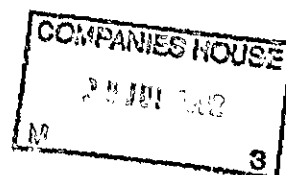


NEWSCORP INVESTMENTS LIMITED

1991 ANNUAL REPORT

1437199



NEWSCORP INVESTMENTS LIMITED

	Page
Contents	
Directors and Officers	2
Directors' Report	3
Auditors' Report	7
Principal Accounting Policies	8
Consolidated Profit and Loss Account	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Cash Flow Statement	15
Notes to Accounts	17
Principal Subsidiary undertakings, associated undertaking and other participating interests	54

NEWSCORP INVESTMENTS LIMITED

Directors and Officers

Directors S.J. Brown
 G.B. Hood
 K.R. Murdoch
 Sir Edward Pickering
 R.A. Sarazen
 R.H. Searby Q.C.
 P.W. Stehrenberger

Secretary G.B. Hood

Head Office P.O. Box 495,
 Virginia Street,
 London E1 9XY.

Registered Office
 P.O. Box 495,
 Virginia Street,
 London E1 9XY.

Registered Number
 1437199

Auditors Arthur Andersen & Co.,
 1 Surrey Street,
 London WC2R 2PS

Bankers Midland Bank PLC

NEWSCORP INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1991

The Directors present their annual report on the affairs of Newscorp Investments Limited ("the Company") and its subsidiary undertakings ("the Group") together with the accounts and auditors' report for the year ended 30 June 1991.

The accounts consolidate the accounts of the Company and all its subsidiary undertakings. In previous years, the Directors were of the opinion that the expense of preparing Group accounts outweighed their benefit. This exemption is no longer available under amendments to the Companies Act 1985 and consequently Group accounts are being produced for the first time.

Principal Activities

The principal activity of the Group is the printing and publishing of national newspapers in the United Kingdom. The Group's other activities include the publishing of books and magazines, warehousing, transportation, and the provision of financial services to other undertakings in The News Corporation Limited Group ("the TNCL Group"). During the year the Group sold its interest in the manufacture and sale of paper and merged its interest in television broadcasting by satellite into an associated company. An analysis of turnover, loss on ordinary activities before taxation and net assets employed for these activities is given in note 1 to the accounts.

Business Review

Reduced advertising volumes continued to adversely affect results of the Group's newspapers in the United Kingdom. However, profits at circulation-driven newspapers such as "The Sun" and "The News of the World" were ahead of last year, in part due to cover price increases.

Economic conditions, as they affect the media, are not expected to improve during the next year. However, the Group expects significant gains in operating profits as a result of improved margins resulting from cost-reductions at all divisions and other consolidation moves taken during the year.

The Group has substantially completed its £500 million plant expansion including the installation of new colour presses at print centres in London, Glasgow and Knowsley, near Liverpool.

During the year the Group sold Townsend Hook Group Limited, the paper manufacturing operation, and closed Eric Bemrose Limited, the commercial printing operation.

In May, a new newspaper was launched in eastern Germany, "Super!Zeitung", as a joint venture with the Burda GmbH group. It is already the leading circulation newspaper in all areas in which it competes.

In November 1990, Sky Television effectively merged with its only satellite television competitor, British Satellite Broadcasting Limited (BSB), to form British Sky Broadcasting Limited (BSkyB), in which the Group has a 50% interest.

NEWSCORP INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

Strong progress is being made at BSkyB. At its merger, weekly losses for the newly combined entity were in excess of £8 million. These losses have since been reduced to less than £1.5 million per week and are expected to continue to fall. The venture now has in excess of 2.6 million homes receiving its programmes with more than 50% of these subscribing to at least one pay movie service.

Since BSkyB could not obtain third party financing on a commercially acceptable basis, in May, the Group and other companies in the TNCL Group, together with BSkyB's other shareholders, agreed to provide future funding through a series of rights issues.

In February 1991, the ultimate parent company, The News Corporation Limited, and certain of its subsidiary undertakings, including the Company and certain of its subsidiary undertakings, entered into a new three year agreement with its banks and other lenders to extend the maturities of most of its non-public debt. This matter is more fully discussed in note 19.

On 6 June 1991, News Publishers Investments Pty, a fellow subsidiary undertaking of The News Corporation Limited, redeemed its 48% interest in News Publishers Limited ("NPL"). As a result, the Group's investment in NPL became a controlling interest of approximately 92.3%. Therefore NPL, including its principal subsidiary, Harper Collins (UK), has been consolidated into the Group accounts from 6 June 1991.

Subsequent Events

On 8th August 1991 the Group sold its interest in F.F. Publishing Limited (publisher of Car and Supercar Classics) and New Woman for £10 million cash.

Results and Dividends

The Group loss for the financial year was £303,896,000. The directors do not propose payment of a dividend.

Directors and their Interests

The Directors of the Company during the year are shown on page 2.

The Articles of Association do not require Directors to retire either by rotation or in the year of appointment.

No director had a beneficial interest in the shares of the Company at any time during the year.

NEWSCORP INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

According to the register maintained for the purpose, the interests of the Directors of the Company in Ordinary shares of The News Corporation Limited, the ultimate holding company, are as follows-

	Ordinary shares of 50 cents Australian in The News Corporation Limited		Options on Ordinary shares of 50 cents Australian in The News Corporation Limited	
	30 June 1991	30 June 1990	30 June 1991	30 June 1990
K.R. Murdoch	7,200	7,200	-	-
R.A. Sarazen	9,774	7,920	100,000	100,000
R.H. Searby Q.C.	-	8,500	250,000	100,000
P.W. Stehrenberger	1,500	1,500	50,000	40,000
S.J. Brown	-	-	25,000	15,000
G.B. Hood	-	-	5,000	5,000
Sir Edwar Ickering	-	-	-	-

Mr. K.R. Murdoch is deemed to have a relevant interest in shares of The News Corporation Limited in which the undermentioned companies have interests as follows:

	Ordinary shares of 50 cents Australian in The News Corporation Limited	
	30 June 1991	30 June 1990
Cruden Investments Pty. Limited	116,133,648	116,133,648
Kayarem Pty. Limited	4,118,000	4,118,000

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

Substantial Shareholdings

The Company is wholly owned by The News Corporation Limited, the ultimate parent company which is incorporated in South Australia.

Charitable and Political Contributions

Charitable contributions made by the Group in the financial year amounted to £1,821,316 (1990 - £484,337). There have been no political contributions made during the year (1990 - nil).

110092

NEWSCORP INVESTMENTS LIMITED

DIRECTORS' REPORT (Continued)

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 Group continues and that appropriate training is arranged. It is the policy of the Group 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 Group to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the Company and its subsidiary undertakings.

Communications meetings between management and employees' representatives are held both formally and informally, where matters of specific interest are discussed. Consultation with employees or their representatives occurs on a regular basis covering pensions and health and safety and their views are taken into consideration when making decisions. A wide range of training programmes is held at subsidiary level for employees where specific courses appropriate to their type of business are run.

Auditors

The Directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen & Co. as auditors for the ensuing year.



By order of the Board
G.B. Hood
Secretary
6 September 1991

NEWSCORP INVESTMENTS LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF NEWSCORP INVESTMENTS LIMITED

We have audited the accounts on pages 8 to 56 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and of the Group at 30 June 1991 and of the Group loss and cash flow for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.
Chartered Accountants and Registered Auditor
London

6 September 1991

NEWSCORP INVESTMENTS 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 Group's accounting policies have been applied consistently throughout the year and the preceding year.

Basis of Consolidation

The Group accounts are made up to 30 June 1991 and consolidate the accounts of Newscorp Investments Limited and all its subsidiary undertakings. In previous years the Directors were of the opinion that the expense of preparing Group Accounts outweighed their benefit. This exemption is no longer available under amendments to the Companies Act 1985 and consequently Group Accounts are being produced for the first time this year.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or to the date of disposal, as appropriate.

In the Company's accounts, investments in subsidiary undertakings are stated at cost as modified by the revaluation of the Company's investment in News International plc, less amounts written off. Only dividends received and receivable are credited to the Company's profit and loss account.

No profit and loss account is presented for the Company, as provided by s230 of the Companies Act 1985.

Participating Interests

Undertakings, not being subsidiary undertakings, in which the Group has a participating interest (comprising not less than 20% of the voting capital) and over which it exerts significant influence are treated as associated undertakings. The consolidated profit and loss account includes the appropriate share of these undertakings' profits or losses for the year and the Group's share of post acquisition retained profits/losses and reserves is added to the cost of investment in the consolidated balance sheet. Goodwill is included in the cost of associated undertakings.

Other participating interests over which the Group does not exert significant influence are accounted for as investments. All other participating interests are subsidiary undertakings of the ultimate parent company.

Goodwill

Goodwill (representing the excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets on acquisition) is capitalised and amortised over a period of 20 years. Any permanent diminution in value is recognised by an immediate write off through the profit and loss account.

NEWSCORP INVESTMENTS LIMITED
PRINCIPAL ACCOUNTING POLICIES
(Continued)

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 20).

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.

Television Programme Rights

The following policy was adopted in respect of Sky Television PLC until it ceased to be a subsidiary undertaking of the Group.

Television programme rights are stated at cost less accumulated amortisation. Provisions are made for any excess or obsolete programme rights. Direct costs of own productions are included within the cost of programme rights. Cost of programme rights, and the related liability, are recorded at cost when the programmes are both available for transmission and payable under contract terms.

Amortisation is provided to write off the costs of television programme rights as follows:

Sports and Current Affairs	-	100% on first showing
General entertainment	-	Reducing balance on each transmission
Movies	-	Straight-line basis over period of transmission rights.

NEWS INVESTMENTS LIMITED
PRINCIPAL ACCOUNTING POLICIES
(continued)

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.

For the purpose of consolidation, the closing rate method is used to translate balance sheets of subsidiary undertakings maintained in foreign currencies and the related translation gains or losses are shown as a movement on reserves; profit and loss accounts are translated at average exchange rates ruling during the year. When foreign currency borrowings are used to finance foreign equity investments, the borrowings and investments are translated at the rates of exchange prevailing at the year-end and the resulting exchange differences taken to reserves.

Deferred Taxation

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 20.

Turnover

Turnover is the amount receivable by the Group in the ordinary course of its business, excluding value added tax and transactions within the Group.

Tangible Fixed Assets and Depreciation

Land and buildings are stated at cost or valuation. Plant, motor vehicles, fixtures and fittings and assets in course of construction 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.

No provision for depreciation is made in respect of freehold land and land on 999 year leases; buildings thereon are depreciated at 2% per annum on the straight-line basis. Other leasehold properties are amortised over the period of their respective leases except for properties in course of construction which will be amortised from the date of completion.

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 Group in order to write off their cost. The principal rates, using the straight-line basis, are as follows:-

Plant (excluding colour presses)	- 5% to 33% per annum
Colour Presses	- 3.3% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 10% to 15% per annum

NEWSCORP INVESTMENTS LIMITED
PRINCIPAL ACCOUNTING POLICIES
(Continued)

Leases

The Group as Lessee.

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.

The Group as Lessor.

Income from assets leased under finance leases is credited to the profit and loss account over the period of the lease so as to give a constant rate of return on funds invested. The net amount receivable under finance leases is included in debtors.

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 22). Where depreciation charges are increased following a revaluation, an amount equal to such 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 before taxation.

NEWSCORP INVESTMENTS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1991

	Notes	1991 £000's	1990 £000's
TURNOVER	1	771,562	796,497
Cost of sales		(487,044)	(515,844)
		-----	-----
GROSS PROFIT		284,518	280,653
Other operating expenses (net)	2	(218,342)	(218,558)
Exceptional costs	3	(120,521)	(136,681)
		-----	-----
OPERATING LOSS		(54,345)	(74,586)
Investment income	4	245,354	309,444
Interest payable and similar charges	5	(472,321)	(427,377)
		-----	-----
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	1 & 6	(281,312)	(192,519)
Tax on loss on ordinary activities	8	(23,115)	(25,827)
		-----	-----
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(304,427)	(218,346)
Minority interests	23	(827)	1,385
		-----	-----
LOSS BEFORE EXTRAORDINARY ITEMS		(305,254)	(216,961)
Extraordinary items (net)	9	1,358	(35,000)
		-----	-----
RETAINED LOSS FOR THE FINANCIAL YEAR 10		(303,896)	(251,961)
		=====	=====

Details of movements on reserves are shown in note 22.

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

NEWSCORP INVESTMENTS LIMITED
CONSOLIDATED BALANCE SHEET 30 JUNE 1991

	Notes	1991 £000's	1990 £000's
FIXED ASSETS			
Intangible assets	11	1,371,844	1,086,886
Tangible Assets	12	818,106	770,115
Investments	13	5,050,244	4,072,568
		-----	-----
		7,240,194	5,929,569
		-----	-----
CURRENT ASSETS			
Stocks	14	68,613	82,729
Debtors	15	1,789,749	599,444
Investments	16	1,205	10,390
Cash at bank and in hand	17	5,797	5,627
		-----	-----
		1,865,364	698,190
CREDITORS			
Amounts falling due within one year	18	(1,350,375)	(1,248,645)
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		514,989	(550,455)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		7,755,183	5,379,114
CREDITORS			
Amounts falling due after more than one year	19	(5,575,588)	(3,583,059)
PROVISIONS FOR LIABILITIES AND CHARGES	20	(19,709)	(14,000)
		-----	-----
NET ASSETS	1	2,159,886	1,782,055
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	21	1,031,824	1,031,824
Share Premium	21	467,676	467,676
Revaluation reserve	22	1,057,186	1,099,201
Other reserves	22	572,608	7,245
Profit and loss account	22	(1,143,574)	(842,114)
		-----	-----
Shareholders' funds		1,985,720	1,763,832
Minority interests	23	174,166	18,223
		-----	-----
TOTAL CAPITAL EMPLOYED		2,159,886	1,782,055
		=====	=====

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

NEWSCORP INVESTMENTS LIMITED
COMPANY BALANCE SHEET 30 JUNE 1991

	Notes	1991 £000's	1990 £000's
FIXED ASSETS			
Tangible Assets	12	785	802
Investments	13	1,698,701	1,698,778
		<u>1,699,486</u>	<u>1,699,580</u>
CURRENT ASSETS			
Debtors	15	6,754	189,010
CREDITORS			
Amounts falling due within one year	18	(63,335)	(254,551)
NET CURRENT LIABILITIES	28	<u>(56,581)</u>	<u>(65,541)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,642,905	1,634,039
PROVISIONS FOR LIABILITIES AND CHARGES	20	(14,000)	(14,000)
NET ASSETS		<u>1,628,905</u> =====	<u>1,620,039</u> =====
CAPITAL AND RESERVES			
Called up share capital	21	1,031,824	1,031,824
Share Premium	21	467,676	467,676
Revaluation Reserve	22	76,412	76,412
Profit & Loss Account	22	52,993	44,127
TOTAL CAPITAL EMPLOYED		<u>1,628,905</u> =====	<u>1,620,039</u> =====

SIGNED ON BEHALF OF THE BOARD


P.W. Stehrenberger
Director

6 September 1991

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 1991

	1991	1990
	£000's	£000's
OPERATING ACTIVITIES		
Operating loss	(54,345)	(74,586)
Adjustments for items not involving movement of cash		
Gain on sale of fixed assets (n.t.)	(499)	(447)
Depreciation, amortisation and net amounts written off investments	49,720	37,094
Exceptional items		
- loss/(gain) on sale of fixed asset investments (net)	53,257	(458)
- write down of plant and equipment	-	53,800
Provision for recruitment costs	-	14,000
Taxation paid	(25,352)	(52,904)
	-----	-----
	22,781	(23,501)
(Increase)/decrease in working capital*		
Stocks	11,494	(10,264)
Debtors	(248,845)	(287,544)
Creditors: due within one year		
other than bank loans and overdrafts	348,246	(255,565)
	-----	-----
	110,895	(553,393)
	-----	-----
Cash flow from operating activities	133,676	(576,894)
INVESTING ACTIVITIES		
Purchase of investments*	(22,944)	(232,030)
Loans to fellow subsidiary undertakings*	(2,101,542)	(395,524)
Purchase of publishing rights and titles *	(7,398)	(8,766)
Purchase of tangible fixed assets*	(281,416)	(496,938)
Additional investment in British Sky Broadcasting	(41,181)	-
Proceeds from sale of investments	233,611	532,786
Proceeds from repayment of loans to fellow subsidiary undertakings	1,813,339	171,755
Proceeds from sale of tangible fixed assets	8,675	1,114
Proceeds from sale of subsidiary undertakings	46,839	-
	-----	-----
	(352,017)	(427,603)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 1991 (CONTINUED)

Investment income	245,354		309,444	
Share of profits less losses of associated undertakings	3,707	249,061	(1,306)	309,138
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flow from investing activities		(102,956)		(119,465)
 FINANCING ACTIVITIES				
Interest payable and similar charges	(472,321)		(427,377)	
Increase in long term creditors loans*	848,941		1,017,088	
Repayment of loans	(313,891)		(277,473)	
	<u> </u>		<u> </u>	
Cash flow from financing activities		62,729		312,218
		<u> </u>		<u> </u>
NET CASH FLOW		93,449		(384,141)
		<u> </u>		<u> </u>
 (INCREASE)/DECREASE IN NET CURRENT BORROWINGS*				
Cash		17,456		(41,928)
Bank loans and overdrafts		75,993		(342,153)
		<u> </u>		<u> </u>
Net cash movement		93,449		(384,141)
		<u> </u>		<u> </u>

* After adjusting for (increases)/decreases resulting from the acquisition and disposal of subsidiary undertakings (note 13).

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

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS

1. SEGMENTAL INFORMATION

(a)	Turnover		Loss on ordinary activities before taxation	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
Newspaper and magazine printing and publishing	671,130	675,988	88,130	142,198
Book publishing	16,332	-	404	-
Television broadcasting (note 13 (g))	44,054	36,604	(56,278)	(153,539)
Manufacture and sale of paper (note 13 (f))	31,770	76,992	4,710	12,330
Warehousing and transport	7,255	6,564	(300)	(511)
Other activities and unallocated costs, including interest expense net of investment income	1,021	349	(317,978)	(192,997)
	<u>771,562</u>	<u>796,497</u>	<u>(281,312)</u>	<u>(192,519)</u>
	=====	=====	=====	=====

There were no material inter-segment sales in either 1991 or 1990. Materially all turnover and loss on ordinary activities before taxation arose both by origin and destination in the UK in both 1991 and 1990.

(b)	Net assets/(liabilities)	
	1991 £000's	1990 £000's
Newspaper and magazine printing and publishing	1,834,378	1,692,744
Book publishing	192,280	-
Television broadcasting (note 13 (g))	-	256,476
Manufacture and sale of paper (note 13 (f))	-	32,680
Warehousing and transport	3,621	3,483
Other activities and unallocated net assets/(liabilities) including investments	135,584	(203,988)
	<u>2,165,863</u>	<u>1,781,395</u>
	=====	=====

2. OTHER OPERATING EXPENSES (NET)

	1991 £000's	1990 £000's
Distribution costs	49,696	50,535
Selling and marketing costs	66,448	68,713
Administrative expenses	108,691	109,453
	<u>224,835</u>	<u>228,701</u>
Other operating income	(6,493)	(10,143)
	<u>218,342</u>	<u>218,558</u>
	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

3. EXCEPTIONAL COSTS	1991 £000's	1990 £000's
Details of exceptional items are as follows:		
Loss on sale of listed shares to fellow subsidiary undertakings (note 13(d))	64,040	-
Gain on sale of other fixed asset investments	(10,783)	(458)
Bank refinancing fees (note 18)	37,491	-
Redundancy and closure costs	18,742	-
Sky Television plant and equipment leasing provisions	11,031	-
Sky Television broadcasting development and implementation costs	-	58,539
Write down of plant and equipment and associated costs including write down of existing newspaper printing presses to be replaced by new colour presses	-	64,600
Provision for recruitment of executive (note 20)	-	14,000
	<u>120,521</u>	<u>136,681</u>
4. INVESTMENT INCOME	1991 £000's	1990 £000's
Share of profits less losses of associated undertakings before taxation	(3,707)	1,306
Income from loans to fellow subsidiary undertakings and participating interests of the parent company	234,649	287,146
Income from fixed asset investments:		
- listed in UK	10,152	13,351
- unlisted	-	11
Income from current asset investments:		
- listed in UK	133	321
Other interest receivable and similar income	4,127	7,309
	<u>245,354</u>	<u>309,444</u>
	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1991 £000's	1990 £000's
On bank loans, overdrafts and other loans (note 18):		
- repayable within five years, by instalments	133,147	28,307
- repayable within five years, not by instalments	4,644	111,874
	-----	-----
	137,791	140,181
On all other loans	366,533	313,681
	-----	-----
	504,324	453,862
Less: interest capitalised (note 12)	(32,003)	(26,485)
	-----	-----
	472,321	427,377
	=====	=====

£285,443,000 (1990 - £230,206,000) of the above interest is payable to fellow subsidiary undertakings.

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging (crediting):

	1991 £000's	1990 £000's
Rent receivable (net)	(720)	(453)
Depreciation of tangible fixed assets	49,476	35,312
Amortisation of goodwill	197	1,774
Operating lease rentals - hire of plant and machinery	544	545
Finance charges in respect of capitalised finance leases	9,080	2,802
Auditors' remuneration	658	665
Government grants received	(3,610)	-
Gain on sale of tangible fixed assets (net)	(499)	(447)
Staff costs (see note 7)	161,939	183,110
	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

7. STAFF COSTS

Particulars of employees of the Group (including Executive Directors) are as shown below:

	1991 £000's	1990 £000's
Employee costs during the year amounted to:		
Wages and salaries	142,207	148,854
Social security costs	12,586	12,987
Other pension costs	7,146	7,269
Exceptional costs	-	14,000
	-----	-----
	161,939	183,110
	=====	=====

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

	1991 Number	1990 Number
Newspaper and magazine printing and publishing	4,192	4,705
Book publishing	233	-
Television broadcasting	420	869
Manufacture and sale of paper	297	643
Warehouse and transport	190	186
Other activities	143	294
	-----	-----
	5,475	6,697
	=====	=====

Directors' remuneration:

	1991 £000's	1990 £000's
Salaries as executives	262	228
Other emoluments (including pension contributions)	39	41
	---	---
The following received emoluments (excluding pensions and pension contributions) of:	301	269
	===	===
Highest paid Director	100	90
	===	==

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

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

	1991 Number	1990 Number
Up to £5,000	2	2
£5,001 to £10,000	-	1
£10,001 to £15,000	1	-
£15,001 to £20,000	-	1
£20,001 to £25,000	1	-
£25,001 to £30,000	-	2
£30,001 to £35,000	1	-
£35,001 to £40,000	1	-
£40,001 to £45,000	-	1
£45,001 to £50,000	1	-
£50,001 to £105,000	1	-

Certain Executive Directors are also remunerated by TNCL and fellow subsidiary undertakings for services as officers of those companies.

No member of the board is considered by the directors to be the Chairman on a full-time basis and accordingly the emoluments of the Chairman are not disclosed.

PENSIONS

The Group operates a number of pension schemes. The major scheme which covers 87% of the Group's employees during the year (1990 - 69%) of executive, staff and works personnel is a UK defined contribution scheme, the remainder of UK employees are covered by defined benefit schemes. Australian and New Zealand employees are provided retirement benefits under one of three defined contribution schemes and one defined benefit scheme. Four of the defined benefit schemes are now in the process of being wound up. The assets of all the pension schemes are held in separate administered funds, which are fully funded. The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The defined benefit schemes are valued by a qualified actuary on a triennial basis.

The total pension cost for the Group was £7,146,000 (1990 - £7,269,000) of which £6,434,000 (1990 - £5,016,000) relates to the defined contribution scheme and £712,000 (1990 - £2,253,000) to the defined benefit schemes.

The latest actuarial valuations on the majority of the plans were prepared as at 1 July 1989. The assumptions which have the most significant effect on the results of these valuations 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 1% behind growth of returns on investments and that increases to pensions in payment would be granted at 3% per annum in the majority of schemes.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

These valuations have generally disclosed surpluses of assets over past service liabilities. The overall level of funding for the defined benefit schemes remaining was 112%. These surpluses will be eliminated by revisions to the contribution rate or by improved benefits. Pension costs charged in the profit and loss account reflect these actuarially determined contribution rates.

The most recent actuarial valuations showed that the combined market values of the assets of the schemes were £382,572,000 (1990 - £315,096,000) of which £242,506,000 (1990 £242,506,000) relates to the defined benefit schemes being wound up.

8. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge is based on the loss for the year:

	1991 £000's	1990 £000's
Corporation tax at 33.75% (1990 - 35%)	52	-
Deferred taxation	-	20,801
Overseas taxation	(24,057)	(47,331)
	-----	-----
	(24,005)	(26,530)
 Taxation attributable to franked investment income	(2,651)	(3,421)
Taxation recoverable by offset of losses	2,551	3,421
Taxation attributable to income of associated undertaking	(629)	(650)
	-----	-----
	(24,634)	(27,180)
 Adjustments in respect of prior years	1,519	1,353
	-----	-----
	(23,115)	(25,827)
	=====	=====

No UK tax has been provided on the profits of overseas subsidiary undertakings where there is no intention of remitting such profits to the UK.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

9. EXTRAORDINARY ITEMS (NET)

	1991 £000's	1990 £000's
Restructuring of undertaking to Martin The Newsagent Limited	-	(10,000)
Write down of investment in Circle K (UK) Holdings Limited	(13,736)	(25,000)
	-----	-----
	(13,736)	(35,000)
Tax adjustment in respect of prior years' extraordinary items	15,094	-
	-----	-----
	1,358	(35,000)
	=====	=====

In 1990, the Directors decided that the Group's investment in Circle K (UK) Holdings Limited should no longer be regarded as a long term investment and accordingly it was written down to its estimated net realisable value at 30 June 1990. In 1991, the investment is written down to zero, based on a revised assessment of its estimated net realisable value.

10. RETAINED LOSS FOR THE FINANCIAL YEAR

	1991 £000's	1990 £000's
The Company	8,866	(15,467)
Subsidiary undertakings	(308,426)	(237,150)
Associated undertakings	(4,336)	656
	-----	-----
	(303,896)	(251,961)
	=====	=====

11. INTANGIBLE FIXED ASSETS

	1991 £000's	1990 £000's
Publishing rights and titles	1,355,234	1,076,766
Goodwill on consolidation	16,610	10,120
	-----	-----
	1,371,844	1,086,886
	=====	=====

Group

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

11. INTANGIBLE FIXED ASSETS (Continued)

The movement in the year was as follows:

	£'000 Publishing rights and titles	£'000 Goodwill on consolidation
Cost or valuation		
Beginning of year	1,076,766	10,903
Additions	7,398	18
HarperCollins (UK) (note 13(e))		
- Goodwill	-	13,028
- Book publishing titles	271,070	-
Sky Television PLC (note 13(g))	-	(6,983)
Other movements	-	(144)
	-----	-----
End of year	1,355,234	16,822
	-----	-----
Amortisation		
Beginning of year	-	783
Amortisation in year	-	197
Sky Television PLC (note 13(g))	-	(768)
	-----	-----
End of year	-	212
	-----	-----
Net Book Value		
Beginning of year	1,076,766	10,120
	=====	=====
End of Year	1,355,234	16,610
	=====	=====

All of the Group's United Kingdom newspaper titles and certain magazine titles, unaccompanied by the assets and other rights and interests which go to make up the associated businesses taken as a whole, have been incorporated in the consolidated balance sheet at the Directors' estimate of current cost of £1,068,000,000. The Directors' estimate took account of a valuation placed on these titles by Hambros Securities Limited at 30 June 1990. Corporation tax that could arise (maximum - £332,308,000) 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 £348,241,000 (1990 - £69,773,000) and includes book publishing rights and titles of £271,070,000.

Additions to publishing rights and titles during the year (other than HarperCollins (UK)) relate to the acquisition of publishing rights for Product Movers and the UK rights for New Woman from a fellow subsidiary undertaking.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

12. TANGIBLE FIXED ASSETS

	Group		Company	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
The net book value of tangible fixed assets comprises:				
Freehold land and buildings	30,827	32,091	-	-
Leasehold land and buildings	317,031	116,808	785	802
Plant, motor vehicles, fixtures and fittings	289,600	202,504	-	-
Plant and equipment under finance leases	135,595	138,347	-	-
Assets in course of construction	45,053	280,365	-	-
	<u>818,106</u>	<u>770,115</u>	<u>785</u>	<u>802</u>
	=====	=====	=====	=====

GROUP

a) The movement in the year was as follows:

	Freehold land and buildings £000's	Leasehold land and buildings £000's	Plant, motor vehicles fixtures and fittings £000's	Leased plant and equipment £000's	Assets in course of construction £000's	Total £000's
COST OR VALUATION						
Beginning of year	34,107	123,666	322,925	148,503	280,365	909,566
Additions	192	393	57,573	-	223,258	281,416
News Publishers Limited (note 13 (e))	1,315	1,448	10,537	6,535	-	19,835
Disposal of subsidiary undertaking (note 13(f))	(6,255)	72	(26,337)	-	(3,596)	(36,116)
Sky Television PLC (note 13(g))	-	-	(225,078)	-	-	(225,078)
Disposals	(390)	(237)	(8,828)	(5,099)	(3,349)	(17,903)
Transfers	3,758	201,198	246,615	54	(451,625)	-
	<u>32,727</u>	<u>326,540</u>	<u>377,407</u>	<u>149,993</u>	<u>45,053</u>	<u>931,720</u>
End of year	-----	-----	-----	-----	-----	-----

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

GROUP (Continued)	Freehold land and buildings £000's	Leasehold land and buildings £000's	Plant, motor vehicles fixtures and fittings £000's	Leased plant and equipment £000's	Assets in course of construction £000's	Total £000's
DEPRECIATION						
Beginning of year	2,016	6,858	120,421	10,156	-	139,451
Charge	587	2,696	41,512	4,681	-	49,476
Disposal of subsidiary undertaking (note 13(f))	(686)	57	(16,310)	-	-	(16,939)
Sky Television PLC (note 13(g))	-	-	(48,648)	-	-	(48,648)
Disposals	(17)	(102)	(6,444)	(3,163)	-	(9,726)
End of year	1,900	9,509	90,531	11,674	-	113,614
NET BOOK VALUE						
Beginning of year	32,091	116,808	202,504	138,347	280,365	770,115
End of year	30,827	317,031	286,876	138,319	45,053	818,106

Included in the cost of Group tangible fixed assets is interest on borrowings used to finance capital projects of £98,719,000 (1990 - £66,716,000).

Leasehold land and buildings mainly comprise long leaseholds. Short leaseholds included within this category are as follows:-

	1991 £000's	1990 £000's
Gross amount	4,309	1,960
Accumulated depreciation at end of year	2,640	1,381
Depreciation allocated for the period	363	259

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

12. TANGIBLE FIXED ASSETS (Continued)
b) Assets at valuation

Plant, motor vehicles, fixtures and fittings, leased plant and equipment and assets in course of construction are shown at cost. Land and buildings are shown at cost or valuation at specified dates with subsequent additions at cost as shown below:

	1991		1990	
	Freehold £000's	Leasehold £000's	Freehold £000's	Leasehold £000's
Professionally valued at:				
1 November 1980	8,025	85	12,254	90
30 June 1988	-	50,086	-	50,086
Total at valuation	8,025	50,171	12,254	50,176
At cost	24,727	277,320	21,853	73,490
Cost or valuation end of year	32,752	327,491	34,107	123,666

Certain long leasehold land was revalued on 30 June 1988 on the basis of open market value for existing and anticipated use. Certain other properties were revalued as at 1 November 1980 on the basis of open market value for existing use.

Original cost, and aggregate depreciation based on cost, of land and buildings included at valuation:

Original cost	4,649	3,649	5,654	3,652
Depreciation based on cost	(726)	(183)	(809)	(182)
	3,923	3,466	4,845	3,470

COMPANY	
Leasehold land and buildings	
	£000's
COST	
Beginning and end of year	836
	==
DEPRECIATION	
Beginning of year	34
Charge for year	17
	==
End of year	51
	==
Net book value	
Beginning of year	802
	==
End of year	785
	==

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS

	Group		Company	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
Subsidiary undertakings (a)	-	-	1,698,678	1,698,678
Associated undertakings (b)	377,960	86,795	-	-
Loans receivable (c)	4,263,440	2,155,987	-	-
Other investments (d)	408,844	1,829,786	23	100
	5,050,244	4,072,568	1,698,701	1,698,778
	=====	=====	=====	=====

Details of the Group's principal subsidiary undertakings, associated undertakings and other participating interests are given on pages 54 to 56.

a) Subsidiary Undertakings

COMPANY	£000's
Cost or valuation	
News International plc	1,205,278
News Finance Pty Limited	472,400
News Offset Limited	21,000

Beginning and end of year	1,698,678
	=====

On 4 September 1991 the Company made a capital contribution of £1 billion to News International plc.

The investment in News International plc has been incorporated in the balance sheet at a valuation of £1,200,000,000 placed on it by the directors at 31 March 1987, who were advised by Hambros Bank Limited, with subsequent additions recorded at cost. The historical cost of the investment is £123,468,322. Corporation tax that could arise (maximum - approximately £325,000,000) 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 this investment.

In the opinion of the Directors the market value of the investment in News International plc at 30 June 1991 is not less than the book value. The Stock Exchange value at 30 June 1991 of the company's investment in Special Dividend Shares of News International plc was £191,130,000 (1990 - £376,028,000).

b) Associated undertakings	1991	1990
GROUP	£000's	£000's
Cost of shares acquired less amounts written off	58,073	58,760
Loans (net)	326,517	30,000
Share of post-acquisition reserves	(6,630)	(1,965)
	-----	-----
	377,960	86,795
	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

The movement in the year was as follows:

£000's

Beginning of year	86,795
Additions	6,695
Investment in BSkyB	296,517
Disposal of Trafford Park Printers Limited	(7,711)
Share of profits less losses after taxation	(4,336)

End of year	377,960
	=====

Additions in the year comprise primarily News Burda Druck GmbH ("News Burda"), in which the Group has a 50% interest. The principal activity of News Burda is the publication of a German newspaper.

Loans comprise unsecured loan stock in British Sky Broadcasting Limited (note 13(g)) and a loan of £30,000,000 to Martin The Newsagent Limited, a subsidiary undertaking of Panfida Group plc. Interest accrues on this loan at the rate of 10% per annum and the loan plus interest is repayable in full in 1995.

All of the associated undertakings are unlisted with the exception of Panfida Group plc, which is listed in the UK. The Stock Exchange value of the holding in Panfida Group plc at 30 June 1991 was £1,745,000 (1990: £3,491,000). This investment has been fully written off in the Group figures above.

The Directors consider that the Group's share of the net assets at fair value of associated undertakings is not materially different from the cost at which they were acquired.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

c) Loans receivable	Group	
	1991 £000's	1990 £000's
i) Swiss francs nil (1990: SF 150 million) and nil (1990: SF 125 million) due in 1994 from fellow subsidiary undertakings and bearing interest at 6.25% and 6.375% respectively.	-	111,462
ii) US dollar loans due from fellow subsidiary undertakings bearing interest at various margins above London inter-bank offered rate and repayable on demand	-	53,176
iii) US dollar loans due from fellow subsidiary undertakings bearing interest at various margins above London inter-bank offered rate and repayable in 1995/1996	2,507,152	-
iv) Sterling loans due from fellow subsidiary undertaking bearing interest at various margins above London inter-bank offered rate and repayable up to June 1995	340,017	341,508
v) Sterling loans due from fellow subsidiary undertaking bearing interest at 11.96875% and repayable on 15 July 1994	178,831	-
vi) US dollar loans due from fellow subsidiary undertakings bearing interest at margin above London inter-bank offered rate and repayable by instalment up to 1993	323,682	779,896
vii) US dollar loan due from fellow subsidiary undertaking bearing interest at 11% and repayable in 1999	66,753	-
viii) Australian dollar loans due from fellow subsidiary undertaking bearing interest at 12.58% and repayable in April 1992	252,023	215,853
ix) Australian dollar loans due from fellow subsidiary undertakings bearing interest at the Australian 90 day bank bill rate repayable in March 1992	289,306	654,092
x) US dollar non-interest bearing loan due from fellow subsidiary undertakings repayable on demand	305,676	-
	----- 4,263,440 =====	----- 2,155,987 =====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

3. FIXED ASSET INVESTMENTS (Continued)

The amounts receivable from fellow subsidiary undertakings include two debts from undertakings which have deficiencies of shareholders funds amounting to A\$1,536,579,000 (£719,102,864). No provision has been made for this deficiency because the ultimate parent company, The News Corporation Limited, has undertaken to continue to provide financial support to those companies.

The loans due in 1992 are treated as fixed asset investments as it is the Groups' intention that they will be rolled forward.

The movement in the year was as follows:

	Group £000's
Beginning of year	2,155,987
Loans to fellow subsidiary undertakings	3,577,035
Transfer of News Publishers Limited	66,753
Repayment of loans to fellow subsidiary undertakings	(1,813,339)
Exchange movements	277,004

End of year	4,263,440 =====

Prior to 6 June 1991, as a consequence of the redemption of News Publishers Investments Pty's interest in News Publishers Limited (note 13(e)), certain loans to fellow subsidiary undertakings were replaced with new loans to fellow subsidiary undertakings.

d) Other investments

Other investments are analysed as follows:

	Group		Company	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
Fellow subsidiary undertakings (i)	219,771	1,432,513	-	-
Listed in the UK (ii)	188,915	397,043	23	100
Listed overseas	-	20	-	-
Unlisted	158	210	-	-
	-----	-----	-----	-----
	408,844	1,829,786	23	100
	=====	=====	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

	Group £000's	Company £000's
The movement in the year was as follows:		
COST OR VALUATION		
Beginning of year	1,835,386	100
Additions	21,786	-
Disposals (ii)	(275,448)	(77)
Transfer of News Publishers Limited (note 13(e))	(1,268,977)	-
Payment to release options (ii)	37,451	-
Exchange adjustment	64,044	-
	<u>414,242</u>	<u>23</u>
End of year		
AMOUNTS WRITTEN OFF		
Beginning of year	5,600	-
Written off	22	-
Written back	(224)	-
	<u>5,398</u>	<u>-</u>
End of year		
NET BOOK VALUE		
Beginning of year	1,829,786	100
	<u>=====</u>	<u>=====</u>
End of year	408,844	23
	<u>=====</u>	<u>=====</u>

(i) Investments in fellow subsidiaries are as follows:

	Group	
	1991 £000's	1990 £000's
News America Holdings Incorporated	184,259	176,217
News Publishers Limited (note 13(e))	-	1,242,621
Other	35,512	13,675
	<u>219,771</u>	<u>1,432,513</u>
	<u>=====</u>	<u>=====</u>

The remaining ordinary share capital of these participating interests is held by other subsidiary undertakings of The News Corporation Limited. The Directors consider that the Group is not in a position to exercise significant influence over the affairs of the companies and they are therefore treated as investments.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

The net assets of News America Holdings Incorporated and subsidiary undertakings as included in the consolidated accounts of The News Corporation Limited totalled £1,493,298,000 at 30 June 1991 (1990 - £1,541,523,000). The consolidated net loss for the year ended 30 June 1991, which included significant exceptional items, was £132,319,000 (1990 profit - £137,662,000). The Group's interest in the net assets through its 20% (1990 - 20%) holding of Common Stock and 47% (1990 - 47%) holding of Cumulative Preference Stock totals £701,850,000 (1990 - £724,516,000).

(ii) Listed Investments

Investments listed in the UK comprise 22,339,457 (Group) Ordinary Shares in Pearson plc ("Pearson") and 1,618,562 (Group) Ordinary Shares in Reuters Holdings PLC ("Reuters").

The investment in Pearson is stated at cost £181,601,000 (1990: £309,225,000) which is net of option premiums of £13,076,000 (1990: £18,081,000) received from fellow subsidiary undertakings. News Publishers Finance Limited, a fellow subsidiary undertaking, has an option to purchase 9,291,051 (1990: 9,892,119) of these shares at a fixed price of £7.84 per share at any time until 12 March 1998.

Fellow subsidiary undertakings have been granted options to purchase the remaining shares at the prevailing market price on the London Stock Exchange until 15 March 1999. During the period covered by the options, the Group cannot dispose of these shares to any other parties. In the opinion of the Directors, who have taken independent advice, the market value of this significant holding in Pearson at 30 June 1991 is not less than the book value including associated costs. The Stock Exchange value at 30 June 1991 was £152,802,000 (Group) (1990 - £288,122,000).

The investment in Reuters is carried at a valuation of an average of £4.47 per share (1990 - £4.50). The cost of the investment in Reuters is £4,598,000, an average of £2.84 per share (1990 - £2.84). The Group has deposited these shares with Citibank N.A. to support a preference share issue made by a fellow subsidiary undertaking. The Group cannot dispose of these shares to any other person whilst the preference shares remain outstanding. During the year the Group was released from options on these shares by making a payment of £37,451,000 to Newscorp Cayman Islands Limited, a fellow subsidiary undertaking. Corporation tax, which could arise of £2,297,000 (1990 - £4,243,000) if the Reuters' shares were to be disposed of at valuation, has not been provided in these accounts.

During the year the Group sold 15,323,390 Pearson shares and 13,514,485 Reuters shares to fellow subsidiary undertakings to enable them to fulfil their obligations with respect to the exchange rights of preference shareholders. A total loss of £64,040,000 arose on those transactions (note 3).

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

The aggregate Stock Exchange value of listed investments (excluding News International plc - see 13(a) above) was:

	Group		Company	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
Listed in the UK	165,982	464,173	22	97
Listed overseas	-	4	-	-
	-----	-----	-----	-----
	165,982	464,177	22	97
	=====	=====	=====	=====

No additional tax liability would arise if they were sold at this value.

13 e) News Publishers Limited

On 1 July 1990, the Group had a 48% holding in News Publishers Limited (NPL), a company incorporated in Bermuda. On 6 June 1991, News Publishers Investments Pty., a fellow subsidiary undertaking of the ultimate parent company, redeemed its 48% holding in NPL. As a result, the Group's investment in NPL became a dominant and controlling shareholding interest of approximately 92.3%. NPL has therefore been treated as a subsidiary undertaking from that date. Prior to 6 June 1991, NPL was recorded in other investments (note 13(d)).

The consolidated profit of NPL and its subsidiary undertakings for the period from 1 July 1990 to 6 June 1991 was £738,996,000 and for its last financial year to 30 June 1990 was £274,019,000. The Directors consider that the fair value of the net assets acquired is not materially different from the value at which they were recorded by NPL, as shown below:

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

Book and Fair Value to the Group at 6 June 1991

	£'000	£'000
Fixed Assets		
Intangible	284,098	
Tangible	19,573	
Investments	1,494,674	

		1,798,345
Current Assets		
Stock	63,027	
Debtors	1,079,295	
Investments	33,003	
Cash	4,924	

		1,180,249
Creditors		
Amounts falling due within one year		(491,902)
Amounts falling due after more than one year		(522,314)
Provisions for Liabilities and Charges		(5,709)

Net assets		1,959,669
Less minority interest (note 23)		(150,666)
Less cost of investment		(1,268,977)

Transfer to reserves (note 22)		539,026
		=====

Tangible and intangible fixed assets primarily relate to Harper Collins (UK) NPL's principal operating subsidiary undertaking.

Debtors and creditors principally consist of Harper Collins (UK) balances and loans to and from, respectively, participating interests of The News Corporation Limited, including companies within the Group. Similarly, investments principally comprise investments in fellow subsidiary undertakings and other participating interests of The News Corporation Limited.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)
f) Disposal of Townsend Hook Group Limited

The Group completed the sale of Townsend Hook Group Limited ("Townsend Hook") in November 1990. The total consideration received, net of certain provisions made at the time of the sale, was £46,839,000. The net assets of Townsend Hook at the time of sale were as follows:

	£000's	£000's
Tangible fixed assets		19,177
Current assets		
Stocks	8,743	
Debtors	17,234	
Cash	20,110	

		46,087
Creditors: Amounts falling due within one year		(18,799)

Net assets		46,465
		=====

The Group accounts reflect the net profit of Townsend Hook from 1 July 1990 to the date of disposal of £4,710,000. The net profit of Townsend Hook for the year ended 30 June 1990 was £12,330,000.

(g) Investment in British Sky Broadcasting Limited

On 3 November 1990, the Group exchanged its 96% investment in Sky Television PLC ("Sky") for an effective 50% interest in its only satellite television competitor, British Sky Broadcasting Limited ("BSkyB"), formerly British Satellite Broadcasting Limited ("BSB"). The Group's investment in BSkyB immediately thereafter comprised the following:

	£000's	Percentage Interest
N Ordinary Shares of £1 each	114,989	48% of issued capital (i)
Unsecured loan stock, repayable with interest ("B" series - LIBOR plus 0.3%; "C" series - LIBOR plus 1.0%) on or before 30 September 2004		
- "B" series	239,059	(ii)
- "C" series	184,550	50%
Other loan, repayable in eight equal annual instalments beginning 1 May 1991	60,550	100%

	599,148	
	=====	

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

(i) The N Ordinary Shares issued to the Group carried 50% of the voting rights to BSkyB. However, the 3 November 1990 agreement provided that the Group should bear only 20% of the first £400 million of operating losses incurred by BSkyB. Similarly the Group would be entitled to 80% of the first £400 million dividends paid by BSkyB. Thereafter, losses and dividends were to be shared equally for a period twice as long as the period over which the first £400 million in dividends is paid. After that period, the next £400 million in dividends was to be shared 20% by the Group and 80% by the other shareholders of BSkyB. Thereafter, losses and dividends would be shared equally.

(ii) The "B" series unsecured loan stock issued to the Group was matched by a third party loan to BSkyB guaranteed by the other shareholders of BSkyB.

No gain or loss was recognised on the transaction and the investment in BSkyB was recorded at the carrying value of the net investment in Sky at that date, which may be analysed as follows:

GROUP	£000's
Fixed assets	
Intangible	6,215
Tangible	176,430
Investments	18

	182,663

Current assets	
Stocks	56,906
Debtors	133,395
Cash at bank and in hand	2,100

	192,401
Creditors: amounts falling due within one year	(119,247)

Net current assets	73,154

Total assets less current liabilities	255,817
Creditors: amounts falling due after more than one year	(481)

Net assets	255,336
	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

To record the carrying values of the investment in BSkyB, the investment in 4 Ordinary Shares was written down to zero and a provision of £228,823,000 was recorded against the unsecured loan stock and other loans in the consolidated balance sheet.

As provided by the 3 November 1990 agreement, in the period from 3 November to 31 December 1990, the Group increased its investment by subscribing for £30 million of "series A" unsecured loan stock ("AULS") in BSkyB. The AULS are repayable, with interest at LIBOR plus 1.0% on or before 30 September 2004.

On 11 May 1991, an agreement ("the BSkyB Refinancing Agreement") was signed by the shareholders of BSkyB in connection with the future financing of the company. This agreement provides for, initially, up to £200 million in future funding to BSkyB by means of a series of rights issues of new "A" Ordinary shares, the first being for £50 million payable in instalments from 31 May 1991. The "A" shares carry the obligation to make available funds for which the shareholders receive "series D" unsecured loan stock ("DULS") in BSkyB. The "A" shares have minimal (0.001p) nominal value. Accordingly, under the initial rights issue of £50 million, the Group will receive its 50% share in "A" shares of minimal cost and DULS of approximately £25 million.

The BSkyB Refinancing Agreement provides that the "A" shares issued under the initial rights issue of £50 million represent 65% of the enlarged share capital of BSkyB. Each subsequent rights issue of £25 million will represent 30% of the then enlarged "A" share capital, which will continue to represent 65% of the total share capital of BSkyB. Accordingly, 65% of operating losses will be borne by, and 65% of dividends payable on ordinary shares will accrue to, the "A" shareholders. The remaining 35% of operating losses and dividends payable will be shared in accordance with the 3 November 1990 agreement.

The DULS are repayable, with interest at LIBOR plus 1%, before all other series of loan stock of BSkyB and prior to the payment of dividends. At the date of the subscription for the initial rights issue, the Group also restructured the holding of its investment in BSkyB as follows:

- (i) The Group's investment in BSkyB was contributed to a newly formed 100% subsidiary undertaking, News International Television Investment Company Limited ("NITICL"), in consideration for the same amounts of series "A", "B" and "C" unsecured loan stock in NITICL and 50 million £1 Ordinary Shares in that company.
- (ii) NITICL contributed its investment in BSkyB to a newly formed subsidiary undertaking, News International Television Limited ("NITL"), in consideration for the same amounts of series "A", "B" and "C" unsecured loan stock in NITL and 5,000 Ordinary Shares of £1 each in that company.
- (iii) Twentieth Century Fox Film Corporation ("Fox") and Cruden Investments Pty. Limited ("Cruden") formed new 100% subsidiary undertakings, Fox UK Television Investment Company Limited ("Fox TICL") and Cruden Investments (UK) Limited ("Cruden UK"), respectively. Cruden UK subscribed for one Ordinary Share of £1 in NITL.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

Fox is a fellow subsidiary undertaking of The News Corporation Limited ("TNCL"). Mr K. R. Murdoch, a Director of the Company, has a significant interest in Cruden.

- (iv) Future contributions to BSKyB by the TNCL group, including the rights issues referred to above, are intended to be made by NITL. Funding of such contributions will be provided initially by NITICL, Fox TICI and Cruden UK. For every £10,000 of funding provided to NITL by these companies, that company will receive £9,999 of DULS in NITL and one Ordinary Share of £1 in NITL. Similarly for every £10,000 of funding provided by the Company to NITICL, it will receive £9,999 of DULS in NITICL and one ordinary share in NITICL. Cruden UK has granted an option to TNCL to acquire its current and any subsequent additional interest in NITL, at any time, at acquisition cost, plus interest (equal to TNCL's Australian commercial borrowing rate).

The "A", "B", "C" and "D" series unsecured loan stock in both NITICL and NITL carry the same rights as the relevant series of loan stock in BSKyB. The first two instalments of the initial rights issue under the BSKyB Refinancing Agreement were made on 31 May 1991 and 3 June 1991, respectively. The TNCL group share of these instalments totalled £18,750,000 of which £7,569,000 was satisfied by assigning the 1 May 1991 repayment of the other loan from the Company. To make these instalment payments NITL obtained additional funding totalling £20,377,000, of which £15,313,000 (including the £7,569,000 repayment referred to above) was contributed by NITICL and £5,064,000 by Fox TICI.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. FIXED ASSET INVESTMENTS (Continued)

The third instalment of the initial rights issue and the first two instalments of the second rights issue were made on 1 August 1991. The third instalment of the second rights issue was made on 1 September 1991. The INCL group's share of these subsequent instalments also totalled £18,750,000. Additional funding was obtained by NITL of £3,846,000 from HITICL, £2,987,000 from Fox TICL and £10,290,000 from Cruden UK. INCL and News International plc, together with the other principal shareholders of BSkyB, have confirmed their intention to continue to take up their rights under the BSkyB Refinancing Agreement.

The consolidated results of the Group include £56,278,000 relating to the losses of Sky to 3 November 1990. From 3 November 1990, the Group has recorded its equity share of the losses of BSkyB after allowing for certain fair value accounting adjustments to write-off duplicate assets and provide for costs of rationalisation and reorganisation of the two businesses, including the costs of re-launching the two satellite television stations as one BSkyB network.

14. STOCKS

	Group	
	1991 £000's	1990 £000's
Raw materials and consumables	6,414	15,187
Work-in-progress	14,160	1,274
Finished goods and goods for resale	48,039	2,710
Television programme rights	-	63,558
	-----	-----
	68,613	82,729
	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

15. DEBTORS

	Group		Company	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
Amounts falling due within one year:				
Trade debtors	144,756	116,716	-	-
Due from subsidiary undertakings	-	-	6,661	188,967
Due from fellow subsidiary undertakings	1,539,968	271,219	-	-
Due from associated undertakings	21,728	15,275	-	-
Rentals due under finance leases	1,679	3,466	-	-
Value added tax	3,085	17,670	-	-
Prepayments and accrued income	13,939	26,266	-	-
Income tax recoverable	378	973	-	-
Prepaid satellite transponder costs	-	5,332	-	-
Other debtors	20,589	31,947	93	43
	<u>1,746,122</u>	<u>488,864</u>	<u>6,754</u>	<u>189,010</u>
Amounts falling due after more than one year:				
Rentals due under finance leases	13,032	31,801	-	-
Prepayments and accrued income	8,687	18,007	-	-
Corporation tax recoverable	9,493	3,421	-	-
Prepaid satellite transponder costs	-	42,246	-	-
Eurosport loan	-	14,105	-	-
Royalty advances	10,665	-	-	-
Other debtors	1,750	1,000	-	-
	<u>43,627</u>	<u>110,580</u>	<u>-</u>	<u>-</u>
	<u>1,789,749</u>	<u>599,444</u>	<u>6,754</u>	<u>189,010</u>
	=====	=====	=====	=====

The original historic cost of assets subject to finance leases at the year end was £20,995,000 (1990 - £43,219,000).

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

16. CURRENT ASSET INVESTMENTS

	Group	
	1991 £000's	1990 £000's
Listed in the UK	1,205	5,850
Unlisted	-	4,540
	-----	-----
	1,205	10,390
	=====	=====

Included in listed investments are 297,098 ordinary shares of Reuters Holding PLC over which Newscorp Finance NV, in which the Group has a participating interest, has options to purchase at a fixed price of US\$6.68 per share at any time until June 2001. The Group cannot dispose of these shares to any other party during this period.

These shares have been classified as current as the options over them are expected to be exercised in the next financial year.

	Group	
	1991 £000's	1990 £000's
Aggregate Stock Exchange value of listed investments	2,273	18,195
	=====	=====

No additional tax liability would arise if they were sold at this value.

Unlisted investments comprise a 50% holding in Circle K (UK) Holdings Limited. The movement was as follows:

	Group 1991 £000's
Beginning of year	4,540
Additions to loans to Circle K (UK) Holdings Ltd.	9,196
Extraordinary write down of investment in Circle K (UK) Holdings Ltd (note 9)	(13,736)

	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

17. CASH AT BANK AND IN HAND

The Group operates a collective overdraft facility with its bankers which allows certain individual companies in the Group to overdraw subject to an agreed limit not being exceeded in aggregate. In the Group accounts, overdrafts in certain subsidiary undertakings which are in aggregate in excess of the agreed limit have been netted against cash balances in the Company and other subsidiary undertakings which are subject to this arrangement (see also notes 18 and 26).

18. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1991	1990	1991	1990
	£000's	£000's	£000's	£000's
Bank loans and overdrafts	144,198	582,177	23,948	21,096
Bonds	75,000	143,857	-	-
Loan Notes	2,866	8,458	-	-
Bills payable	3,983	96,708	-	-
Trade creditors	101,698	93,729	-	-
Due to fellow subsidiary undertakings	782,332	139,009	-	124,700
Due to subsidiary undertakings	-	-	39,352	108,745
Due to associated undertakings	-	318	-	-
Obligations under finance leases	11,017	18,933	-	-
Corporation tax payable	14,019	9,238	-	-
Value added tax	23,444	27,362	-	-
Social security and PAYE	3,348	4,736	-	-
Acquisition provision for restructuring	-	6,633	-	-
Accruals and Deferred Income	138,792	88,810	-	-
Other creditors	49,678	28,682	35	10
	<u>1,350,375</u>	<u>1,448,645</u>	<u>63,335</u>	<u>254,551</u>
	=====	=====	=====	=====

(a) The acquisition provision was established in 1988 and has been utilised for restructuring expenditure during the year.

In February 1991 the ultimate parent company, The News Corporation Limited ("TNCL"), certain of its subsidiary undertakings, including the Company and certain of its subsidiary undertakings, entered into a new three year agreement with its banks and other lenders to extend the maturities of most of its non-public debt. The agreement also provided a one year US\$600 million 'bridge' facility for the funding of capital expenditure and working capital needs.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

The agreement covers all of the credit facilities provided to the Group except for publicly held bonds, exchangeable preference shares and other widely held financing instruments such as finance leases, but including bank overdrafts. The essential financial terms of the agreement are:

- i) TNCL and certain of its subsidiary undertakings are committed to reduce total outstanding debt, including public debt obligations and the bridge facility, by not less than US\$800 million in February 1992 and thereafter by instalments of US\$400 million on 30 June 1992, 31 December 1992, and 30 June 1993. All the credit facilities subject to the agreement are to be repaid by February 1994.
- ii) interest rates under this agreement increased by a margin of one per cent. per annum.
- iii) covenants which among other things require specific cash flow and debt cover ratios, limit capital expenditure and restrict TNCL dividends to a maximum of 10 cents Australian per share per annum. At 30 June 1991 the Directors had received confirmation from TNCL that TNCL and certain of its subsidiary undertakings are in compliance with these covenants.

As a consequence of the bank refinancing agreement all amounts payable, including bank overdrafts, by the Group under the related facilities at 30 June 1991 have been classified in accordance with the repayment schedule for TNCL and certain of its subsidiary undertakings.

TNCL and certain of its subsidiary undertakings incurred refinancing fees and associated costs of US\$151,212,000 with respect to the bank agreement, of which £37,491,000 has been allocated to the Group and recorded as an exceptional item in the consolidated profit and loss account.

(b) Harper Collins (UK) entered into a Dual Currency Credit Facility Agreement ("DCCFA") in June 1989, to borrow US\$880 million. Of this amount, US\$490 million was denominated in US\$ and the balance in pounds sterling in the form of a term loan.

Term loan interest is adjusted approximately every three months based on the then prevailing London Interbank Offering Rate ("LIBOR"), plus applicable margins. For the year ended 30 June 1992 weighted average interest rates were 8.83% and 14.86% on the US\$ and sterling loans, respectively, before interest rate swap agreements with fellow subsidiary undertakings of Newscorp Investments Limited, shown below. The DCCFA imposes certain restrictive conditions, certain of which are currently being renegotiated including various ratio tests, minimum annual operating cash flow, limitations on sale of assets and restrictions on additional debt and payment of dividends.

The DCCFA also provides US\$120 million revolving credit facility. Of this facility, US\$90 million is denominated in US\$. The remainder is in pounds sterling. In total, £9.7 million (£67 million) is outstanding at 30 June 1991.

Interest on the revolving credit is also based on LIBOR plus applicable margins. The weighted average interest rates for the year ended 30 June 1991 were 8.67% and 14.80% on the US\$ and Sterling portions, respectively.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

18. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

(c) Harper Collins (UK) has entered into interest rate swap agreements with fellow subsidiary undertakings providing interest rate protection on both the US\$ and UK£ portions of the term loan. Income recorded as a result of such swaps for the period from 6 June to 30 June 1991 was £1 million. This income is included as interest receivable in note 4.

Interest rate swap agreements with fellow subsidiary undertakings applicable for years subsequent to 30 June 1991 are as follows:

<u>Expiration Date</u>	<u>Fixed Rate</u>	<u>Contract Amount (000's)</u>
23 June 1994	9.2435%	US \$120,000
23 June 1994	9.3100%	US \$370,000

19. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	1991 £000's	1990 £000's
Bank loans and overdrafts	1,681,366	702,867
Bonds and loan stock	208,450	284,785
Bills payable	86,717	-
Loan notes	7,768	6,332
Loans from fellow subsidiary undertakings	3,449,924	2,412,192
Obligation under finance leases	115,515	139,343
Corporation tax payable	20,485	35,385
Other creditors	4,328	2,155
Accruals & deferred income	1,035	-
	-----	-----
	5,575,588	3,583,059
	=====	=====

Due to the nature of the corporation tax payable it is impracticable to state the payment dates.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

19. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

Analysis of borrowings:	Group		Company	
	1991 £000's	1990 £000's	1991 £000's	1990 £000's
Repayable within five years:				
- within 1 year - bank loans and overdrafts	144,193	582,177	23,948	21,096
- bonds	75,000	143,857	-	-
- loan notes	2,866	8,458	-	-
- bills payable	3,983	96,708	-	-
- loans from fellow subsidiary undertakings	192,372	-	-	124,700
- obligations under finance leases	11,017	18,933	-	-
Total within 1 year	429,436	850,133	23,948	145,796
- between 1 - 2 years - bank loans	192,587	151,425	-	-
- bonds and loan stock	32,033	75,000	-	-
- loan notes	2,768	666	-	-
- bills payable	9,134	-	-	-
- loans from fellow subsidiary undertakings	764,115	709,700	-	-
- obligations under finance leases	10,936	13,503	-	-
Total between 1-2 years	1,011,573	950,294	-	-
- between 2 - 5 years - bank loans and overdrafts	1,268,648	551,442	-	-
- bonds and loan stock	176,417	153,589	-	-
- loan notes	-	666	-	-
- bills payable	77,583	-	-	-
- loans from fellow subsidiary undertakings	2,685,809	1,702,492	-	-
- obligations under finance leases	43,079	44,275	-	-
Total between 2-5 years	4,251,536	2,452,464	-	-
Repayable wholly or in part by instalments after five years:				
- bank loans	220,131	-	-	-
- obligations under finance leases	61,500	81,565	-	-
Total after 5 years	281,631	81,565	-	-
Repayable otherwise than by instalments after 5 years:				
- loan notes	5,000	5,000	-	-
- bonds and loan stock	-	56,196	-	-
- loans from fellow subsidiary undertakings	-	364,427	-	-
- loans from subsidiary undertakings	-	-	-	-
Total after 5 years	5,000	425,623	-	-
	5,979,176	4,760,079	23,948	145,796
	=====	=====	=====	=====

NEWSCORP INVESTMENTS LIMITED

NOTES TO ACCOUNTS (Continued)

19. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

The amounts due otherwise than by instalments after five years are repayable in the period July 1995 to June 2001,

During the year the Group paid interest on bonds at variable rates between 5% and 10% and on bank loans, loan notes and loans from fellow subsidiary undertakings at rates between 7% and 16%.

Other than finance leases, none of the Group and Company borrowings are secured on the assets of the Group.

20. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise -

	Group		Company	
	1991	1990	1991	1990
	£000's	£000's	£000's	£000's
Deferred taxation	5,709	-	-	-
Provision for recruitment of executive	14,000	14,000	14,000	14,000
	<u>19,709</u>	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>
	=====	=====	=====	=====

Amounts provided for deferred taxation and movements for the year

	Group	
	1991	1990
	£000's	£000's
Balance brought forward	-	-
Deferred taxation related to:		
Excess of tax allowances over book depreciation of fixed assets	20,400	15,684
Other timing differences on non-current assets	16,928	14,343
Other timing differences related to current assets and liabilities	(28,768)	(15,743)
Advance corporation tax recoverable	(14,269)	(14,284)
	<u>(5,709)</u>	<u>-</u>
	=====	=====
Balance carried forward		

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

20. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

Deferred tax is provided on accrued interest income in HarperCollins (UK). No other deferred tax is provided at 30 June 1991 due to short term timing differences and the availability of substantial tax losses for relief against future taxable profits.

There is no material unprovided deferred tax at 30 June 1991 and 1990, other than that noted below.

Additional taxes that could arise if property, publishing rights and titles and investments were to be disposed of at their revalued amounts are as follows:

	1991	1990
Property	12,709	17,307
Publishing rights and titles	332,308	373,800
Investments	327,297	329,243
	<u>672,314</u>	<u>729,650</u>
	=====	=====

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

21. CALLED UP SHARE CAPITAL

	1991 #000's	1990 #000's
Authorised:		
Ordinary shares of #1 each	50,000	50,000
Redeemable Preference shares of #1 each	1,000,000	1,000,000
	-----	-----
	1,050,000	1,050,000
	=====	=====
Issued and fully paid:		
Ordinary shares of #1 each	31,824	31,824
Redeemable Preference shares of #1 each	1,000,000	1,000,000
	-----	-----
	1,031,824	1,031,824
	=====	=====

The share premium arose on the issue of 4,724,000 ordinary shares of #1 at a premium of #99 each in 1989.

22. RESERVES

	Group 1991 #000's	Group 1990 #000's	Company 1991 #000's	Company 1990 #000's
Profit and loss account	(1,143,574)	(818,553)	52,993	44,127
	=====	=====	=====	=====
Other reserves	572,608	-	-	-
	=====	=====	=====	=====
Revaluation reserve	1,057,186	1,082,885	76,412	76,412
	=====	=====	=====	=====

The movement on reserves during the year was as follows:

GROUP

	Profit and loss account #000's	Other Reserves #000's	Revaluation reserve #000's
Beginning of year	(842,114)	7,245	1,099,201
Retained loss for the year	(303,896)	-	-
Transfer on sale of fixed asset investments	25,699	-	(25,699)
Net exchange differences arising on translation of foreign investments	(39,579)	26,337	-
Realisation of revaluation reserve	16,316	-	(16,316)
Transfer of reserves on acquisition of News Publishers Limited (note 13(e))	-	539,026	-
	-----	-----	-----
End of year	(1,143,574)	572,608	1,057,186
	=====	=====	=====

Other reserves brought forward represent the surplus arising on the disposal of "B" shares in Reuters PLC in previous years, and will not be treated as realised until the shares are disposed of outside the TNCL Group.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

25. LEASING AND OTHER FINANCIAL COMMITMENTS

The group has entered into non cancellable leases in respect of plant and machinery. In addition certain subsidiary undertakings lease buildings on short-term leases. The annual rental payable on these leases was £4,725,000 (1990 - £3,637,000). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The subsidiary undertakings pay all insurance, maintenance and repairs of the properties.

The minimum annual rentals under the foregoing leases are all follows:

	Property £000's	Plant and Machinery £000's
Operating leases which expire:		
- Within 1 year	856	282
- Within 2 - 5 years	1,714	2,195
- After 5 years	12,258	164
	-----	-----
	14,828	2,641
	=====	=====

As a consequence of the British Sky Broadcasting Limited transaction (note 13(g)), the Group is in the process of formulating an offer to the minority shareholders of Sky Television PLC.

26. GUARANTEES AND CONTINGENT LIABILITIES

Under a collective Group banking facility, the Company, the ultimate parent company and certain subsidiary undertakings have given multilateral guarantees in respect of bank overdrafts of other subsidiary undertakings.

Certain subsidiary undertakings, together with The News Corporation Limited and fellow subsidiary undertakings, have made joint and several guarantees amount to to £85,000,000 (1990 - £54,000,000) at 30 June 1991. These represent the minimum amounts payable to various third party producers by Sky Television PLC, a subsidiary undertaking of British Sky Broadcasting Limited, an associated undertaking of the Group, in respect of planned future productions in periods up to 1995.

Certain companies within the Group have been named as defendants in several law suits. In the opinion of the directors, the outcome of such lawsuits will not have a material effect on the the Group's financial position.

A subsidiary undertaking, the ultimate parent company and a fellow subsidiary undertaking have guaranteed a lease held by another group undertaking for 35 years at an initial rent of £2,866,000 per annum (1990 - nil).

The Company, a subsidiary undertaking and the ultimate parent company have guaranteed certain lease agreements on behalf of a subsidiary undertaking amounting to £121,775,000 (1990 - £158,276,000).

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

26. GUARANTEES AND CONTINGENT LIABILITIES (Continued)

The following guarantees have been given by certain subsidiary undertakings:

1. US\$374,000,000 (1990 - US\$250,000,000) in respect of borrowings by a fellow subsidiary undertaking.
2. US\$2,145,000 (1990 - US \$10,426,000) in respect of a preference share issue by an associated undertaking.
3. US\$1,270,000,000 (1990 - US \$1,270,000,000) in respect of borrowings by a fellow subsidiary undertaking. These funds were lent to a subsidiary undertaking and are included in amounts due to fellow subsidiary undertakings.
4. HK\$1,657,000,000 (HK \$2,138,000,000) in respect of borrowings by a fellow subsidiary undertaking.
5. A\$750,000,000 (1990 - A \$750,000,000) in respect of borrowings by fellow subsidiary undertakings.
6. A\$487,260,000 (1990 - nil) in respect of promissory notes issued by a fellow subsidiary undertaking.
7. US\$15,010,375 (1990 - nil) in respect of a letter of credit issued by a fellow subsidiary undertaking.
8. £1,008,000 (1990 - nil) in respect of goods supplied to a subsidiary undertaking.

A subsidiary undertaking has:-

- 1) agreed to acquire trade debts from certain suppliers (amounting to £2,628,000 at 30 June 1991; £2,181,000 at 30 June 1990), in the event that the current creditor Circle K (UK) Holdings Limited, is in default in respect of these amounts.
- 2) made available to Martin The Newsagent Limited, a subsidiary undertaking of an associated undertaking, Panfida Group plc, a revolving debt facility for £2,500,000 (1990 - £2,500,000). No amount was outstanding under this facility at 30 June 1991.
- 3) granted an indemnity in respect of their responsibilities as director, to each of the directors (and their alternates) of British Sky Broadcasting Limited and Sky Television PLC nominated by the Group.

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the Group, and failure by other members of the Group would give rise to additional liabilities for the Company.

Certain companies within the Group enter into agreements with some authors which require payment of royalty advances and have certain minimum advance commitments to authors that are contingent upon the publication of future titles.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

26. GUARANTEES AND CONTINGENT LIABILITIES (Continued)

During the year, a subsidiary undertaking of the Company has entered into a series of agreements whereby it may ultimately be liable for a portion of the redemption premia payable on exchangeable preference shares issued by a fellow subsidiary undertaking of the ultimate parent company. The Group has not provided for the redemption premia as the Directors are of the opinion that exchange is more probable than redemption. The maximum potential liability to the Group amounts to £32,347,000.

27. SUBSEQUENT EVENTS

On 8th August 1991 the Group sold its interest in F.F. Publishing Limited (Publisher of Car and Supercar Classics) and New Woman for £10 million.

28. FINANCING

The current liabilities of the Company exceed its current assets. In addition, as many of the Company's and Group's activities are significantly affected by the actions of directors of the ultimate parent company, The News Corporation Limited has confirmed its intention to offer continued financial support to enable the Company and its subsidiary undertakings to meet their liabilities as they fall due.

29. ULTIMATE PARENT COMPANY

The Company's parent and ultimate parent company is The News Corporation Limited, a company incorporated in South Australia.

The only group in which the results of Newscorp Investments Limited and its subsidiary undertakings 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 consolidated accounts of this group are available to the public and may be obtained from P.O. Box 495, Virginia Street, London E1 9XY.

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

PRINCIPAL SUBSIDIARY UNDERTAKINGS,
ASSOCIATED UNDERTAKINGS AND OTHER
PARTICIPATING INTERESTS

NEWS INTERNATIONAL plc (Holding company and finance)

NEWS GROUP NEWSPAPERS LIMITED (Publishers of the News of the World, The Sun and Sunday Magazine) Newscorp Netherlands Antilles N.V. (Finance)
(Incorporated in Netherlands Antilles), Newscorp Services B.V. (Finance)
(Incorporated in Holland)

TIMES NEWSPAPERS HOLDINGS LIMITED (Publishers)
Times Newspapers Limited (Publishers of The Sunday Times and The Times),
Times Newspapers Production Company Limited

THE TIMES SUPPLEMENTS LIMITED (Publishers of the Times Educational Supplement, the Times Higher Education Supplement, the Times Scottish Education Supplement and the Times Literary Supplement)

NEWS INTERNATIONAL DISTRIBUTION LIMITED (Distribution of Newspapers)

NEWS INTERNATIONAL NEWSPAPERS LIMITED (Printers)

NEWS INTERNATIONAL SUPPLY COMPANY LIMITED (Supply of goods and services to the Publishing Companies)

NEWS INTERNATIONAL (ADVERTISEMENTS) LIMITED (Sale of advertising space)

NEWS INTERNATIONAL NEWSPAPERS (SCOTLAND) LIMITED (Printers)

MURDOCH MAGAZINES (UK) LIMITED (Publishers of New Woman and TV Guide Magazines))
F.F. Publishing Limited (Publisher of Car and Supercar Classics)

ERIC BEMROSE LIMITED (Printers)
Eric Bemrose (Engineers) Limited

CONVOYS LIMITED (Warehousing and Transport)
Convoys (London Wharves) Limited
Welling Storage Limited

NEWS PUBLISHERS LIMITED (Finance) (Incorporated in Bermuda) (92.3 per cent.)
News Harper Limited (Finance)
News Collins Limited (Finance)
HarperCollins (UK) (Book publisher.,
Harper Collins Publishers Limited (Book publishers)
Harper Collins (Australia) Pty Limited (Book publishers) (Incorporated
in Australia)
Harper Collins Publishers (New Zealand) Limited (Book publishers)
(Incorporated in New Zealand)

BROADSYSTEM LIMITED (Telephone Publishing)

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

PRINCIPAL SUBSIDIARY UNDERTAKINGS,
ASSOCIATED UNDERTAKINGS AND OTHER
PARTICIPATING INTERESTS (Continued)

NEWS GEM SMART CARD INTERNATIONAL LIMITED (Manufacture of cards for Sky
Television decoders) (Incorporated in Hong Kong) (50 per cent.)

NEWS INVESTMENTS UK LIMITED (Finance) (Incorporated in USA)

NEWSCORP FINANCE LIMITED (Finance) (Incorporated in Cayman Islands)

NEWS (UK) LIMITED (Publisher of Today)

LYNTRESS LIMITED (Finance)
Ordinto Investments (Finance) 50 per cent.

SALCOMBE SECURITIES LIMITED (Finance)
Ordinto Investments (Finance) 50 per cent.

ADMACROFT LIMITED (Finance)

NEWS TIMES HOLDINGS LIMITED (Finance)
News Notes Limited (Finance)

CANTERPATH LIMITED (Finance)
Canterpath Investments Limited (Finance)

NEWS INTERNATIONAL TELEVISION INVESTMENT COMPANY LIMITED (Finance)
News International Television Limited (Finance) (93 per cent)
British Sky Broadcasting Limited (50 per cent). (Television
broadcasting) (An associated undertaking of the Group)

NEWSCORP COMPANY (Finance)

NEWS FINANCE PTY LIMITED (Finance) (Incorporated in South Australia)

NEWS OFFSET LIMITED (Finance)
Studio Ventures Inc (Property) (Incorporated in USA)

The subsidiary undertakings shown in bold type are owned directly by the
Company.

Unless otherwise stated, the investments in subsidiary undertakings are in
ordinary shares and the subsidiary undertakings are wholly owned, incorporated
and operate principally in Great Britain.

ASSOCIATED COMPANIES

News International-Hachette Limited (50 per cent.) (Publisher of Sky Magazine)

News Burda Druck GmbH (50 per cent.) (Incorporated in Germany)
(Publisher of Super!Zeitung)

Circle K (UK) Holdings Limited (50 per cent.) (Retailer)

Panfida Group PLC (29.9 per cent.) (Retailer)

1-08-92

NEWSCORP INVESTMENTS LIMITED
NOTES TO ACCOUNTS (Continued)

PRINCIPAL SUBSIDIARY UNDERTAKINGS,
ASSOCIATED UNDERTAKINGS AND OTHER
PARTICIPATING INTERESTS (Continued)

Grupo Zeta S.A.	(25 per cent.) (Incorporated in Spain) (Printer and publisher)
Mai Nap Rt.	(50 per cent.) (Incorporated in Hungary) (Publisher of Mai Nap)
Reform Rt.	(50 per cent.) (Incorporated in Hungary) (Publisher of Reform)
Newsett Limited	(50 per cent.) (Finance)

Unless otherwise stated, the investments in associated undertakings are in Ordinary shares.

OTHER PRINCIPAL PARTICIPATING INTERESTS

News America Holdings Incorporated	(20 per cent. of the Common stock and 47 per cent. of the Cumulative Preference stock) (Incorporated in USA)
------------------------------------	--