

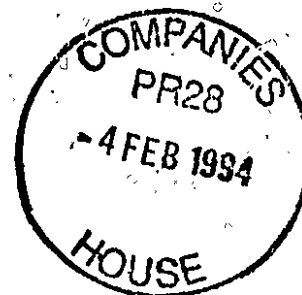
ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO. SC

NEWS GROUP NEWSPAPERS LIMITED

ACCOUNTS - 30 JUNE 1993

TOGETHER WITH DIRECTORS'  
AND AUDITORS' REPORTS



The company's registered number is 679215.

# NEWS GROUP NEWSPAPERS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 1993

The Directors present their annual report on the affairs of News Group Newspapers Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 1993.

#### PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the Company is the printing and publishing of The Sun and the News Of The World newspapers in the United Kingdom.

The Company generated turnover for the year of £363,733,000 (1992 - £375,598,000) resulting in a profit on ordinary activities before tax of £78,252,000 (1992 - £87,964,000). The Directors expect the general level of activity to continue for the foreseeable future.

#### RESULTS AND DIVIDENDS:

	£'000
Retained profit at 30 June 1992	144,256
Profit for the financial year	79,652
Dividends proposed	(200,000)
	<hr/>
Retained profit at 30 June 1993	23,908
	<hr/>

#### DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year are as shown below:

J D Dux  
A A Fischer  
T Hopkins  
K C MacKenzie  
K R Murdoch (Chairman)  
C A Rhodes  
M Ruda

The Directors of the Company had interests in Ordinary shares in The News Corporation Limited ("TNCL", the ultimate parent company) as follows (30 June 1992 comparatives have been restated to reflect the 3 for 1 bonus issue at 5 March 1993 where appropriate, details of which can be found in the annual report of News International plc):

	Ordinary shares of 50 cents Australian in TNCL		Options on Ordinary shares of 50 Cents Australian in TNCL	
	<u>30 June 1993</u>	<u>30 June 1992</u>	<u>30 June 1993</u>	<u>30 June 1992</u>
K C MacKenzie	-	-	400,000	200,000
C A Rhodes	-	-	60,000	60,000

During the year options on Ordinary shares in TNCL were granted to K C MacKenzie (200,000), as adjusted for the bonus issue.

## DIRECTORS' REPORT - continued

### DIRECTORS AND THEIR INTERESTS - continued:

The interests of A A Fischer, K R Murdoch, M Ruda and J D Dux i. shares of TNCL, and News International plc are disclosed in the annual report 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 1935.

### CHARITABLE AND POLITICAL CONTRIBUTIONS:

Charitable contributions made by the Company in the financial year amounted to £885,000 (1992 - £887,350). There have been no political contributions in the year (1992 - £Nil).

### FIXED ASSETS:

Information relating to changes in tangible fixed assets is given in note 11 to the accounts.

### EMPLOYMENT OF DISABLED PERSONS:

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes 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 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:

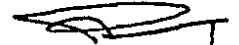
It is the policy of the Company to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the Company and the group of which it is a member.

Communications meetings between management and employees are held both formally and informally, where matters of specific interest are discussed. Consultation with 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 is held for employees.

### AUDITORS:

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

BY ORDER OF THE BOARD



P W Stehrenberger  
Secretary

P O Box 495  
Virginia Street  
London  
E1 9XY

25 August 1993

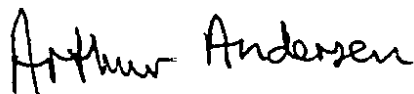
# ARTHUR ANDERSEN

London

## Auditors' report to the members of NEWS GROUP NEWSPAPERS LIMITED

We have audited the accounts on pages 4 to 20 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the Company at 30 June 1993 and of the profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditor  
1 Surrey Street  
London  
WC2R 2PS

25 August 1993

## NEWS GROUP NEWSPAPERS LIMITED

### PRINCIPAL ACCOUNTING POLICIES

#### **BASIS OF ACCOUNTING:**

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The Company's accounting policies have been applied consistently throughout the year and with the preceding year. Following the introduction of Financial Reporting Standard No. 3 "Reporting Financial Performance", certain comparative figures have been restated.

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 undertaking of a body corporate incorporated in the European Community (Note 22), in whose accounts its results are consolidated. The accounts of the parent meet all other conditions of section 228.

In accordance with the provisions of Financial Reporting Standard ("FRS") No. 1, a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of a body corporate incorporated in the European Community (Note 22). A consolidated cash flow statement is included in the accounts of the parent which meets all other conditions of the FRS.

#### **INVESTMENTS:**

Investments are stated at cost or valuation 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.

#### **PUBLISHING RIGHTS AND TITLES:**

Publishing rights and titles are stated at cost or the Directors' estimate of their current cost.

No depreciation is provided on publishing rights and titles since, in the opinion of the Directors, any such depreciation would be immaterial due to the length of their useful economic lives.

Provision for corporation tax on capital gains that could arise in the event of disposal of these assets at their revalued amounts has not been made since there are currently no plans for their disposal (see Note 17).

#### **STOCKS, WORK-IN-PROGRESS:**

Stocks and work-in-progress are valued at the lower of cost and net realisable value. In general, cost represents actual cost of the stock concerned and, in respect of manufactured items, includes an appropriate proportion of production overheads.

#### **FOREIGN CURRENCY:**

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year end.

## **PRINCIPAL ACCOUNTING POLICIES - continued**

### **TAXATION:**

Corporation tax is provided for at the current rates. It is the policy of the News International group not to make payment for group relief.

Provision is made using the liability method for the taxation effects arising from all timing differences other than those which are expected by the Directors to continue within the foreseeable future at the rates expected to be in force at the time of reversal. The amounts provided and the full potential liability are set out in Note 17.

### **TURNOVER:**

Turnover is the amount receivable by the Company in the ordinary course of its business, excluding value added tax.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION:**

Tangible fixed assets are stated at cost.

Where borrowings are used to finance capital projects, interest incurred prior to the completion of those projects is added to their cost.

Assets in course of construction are not depreciated. When such assets come into use they are transferred to the appropriate fixed asset category and depreciated accordingly.

Other fixed assets are depreciated over their expected useful economic lives or anticipated length of use by the Company in order to write off their cost. The principal rates, using the straight line basis, are as follows:

Plant (excluding colour printing presses)	-	5% to 33% per annum
Colour printing presses	-	3.3% per annum
Motor vehicles	-	25% per annum
Fixtures and fittings	-	20% per annum

### **LEASES:**

Rentals payable under operating leases are charged to the profit and loss account in the period in which they are incurred.

Assets acquired under finance leases and related lease obligations are included in the balance sheet at the present value of the minimum rental payments, and the assets depreciated over their useful lives or the term of the lease, whichever is the shorter. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account over the period of the lease to produce a constant rate of return on the outstanding balance.

## **PRINCIPAL ACCOUNTING POLICIES - continued**

### **PENSION COSTS:**

In accordance with the provisions of SSAP 24, pension costs are charged against profit in a systematic manner over the service lives of employees in each scheme. Contributions to defined contribution schemes are charged to the profit and loss account on a payments basis. Contributions to defined benefit schemes comprise:

- a) The regular pension cost, that is the consistent ongoing cost, calculated as a level percentage of the current and expected future pensionable payroll.
- b) Variations from the regular cost, arising from pension scheme surpluses or deficits allocated over the expected remaining service lives of employees in each scheme.

Any difference between the amounts charged in the profit and loss account and the amounts payable to the fund for the year are recorded as creditors or prepayments as appropriate.

### **REVALUATION RESERVE:**

Surpluses arising on the revaluation of fixed assets are transferred to a revaluation reserve (see Note 18). Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from this reserve to the profit and loss account. Where assets which have been revalued are sold, the previous revaluation surplus is transferred directly to realised reserves (profit and loss account), and the difference between sale price and depreciated revalued amount is recorded in arriving at profit on ordinary activities before taxation.

**NEWS GROUP NEWSPAPERS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 1993**

	<u>Notes</u>	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u> Restated - (See page 4)
<b>TURNOVER</b>	<b>1</b>	363,733	375,598
<b>Cost of sales</b>		(183,438)	(186,481)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		180,295	189,117
<b>Other operating expenses (net)</b>	<b>3</b>	(85,393)	(91,319)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		94,902	97,798
<b>Investment income</b>	<b>4</b>	6,841	17,663
<b>Interest payable and similar charges</b>	<b>5</b>	(23,491)	(27,497)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>6</b>	78,252	87,964
<b>Taxation</b>	<b>8</b>	1,400	1,418
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		79,652	89,382
<b>Dividends proposed</b>	<b>9</b>	(200,000)	-
		<hr/>	<hr/>
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>		(120,348)	89,382
<b>RETAINED PROFIT, brought forward</b>		144,256	54,874
		<hr/>	<hr/>
<b>RETAINED PROFIT, carried forward</b>		23,908 =====	144,256 =====

There are no recognised gains and losses other than the profit attributable to shareholders of the Company of £79,652,000 in the year-ended 30 June 1993 and of £89,382,000 in the year-ended 30 June 1992.

The profit and loss account is based upon unmodified historical costs.

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



**NEWS GROUP NEWSPAPERS LIMITED**

**BALANCE SHEET - 30 JUNE 1993**

	<u>Notes</u>	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
<b>FIXED ASSETS</b>			
Intangible assets	10	672,000	672,000
Tangible assets	11	434,524	443,251
Investments	12	145,750	145,750
		<hr/>	<hr/>
		1,252,274	1,261,001
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	13	2,714	3,080
Debtors	14	415,133	367,519
Cash at bank and in hand		6,686	3,897
		<hr/>	<hr/>
		424,533	374,496
<b>CREDITORS: Amounts falling due within one year</b>	15	(759,936)	(586,803)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>	21	(335,403)	(212,307)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		916,871	1,048,694
<b>CREDITORS: Amounts falling due after more than one year</b>	16	(220,489)	(231,964)
		<hr/>	<hr/>
<b>NET ASSETS</b>		696,382	816,730
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	18	1,400	1,400
Revaluation reserve	18	671,074	671,074
Profit and loss account	18	23,908	144,256
		<hr/>	<hr/>
<b>TOTAL CAPITAL EMPLOYED</b>	18	696,382	816,730
		=====	=====

SIGNED ON BEHALF OF THE BOARD ON 25 AUGUST 1993

J D Dux  
Director



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

## NEWS GROUP NEWSPAPERS LIMITED

### NOTES TO THE ACCOUNTS - 30 JUNE 1993

#### 1. SEGMENTAL INFORMATION:

The Company's turnover and profit is derived from printing and publishing activities substantially all of which arises both by origin and destination in the United Kingdom.

#### 2. RELATED PARTY TRANSACTIONS:

The Company distributes both its national newspapers through a fellow subsidiary undertaking and sells all of its advertising space to another subsidiary undertaking. Accordingly, substantially all of the Company's turnover is derived from those undertakings.

The Company also undertakes the production and printing activities of other national news papers. During the year the Company recharged costs totalling £60,007,000 (1992 - £102,621,000) to fellow subsidiary undertakings, Times Newspapers Limited and News (UK) Limited. Cost of sales and administrative expenses are shown net of recharges in the profit and loss account.

In 1992, direct production costs for the other publishing companies were charged through News Group Newspapers Limited. In 1993 these costs were charged direct to the publishing companies.

Some of the Company's production and printing services together with administrative and support services, including personnel resources, are supplied by other members of the News International plc group.

Therefore, a substantial part of the Company's reported activity relates to group transactions which, in the opinion of the Directors, are conducted on an arm's length basis.

#### 3. OTHER OPERATING EXPENSES (NET):

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Selling and marketing costs	26,416	35,537
Administrative expenses	53,286	55,933
	<hr/>	<hr/>
	79,702	91,470
Other operating income	(44)	(151)
	<hr/>	<hr/>
	79,658	91,319
	=====	=====

The following exceptional costs are included in other operating expenses:

Provisions against tangible fixed assets	2,000	2,000
Redundancy costs	5,350	7,066
Costs relating to termination of contract	5,735	-
	=====	=====

# NOTES TO THE ACCOUNTS - continued

## 4. INVESTMENT INCOME:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Income from fixed assets investments listed in the UK.	4	4
Income from fellow subsidiary undertakings	-	3,987
Income from subsidiary undertakings	-	2,600
Other interest receivable and similar income	6,837	11,072
	<hr/> 6,841 <hr/> =====	<hr/> 17,663 <hr/> =====

## 5. INTEREST PAYABLE AND SIMILAR CHARGES:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
On loans repayable within five years, not by instalments, to group undertakings.	13,169	13,170
On bank loans, overdrafts and other loans repayable within five years, not by instalments	995	1,275
Finance charges in respect of capitalised finance leases	9,327	13,052
	<hr/> 23,491 <hr/> =====	<hr/> 27,497 <hr/> =====

## 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Depreciation of tangible fixed assets	31,824	29,918
Hire of plant and machinery	256	274
Auditors' remuneration	-	121
Staff costs (see Note 7)	17,825	19,297
	<hr/> =====	<hr/> =====

Auditors remuneration including amounts payable for non-audit services, is borne by another group undertaking.

# NOTES TO THE ACCOUNTS - continued

## 7. STAFF COSTS:

Employee costs of the Company (including Executive Directors) during the year amounted to:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Wages and salaries	15,426	16,845
Social security costs	1,427	1,368
Other pension costs	972	1,084
	<u>17,825</u>	<u>19,297</u>
	=====	=====

As explained in Note 2, certain of the production related personnel resources of the Company are provided by other members of the News International plc group. The employee costs for 1993 and 1992 shown above exclude the staff costs of personnel employed by those companies. These recharges totalled £963,000 (1992 - £943,000) and are included in administrative expenses.

The average weekly number of employees directly employed by the Company during the year was as follows:

	<u>1993</u> <u>Number</u>	<u>1992</u> <u>Number</u>
	335	366
	=====	=====

## Directors' remuneration:

The Directors of the Company receive fees and other emoluments from News International plc. The following amounts represent the recharges made by News International plc, relating to services in connection with the management of the Company.

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Directors' emoluments	297	361
Pensions	20	16
	<u>317</u>	<u>377</u>
	=====	=====

The Directors' remuneration shown above (excluding pensions and pension contributions) included:

	<u>£'000</u>	<u>£'000</u>
Chairman	-	-
	=====	=====
Highest paid Director	182	246
	=====	=====

## NOTES TO THE ACCOUNTS - continued

### 7. STAFF COSTS, continued:

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	<u>1993</u> <u>Number</u>	<u>1992</u> <u>Number</u>
Up to £5,000	5	6
£110,001 to £115,000	1	-
£115,001 to £120,000	-	1
£180,001 to £185,000	1	-
£245,001 to £250,000	-	1
	=====	=====

Certain Executive Directors are also remunerated by other group undertakings.

#### Pensions

The Company participates in two pension schemes operated by the News International plc group. The defined contribution scheme covers the majority of the executive, staff and works personnel. The remaining employees, mainly senior executives, are covered by a defined benefit scheme. The assets of the pension schemes are held in separate externally administered Trust funds which are fully funded. The pension costs relating to the defined benefit scheme are in accordance with the advice of a qualified actuary using the projected unit method. The schemes are valued by an independent qualified actuary on a triennial basis.

The total pension cost for the Company was £972,000 (1992 - £1,084,094) of which £752,000 (1992 - 712,719) relates to the defined contribution scheme and £220,000 (1992 - £371,375) to the defined benefit scheme.

The latest actuarial valuation on the defined benefit scheme was prepared as at 1 July 1992. The assumptions which have the most significant effect on the results of the defined benefit scheme valuation are those relating to the rate of return on investments and the rate of increase in pensionable earnings and pensions. It was assumed that salary increases lag on average 2% behind growth of returns on investments and that increases to pensions in payment would be granted at 5% per annum.

The valuation disclosed a surplus of assets over past service liabilities in the defined benefit scheme. The overall level of funding was 109%. This surplus will be eliminated by adjustment to the contribution rate. Pension costs charged in the profit and loss account reflect these actuarially determined contribution rates.

### 8. TAXATION:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Adjustments in respect of prior years	(1,400)	(1,418)
	=====	=====

Due to the availability of tax losses from other group undertakings there is no UK Corporation tax charge.

# NOTES TO THE ACCOUNTS - continued

## 9. DIVIDENDS:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Ordinary		
Final proposed of £142.86 per share (1992 - £Nil)	200,000 =====	- =====

## 10. INTANGIBLE FIXED ASSETS:

All of the Company's United Kingdom newspaper titles unaccompanied by the assets and other rights and interests which go to make up the business taken as a whole have been incorporated in the balance sheet at the Directors' estimate of current cost of £672,000,000 (1992 - £672,000,000). The Directors have reviewed the current cost of these newspaper titles, taking into account the principles of the valuation placed on them by Hambros Securities Limited at 30 June 1990 and have concluded, based on this review, that there has been no significant change in current cost in the year to 30 June 1993. Corporation tax that could arise (maximum £221,454,000) in the event of disposal at the revalued amount has not been provided in these accounts since it is not the Directors intention to dispose of these titles.

The original cost of publishing rights and titles is £926,250 (1992 - £926,250).

## 11. TANGIBLE FIXED ASSETS:

### a) The net book value of tangible fixed assets comprises:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Plant and machinery under finance leases	121,139	125,524
Plant and machinery	302,324	291,505
Fixtures, fittings and motor vehicles	4,365	4,982
Assets in course of construction	6,696	21,240
	<hr/> 434,524 =====	<hr/> 443,251 =====

### b) Capitalised interest

Included in the cost of tangible fixed assets is interest on group borrowings used to finance capital projects and recharged to the Company amounting to £47,551,000 (1992 - £45,042,896).

NOTES TO THE ACCOUNTS - continued

11. TANGIBLE FIXED ASSETS (continued):

c) The movement in the year was as follows:

	<u>Plant and Machinery</u>	<u>Fixtures Fittings and Motor Vehicles</u>	<u>Leased Plant and Machinery</u>	<u>Assets in Course of Construction</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000
<b>COST:</b>					
Beginning of year	379,136	13,113	131,552	21,240	545,041
Transfers*	61	29	-	-	90
Additions	4,757	1,113	-	17,328	23,198
Disposals	(290)	(442)	-	-	(732)
Transfer on completion	31,872	-	-	(31,872)	-
End of year	415,536	13,813	131,552	6,696	567,597
<b>DEPRECIATION:</b>					
Beginning of year	87,631	8,131	6,028	-	101,790
Transfers*	-	(19)	-	-	(19)
Charge	25,673	1,766	4,385	-	31,824
Disposals	(92)	(430)	-	-	(522)
End of year	113,212	9,448	10,413	-	133,073
<b>NET BOOK VALUE:</b>					
Beginning of year	291,505	4,982	125,524	21,240	443,251
End of year	302,324	4,365	121,139	6,696	434,524

\* Transfers in from another group undertaking

**NOTES TO THE ACCOUNTS - continued**

**12. FIXED ASSET INVESTMENTS:**

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Shares in Newspaper Publishers Association Ltd	-	-
Subsidiary undertaking	145,750	145,750
	<hr/>	<hr/>
	145,750	145,750
	=====	=====

The Company's principal subsidiary undertaking is as follows:

	<u>Country of Incorporation</u>	<u>% of shares held of each class</u>
Newscorp Netherlands Antilles NV	Netherlands Antilles	Redeemable preference shares 100% Ordinary shares 100%

The principal activity of Newscorp Netherlands Antilles NV is to provide financial services to the News International plc group.

**13. STOCKS:**

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Raw materials and consumables	2,553	2,707
Work-in-progress	161	373
	<hr/>	<hr/>
	2,714	3,080
	=====	=====



# NOTES TO THE ACCOUNTS - continued

## 14. DEBTORS:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Amounts falling due within one year:		
Trade debtors	640	1,232
Due from fellow subsidiary undertakings	405,430	357,594
Due from associated undertakings	75	-
Other debtors	3,167	1,442
Prepayments and accrued income	5,821	6,339
	<u>415,133</u>	<u>366,607</u>
Amounts falling due after more than one year:		
Prepayment to St Katherine & Shadwell Trust	-	875
Taxation	-	37
	<u>415,133</u> =====	<u>367,519</u> =====

## 15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Obligations under finance leases	5,044	9,490
Bank overdraft	153,760	119,635
Trade creditors	1,838	921
Due to subsidiary undertakings	58,000	58,000
Due to fellow subsidiary undertakings	109,436	219,311
Due to immediate parent company	227,050	20,047
Corporation tax payable	-	1,438
Social security and PAYE	596	484
VAT	12,941	3,362
Other creditors	2,837	3,416
Accruals and deferred income	188,434	150,699
	<u>759,936</u> =====	<u>586,803</u> =====

The bank overdraft is part of a collective group facility and is covered by multilateral guarantees given by News International plc and its subsidiary undertakings.

The amount payable to subsidiary undertakings represents an interest free loan from Newscorp Netherlands Antilles NV which is repayable on demand.

Amounts due to fellow subsidiary undertakings are interest free.

Amounts due to immediate parent company are charged interest at a market rate.

# NOTES TO THE ACCOUNTS - continued

## 16. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Obligations under finance leases	89,739	101,214
Loan from immediate parent company	130,750	130,750
	<hr/> 220,489 <hr/>	<hr/> 231,964 <hr/>

The loan from immediate parent company is a convertible variable rate capital note due in 2035 which may be converted at the option of the note holder into ordinary shares at the rate of one ordinary share for every £100 of principal monies due. The note bears interest, which for the year has been charged at 9%.

The maturity of obligations under finance leases is as follows:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Due within 1 year	5,044	9,490
Due between 2 and 5 years	58,438	57,906
Due after 5 years	31,301	43,308
	<hr/> 94,783 <hr/>	<hr/> 110,704 <hr/>

In May 1993 the Company's ultimate parent company, The News Corporation Limited and certain of its subsidiary undertakings ("the TNCL group"), entered into a new six year US\$3 billion multi-currency Revolving credit agreement. The new agreement is scheduled to be reduced by US\$250 million annually commencing June 1994, with a final schedule commitment reduction of US\$1.75 billion on maturity in June 1999. In addition, during the year the TNCL group issued a series of publicly-quoted debt instruments, the net proceeds of which were approximately US\$4.2 billion. Amounts drawn down under the Revolving credit agreement and raised from the other financing activities were used to repay substantially all the borrowings under the TNCL group's principal bank agreement. The significant terms of the new agreement include requirements for the TNCL group to maintain specific gearing and cash flow ratios, restrictions on the issuance of new debt, limitations on secured indebtedness and, until certain financial conditions are met, restrictions on investments and the application of asset sale proceeds. As part of this refinancing the News International plc group received additional funding from fellow subsidiary undertakings and repaid a significant part of its third party debt.

# **NOTES TO THE ACCOUNTS - continued**

## **17. DEFERRED TAXATION:**

No deferred taxation is provided at 30 June 1993 and 1992 due to short term timing differences and the availability of substantial tax losses from group undertakings for relief against future taxable profits.

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Taxes that could arise if publishing rights and titles were to be disposed of at their realised amounts are as follows (note 10):	221,454 =====	221,454 =====

## **18. CAPITAL AND RESERVES:**

### a) Called-up share capital

Authorised, issued, called-up, and fully paid:

	<u>1993</u>	<u>1992</u>
1,400,000 ordinary shares of £1.00 each	£1,400,000 =====	£1,400,000 =====

### b) Movements on capital and reserves

	<u>Called-up Share Capital £'000</u>	<u>Profit and Loss Account £'000</u>	<u>Revaluation Reserve £'000</u>	<u>Total £'000</u>
Beginning of year	1,400	144,256	671,074	816,730
Profit for the financial year	-	79,652	-	79,652
Dividends	-	(200,000)	-	(200,000)
End of year	1,400 =====	23,908 =====	671,074 =====	696,382 =====

### c) Reconciliation of movement in shareholders' funds:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Profit for the financial year	79,652	89,382
Dividends	(200,000)	-
Net (decrease)/increase in shareholders' funds	(120,348)	89,382
Opening shareholders' funds	816,730	727,348
Closing shareholders' funds	696,382 =====	816,730 =====

## NOTES TO THE ACCOUNTS - continued

### 19. FUTURE CAPITAL EXPENDITURE:

	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Contracted for but not provided for in the accounts - capital expenditure	2,587	582
	*****	*****

There was no capital expenditure authorised but not contracted for (1992 - £Nil).

### 20. GUARANTEES AND CONTINGENT LIABILITIES:

- a) Under a collective group banking facility the Company has given multilateral guarantees in respect of bank overdrafts of other group companies.
- b) The Company and certain fellow subsidiary undertakings have given the following guarantees:
  - i) US\$Nil (1992 - US\$188,187,000) in respect of borrowings by a fellow subsidiary undertaking.
  - ii) US\$Nil (1992 - US\$1,074,021,000) in respect of borrowings by a fellow subsidiary undertaking.
  - iii) HK\$Nil (1992 - HK\$1,400,342,000) in respect of borrowings by a fellow subsidiary undertaking.
  - iv) A\$Nil (1992 - A\$630,491,000) in respect of borrowings by a fellow subsidiary undertakings.
  - v) A\$Nil (1992 - A\$137,737,000) in respect of promissory notes issued by a fellow subsidiary undertaking.

The Company, parent and ultimate company and certain fellow subsidiary undertakings are parties and guarantors to a new US\$3 billion multi-currency revolving credit agreement and approximately US\$3.7 billion publicly quoted debt instruments issued by a fellow subsidiary undertaking.

- c) As at 30 June 1993 the minimum annual rentals under operating leases are as follows:

	<u>Plant and Machinery</u> <u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Operating leases which expire:		
- within one year	190	190
- between two and five years	189	379
	*****	*****

### 21. FUNDING:

The net current liabilities of the Company are £335,403,000 at 30 June 1993, (1992 - £212,307,000). The Company's immediate parent has confirmed its intention of providing continuing financial support to enable the Company to meet its liabilities as they fall due.

**NOTES TO THE ACCOUNTS - continued**

**22. 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, incorporated in South Australia, 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 News International plc, a company incorporated in England. The consolidated accounts of these groups are available to the public and are obtainable from PO Box 495, Virginia Street, London, E1 9XY.