

TIMES NEWSPAPERS HOLDINGS LIMITED

ACCOUNTS - 30 JUNE 1999

**TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS**

The company's registered number is 206377.



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COMPANIES HOUSE

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TIMES NEWSPAPERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1999

The Directors present their annual report on the affairs of Times Newspapers Holdings Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 1999.

PRINCIPAL ACTIVITY:

The principal activity of the Company is to hold investments in certain Newscorp Investments group ("the Group") companies involved in the printing and publishing of The Times and The Sunday Times.

BUSINESS REVIEW:

The profit for the year after taxation was £2,406,000 (1998 - £Nil).

RESULTS AND DIVIDENDS: £'000

Retained profit at 30 June 1998	29,703
Profit for the financial year	2,406
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Retained profit at 30 June 1999	32,109
	<hr/> <hr/>

The Directors do not recommend the payment of a dividend (1998 - £nil).

DIRECTORS

The Directors who served during the year were as follows:

K R Murdoch (Chairman)
A S B Knight
R H Searby Q C
Baroness Brigstocke*
Sir Alastair Burnet*
Lord Catto
J J Gross*
Lord Harris of Highcross*
Sir Edward Pickering
Lord Marlesford*
Lord Griffiths of Fforestfach
L F Hinton
G L Brock
R D Caseby
Baroness Eccles of Moulton*

* Independent National Directors at 30 June 1999.

All Directors served throughout the year and are still Directors at the date of this report.

None of the Directors have interests in shares in group companies or any other interests that require disclosure in accordance with Companies Act law.

DIRECTORS' REPORT - continued

YEAR 2000:

The Group has established a policy to investigate whether all relevant equipment will be Year 2000 compliant. A specific working party has been set up with the following objectives:

1. To review all of the Company's systems
2. To replace or upgrade these systems where necessary
3. To assess the impact on customers and suppliers

The findings of the working party acted upon accordingly.

The cost incurred and expensed in 1998/1999 in relation to Year 2000 are shown in the Newscorp Investments ("NCI") consolidated accounts.

Based on these efforts we are reasonably confident that all companies within the Group will be millennium compliant, although it is not possible to give any guarantees that no unforeseen problems will arise.

AUDITORS:

The Directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those accounts, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

BY ORDER OF THE BOARD



Les Hinton
Director

P O Box 495
Virginia Street
London
E1 9XY

14 December 1999

AUDITORS' REPORT

**TO THE SHAREHOLDERS OF
TIMES NEWSPAPERS HOLDINGS LIMITED**

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention, and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts.

It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London WC2R 2PS

14 December 1999

TIMES NEWSPAPERS HOLDINGS LIMITED

PRINCIPAL ACCOUNTING POLICIES - 30 JUNE 1999

BASIS OF ACCOUNTING:

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company's accounting policies have been applied consistently throughout the year and the preceding year.

Under section 228 of the Companies Act 1985 the Company is exempt from the requirement to prepare group accounts since it is a wholly owned subsidiary of Newscorp Investments which prepares consolidated accounts that are publicly available (Note 14).

CASH FLOW STATEMENT:

The Company is exempt from the requirement of Financial Reporting Standard 1 to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate. A consolidated cash flow statement is included in the accounts of The News Corporation Limited ("TNCL"), the ultimate parent company.

INVESTMENTS:

Fixed asset investments are shown at cost less provision for impairment. Income from investments is included in profit only if received, or declared and receivable. Franked investment income includes the appropriate taxation credit.

TAXATION:

Corporation tax is provided on taxable profits after group relief at current rates. It is the policy of the Group companies not to make payments to other group undertakings for group relief surrendered.

RELATED PARTY TRANSACTIONS:

Other members of the Group provide the Company with all administrative and support services, for which no charge is made.

As a subsidiary undertaking of TNCL whose accounts are publicly available, the Company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosures not to disclose transactions with other members of the group headed by TNCL.

TIMES NEWSPAPERS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1999

	<u>Notes</u>	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
OTHER OPERATING INCOME	1	2,406	-
		<hr/>	<hr/>
Operating Profit		2,406	2,406
Investment Income	2	1,436	1,436
Interest payable and similar charges	3	(1,436)	(1,436)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,406	-
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		2,406	-
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than profit attributable to shareholders or the Company of £2,406,000 in the year ended 30 June 1999 (1998 - £Nil).

A reconciliation of movements in shareholders' funds is given in Note 12b.

The accompanying principal accounting policies and notes are an integral part of this profit and loss account.

TIMES NEWSPAPERS HOLDINGS LIMITED

BALANCE SHEET - 30 JUNE 1999

	<u>Notes</u>	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
FIXED ASSETS			
Investments	7	5,076	2,670
CURRENT ASSETS			
Debtors:			
Due within one year	8	1,436	1,436
Due after one year	8	28,721	28,721
Cash at bank and in hand	9	29,376	29,376
		<hr/>	<hr/>
		59,533	59,533
CREDITORS: Amounts falling due within one year	10	(1,436)	(1,436)
		<hr/>	<hr/>
NET CURRENT ASSETS		58,097	58,097
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		63,173	60,767
CREDITORS: Amounts falling due after more than one year	11	(28,721)	(28,721)
		<hr/>	<hr/>
NET ASSETS		34,452	32,046
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up share capital	12	1,000	1,000
Other reserves	12	1,343	1,343
Profit and loss account	12	32,109	29,703
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS (including non-equity)	12	34,452	32,046
		<hr/>	<hr/>

SIGNED ON BEHALF OF THE BOARD

Les Hinton
Director



14 December 1999

The accompanying principal accounting policies and notes are an integral part of this balance sheet.

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1999

1.	OTHER OPERATING INCOME:	<u>1999</u>	<u>1998</u>
		<u>£'000</u>	<u>£'000</u>
	Write back of provisions no longer required against investments	2,406	-
		=====	=====
2.	INVESTMENT INCOME:	<u>1999</u>	<u>1998</u>
		<u>£'000</u>	<u>£'000</u>
	Interest on loan to group undertaking	1,436	1,436
		=====	=====
3.	INTEREST PAYABLE AND SIMILAR CHARGES:	<u>1999</u>	<u>1998</u>
		<u>£'000</u>	<u>£'000</u>
	Interest on loan stock held by News International plc (NI plc") (Note 10)	1,436	1,436
		=====	=====

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

The Company has no employees.

5. DIRECTORS' REMUNERATION:

The Directors of the Company received emoluments for their services to other group undertakings as disclosed in the accounts of those companies. The following amounts represent the recharges made by other group undertakings to Times Newspapers Limited, a subsidiary undertaking of the Company, for remuneration relating to services in connection with the management of the Company and its subsidiary undertakings:

Remuneration

The remuneration of the Directors was as follows:

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
Emoluments	320	273
	=====	=====

Pensions:

The number of Directors who were members of pension schemes was as follows:

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
Defined benefit schemes	2	3
	=====	=====

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1999

5. DIRECTORS' REMUNERATION - continued:

Highest Paid Director

The above amount for remuneration includes the following in respect of the highest paid Director.

	<u>1999</u> <u>£'000</u>	<u>1998</u> <u>£'000</u>
Emoluments	119 =====	104 =====

The accrued pension entitlement under the Company's defined benefit scheme of the highest paid Director at 30 June 1999 was £17,043 (1998 - £11,316).

Other Directors received emoluments for their services provided to other group undertakings as disclosed in the accounts of those companies.

6. TAXATION:

Due to the availability of tax losses from other group undertakings there is no tax charge for the year (1998 - £Nil).

7. FIXED ASSET INVESTMENTS:

	<u>1999</u> <u>£'000</u>
Cost	
Beginning and end of year	5,076
Amounts written off	
Beginning of year	2,406
Written back	(2,406)
End of year	-
Net book value	5,076 =====

The principal subsidiary undertakings of the Company are:

	<u>Principal</u> <u>Activity</u>	<u>Country of</u> <u>Incorporation</u>	<u>Percentage of</u> <u>Share Capital Held</u>
Times Newspapers Limited	Publishers of The Times and The Sunday Times	England and Wales	100%
Times Newspapers Production Company Limited	Leasing film rights	England and Wales	100%

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1999

8. DEBTORS:

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:		
Prepayments and accrued income	1,436	1,436
	=====	=====
Amounts falling due after more than one year:		
Due from subsidiary undertaking in 2001	28,721	28,721
	=====	=====

Interest is receivable at 5% per annum on amounts falling due after more than one year.

9. CASH AT BANK AND IN HAND

Together with certain other companies in the Group, the Company is party to a banking facility which is guaranteed by TNCL. No interest is paid or received by the Company under this facility and all interest is recorded in the books of other group companies.

10. CREDITORS - Amounts falling due within one year:

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
Due to group undertakings	1,436	1,436
	=====	=====

11. CREDITORS - Amounts falling due after more than one year:

	<u>1999</u>	<u>1998</u>
	<u>£'000</u>	<u>£'000</u>
Due to NI plc - 5% unsecured loan stock 2001	28,721	28,721
	=====	=====

12. CAPITAL AND RESERVES:

a) Called-up share capital

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Authorised, issued and fully-paid		
"A" ordinary shares of £1.00 each	1,000,004	1,000,004
"B" ordinary shares of £1.00 each	96	96
	=====	=====
	1,000,100	1,000,100
	=====	=====

The 'B' ordinary shares are considered to be non-equity shareholders' funds. The Company's Articles of Association provide that the "B" shares do not rank for dividends. In the event of a winding up, available assets shall be applied first in payment to the holders of all shares in the Company of the capital paid thereon, and thereafter any remainder shall be distributed to the holders of the "A" shares. The amount of non-equity shareholders' funds is immaterial in relation to the total shareholders' funds.

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - continued

12. CAPITAL AND RESERVES - continued:

b) Reconciliation of movements in shareholders' funds

	Called Up Share Capital <u>£'000</u>	Other Reserve <u>£'000</u>	Profit and Loss Account <u>£'000</u>	Total <u>£'000</u>
Beginning of the year	1,000	1,343	29,703	32,046
Profit for the financial year	-	-	2,406	2,406
	<hr/>	<hr/>	<hr/>	<hr/>
End of the year	1,000	1,343	32,109	34,452
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

- a) Under a collective group banking facility the Company has given multilateral guarantees in respect of bank overdrafts of other group companies.
- b) There are no outstanding capital commitments at 30 June 1999 (1998 - £Nil).

14. ULTIMATE PARENT COMPANY:

The Company's immediate parent company is News International plc, a company incorporated in England and Wales.

The ultimate parent company is TNCL, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by TNCL, whose principal place of business is at Holt Street, Sydney, New South Wales, Australia. The smallest group in which they are consolidated is that headed by NCI, a company incorporated in England and Wales. The consolidated accounts of these groups are available to the public and will be obtainable from PO Box 495, Virginia Street, London, E1 9XY.