

ARTHUR ANDERSEN

TIMES NEWSPAPERS HOLDINGS LIMITED

ACCOUNTS - 30 JUNE 1997

TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS

The company's registered number is 206377.



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COMPANIES HOUSE 20/03/98

TIMES NEWSPAPERS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1997

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 1997.

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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

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

The result for the year after taxation was £Nil (1996 - £Nil).

RESULTS AND DIVIDENDS:

	<u>£'000</u>
Retained profit at 30 June 1996	29,703
Result for the financial year	-
	<hr/>
Retained profit at 30 June 1997	29,703
	<hr/> <hr/>

The Directors do not recommend the payment of a dividend (1996 - £nil).

DIRECTORS' REPORT - continued

DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year and their interests in the shares of the Company are as shown below:

	<u>"B" ordinary shares of £1.00 30 June 1997</u>	<u>"B" ordinary shares of £1.00 30 June 1996</u>
K R Murdoch (Chairman)	-	-
A S B Knight	-	-
R H Searby Q C	-	-
Baroness Brigstocke*	16	16
Sir Alastair Burnet*	16	16
Lord Catto	-	-
J J Gross*	16	16
Lord Harris of Highcross*	16	16
Sir Patrick Neill Q C*	16	16
Sir Edward Pickering	-	-
P Roberts (resigned 12 October 1996)	-	-
Lord Marlesford*	16	16
Lord Griffiths of Fforestfach	-	-
L F Hinton	-	-
A M Bambridge	-	-
J N M MacManus (appointed 10 December 1996) (resigned 11 March 1997)	-	-
G L Brock (appointed 11 March 1997)	-	-
	<u>96</u>	<u>96</u>

* Independent National Directors at 30 June 1997.

The interests of D R Flynn, L F Hinton, K R Murdoch and Sir Edward Pickering in the shares of the ultimate parent company, The News Corporation Limited, and the interests of K R Murdoch in the shares of News International plc are disclosed in the accounts of Newscorp Investments Limited. The interests of A S B Knight, and Lord Catto in the shares of the ultimate parent company, The News Corporation Limited, and the interests of Lord Catto in the shares of News International plc are disclosed in the accounts of News International plc.

No other Director had any interest in The News Corporation Limited group companies requiring disclosure under Schedule 7 of the Companies Act 1985.

AUDITORS:

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

P O Box 495
Virginia Street
London
E1 9XY

9 December 1997

BY ORDER OF THE BOARD



Sir Edward Pickering
Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
TIMES NEWSPAPERS HOLDINGS LIMITED

We have audited the accounts on pages 4 to 11 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 1, 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.

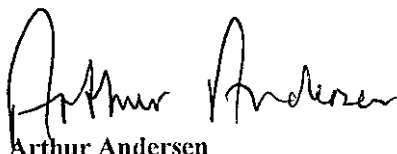
Basis of opinion

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 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London WC2R 2PS

9 December 1997

TIMES NEWSPAPERS HOLDINGS LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 a body corporate incorporated in the European Community (Note 13), in whose accounts its results are consolidated. The accounts of Newscorp Investments Ltd meet the conditions of section 228.

The Company is exempt from the requirement of FRS 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:

Investments are stated at cost less amounts written off. 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 Newscorp Investments Limited group companies not to make payments to other group undertakings for group relief surrendered.

TIMES NEWSPAPERS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1997

	<u>Notes</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
INVESTMENT INCOME	1	1,436	1,436
Interest payable and similar charges	3	(1,436)	(1,436)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	-	-
Taxation	6	-	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		-	-
RETAINED PROFIT, brought forward		29,703	29,703
		<hr/>	<hr/>
RETAINED PROFIT, carried forward		29,703	29,703
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses in the year ended 30 June 1997 or the preceding year.

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 1997

	<u>Notes</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
FIXED ASSETS			
Investments	7	2,670	2,670
CURRENT ASSETS			
Debtors: Amounts falling due within one year	8	1,436	1,436
Debtors: Amounts falling due after more than 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		60,767	60,767
CREDITORS: Amounts falling due after more than one year	11	(28,721)	(28,721)
		<hr/>	<hr/>
NET ASSETS		32,046	32,046
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up share capital	12	1,000	1,000
Other reserves		1,343	1,343
Profit and loss account		29,703	29,703
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS (including non-equity)	12	32,046	32,046
		<hr/>	<hr/>

SIGNED ON BEHALF OF THE BOARD ON 9 DECEMBER 1997

Sir Edward Pickering
Director



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 1997

1.	INVESTMENT INCOME:	<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
	Interest on loan to group undertaking (Note 8)	1,436	1,436
		=====	=====

2. RELATED PARTY TRANSACTIONS:

As a subsidiary undertaking of The News Corporation Limited whose accounts are publicly available, the Company has taken advantage of the exemption in FRS 8 Related Party Disclosure not to disclose further details of these transactions with other members of the group headed by The News Corporation Limited.

3. INTEREST PAYABLE AND SIMILAR CHARGES:

	<u>1997</u>	<u>1996</u>
	<u>£'000</u>	<u>£'000</u>
Interest on loan stock held by News International plc (Note 11)	1,436	1,436
	=====	=====

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

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

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:

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - continued

5. DIRECTORS' REMUNERATION (continued):

Remuneration

The remuneration of the directors was as follows:

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Emoluments	164 =====	273 =====

Pensions:

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

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Defined benefit schemes	1 =====	2 =====

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 (1996 - £Nil).

7. FIXED ASSET INVESTMENTS:

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Investments at cost	5,076	5,076
Amounts written off	(2,406)	(2,406)
	<u>2,670</u> =====	<u>2,670</u> =====

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - continued

7. FIXED ASSET INVESTMENTS - continued:

The principal subsidiary undertakings of the Company are:

	<u>Principal Activity</u>	<u>Country of Incorporation</u>	<u>Percentage of Share Capital Held</u>
Times Newspapers Limited	Publishers of The Times and The Sunday Times	England	100%
Times Newspapers Production Company Limited	Leasing film rights	England	100%
Times Newspapers of Great Britain Incorporated.	Operates New York press office	USA	100%*

* Indirectly held.

8. DEBTORS:

	<u>1997 £'000</u>	<u>1996 £'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:

Together with certain other companies in The Newscorp Investments Limited 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.

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - continued

10.	CREDITORS - Amounts falling due within one year:	<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
	Due to group undertakings	<u>1,436</u>	<u>1,436</u>
11.	CREDITORS - Amounts falling due after more than one year:	<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
	Due to News International plc		
	- 5% unsecured loan stock 2001	<u>28,721</u>	<u>28,721</u>
12.	CAPITAL AND RESERVES:		
a)	Called-up share capital	<u>1997</u>	<u>1996</u>
	Authorised, issued and fully-paid:	<u>£</u>	<u>£</u>
	"A" ordinary shares of £1.00 each	1,000,004	1,000,004
	"B" ordinary shares of £1.00 each	96	96
		<u>1,000,100</u>	<u>1,000,100</u>
<p>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.</p>			
b)	Reconciliation of movements in shareholders' funds	<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
	Result for the financial year	-	-
	Opening shareholders' funds	<u>32,046</u>	<u>32,046</u>
	Closing shareholders' funds	<u>32,046</u>	<u>32,046</u>

TIMES NEWSPAPERS HOLDINGS LIMITED

NOTES TO THE ACCOUNTS - continued

13. ULTIMATE PARENT COMPANY:

The ultimate parent company is The News Corporation Limited, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by The News Corporation Limited, 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 Newscorp Investments Limited, a company incorporated in England. The consolidated accounts of these groups are available to the public and will be obtainable from PO Box 495, Virginia Street, London, E1 9XY.