

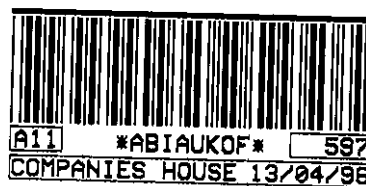
ARTHUR
ANDERSEN

ARTHUR ANDERSEN & Co. SC

NEWS GROUP NEWSPAPERS LIMITED

ACCOUNTS - 30 JUNE 1995

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 1995

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 1995.

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 to 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 the printing and publishing of national newspapers.

The Company generated turnover for the year of £396,315,000 (1994 - £346,431,000) resulting in a profit on ordinary activities before tax of £52,783,000 (1994 - £11,984,000). The Directors expect the general level of activity to continue for the foreseeable future.

RESULTS AND DIVIDENDS:

	<u>£'000</u>
Retained profit at 30 June 1994	35,891
Profit for the financial year	52,783
	<hr/>
Retained profit at 30 June 1995	88,674
	<hr/> <hr/>

The Directors do not recommend the payment of a dividend. (1994 - £ nil)

DIRECTORS' REPORT - continued

DIRECTORS AND THEIR INTERESTS:

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

J D Dux (resigned 17 March 1995)
A A Fischer (resigned 15 March 1995)
D R Flynn (appointed 17 March 1995)
L Hinton (appointed 4 January 1996)
T Hopkins
R M Linford (appointed 15 March 1995)
K C MacKenzie (resigned 25 October 1994)
C A Milner
K R Murdoch (Chairman)

The interests of R M Linford and K R Murdoch in the shares of The News Corporation Limited, and News International plc are disclosed in the annual report of News International plc.

No other Director had any interest requiring disclosure under Schedule 7 of the Companies Act 1985.

As permitted by the Companies Act 1985 (as amended), the Company has maintained insurance cover for Directors against liabilities in relation to the Company.

FIXED ASSETS:

Information relating to changes in tangible fixed assets is given in Note 10 to the accounts.

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 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 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.

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 O Box 495
Virginia Street
London
E1 9XY
23 February 1996


P W Stehrenberger
Secretary

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
NEWS GROUP NEWSPAPERS LIMITED

We have audited the accounts on pages 4 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 4 to 6.

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 1995 and of its profit 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

23 February 1996

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.

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 21), in whose accounts its results are consolidated. The accounts of the parent meet the 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 21). A consolidated cash flow statement is included in the accounts of the immediate parent which meets the 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 (Note 16).

STOCKS AND 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 at 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 with any resulting gains or losses being recorded in the profit and loss account.

PRINCIPAL ACCOUNTING POLICIES - continued

TAXATION:

Corporation tax is provided on taxable profits after group relief at current rates. It is the policy of News International plc group companies not to make payments to fellow subsidiary undertakings for group relief surrendered.

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 (Note 16).

TURNOVER:

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

TANGIBLE FIXED ASSETS:

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	- 10% to 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 benefit schemes comprise:

- a) The regular pension cost, which 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 schemes for the year are recorded as creditors or prepayments as appropriate.

Certain current and former employees are entitled to post retirement medical benefits, the cost of which is met by the Group. The estimated cost of providing these benefits is charged against profits on a systematic basis over the working lives of these employees within the Group.

REVALUATION RESERVE:

Surpluses arising on the revaluation of fixed assets are transferred to a revaluation reserve. 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 1995

	<u>Notes</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
TURNOVER	1	396,315	346,431
Cost of sales		(224,383)	(216,931)
GROSS PROFIT		<u>171,932</u>	<u>129,500</u>
Other operating expenses (net)	3	(93,048)	(90,502)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>78,884</u>	<u>38,998</u>
Investment income	4	52	28
Interest payable and similar charges	5	(26,153)	(27,042)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>52,783</u>	<u>11,984</u>
Taxation	8	-	(1)
PROFIT FOR THE FINANCIAL YEAR		<u>52,783</u>	<u>11,983</u>
RETAINED PROFIT, brought forward		<u>35,891</u>	<u>23,908</u>
RETAINED PROFIT, carried forward		<u><u>88,674</u></u>	<u><u>35,891</u></u>

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £52,783,000 in the year ended 30 June 1995 and £11,983,000 in the year ended 30 June 1994.

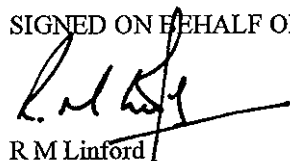
The accompanying principal accounting policies and notes are an integral part of this profit and loss account.

NEWS GROUP NEWSPAPERS LIMITED

BALANCE SHEET - 30 JUNE 1995

	<u>Notes</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
FIXED ASSETS			
Intangible assets	9	672,000	672,000
Tangible assets	10	404,612	423,336
Investments	11	145,750	145,750
		<hr/>	<hr/>
		1,222,362	1,241,086
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	12	2,185	2,932
Debtors	13	879,956	363,838
Cash at bank and in hand		14,545	10,696
		<hr/>	<hr/>
		896,686	377,466
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	14	(1,168,530)	(711,357)
		<hr/>	<hr/>
NET CURRENT LIABILITIES	20	(271,844)	(333,891)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		950,518	907,195
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	15	(189,370)	(198,830)
		<hr/>	<hr/>
NET ASSETS		<u>761,148</u>	<u>708,365</u>
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up share capital (all equity)	17	1,400	1,400
Revaluation reserve		671,074	671,074
Profit and loss account		88,674	35,891
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	<u>761,148</u>	<u>708,365</u>
		<hr/>	<hr/>

SIGNED ON BEHALF OF THE BOARD ON 23 FEBRUARY 1996



R M Linford
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 1995

1. SEGMENTAL INFORMATION:

Substantially all the Company's turnover and profit are derived, both, by origin and destination, from printing and publishing activities 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 newspapers. During the year the Company recharged costs totalling £64,304,000 (1994 - £56,067,000) 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.

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>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Selling and marketing costs	31,792	32,793
Administrative expenses	61,697	58,048
	<hr/>	<hr/>
	93,489	90,841
Other operating income	(441)	(339)
	<hr/>	<hr/>
	93,048	90,502
	<hr/> <hr/>	<hr/> <hr/>

The following exceptional costs are included in other operating expenses (net):

Provisions against tangible fixed assets	-	2,000
Redundancy costs	3,001	2,353
Costs relating to termination of contract	-	511
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS - continued

4. INVESTMENT INCOME:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Income from fixed assets investments listed in the UK	-	4
Other interest receivable and similar income	52	24
	<u>52</u>	<u>28</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
On loans repayable within five years, not by instalments, to group undertakings.	20,647	17,669
On bank loans, overdrafts and other loans repayable within five years, not by instalments	-	3,134
Finance charges in respect of capitalised finance leases	5,506	6,239
	<u>26,153</u>	<u>27,042</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Depreciation of tangible fixed assets		
- owned	24,886	30,524
- held under finance leases and hire purchase contracts	4,385	4,385
Other operating lease rentals	586	301
Hire of plant and machinery	443	183
Staff costs (Note 7)	20,377	18,599

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 comprised:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Wages and salaries	17,781	16,406
Social security costs	1,636	1,387
Other pension costs	960	806
	<u>20,377</u>	<u>18,599</u>

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

	<u>1995</u> <u>Number</u>	<u>1994</u> <u>Number</u>
	417	356

As explained in Note 2, the administrative personnel resources of the Company are provided by other members of the News International plc group. During the year ended 30 June 1994 all non executive and administrative employees of the Company were transferred to a fellow group undertaking. Consequently all administrative staff costs are shown in the fellow group undertaking and a recharge is made to the company for the services of personnel.

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>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Directors' emoluments	222	501
Pensions	25	30
	<u>247</u>	<u>531</u>

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

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Chairman	-	-
Highest paid Director	159	327

NOTES TO THE ACCOUNTS - continued

7. STAFF COSTS - continued:

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

	<u>1995</u> <u>Number</u>	<u>1994</u> <u>Number</u>
Up to £ 5,000	6	5
£ 60,001 to £ 65,000	1	1
£ 80,001 to £ 85,000	-	1
£ 85,001 to £ 90,000	-	1
£155,001 to £160,000	1	-
£325,001 to £330,000	-	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 £960,000 (1994 - £548,000) of which £854,000 (1994 - £411,000) relates to the defined contribution scheme and £106,000 (1994 - £137,000) to the defined benefit scheme.

The latest actuarial valuation of the defined benefit scheme was prepared as at 1 July 1994. 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 110%. 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>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Taxation attributable to franked investment income	-	1
	=====	=====

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

NOTES TO THE ACCOUNTS - continued

9. 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 (1994 - £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 30th June 1995. This review took account of the market factors particular to the titles and incorporates multiples which reflect the composition of revenues and profitability, readership loyalty, advertising revenue and potential for future growth. 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 (1994 - £926,250).

10. TANGIBLE FIXED ASSETS:

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

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Plant and machinery under finance leases	112,369	116,754
Plant and machinery	282,517	286,274
Fixtures, fittings and motor vehicles	4,510	3,895
Assets in course of construction	5,216	16,413
	<hr/>	<hr/>
	404,612	423,336
	<hr/>	<hr/>

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 (1994 - £47,551,000).

NOTES TO THE ACCOUNTS - continued

10. 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
COST:					
Beginning of year	428,042	13,946	131,552	16,413	589,953
Additions	7,722	1,914	-	1,339	10,975
Disposals	(821)	(985)	-	-	(1,806)
Transfer to assets in use	12,536	-	-	(12,536)	-
End of year	<u>447,479</u>	<u>14,875</u>	<u>131,552</u>	<u>5,216</u>	<u>599,122</u>
DEPRECIATION:					
Beginning of year	141,768	10,051	14,798	-	166,617
Charge	23,591	1,295	4,385	-	29,271
Disposals	(397)	(981)	-	-	(1,378)
End of year	<u>164,962</u>	<u>10,365</u>	<u>19,183</u>	<u>-</u>	<u>194,510</u>
NET BOOK VALUE:					
Beginning of year	<u>286,274</u>	<u>3,895</u>	<u>116,754</u>	<u>16,413</u>	<u>423,336</u>
End of year	<u>282,517</u>	<u>4,510</u>	<u>112,369</u>	<u>5,216</u>	<u>404,612</u>

NOTES TO THE ACCOUNTS - continued

11. FIXED ASSET INVESTMENTS:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Subsidiary undertaking	145,750	145,750

The Company's principal subsidiary undertaking is as follows:

	<u>Country of Incorporation</u>	<u>% of issued share capital held</u>	<u>Class of Share</u>
Newscorp Netherlands Antilles NV	Netherlands Antilles	100	Redeemable preference
Newscorp Netherlands Antilles NV	Netherlands Antilles	100	Ordinary

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

12. STOCKS:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Raw materials and consumables	2,181	2,864
Work-in-progress	4	68
	<u>2,185</u>	<u>2,932</u>

13. DEBTORS:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Amounts falling due within one year:		
Trade debtors	123	45
Due from fellow subsidiary undertakings	869,898	335,223
Due from associated undertakings of the immediate parent company	93	23
VAT	-	17,554
Prepayments and accrued income	7,590	9,008
Other debtors	2,252	1,985
	<u>879,956</u>	<u>363,838</u>

NOTES TO THE ACCOUNTS - continued

14. CREDITORS: amounts falling due within one year:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Obligations under finance leases	15,736	14,349
Bank overdraft	115,844	147,448
Trade creditors	15,225	2,117
Due to subsidiary undertaking	58,000	58,000
Due to fellow subsidiary undertakings	641,979	261,061
Due to immediate parent company	97,577	40,814
Social security and PAYE	66	153
VAT	15,957	-
Other creditors	3,781	3,637
Accruals and deferred income	204,365	183,778
	<hr/> 1,168,530 <hr/> <hr/>	<hr/> 711,357 <hr/> <hr/>

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 undertaking 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

15. CREDITORS: amounts falling due after more than one year:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Obligations under finance leases	58,620	68,080
Loan from immediate parent company	130,750	130,750
	<hr/>	<hr/>
	189,370	198,830
	<hr/>	<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 13%.

The maturity of obligations under finance leases is as follows:

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Due within 1 year	15,736	14,349
Due within 2 to 5 years	58,620	53,173
Due after 5 years	-	14,907
	<hr/>	<hr/>
	74,356	82,429
	<hr/>	<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 six year US\$3,000 million multi-currency Revolving Credit Agreement. In March 1995 the facility was reduced to US\$2,016 million with no repayments due until maturity in June 1999. The significant terms of the agreement include requirements for the TNCL group to maintain specific gearing and cash flow ratios and limitations on secured indebtedness.

16. DEFERRED TAXATION:

No deferred tax is provided at 30 June 1995 and 1994 due to short term timing differences and the availability of substantial tax losses from group undertakings for relief against future taxable profits.

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Taxes that could arise if publishing rights and titles were to be disposed of at their revalued amounts are as follows (Note 9):	221,454	221,454
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS - continued

17. CAPITAL AND RESERVES:

a)	Called-up share capital	<u>1995</u>	<u>1994</u>
	Authorised, issued, called-up, and fully-paid:		
	1,400,000 ordinary shares of £1.00 each	<u>£1,400,000</u>	<u>£1,400,000</u>

b) Reconciliation of movements in shareholders' funds:

	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>
Profit for the financial year	52,783	11,983
Opening shareholders' funds	708,365	696,382
Closing shareholders' funds	<u>761,148</u>	<u>708,365</u>

18. FUTURE CAPITAL EXPENDITURE:

	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>
Contracted for but not provided for in the accounts	<u>4,848</u>	<u>3,282</u>

There was no capital expenditure authorised but not contracted for (1994 - £Nil).

19. 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 companies.
- b) The Company, parent and ultimate parent company and certain fellow subsidiary undertakings are parties and guarantors to a US\$2.016 billion multi-currency Revolving Credit Agreement and approximately US\$5.553 billion publicly quoted debt instruments issued by a fellow subsidiary undertaking.
- c) The minimum annual rentals under foregoing operating leases are as follows:

	<u>Plant and Machinery</u>	
	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>
Operating leases which expire:		
- within one year	57	28
- within two to five years	<u>526</u>	<u>251</u>

NOTES TO THE ACCOUNTS - continued

20. FUNDING:

The net current liabilities of the Company are £271,844,000 at 30 June 1995 (1994 - £333,891,000). 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.

21. 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.