it will grow the traditional TV audience, the future the Board is building for is the delivery of news and views (from showbiz and sport to politics and business) via streamed and online video. The Board notes that advertising revenues for connected TV and for programmatic video are in double digit growth and that News UK is professionalising its output so that all of its brands are well positioned for that growth.

The Board is dedicated to setting out to grow new audiences and find new revenues in order to secure a sustainable future for all of News UK's journalism.

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 maps and charts, showing the Russian advance - telling the world the truth about what's happening. Times Radio and talkRADIO are covering every angle of this rapidly evolving situation, with contributions from newspaper reporters to our live radio reporting and podcasts.

The Board communicated this fantastic work to employees in April 2022 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.

Focus on wellbeing services

The Board considers that wellbeing is at the core 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 wellbeing.

As a result of this, the Board has introduced free access for employees and two family members to a new app called Headspace which offers science-backed meditation and mindfulness tools.

talkSPORT Limited

Strategic Report for the year ended 3 July 2022 (continued)

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

Principal decisions of the Board (continued)

In January 2022 the Board was instrumental in helping to organise and promote talks, competitions and activities, designed to help employees with their wellbeing, and to help employees to help others. A service was also launched called News for January Blues where services were advertised on the best of culture, tips on staying healthy and more from experts across the business.

Separately, in June 2022, a further offering was made available to staff, promoted and overseen by the Board called Peppy. Peppy is a new health app which will connect employees directly to highly-trained practitioners that specialise in fertility, menopause, men's health and early parenthood.

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 by the Board on 19 January 2023 and signed on its behalf by:

PP



E. Humphreys
Director

talkSPORT Limited

Directors' Report For the year ended 3 July 2022

The directors present their report and the financial statements for the year ended 3 July 2022.

Results and dividends

The profit for the year after taxation, amounted to £11,196,000 (2021 - loss of £2,189,000).

No Dividends were paid during the year (2021 - £Nil). The directors do not recommend a final dividend (2021 - £Nil).

Directors of the company

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

S.W. Taunton

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

The following director was appointed after the period end:

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.

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies 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;

talkSPORT Limited

Directors' Report (continued) For the year ended 3 July 2022

Directors' responsibilities statement (continued)

- 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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.

talkSPORT Limited

Directors' Report (continued) For the year ended 3 July 2022

Going concern

The company is in a net current asset position as at 3 July 2022 and utilises an overdraft that is part of the group facility 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 and will allow the company to settle its liabilities when they fall due. The assets are dependent upon the recoverability of intercompany receivables that may require support of the parent.

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 period until 31 January 2024.

The Parent Company will continue to review its liquidity needs in light of the business and financial impacts the company may face in light of economic factors such as the continued economic recovery from the Covid-19 pandemic, inflation and any mitigating actions that may be required.

Based on this information and on enquiries, the directors believe that they have a reasonable expectation that the company has adequate resources to adopt the going concern basis in preparing the financial statements.

Streamlined energy and carbon report

A detailed report has been included within the financial statements of the company's intermediate 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.

Disclosure of information to the auditor

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

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 19 January 2023 and signed on its behalf by:

PP



E. Humphreys
Director

1 London Bridge Street
London
SE1 9GF

Independent Auditor's Report to the Members of talkSPORT Limited

Opinion

We have audited the financial statements of talkSPORT Limited for the year ended 3 July 2022 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 17 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 3 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 January 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.

Independent Auditor's Report to the Members of talkSPORT Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report 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 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent Auditor's Report to the Members of talkSPORT Limited (continued)

Our approach was as follows:

- 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.
- 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. We determined there to be a fraud risk around revenue recognition around the period-end deferred and accrued revenue recorded. We selected a sample of revenue contracts and transactions recognised around the period-end date and performed detailed testing, including agreeing to source documentation to validate that the revenue had been recognised in the appropriate period. We performed analytical procedures to identify unusual transactions in this period around the period-end date. Additionally, we have associated the fraud risk on revenue to rebates and have obtained confirmations from the counterparty to assess the amounts recorded at year-end. 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 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.

Ernst & Young LLP

Lauren Houghton (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor, Luton

Date:

20/01/2023

talkSPORT Limited**Profit and Loss Account
For the year ended 3 July 2022**

	Note	2022 £ 000	2021 £ 000
Turnover	3	78,317	50,139
Cost of sales		<u>(45,557)</u>	<u>(34,405)</u>
Gross profit		32,760	15,734
Administrative expenses		<u>(22,100)</u>	<u>(17,923)</u>
Operating profit/(loss)	4	<u>10,660</u>	<u>(2,189)</u>
Profit/(loss) before tax		10,660	(2,189)
Taxation	8	<u>536</u>	<u>-</u>
Profit/(loss) for the financial year		<u><u>11,196</u></u>	<u><u>(2,189)</u></u>

The above results were derived from continuing operations.

**Statement of Comprehensive Income
For the year ended 3 July 2022**

	2022 £ 000	2021 £ 000
Profit/(Loss) for the financial year	<u>11,196</u>	<u>(2,189)</u>
Total comprehensive income/(loss) for the financial year	<u><u>11,196</u></u>	<u><u>(2,189)</u></u>

The notes on pages 20 to 30 form part of these financial statements.

talkSPORT Limited
Registered number: 02806093

Balance Sheet
As at 3 July 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	9	<u>7,410</u>	<u>6,744</u>
Current assets			
Debtors: amounts falling due within one year	10	89,256	67,399
Cash and cash equivalents	12	<u>841</u>	<u>584</u>
		90,097	67,983
Creditors: amounts falling due within one year	13	<u>(50,624)</u>	<u>(39,040)</u>
Net current assets		<u>39,473</u>	<u>28,943</u>
Net assets		<u>46,883</u>	<u>35,687</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account		<u>46,882</u>	<u>35,686</u>
Shareholder's funds		<u>46,883</u>	<u>35,687</u>

Approved and authorised by the Board on 19 January 2023 and signed on its behalf by:

PP



E. Humphreys
 Director

The notes on pages 20 to 30 form part of these financial statements.

talkSPORT Limited**Statement of Changes in Equity
For the year ended 3 July 2022**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 28 June 2021	1	35,686	35,687
Profit for the financial year	-	11,196	11,196
Total comprehensive income for the financial year	-	11,196	11,196
At 3 July 2022	1	46,882	46,883

**Statement of Changes in Equity
For the year ended 27 June 2021**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 29 June 2020	1	37,875	37,876
Loss for the financial year	-	(2,189)	(2,189)
Total comprehensive loss for the financial year	-	(2,189)	(2,189)
At 27 June 2021	1	35,686	35,687

The notes on pages 20 to 30 form part of these financial statements.

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022

1 General information

The company is a private company limited by shares 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 19 January 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 UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

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

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

The financial statements are made up to the Sunday closest to 30 June in each year. Consequently, the financial statements for the current period cover 53 weeks ended 3 July 2022 (prior period 52 weeks ended 27 June 2021). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the ultimate parent undertaking.

The company has taken advantage of the following exemptions:

- (a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (b) From the financial instruments disclosures as required by FRS 102 paragraphs 11.42 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 3 July 2022 and utilises an overdraft that is part of the group facility 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 and will allow the company to settle its liabilities when they fall due. The assets are dependent upon the recoverability of intercompany receivables that may require support of the parent.

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 period until 31 January 2024.

The Parent Company will continue to review its liquidity needs in light of the business and financial impacts the company may face in light of economic factors such as the continued economic recovery from the Covid-19 pandemic, inflation and any mitigating actions that may be required.

Based on this information and on enquiries, the directors believe that they have a reasonable expectation that the company has adequate resources to adopt the going concern basis in preparing the financial statements.

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.

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

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

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be recognised reliably; (d) the costs incurred or to be incurred in respect of the transaction can be measured reliably and (e) it is probable that future economic benefits will flow to the entity. Specific revenue recognition criteria also apply depending on the revenue stream, as described below:

Advertising income

Revenue from advertising is recognised to the extent that the company obtains the right to consideration in exchange for its performance through transmission of agreed advertising spots, net of any agency discounts or rebates.

Sponsorship income

Revenue from sponsorship is recognised to the extent that the company obtains the right to consideration in exchange for its performance evenly over the life of the contract or in accordance with specific contract terms.

Barter arrangements

Revenue includes barter arrangements which meet the requirements of FRS 102. Revenue is recognised at the fair value of the services received adjusted by the amount of any cash or cash equivalents transferred.

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 recognised on a straight line basis over the lease term.

Pensions

The company is part of a group defined contribution scheme which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable.

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.

Taxation

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

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

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022 (continued)

2 Accounting policies (continued)

Taxation (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 or deferred tax liabilities in the foreseeable future against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Tangible assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Assets under construction are stated at cost and only depreciated once in service.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Leasehold improvements	Shorter of the length of lease or 8 years
Motor vehicles	4 years
Fixtures and fittings	4-8 years
Computer equipment	4 years
Studio equipment and transmitters	5-8 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at present value of future payments, discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at the present value of amounts payable discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Critical judgements in applying the company's accounting policies

No critical judgements in applying the company's accounting policies have been identified in the current or preceding period.

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022 (continued)

2 Accounting policies (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Contract discount and rebate provisions

The company enters into agreements with advertising agencies and certain clients, which are subject to a minimum spend and typically include a commitment to deliver rebates to the agency or client based on the level of agency 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 the future period spend in determining what tier of spend the agencies may reach over the agreement. At the year end the company has contract discount and rebate provisions amounting to £Nil (2021 - £1,136,000) included in accruals and deferred income.

(b) Recoverability of deferred tax assets

The company makes estimates regarding the recoverability of deferred tax assets, based on forecasts of future taxable profits which are, by their nature, uncertain. The deferred tax asset not recognised at 2021 was £990,000. In 2020, the deferred tax asset not recognised was £845,000. A deferred tax asset has not been recognised as there is uncertainty over the future utilisation of the deferred tax asset following the current and previous years losses.

3 Turnover

All turnover arose wholly in the United Kingdom. The directors consider that the business of the company is all of one class.

The company enters into barter arrangements for the supply of certain services, and these are treated as turnover if they comply with FRS 102. During the period barter transactions recognised as revenue amounted to £2,237,000 (2021 - £1,323,000).

4 Operating profit/(loss)

Arrived at after charging/(crediting):

	Note	2022 £ 000	2021 £ 000
Depreciation expense	9	2,348	1,500
Foreign exchange losses		-	1
Operating lease expense - property and equipment		<u>4,319</u>	<u>3,793</u>

5 Auditor's remuneration

The company has recognised the following in respect of amounts paid or payable to its Auditor in respect of the audit of financial statements and for other services provided to the company.

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>100</u>	<u>58</u>

talkSPORT Limited**Notes to the Financial Statements
For the year ended 3 July 2022 (continued)****6 Staff costs**

The aggregate payroll costs were as follows:

	Note	2022 £ 000	2021 £ 000
Wages and salaries		14,691	12,180
Social security costs		1,797	1,261
Pension costs	14	676	452
		<u>17,164</u>	<u>13,893</u>

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

	2022 No.	2021 No.
Administration and support	47	39
Sales	59	53
Production and other departments	109	104
	<u>215</u>	<u>196</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Allocation of directors qualifying services to the company	<u>683</u>	<u>1,038</u>

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 (2021 - none).

The number of directors who through participating in News Corporation's long term incentive plan were remunerated in News Corporation Common A stock were as follows:

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	<u>2</u>	<u>2</u>

talkSPORT Limited**Notes to the Financial Statements
For the year ended 3 July 2022 (continued)****7 Directors' remuneration (continued)**

In respect of the highest paid director, the proportion of their remuneration relating to services provided to this company is as follows:

	2022	2021
	£ 000	£ 000
Allocation of directors qualifying services to the company	<u>472</u>	<u>736</u>

8 Taxation

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

	2022	2021
	£ 000	£ 000
Deferred taxation		
Origination and reversal of timing differences	<u>(536)</u>	<u>-</u>
Tax credit in the profit and loss account	<u>(536)</u>	<u>-</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit/(loss) before tax	<u>10,660</u>	<u>(2,189)</u>
Corporation tax at standard rate	2,025	(416)
Expenses not deductible for tax purposes	24	42
Effect of rate change	5	-
(Decrease)/increase from tax losses for which no deferred tax asset is recognised	(557)	159
Tax increase from fixed asset differences	-	9
Group relief surrendered / (claimed) for which no payment is made	<u>(2,033)</u>	<u>206</u>
Total tax credit	<u>(536)</u>	<u>-</u>

Factors that may affect future tax charges:

The UK Corporation Tax Rate has remained at 19% for several years. It was announced in the March 2021 Budget that the main rate would increase to 25%, with effect from 1 April 2023. The rate increase was substantially enacted when it received Royal Assent on 10 June 2021. The rate will remain at 19% until 31 March 2023.

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022 (continued)

9 Tangible assets

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Transmission and studio equipment £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation					
At 28 June 2021	413	6,342	1,408	3,291	11,454
Additions	-	-	-	3,100	3,100
Disposals	-	(101)	(307)	(87)	(495)
Transfers	-	4,293	101	(4,394)	-
At 3 July 2022	413	10,534	1,202	1,910	14,059
Depreciation					
At 28 June 2021	412	2,911	1,387	-	4,710
Charge for the year	1	2,334	12	-	2,347
Eliminated on disposal	-	(101)	(307)	-	(408)
At 3 July 2022	413	5,144	1,092	-	6,649
Carrying amount					
At 3 July 2022	-	5,390	110	1,910	7,410
At 27 June 2021	1	3,431	21	3,291	6,744

10 Debtors

	Note	2022 £ 000	2021 £ 000
Amounts owed by group undertakings		80,459	53,450
Accrued income		6,364	9,955
Prepayments		1,897	3,994
Deferred tax asset	11	536	-
		<u>89,256</u>	<u>67,399</u>

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

talkSPORT Limited**Notes to the Financial Statements
For the year ended 3 July 2022 (continued)****11 Deferred tax asset**

	2022	2021
	£ 000	£ 000
Origination and reversal of timing differences	<u>536</u>	<u>-</u>

	2022	2021
	£ 000	£ 000
Fixed asset timing differences	471	-
Other short term timing differences	<u>65</u>	<u>-</u>
	<u>536</u>	<u>-</u>

12 Cash and cash equivalents

	2022	2021
	£ 000	£ 000
Cash at bank	<u>841</u>	<u>584</u>

13 Creditors

		2022	2021
	Note	£ 000	£ 000
Bank overdrafts	12	19	-
Amounts due to group undertakings		34,662	24,095
Social security and other taxes		25	157
Other creditors		344	445
Accruals and deferred income		<u>15,574</u>	<u>14,343</u>
		<u>50,624</u>	<u>39,040</u>

All amounts due 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.

talkSPORT Limited**Notes to the Financial Statements
For the year ended 3 July 2022 (continued)****14 Pension and other schemes**

The company participates in an industry-wide defined contribution occupational scheme known as the Commercial Radio Staff Benefits Plan, which is a scheme shared by several independent radio companies and associated business. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £676,000 (2021 - £452,000).

15 Share capital**Allotted, called up and fully paid shares**

	2022		2021	
	No.	£ 000	No.	£ 000
Ordinary shares of £0.50 each	<u>2,000</u>	<u>1</u>	<u>2,000</u>	<u>1</u>

16 Related party transactions

The company has taken advantage of the exemption under section 33 of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries. The following transactions are with fellow subsidiaries which are not wholly owned.

	2022	2021
	£ 000	£ 000
Transmission charges		
Switchdigital (London) Limited	(58)	(47)
Switchdigital (Scotland) Limited	<u>(122)</u>	<u>(119)</u>

The following balances (including VAT where appropriate) were outstanding at the current and prior period ends:

	2022	2021
	£ 000	£ 000
Intercompany debtors		
Switchdigital (Scotland) Limited	<u>269</u>	<u>16</u>
	2022	2021
	£ 000	£ 000
Intercompany creditors		
Switchdigital (London) Limited	<u>(9,276)</u>	<u>(6,796)</u>

talkSPORT Limited

Notes to the Financial Statements For the year ended 3 July 2022 (continued)

17 Parent and ultimate parent undertaking

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

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

The 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.