Newscorp Investments

Report and Financial Statements
30 June 2005

Registered number: 1437199

Contents

Directors' report
For the year ended 30 June 2005

The Directors present their annual report on the affairs of Newscorp Investments ("the Company") and its subsidiary undertakings (together "the Group") together with the financial statements and auditors' report for the year ended 30 June 2005.

Principal activities
The principal activities of the Group are the printing and publishing of national newspapers in the United Kingdom.

The Group's other activities include the publishing of books, radio broadcasting and the provision of financial services to other undertakings in the News Corporation group.

An analysis of turnover, profit on ordinary activities before taxation and net assets employed for these activities is given in note 2 to the financial statements.

The subsidiary and associated undertakings primarily affecting the results or net assets of the Group in the year are listed in note 29 of the financial statements.

Business review and future developments
Results for the year
The Group's operating profit for the year was £197.5 million (2004 - £214.3 million). The Group's profit before taxation was £147.4 million (2004 - £74.4 million).

Newspapers
For the year ended 30 June 2005, UK newspapers' revenues increased compared with the corresponding period of the prior year due to higher circulation and advertising revenues. Circulation revenue increased over the corresponding period of fiscal 2004 due to the national rollout of the compact product at *The Times*, as well as cover price increases on the Group's other national newspapers. This increase in circulation revenue was partly offset by lower net circulation on *The Sun, The Sunday Times* and *The News of the World.* The increase in advertising revenue was due to higher volume on colour display advertising and increased inserts on *The Sun, The News of the World* and *The Sunday Times.*

Operating profit at the UK Newspapers decreased for the year ended 30 June 2005 as compared to the corresponding period of fiscal 2004. The decrease was primarily due to increased depreciation and other costs associated with the development of new printing plants in the United Kingdom.

In October 2004, News Corporation announced its intentions to invest in new printing plants in the United Kingdom. This will involve a total investment in excess of £600 million for new buildings, presses and related costs. The project is proceeding on schedule at the sites in Broxbourne, near Enfield north of London, Glasgow and Knowsley close to Liverpool.

Television and radio broadcasting
The results for the current year relate to the Group's 93% holding in Sky Radio Limited.

Book publishing
Book publishing revenues amounted to £228.6 million (2004 - £229.7 million) and operating profit to £21.3 million (2004 - £16.9 million).

Harper Collins had 41 titles placed on the Sunday Times best-seller lists during the year, 7 of which were number ones.

Directors' report – continued

Results and dividends
The Group profit for the financial year after taxation and minority interests was £100.5 million (2004 – £62.6 million). The Directors do not recommend a dividend (2004 – £Nil).

Directors and their interests
The Directors of the Company are as follows:

S. W. Daintith (appointed 19 September 2005)
C. A. Fairweather
L. F. Hinton
S. F. Hutson
R. M. Linford
K. R. Murdoch

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

Except as noted above, all Directors served throughout the year and are still Directors at the date of this report.

News Corporation has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Charitable and political contributions
Charitable contributions made by the Group in the financial year amounted to £1.3 million (2004 – £1.0 million). There were no political contributions (2004 – £Nil).

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
There are over 6,000 staff working in the Group. They are our most valuable asset. During the past year we have continued to work with considerable success on ways of involving more staff in the decision making process.

Newspapers
There is a staff association ("NISA") at each of the three main newspaper division operating sites – our head office at Wapping, and the plants at Knowsley on Merseyside and Kinning Park in Glasgow. These bodies are made up of democratically elected representatives of the workforce. There are 24 members of NISA at Wapping, 8 members at Knowsley and 8 members at Kinning Park.

The Association is the representative body, which formally negotiates on behalf of staff with News International management. The Joint Executive Committee of NISA receives information and consultation on the evolution of work organisation, training of employees, major operational issues, development and promulgation of Company policies, significant Company initiatives and in fulfilling the Company's legal obligations on subjects such as redundancy or transfers of undertakings.

Directors' report – continued

Book publishing
The book publishing division of the Group practises the policy of providing its employees with information concerning the division through meetings, bulletins, circulars and a house magazine. There are frequent open exchanges of views with recognised UK trade unions and employee representatives participate on various committees and panels. A number of employee benefit schemes are in operation and are designed to promote employee identification and association with division performance. Some form of bonus scheme is now in operation for virtually all staff within the division based on either productivity, sales and/or company/division profitability.

Other
All other Group companies keep employees informed on matters affecting them as employees and on various factors affecting the performance of their company.

Creditors payment policy
The Group's policy is to pay suppliers at the end of the month following that in which the supplier's invoice is received. The policy is made known to the staff who handle payments to suppliers and is made known to all suppliers on request. The number of suppliers' days outstanding at the year end was 42 days (2004 - 39 days).

Auditors
The Directors will place a resolution before the Annual General Meeting to reappoint Ernst & Young LLP as auditors for the ensuing year.

Statement of Directors' responsibilities
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

R.M. Linford
Director

1 Virginia Street
London
E98 1XY

20 January 2006

Independent Auditors' report
To the members of Newscorp Investments

We have audited the Group's financial statements for the year ended 30 June 2005 which comprise the Consolidated Profit and Loss account, Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets and the related notes numbered 1 to 29. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, 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 financial statements 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 financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

23/1/06

Consolidated profit and loss account

For the year ended 30 June 2005

	Notes	2005 £m	2004 £m
Turnover	2	1,531.9	1,549.9
Cost of sales	3	(870.2)	(883.7)
Gross profit		661.7	666.2
Other operating expenses (net)	3	(464.2)	(434.4)
Goodwill impairment	12	-	(17.5)
Operating profit		197.5	214.3
Profit on disposal of fixed asset investments	4	-	5.2
Loss on disposal of subsidiary undertaking	5	-	(146.7)
Profit on ordinary activities before finance charges		197.5	72.8
Finances charges (net)	6	(50.1)	1.6
Profit on ordinary activities before taxation	2&7	147.4	74.4
Taxation on profit on ordinary activities	10	(31.8)	14.2
Profit on ordinary activities after taxation		115.6	88.6
Minority interests		(15.1)	(26.0)
Profit for the financial year	11&21	100.5	62.6

Details of movements on reserves are shown in note 21.

All operations of the Group continued throughout the year and no operations were acquired or discontinued.

The notes to the financial statements are an integral part of this consolidated profit and loss account.

Consolidated statement of total recognised gains and losses
For the year ended 30 June 2005

	Notes	2005 £m	2004 £m
Retained profit for the financial year excluding share of profits of associates		100.5	34.5
Share of associates profits for the year		-	28.1
		100.5	62.6
Gain/(loss) on foreign currency translation		2.7	(29.5)
Minority interest		(0.4)	-
Total recognised gains for the financial year	21	102.8	33.1
Total gains recognised since last annual report and financial statements	21	102.8	33.1

The notes to the financial statements are an integral part of this consolidated statement of total recognised gains and losses.

Consolidated balance sheet
As at 30 June 2005

	Notes	2005 £m	2004 £m
Fixed assets			
Intangible assets	12	844.1	858.8
Tangible assets	13	675.7	658.0
Investments	14	7,549.0	7,577.7
		9,068.8	9,094.5
Current assets			
Stocks	15	53.0	54.9
Debtors - due within one year	16	272.6	501.2
- due after one year	16	105.7	114.5
Cash at bank and in hand	17	451.7	419.1
		883.0	1,089.7
Creditors: Amounts falling due within one year	18	(1,605.4)	(1,941.3)
Net current liabilities	25	(722.4)	(851.6)
Total assets less current liabilities		8,346.4	8,242.9
Creditors: Amounts falling due after more than one year	19	(124.0)	(129.3)
Provisions for liabilities and charges	20	(86.4)	(95.8)
Net assets	2	8,136.0	8,017.8

Consolidated balance sheet
As at 30 June 2005

	Notes	2005 £m	2004 £m
Capital and reserves			
Called-up equity share capital	21	9,190.5	38.1
Equity reserves:			
Share premium	21	-	417.0
Revaluation reserve	21	79.5	79.5
Other reserves	21	1,000.9	9,736.3
Profit and loss account	21	(3,143.0)	(3,245.8)
Equity shareholders' funds	21	7,127.9	7,025.1
Equity minority interests		1,008.1	992.7
		8,136.0	8,017.8

The notes to the financial statements are an integral part of this consolidated balance sheet.

The financial statements on pages 5 to 37 were approved by the Board of Directors on 20 January 2006 and signed on its behalf by:

R. M. Linford
Director

20 January 2006

Company balance sheet
As at 30 June 2005

	Notes	2005 £m	2004 £m
Fixed assets			
Investments	14	9,190.9	9,190.9
Current assets			
Debtors	16	0.1	0.2
Net current assets	25	0.1	0.2
Net assets		9,191.0	9,191.1
Capital and reserves			
Called-up equity share capital	21	9,190.5	38.1
Equity reserves:			
Share premium	21	-	417.0
Other reserves	21	651.3	9,386.7
Profit and loss account	21	(650.8)	(650.7)
Equity shareholders' funds	21	9,191.0	9,191.1

The notes to the financial statements are an integral part of this balance sheet.

The financial statements on pages 5 to 37 were approved by the Board of Directors on 20 January 2006 and signed on its behalf by:

R.M. Linford
Director

20 January 2006

Notes to the financial statements
30 June 2005

1 Principal accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles, modified to include the revaluation of certain fixed assets.

The principal accounting policies have been applied consistently throughout the year and the preceding year.

Basis of consolidation
The Group financial statements are made up to 30 June 2005 and consolidate the financial statements of Newscorp Investments and all its subsidiary undertakings.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

The results of subsidiary undertakings acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Certain prior year amounts have been reclassified to conform to the current year presentation.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

No profit and loss account is presented for the Company, as provided by section 230 of the Companies Act 1985. The loss for the financial year of the Company was £0.1 million (2004 - £0.2 million).

Cash flow statement
The Group is exempt from the requirement of FRS 1 'Cash Flow Statements' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of News Corporation, which prepares consolidated financial statements which are publicly available, in which a consolidated cashflow statement is included.

Participating interests and joint ventures
Undertakings, not being subsidiary undertakings, in which the Group has a participating interest (usually comprising not less than 20% of the voting capital) and over which it exerts significant influence, are treated as associates or joint ventures. 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 or losses and reserves is added to the cost of investment in the consolidated balance sheet.

Other participating interests over which the Group does not exert significant influence are accounted for as investments.

Goodwill
Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life which is considered to be 20 years or less. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods expected to benefit from its consumption.

Investments
Investments are stated at cost or valuation less provision for impairment.

Notes to the financial statements – continued

1 Principal accounting policies – continued

Publishing rights and titles
Newspaper publishing rights and titles are stated at cost or valuation less any provision made for impairment within intangible assets. No amortisation is provided on the publishing rights and titles since, in the opinion of the Directors, these assets have indefinite useful economic lives. An impairment review is performed at each year end and provision is made for any impairment.

The Directors believe that the publishing rights and titles have a sufficiently well established position in the market place to be defended against threats arising from current competitors, potential new entrants and potential technological changes in the industry.

Book publishing rights are based on the Directors' estimation of fair value at the date of acquisition and are amortised on a straight line basis over 5 - 10 years. An impairment review is performed at each year end and provision is made for any impairment.

Licences
Radio Licences are included at cost and amortised in annual instalments over the remaining period of the licence.

The amount capitalised is based on the aggregate of the licence fees estimated to be payable over the life of the licence, discounted to their fair value at inception.

Stocks and work-in-progress
Stocks are stated at the lower of cost and net realisable value. Cost represents purchase cost of stock.

Net realisable value is based on estimated selling price, less further costs of disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

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. Average exchange rates ruling during the year are used to translate profit and loss accounts of those subsidiary undertakings. When foreign currency borrowings are used to finance foreign investments, the borrowings and investments are translated at the rates of exchange prevailing at the year-end and the resulting exchange differences are shown as a movement on reserves.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements – continued

1 Principal accounting policies – continued

Turnover
Turnover is the net amount receivable by the Group in the ordinary course of its business, excluding value added tax, trade discounts, other sales related taxes and transactions within the Group. Estimates of future returns are provided for at the time of sale of the publications to which they relate.

Turnover and costs in respect of barter transactions for advertising are recognised only where there is persuasive evidence of the value at which, if it had not been exchanged, the advertising would have been sold for cash in a similar transaction.

Tangible fixed assets and depreciation
All fixed assets are originally recorded at cost.

Land is stated at cost less provision for any impairment. Other tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment.

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

No provision for depreciation is made in respect of freehold land and leasehold 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 shorter of the length of the lease or 50 years.

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 less estimated residual value. The principal rates, using the straight-line basis, are as follows:

Plant, motor vehicles, fixtures and fittings - 3.3% to 100% per annum

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.

Residual value is calculated on prices prevailing at the date of acquisition.

Leases
The Group as Lessee
Rentals payable under operating leases are charged on a straight-line basis to the profit and loss account over the lease term.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

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.

Notes to the financial statements - continued

1 Principal accounting policies – continued

Pension costs and post retirement medical benefits
The employees of the Group participate in either a defined contribution or a defined benefit pension scheme, both of which require contributions to be made to separately administered funds.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives within the Group. The regular cost is attributed to individual years using the projected unit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either accruals or prepayments in the balance sheet.

The Group has agreed to provide additional post-retirement healthcare benefits to certain current and former employees. The estimated cost of providing such benefits is charged against profits on a systematic basis over the employees' working lives within the Group.

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

The Group has taken advantage of the transitional provisions of FRS 15 'Tangible fixed assets', and retained the book amounts of certain freehold properties, which were revalued prior to implementation of that standard. The properties were last revalued at 30 June 1988 and the valuations have not subsequently been updated.

Related party transactions
As a wholly owned subsidiary undertaking of News Corporation, whose financial statements are publicly available, the Group has taken advantage of the exemption in FRS 8 'Related Party Disclosures', not to disclose transactions with other members of the group headed by News Corporation.

Research and development
Research and development expenditure is written off as incurred.

Going concern
The financial statements are prepared on the going concern basis because News Corporation has committed to provide financial support to the Group for the foreseeable future to enable it to meet its liabilities as they fall due.

Notes to the financial statements – continued

2 Segmental information

a) Turnover and profit on ordinary activities before taxation

Turnover by class of business:

	Turnover				
	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
Newspaper printing and publishing	1,116.0	1,116.0	1,110.2	-	1,110.2
Television and radio broadcasting	45.2	45.2	45.2	-	45.2
Book publishing	228.6	228.6	229.7	-	229.7
Other activities	142.1	142.1	164.8	-	164.8
	1,531.9	1,531.9	1,549.9	-	1,549.9

Profit on ordinary activities before taxation by class of business:

	Profit on ordinary activities before taxation				
	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
Newspaper printing and publishing	158.2	159.4	173.1	-	173.1
Television and radio broadcasting	(2.8)	(2.8)	2.0	-	2.0
Book publishing	11.4	11.4	8.1	-	8.1
Other activities {1}	(19.4)	(20.6)	(13.8)	-	(13.8)
	147.4	147.4	169.4	-	169.4
Associates (other)	-	-	-	46.7	46.7
Loss on sale of investment in associate	-	-	-	(11.3)	(11.3)
(Loss)/profit on disposal of subsidiary undertaking	-	-	(146.7)	16.3	(130.4)
	147.4	147.4	22.7	51.7	74.4

{1} Other activities and unallocated costs, including interest expense net of other investment income.

Notes to the financial statements – continued

2 Segmental information - continued

a) Turnover and profit on ordinary activities before taxation - continued

Substantially all turnover by origin arose in the UK.

Turnover by destination:

	Turnover				
	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
United Kingdom	1,352.6	1,352.6	1,406.6	-	1,406.6
Rest of Europe	86.5	86.5	69.1	-	69.1
North America	-	-	0.6	-	0.6
Other	92.8	92.8	73.6	-	73.6
	1,531.9	1,531.9	1,549.9	-	1,549.9

Profit on ordinary activities before taxation by origin :

	Profit on ordinary activities before taxation				
	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
United Kingdom	137.9	137.9	14.0	-	14.0
Rest of Europe	5.2	5.2	3.6	-	3.6
Other	4.3	4.3	5.1	51.7	56.8
	147.4	147.4	22.7	51.7	74.4

b) Net assets

Net assets by class of business:

	Net Assets				
	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
Newspaper printing and publishing	4,113.2	4,113.2	4,014.9	-	4,014.9
Television and radio broadcasting	(4.4)	(4.4)	(0.2)	-	(0.2)
Book publishing	(66.4)	(66.4)	(79.6)	-	(79.6)
Other activities and unallocated net assets, including investments	4,093.6	4,093.6	4,082.7	-	4,082.7
	8,136.0	8,136.0	8,017.8	-	8,017.8

Notes to the financial statements - continued

2 Segmental information - continued

b) Net assets - continued

Net assets by geographical segment:

	Net Assets				
	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
United Kingdom	4,672.2	4,672.2	4,359.7	-	4,359.7
Rest of Europe	478.2	478.2	465.6	-	465.6
North America	2,267.8	2,267.8	2,474.7	-	2,474.7
Other	717.8	717.8	717.8	-	717.8
	8,136.0	8,136.0	8,017.8	-	8,017.8

3 Cost of sales and other operating expenses (net)

	2005		2004		
	Continuing £m	Total £m	Continuing £m	Discontinued £m	Total £m
Cost of sales	870.2	870.2	883.7	-	883.7
Distribution costs	76.1	76.1	68.6	-	68.6
Administrative expenses	388.1	388.1	365.8	-	365.8
	464.2	464.2	434.4	-	434.4

Notes to the financial statements – continued

4 Profit on disposal of fixed asset investments

	2005 £m	2004 £m
Loss on sale of investment in associate	-	(11.3)
Profit on sale of trade and assets of a subsidiary	-	16.3
Other	-	0.2
	-	5.2

5 Loss on disposal of subsidiary undertaking

During the prior year, a subsidiary undertaking returned capital to the Company giving rise to a loss of £146.7 million on the deemed disposal.

6 Finance charges (net)

Investment Income

	2005 £m	2004 £m
Income from loans to fellow subsidiary undertakings of the ultimate parent company	5.5	16.0
Other interest receivable and similar income	23.6	18.3
	29.1	34.3
Share of associates investment income	-	46.8
	29.1	81.1

Interest payable and similar charges

	2005 £m	2004 £m
Interest on loans from fellow subsidiary undertakings of the ultimate parent company	75.3	73.0
Other loans	3.9	4.7
	79.2	77.7
Exchange loss on foreign currency borrowings less deposits (net)	-	1.8
	79.2	79.5

Notes to the financial statements – continued

6 Finance charges (net) - continued

Finance charges (net)

	2005 £m	2004 £m
Investment income	29.1	81.1
Less: Interest payable and similar charges	(79.2)	(79.5)
	(50.1)	1.6
Group	(50.1)	(45.2)
Associates	-	46.8
	(50.1)	1.6

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

		2005 £m	2004 £m
Depreciation and amounts written off tangible fixed assets			
	- owned	67.9	49.6
	- held under finance leases	11.6	4.4
Amortisation of publishing rights and titles, licences and goodwill		16.1	16.2
Operating lease rentals	- plant and machinery	4.3	4.2
	- other	15.5	14.3
Auditors' remuneration	- audit	1.4	1.2
	- other services	0.1	0.3

8 Staff costs

Employee costs of the Group during the year including Executive Directors comprised:

	2005 £m	2004 £m
Wages and salaries	264.5	256.3
Social security costs	24.8	19.0
Other pension costs	19.4	17.2
	308.7	292.5

Notes to the financial statements - continued

8 Staff costs - continued

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

	2005 Number	2004 Number
Newspaper printing and publishing	4,101	3,994
Television and radio broadcasting	184	152
Book publishing	1,336	1,293
Other activities	437	472
	6,058	5,911

Directors' remuneration:

	2005 £m	2004 £m
Emoluments	2.4	2.0

The above amounts for remuneration include the following in respect of the highest paid Director:

	2005 £m	2004 £m
Emoluments	2.0	1.6

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

	2005 Number	2004 Number
Defined benefit schemes	1	1

The accrued pension entitlement under the defined benefit schemes of the highest paid Director at 30 June 2005 was £Nil (2004 - £Nil).

Certain Directors are also remunerated by the parent company and fellow subsidiary undertakings for services as officers of those companies.

Notes to the financial statements – continued

9 Pensions

a) Impact on financial statements

The Group operated eight pension schemes during the year.

- The major scheme, which covers the majority of newspaper executives, staff and works personnel, is a UK defined contribution scheme.
- The remainder of UK non-book publishing employees are covered by two defined benefit schemes.
- The book publishing employees are covered by two defined benefit schemes for UK employees and three defined contribution schemes for Australian employees.

The latest actuarial valuations range from 1 July 2003 to 31 March 2005. The actuarial valuations have been updated at 30 June 2005 by a qualified actuary using revised assumptions that are consistent with the transitional requirements of FRS 17. Investments have been valued for this purpose, at fair value.

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 schemes are assessed in accordance with the advice of a qualified actuary using the projected unit method. The defined benefit schemes are valued by an independent qualified actuary on at least a triennial basis.

The total pension costs for the Group are as follows:

	2005 £m	2004 £m
Defined contribution schemes	14.5	12.3
Defined benefit schemes	4.9	4.9
	19.4	17.2

b) Disclosure under FRS 17 transitional rules

Full FRS 17 disclosure, under the transitional rules is as follows:

The major assumptions used by the actuary were:

	2005 %	2004 %	2003 %
Rate of increase in salaries	4.3	4.4	4.3
Rate of increase in pension payment	2.8	3.0	1.3
Discount rate	5.0	5.5	5.3
Inflation assumption	2.8	3.0	2.5

Notes to the financial statements – continued

9 Pensions – continued

b) Disclosure under FRS 17 transitional rules – continued

The fair value of the assets in the schemes, the present value of the liabilities in the schemes and the expected rate of return at the balance sheet date were:

	2005 %	2005 £m	2004 %	2004 £m	2003 %	2003 £m
Equities	8.0	165.3	8.5	139.3	7.8	118.1
Bonds	4.8	85.6	5.5	59.3	5.0	61.6
Other	4.0	1.1	5.6	8.6	4.5	-
Total market value of assets		252.0		207.2		179.7
Present value of scheme liabilities		(355.6)		(308.6)		(301.6)
Provided in financial statements		11.8		9.4		13.0
Deficit in the schemes		(91.8)		(92.0)		(109.9)
Related deferred tax asset		27.5		27.6		33.0
Net pension deficit		(64.3)		(64.4)		(76.9)

The contribution rate for 2005 ranged from 8% - 67.2% of pensionable earnings and the agreed contribution rate for next year is 11% - 67.2% of pensionable earnings.

Analysis of the amount charged to operating profit

	2005 £m	2004 £m
Current service cost	5.3	5.7

Analysis of the amount charged to net finance charges

	2005 £m	2004 £m
Expected return on pension schemes assets	(16.4)	(12.4)
Interest on pension scheme liabilities	16.7	15.7
	0.3	3.3

Notes to the financial statements – continued

9 Pensions – continued

b) Disclosure under FRS17 transitional rules – continued

Analysis of the actuarial (loss)/gain in the statement of total recognised gains and losses

	2005 £m	2004 £m
Actual return less expected return on pension schemes assets	16.3	5.0
Experience losses arising on schemes liabilities	(1.6)	(5.6)
Changes in assumptions underlying the present value of the schemes liabilities	(34.3)	6.4
	(19.6)	5.8

Movement in schemes deficit during the year

	2005 £m
Beginning of the year	(92.0)
Current service cost	(5.3)
Contributions	23.0
Net finance charge	(0.3)
Actuarial loss	(19.6)
Movement in provision	2.4
End of the year	(91.8)

History of experience gains and losses

	2005	2004	2003	2002
Difference between the expected and the actual return on scheme assets:				
amount (£ million)	16.3	5.0	(23.1)	(35.9)
percentage of scheme assets	6.4%	2.4%	(12.6%)	(19.1%)
Experience gains and losses on scheme liabilities:				
amount (£ million)	(1.6)	(5.6)	(5.1)	(5.6)
percentage of the present value of the scheme liabilities	(0.4%)	(1.8%)	(1.7%)	(2.2%)
Total actuarial (loss)/gain in the statement of total recognised gains and losses:				
amount (£ million)	(19.6)	5.8	(53.5)	(50.6)
percentage of the present value of the scheme liabilities	(5.5%)	1.9%	(17.7%)	(19.8%)

Notes to the financial statements – continued

9 Pensions – continued

c) Unapproved pension arrangements
The Finance Act 1989 reduced the maximum approvable pensionable salary to members who joined the defined benefit scheme after June 1989. This led to the setting up of a multi-employer unapproved retirement benefits arrangement. This arrangement will pay promised pension benefits for salary in excess of those payable from the defined benefit scheme.

A charge for the year of £2.3 million (2004 - £1.4 million) has been made in respect of this scheme. The latest full actuarial valuation was prepared at 30 June 2003. The actuarial valuation has been updated using revised assumptions and estimates the present value of the accumulated obligation at 30 June 2005 to be £13.0 million (2004- £10.2 million). A provision of £11.7 million (2004 - £9.4 million) is held in respect of this scheme.

d) Post retirement medical benefits
The Group operates a post-retirement medical benefits scheme, which is unfunded. The credit relating to this scheme is £1.0 million for the year (2004 – £2.5 million charge). The credit for the year has been assessed in accordance with the advice of qualified actuaries. The latest full valuation was carried out at 30 June 2003. A "roll forward" valuation was completed in June 2005 and estimated the present value of the accumulated benefit obligation at £11.7 million (2004 – £10.3 million). The amount provided is £11.8 million (2004 - £12.8 million).

The main actuarial assumptions used to estimate this obligation are health care claims costs escalation of 8.0% per annum for one year, reducing linearly to the long term rate of 4.25% over four years and a discount rate of 5.0% per annum.

10 Taxation on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	2005 £m	2004 £m
Current tax		
UK corporation tax at 30 % (2004 – 30%)	47.5	52.0
Share of taxation attributable to associated undertakings	-	18.7
Foreign taxation	4.4	5.1
Adjustments in respect of prior years	(10.7)	(72.4)
Total current tax	41.2	3.4
Deferred tax		
Current year movement	(2.6)	(3.6)
Adjustment in respect of prior years	(6.8)	(2.2)
Total deferred tax	(9.4)	(5.8)
Tax credit for group relief surrendered	-	(11.8)
Total tax charge/(credit)	31.8	(14.2)

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.

The adjustment in respect of prior years relates to the release of surplus provisions following agreement on prior year tax matters.

Notes to the financial statements – continued

10 Taxation on profit on ordinary activities – continued

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 30% (2004 – 30%). A reconciliation of the tax charge is as follows:

	2005 £m	2004 £m
Profit on ordinary activities before taxation	147.4	74.4
UK Corporation tax rate @ 30%	44.2	22.3
Tax effect of timing differences	2.6	3.6
Corporation tax prior year adjustments	(10.7)	(72.4)
Permanent timing differences:		
CFC profits apportionment	39.8	21.5
Exempt income of foreign subsidiaries	(38.3)	(18.1)
Share of associates profits	-	(14.0)
Dilution/disposal of fixed asset investment	-	42.4
Other	3.6	(0.6)
Share of associates tax	-	18.7
Total current tax	41.2	3.4

	2005 £m	2004 £m
Deferred tax		
Origination and reversal of timing differences	(9.4)	(5.8)

11 Retained profit for the financial year

	2005 £m	2004 £m
The Company	(0.1)	(0.2)
Subsidiary undertakings	100.6	34.7
Associated undertakings	-	28.1
	100.5	62.6

Notes to the financial statements – continued

12 Intangible fixed assets

Group

The movement in the year was as follows:

	Publishing rights and titles £m	Licences £m	Goodwill on consolidation £m	Negative goodwill on consolidation £m	Total £m
Cost or valuation					
Beginning of the year	728.7	92.2	95.8	(0.7)	916.0
Foreign exchange	-	0.9	0.5	-	1.4
End of the year	728.7	93.1	96.3	(0.7)	917.4
Amortisation					
Beginning of the year	3.9	10.6	43.4	(0.7)	57.2
Amortisation in year	1.0	11.6	3.5	-	16.1
Foreign exchange	-	(0.3)	0.3	-	-
End of the year	4.9	21.9	47.2	(0.7)	73.3
Net book value					
Beginning of the year	724.8	81.6	52.4	-	858.8
End of the year	723.8	71.2	49.1	-	844.1

Company

The Company has no intangible fixed assets.

Notes to the financial statements – continued

13 Tangible fixed assets

Group

The movement in the year was as follows:

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant, motor vehicles, fixtures and fittings £m	Assets in the course of construction £m	Total £m
Cost or valuation					
Beginning of the year	71.4	394.9	664.8	0.6	1,131.7
Additions	0.7	3.1	16.1	77.8	97.7
Disposals	-	-	(5.2)	-	(5.2)
Foreign exchange	0.2	-	-	-	0.2
End of the year	72.3	398.0	675.7	78.4	1,224.4
Depreciation					
Beginning of the year	10.8	92.3	370.6	-	473.7
Charge	1.2	13.1	65.2	-	79.5
Disposals	-	-	(4.5)	-	(4.5)
End of the year	12.0	105.4	431.3	-	548.7
Net book value					
Beginning of the year	60.6	302.6	294.2	0.6	658.0
End of the year	60.3	292.6	244.4	78.4	675.7

Company

The Company has no tangible fixed assets (2004 - £Nil).

Group

Included in plant, motor vehicles, fixtures and fittings are assets held under finance leases with a net book value of £58.6 million (2004 - £70.2 million). Depreciation charged on such assets during the year was £11.6 million (2004 - £4.5 million).

Included in plant, motor vehicles, fixtures and fittings is depreciation charged of £29.3 million (2004 - £Nil) due to a change in the useful estimated lives of existing production assets.

Included in the cost of Group tangible fixed assets is interest on borrowings used to finance capital projects of £107.4 million (2004 - £107.4 million).

Leasehold land and buildings are substantially all long leaseholds.

Notes to the financial statements – continued

13 Tangible fixed assets - continued

Assets at valuation

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

	2005 Freehold £m	2005 Leasehold £m	2004 Freehold £m	2004 Leasehold £m
Professionally valued at:				
- 1 November 1980	6.2	-	6.2	-
- 30 June 1988	-	50.1	-	50.1
Total at valuation	6.2	50.1	6.2	50.1
At cost	66.1	347.9	65.2	344.8
Cost or valuation at end of the year	72.3	398.0	71.4	394.9

Original cost, and accumulated depreciation based on cost of land and buildings included at valuation is as follows:

	2005 Freehold £m	2005 Leasehold £m	2004 Freehold £m	2004 Leasehold £m
Original cost	4.0	3.6	4.0	3.6
Accumulated depreciation based on cost	(1.7)	(0.5)	(1.5)	(0.5)
	2.3	3.1	2.5	3.1

14 Fixed asset investments

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Subsidiary undertakings (a)	-	-	1,684.5	1,684.5
Other investments (b)	7,549.0	7,577.7	7,506.4	7,506.4
	7,549.0	7,577.7	9,190.9	9,190.9

Details of the Group's principal subsidiary undertakings, associated undertakings and other participating interests are given in note 29.

Notes to the financial statements – continued

14 Fixed asset investments - continued

a) Subsidiary undertakings – Company

	2005 £m	2004 £m
Cost or valuation		
News International Holdings	1,684.5	1,684.5

b) *Other investments*

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Fellow group undertakings (i)	7,509.7	7,509.7	7,506.4	7,506.4
Listed (ii)	-	31.4	-	-
Unlisted (iii)	16.3	16.2	-	-
Parent company (iv)	23.0	20.4	-	-
	7,549.0	7,577.7	7,506.4	7,506.4

i) Fellow group undertakings

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
News Publishing Australia Limited	7,506.4	7,506.4	7,506.4	7,506.4
Other	3.3	3.3	-	-
	7,509.7	7,509.7	7,506.4	7,506.4

Group

The remaining ordinary share capital of these participating interests is held by other subsidiary undertakings of News Corporation. 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.

The net assets of News Publishing Australia Limited and subsidiary undertakings as included in the consolidated financial statements of News Corporation totalled £17,190.3 million at 30 June 2005 (2004 – £14,022.0 million). The consolidated net profit for the year ended 30 June 2005 was £595.6 million (2004 – £686.1 million). The Group's interest in the consolidated net assets through its 27.60% (2004 – 27.71%) holding of Common Stock is £4,744.5 million (2004 – £3,885.5 million).

Notes to the financial statements – continued

14 Fixed asset investments - continued

ii) Listed investments

The investment in The Wireless Group plc of 38.2% was disposed of on 28 June 2005, for consideration of £35.4 million.

iii) Unlisted investments

At 30 June 2005 unlisted investments principally comprised a £15.0 million investment in The Press Association.

iv) Parent company

The net book value of the investment in the ultimate parent company is analysed as follows:

	Group £m
Cost	
Beginning of the year	29.7
Disposal	(0.9)
End of the year	28.8
Provision	
Beginning of the year	9.3
Disposal	(3.5)
End of the year	5.8
Net book value	
Beginning of the year	20.4
End of the year	23.0

The investment in the ultimate parent company at 30 June 2005 at a cost of £28.8 million comprised 2,939,024 of News Corporation Class A Common Stock acquired for the News International Sharesave Plan. The shares have a market value of £26.6 million at 30 June 2005.

The shares are recognised at cost less charges to write down the shares to the exercise price of the share options over the minimum life of the options.

Options were exercised within scheme rules resulting in a disposal of 78,352 shares with an original cost of £0.9 million.

Notes to the financial statements – continued

15 Stocks

	Group 2005 £m	Group 2004 £m
Raw materials and consumables	17.7	18.3
Work-in-progress	1.8	2.1
Finished goods and goods for resale	33.5	34.5
	53.0	54.9

16 Debtors

Amounts falling due within one year:

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Trade debtors	173.1	206.5	-	-
Due from group undertakings	6.1	198.6	0.1	0.2
Due from associated undertakings	4.7	14.0	-	-
Rentals due under finance leases	6.1	6.0	-	-
Prepayments and accrued income	26.7	27.3	-	-
Pension prepayments	35.8	29.8	-	-
Other debtors	20.1	19.0	-	-
	272.6	501.2	0.1	0.2

Included in other debtors are assets held for resale of £16.2 million (2004 - £15.2 million).

Amounts falling due after more than one year:

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Rentals due under finance leases	79.0	85.1	-	-
Prepayments and accrued income	-	4.0	-	-
Royalty advances	26.7	25.4	-	-
	105.7	114.5	-	-

The original historical cost of assets leased by the Group to other News Corporation group companies under finance leases at 30 June 2005 was £114.6 million (2004 - £114.6 million).

Notes to the financial statements – continued

17 Cash at bank and in hand

The Group operates a collective overdraft facility with its bankers which allows individual companies in the Group to overdraw subject to an agreed limit not being exceeded in aggregate. This facility is guaranteed by News Corporation.

18 Creditors: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£m	£m	£m	£m
Loan notes	5.0	5.0	-	-
Bank loans and overdrafts	0.2	70.7	-	-
Borrowings	5.2	75.7	-	-
Due to group undertakings	1,327.5	1,471.6	-	-
Trade creditors	53.7	86.7	-	-
Corporation tax payable	58.1	90.0	-	-
Taxation and social security	9.9	46.1	-	-
Contractual obligations (note 19)	10.4	12.0	-	-
Other creditors	18.9	22.1	-	-
Accruals and deferred income	121.7	137.1	-	-
	1,605.4	1,941.3	-	-

Other than finance leases, none of the Group or Company borrowings are secured on the assets of the Group other than disclosed in note 24.

19 Creditors: Amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£m	£m	£m	£m
Corporation tax payable	31.1	30.0	-	-
Contractual obligations	50.3	57.8	-	-
Other creditors	42.6	41.5	-	-
	124.0	129.3	-	-

The contractual obligations are the discounted liabilities due to the Dutch Government for the Sky Radio and Radio Veronica FM licences in The Netherlands and the Danish Government for the FM licence in Denmark.

Notes to the financial statements – continued

20 Provisions for liabilities and charges

	Group deferred tax £m
Beginning of the year	95.8
Credited to profit and loss account	(9.4)
End of the year	86.4

Deferred tax is provided as follows:

	Group	
	2005 £m	2004 £m
Excess of tax allowances over book depreciation of fixed assets	64.8	73.3
Other timing differences related to non-current assets	55.8	63.0
Other timing differences related to current assets and liabilities	(34.2)	(40.5)
	86.4	95.8

There is no unprovided deferred tax.

In addition taxes receivable that could arise if property were to be disposed of at revalued amounts are as follows:

	Group	
	2005 £m	2004 £m
Property	(20.6)	(16.3)

Company

The Company has no provided or unprovided deferred tax.

Notes to the financial statements – continued

21 Equity capital and reserves

a) Called-up equity share capital

	2005 £m	2004 £m
Authorised		
9,190,521,074 ordinary shares of £1 each (2004 - 50,000,100 ordinary shares of £1 each)	9,190.5	50.0

	2005 £m	2004 £m
Allotted and fully-paid		
9,190,521,074 ordinary shares of £1 each (2004 - 38,121,074 ordinary shares of £1 each)	9,190.5	38.1

b) Movements on capital and reserves – Group

	Called-up equity share capital £m	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Beginning of the year	38.1	417.0	79.5	9,736.3	(3,245.8)	7,025.1
Profit for the financial year	-	-	-	-	100.5	100.5
Foreign exchange adjustments	-	-	-	-	2.3	2.3
Share capital issue	9,152.4	(417.0)	-	(8,735.4)	-	-
End of the year	9,190.5	-	79.5	1,000.9	(3,143.0)	7,127.9

c) Movements on capital and reserves – Company

	Called-up equity share capital £m	Share premium account £m	Other reserves £m	Profit and loss account £m	Total £m
Beginning of the year	38.1	417.0	9,386.7	(650.7)	9,191.1
Loss for the financial year	-	-	-	(0.1)	(0.1)
Share capital issue	9,152.4	(417.0)	(8,735.4)	-	-
End of the year	9,190.5	-	651.3	(650.8)	9,191.0

In the period, the Company capitalised the share premium account by £417.0 million and other reserves by £8,735.4 million. The proceeds were used to issue 9,152,400,000 ordinary shares of £1 each.

Notes to the financial statements – continued

21 Equity capital and reserves – continued

d) Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2005 £m	2004 £m	2005 £m	2004 £m
Profit for the financial year	100.5	62.6	(0.1)	(0.2)
Other recognised gains and losses relating to the year (net)	2.3	(29.5)	-	-
Share capital reduction	-	(674.1)	-	(674.1)
Net increase/(decrease) in shareholders' funds	102.8	(641.0)	(0.1)	(674.3)
Opening equity shareholders' funds	7,025.1	7,666.1	9,191.1	9,865.4
Closing equity shareholders' funds	7,127.9	7,025.1	9,191.0	9,191.1

22 Future capital expenditure

	Group	
Group	2005 £m	2004 £m
Capital expenditure contracted for but not provided for	157.2	11.3

The Company had no contracted or authorised future capital expenditure as at 30 June 2005 (2004 - £Nil).

23 Leasing and other financial commitments

Certain subsidiary undertakings have entered into non-cancellable operating leases in respect of plant and machinery. In addition certain subsidiary undertakings lease buildings on short-term leases. 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 repair costs of these properties. The minimum annual rentals on these leases are as follows:

	2005 Land & Buildings £m	2005 Other £m	2004 Land & buildings £m	2004 Other £m
Group				
Operating leases which expire				
- within 1 year	0.5	0.8	0.3	1.0
- within 2-5 years	0.6	3.8	1.8	3.4
- after 5 years	18.8	-	17.4	0.1
	19.9	4.6	19.5	4.5

Notes to the financial statements – continued

24 Guarantees and contingent liabilities

The Group operates a collective overdraft facility with its bankers, which allows individual companies in the Group to overdraw subject to an agreed limit not being exceeded in aggregate. The overdraft facility is also guaranteed by News Corporation.

The Company is registered for VAT purposes in a group of subsidiary 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 which require payment of royalty advances and have certain minimum advance commitments to authors that are contingent upon the publication of future titles.

25 Funding

The financial statements are prepared on the going concern basis. The Group and Company have net current liabilities of £722.4 million and net current assets of £0.1 million respectively at 30 June 2005 (2004 net current liabilities of £851.6 million and net current assets of £0.2 million respectively). News Corporation has confirmed its intention of providing continuing financial support to enable the Group to meet its liabilities as they fall due for at least the next twelve months.

26 Post balance sheet events

On 18 October 2005, the Group disposed of its investment in TSL Education Limited for consideration of £235 million.

On 14 November 2005, Sky Radio A/S, a subsidiary undertaking, ceased to broadcast in Denmark as the population coverage was materially less than the Radio and Television Board promised during the competitive auction process in 2003. As a result, the Denmark contract is deemed to be annulled as it is not possible to run a commercial radio station under these circumstances. At 30 June 2005 the Denmark licence is included within licences at £27.3 million. There is also a contractual obligation included within creditors of £26.6 million.

27 Ultimate parent company

On 12 November 2004, News Corporation announced its reincorporation from Australia to the United States of America. News Corporation, a Delaware corporation, is now the parent company of the News Corporation group of companies.

The Company's immediate and ultimate parent company is News Corporation, a company incorporated in Delaware.

The results of Newscorp Investments and its subsidiary undertakings were consolidated in the group headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10024. The consolidated financial statements of this group is available to the public and may be obtained from 1 Virginia Street, London E98 1FN.

28 Related party transactions

As part of its trading activities the Group has undertaken transactions with its associated undertakings during the year.

At 30 June 2005 amounts due to the Group from BSkyB were £4.7 million from trading activities (2004 - £13.8 million). Included within turnover are sales of £58.0 million (2004 - £58.1 million) made to BSkyB, an associated undertaking of the News Corporation group.

Notes to the financial statements – continued

29 Principal subsidiary undertakings, associated undertakings and other participating interests

Unless otherwise stated, the investments in subsidiary undertakings are in ordinary shares, and the subsidiary undertakings are wholly owned by their immediate parent company and are incorporated and operate principally in the UK. Companies in bold are direct shareholdings of Newscorp Investments. All other companies are indirect shareholdings of Newscorp Investments. The Company has taken advantage of the exemption given by S231(5) of the Companies Act and has only disclosed companies whose results or financial position are material to the Group's financial statements.

a) Principal subsidiary undertakings and associated undertakings

News International Holdings (Holding company) (85.77%)

News International Limited (Holding company and finance)

News 2026 Limited (Newspaper publishing rights)

News Group Newspapers Limited (Publishers of the News of the World and The Sun)

Times Newspapers Holdings Limited (Holding Company)
   Times Newspapers Production Company Limited (Leasing)
   Times Newspapers Limited (Publishers of The Sunday Times and The Times)

TSL Education Limited (Publishers of The Times Educational Supplement, The Times Higher Education Supplement, The Times Scottish Education Supplement, Nursery World, Primary Magazine and The Times Literary Supplement)

News International Distribution Limited (Distribution of newspapers)

News International Newspapers Limited (Provision of production and related personnel resources)

News International Newspapers (Ireland) Limited (Provision of production and related personnel resources)

News International Newspapers (Knowsley) Limited (Provision of production and related personnel resources)

News International Newspapers (Scotland) Limited (Provision of production and related personnel resources)

News International Supply Company Limited (Supply of goods and services to the newspaper publishing companies)

News International (Advertisements) Limited (Sale of advertising space)

News International Advertisements (Ireland) Limited (Sale of advertising space)

News Promotions Limited (Newspaper promotions)

News International Associated Services Limited (Agent promoting billing services)

News Securities BV (Holding company and finance)

NI Syndication Limited (Agent promoting syndication services)

Radio Productions London Limited (Holding company)

Notes to the financial statements – continued

29 Principal subsidiary undertakings, associated undertakings and other participating interests – continued

a) Principal subsidiary undertakings and associated undertakings – continued

Sky Radio Limited (Radio broadcasting) (93%)

News Publishers Limited (Finance) (Incorporated in Bermuda)

News Collins Limited (Holding company and finance)
Harper Collins (UK) (Holding company)
Harper Collins Publishers Limited (Book publishing)
Harper Collins Investments (UK) Limited (Finance)
Harper Collins (Australia) Limited (Book publishing) (Incorporated in Australia)
Harper Collins Publishers (New Zealand) Limited (Book publishing) (Incorporated in New Zealand)

News Printers Group Limited (Holding company)

News Printers Assets Limited (Leasing)

News International Newspapers (Knowsley) Limited (Provision of production and related personnel resources)

News Printers Southern Limited (formerly News Printers South Limited) (Provision of production and related personnel resources)

News Printers Scotland Limited (formerly News Printers North Limited) (Provision of production and related personnel resources)

b) Other principal participating interests

News Publishing Australia Limited (Holding company) (Incorporated in USA) (27.60%)