

Newscorp Investments

**Report and Financial Statements
30 June 2007**

Registered number 1437199

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Directors' report

For the year ended 30 June 2007

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 2007

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 and magazines, 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

During the year, FRS 20 'Share-based Payment' was adopted. The main impact of this accounting standard is to recognise the fair value of options as an expense in the profit and loss account over the vesting period. The prior year results have been restated where indicated to ensure the 2006 balances also fully reflect the requirements of FRS 20

The subsidiary and associated undertakings primarily affecting the results or net assets of the Group in the year are listed in note 32 of the financial statements

On 2 October 2006, the Group acquired a 90% holding in Milkround Holdings Limited, which operates the online graduate recruitment website Milkround.com. Due to the scale of the operations in relation to the Group as a whole, the acquisition has not materially changed the nature and focus of the Group's operations and is not shown as an acquisition on the face of the profit and loss account

On 11 September 2006, the Group sold its investment in Homeground Marketing Limited, a wholly owned subsidiary, for consideration of £1.3 million, resulting in a profit on disposal of £0.4 million. Due to the scale of the operations in relation to the Group as a whole, the disposal has not materially changed the nature and focus of the Group's operations, and has not been shown as discontinued on the face of the profit and loss account

On 22 November 2006, the Group sold its investment in News Optimus Limited, a wholly owned subsidiary, for consideration of £3.9 million, resulting in a profit on disposal of £0.4 million. Due to the scale of the operations in relation to the Group as a whole, the disposal has not materially changed the nature and focus of the Group's operations, and has not been shown as discontinued on the face of the profit and loss account

Business review

The Group generated turnover for the year of £1,414.5 million (2006 - £1,470.1 million). The Group's operating profit for the year was £122.0 million (2006 restated - £127.9 million). The Directors expect the general level of activity to continue for the foreseeable future

The principal cause of the reduced turnover was a reduction in circulation revenue, with the effects of reduced circulation and regional pricing initiatives partially offset by the full year effect of the cover price increases on The Sun, The Times, The Sunday Times and the News of the World made in the previous year. Advertising revenue was slightly down as no major global sports events fell within the period as the world cup largely impacted the prior period

Cost of sales over the period has decreased in line with circulation declines on titles, partially offset by general market price increases for newsprint and ink. Other costs continue to be tightly managed

Directors' report - continued

Business review - continued

Harper Collins saw turnover grow by £5.3 million with the highlight being *The Dangerous Book for Boys*, which sold almost 700,000 copies and was awarded the Best Book of the Year at the Galaxy British Book Awards. The revenue growth is even more notable considering the impact of Narnia sales in 2006 following the film release of *"The Lion, The Witch and The Wardrobe"*. Operating profit rose £1.9 million largely as a result of the increase in revenues. 2007 saw Harper Collins enjoy a record breaking year with an unprecedented 61 top ten titles in the Sunday Times bestseller list, including 14 number ones.

Following the announcement on 12 October 2004 of investment in new printing plants by the Group, a review of production staffing levels has been undertaken. In October 2005 a selection process was completed for staffing requirements at the new printing plants. As a result, the newspaper production work force for the Group is expected to be reduced by approximately two thirds.

During the year charges made within the Group include a discounted provision for redundancy costs relating to 63 employees (2006 – 668) and interest on unwinding of the discounted provision for redundancy.

Progression of the new printing plants has been significant, with all sites expected to be operational during the next financial year.

The Group's digital presence is growing rapidly, in February 2007 TimesOnline re-launched its website, the new site design was due to direct consumer feedback. The Group is investing significant resources in the development of its internet presence, in order to capitalise on the new opportunities that the impending market shift will present.

Principal risks and uncertainties facing the business

Advertising

The Group derives substantial revenues from the sale of advertising on its newspapers and inserts. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions, as well as budgeting and buying patterns. A change in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities and impact the advertising revenue of the Group.

E-Business

The Internet and the growth of the Digital Age pose a risk to the Group's principal activities as advertisers move to on-line methods to promote business, potentially impacting the advertising revenue of the Group. Development of The Sun and The Times websites was completed to reduce this uncertainty alongside the Group's recent strategy of Internet acquisitions such as Milkround Online and PropertyFinder.

Credit risk

The Group performs credit checks on all new customers, requesting advance payment when credit ratings are not sufficient. Formal processes are in place to ensure overdue accounts are followed up on a timely basis, with accounts blocked for further purchases when overdue.

Treasury risk

The treasury team manage the Group's financial risks. The Group finances and manages its activities with a combination of loans, cash and short-term deposits. Overdrafts are used to satisfy short-term cash flow requirements. Due to the nature of the organisation, exchange rate risk is managed internally due to a presence by Group companies in the main trading countries.

Results and dividends

The Group's profit for the financial year after taxation and minority interests was £101.0 million (2006 restated - £266.0 million). The Directors do not recommend a dividend (2006 - £Nil).

Environment

Newscorp Investments recognises the importance of its environmental responsibilities. The Group continues to ensure it exceeds Government targets set for recycled content for UK newspapers. Waste products are also handled in an environmentally friendly way and recycled where possible. In February 2007 the Group switched its power supply to green energy, reducing its carbon footprint by over 60%. The Group is aiming to be carbon neutral by the end of 2007. The new print sites in Glasgow, Broxbourne and Knowsley have been designed with environmental issues in mind. The Group continues to support further initiatives to consider the environment and to increase public awareness.

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

There are over 5,600 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.

There is a staff association NISA ("News International Staff Association") which has a Recognition Agreement with News International, and allows NISA to negotiate on behalf of staff with News International management. NISA operates at all of the newspaper division's sites: Wapping, Broxbourne, EuroCentral (Scotland), Knowsley (Merseyside) as well as the commercial and editorial offices in Scotland, administrative offices in Peterborough, News Magazines and the TLS in London.

NISA representatives are democratically elected by the workforce. Wapping (London) has 16 representatives, Broxbourne 3 representatives, Scotland (Editorial and Commercial) 4 representatives, EuroCentral 2 representatives, Knowsley 3 representatives.

The National 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 and their interests

The Directors of the Company are as follows:

S W Daintith
M C Gill (appointed 17 March 2008)
L F Hinton (resigned 21 January 2008)
S F Hutson (resigned 20 March 2008)
C A Milner (appointed 17 March 2008)
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 £1.0 million (2006 - £1.3 million). There were no political contributions (2006 - £Nil).

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 (2006 - 42 days).

Auditors

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

Directors' report - continued

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

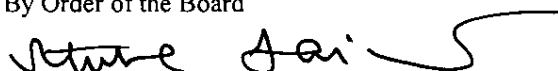
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement of disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Director's Report are listed on page 3. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

By Order of the Board



S W Daintith
Director

1 Virginia Street
London
E98 1XY

31 March 2008

Independent Auditors' report

To the members of Newscorp Investments

We have audited the Group and parent company financial statements (the "financial statements") of Newscorp Investments for the year ended 30 June 2007 which comprise the Consolidated Profit and Loss account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets and the related notes numbered 1 to 32. These financial statements have been prepared under 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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and that the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company 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 other transactions are not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 30 June 2007 and of the Group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


Ernst & Young LLP

Registered auditor, London

4 April 2008

Consolidated profit and loss account

For the year ended 30 June 2007

	Notes	2007 £m	2006 Restated £m
Turnover	2	1,418 2	1,471 2
Continued operations		1,418 2	1,463 0
Discontinued operations		-	8 2
Less share of turnover of joint venture		(3 7)	(1 1)
Group turnover		1,414 5	1,470 1
Cost of sales	3	(798 0)	(819 1)
Gross profit		616 5	651 0
Other operating expenses (net)	3	(492 9)	(522 4)
Group operating profit		123 6	128 6
Continued operations		123 6	127 4
Discontinued operations		-	1 2
Share of operating loss in joint venture		(1 6)	(0 7)
Total operating profit: group and share of joint venture		122 0	127 9
Profit on disposal of fixed asset investments	4	0 8	299 0
Exceptional items	5	(5 8)	(56 8)
Profit on ordinary activities before finance charges		117 0	370 1
Investment income and interest receivable			
- group	6	14 3	31 7
- associate	6	32 0	4 3
Interest payable and similar charges			
- group	7	(70 6)	(70 3)
- joint venture	7	(0 1)	-
Exceptional interest	5	(6 9)	(4 7)
Profit on ordinary activities before taxation	2, 8	85 7	331 1
Taxation on profit on ordinary activities	12	27 7	(14 1)
Profit on ordinary activities after taxation		113 4	317 0
Minority interests		(12 4)	(51 0)
Profit for the financial year	13, 23	101 0	266 0

Details of movements on reserves are shown in note 23

All operations of the Group continued throughout the year with the exception of any operations detailed in note 4
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 2007

	Notes	2007 £m	2006 Restated £m
Retained profit for the financial year		70.7	262.4
Share of joint venture loss for the year		(1.7)	(0.7)
Share of associate profit for the year		32.0	4.3
	23	101.0	266.0
Actuarial gains recognised in the pension schemes	11	33.0	10.4
Deferred tax on actuarial gains recognised in the pension schemes		(9.2)	(3.1)
Deferred tax – effect of change in tax rate on pension deficit		(1.3)	-
Gain/(loss) on foreign currency translation		22.2	(14.3)
Minority interest		(6.0)	1.0
Total recognised gains and losses for the financial year			
- Group		109.4	256.4
- Joint venture		(1.7)	(0.7)
- Associate		32.0	4.3
Total recognised gains and losses for the financial year		139.7	260.0
Prior year adjustment - share-based payment	24	(10.7)	
- tax effect		3.2	
- minority interest		1.1	
Total gains recognised since last annual report and financial statements		133.3	

The prior year adjustment relates to the adoption of FRS 20 'Share-based Payment' as detailed in the Directors Report

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 2007

	Notes	2007 £m	2006 Restated £m
Fixed assets			
Intangible assets	14	753 4	739 2
Tangible assets	15	875 0	725 9
Investments	16	7,543 3	7,548 7
Interests in joint ventures			
- share of gross assets	16	9 8	8 2
- share of gross liabilities	16	(4 2)	(1 6)
Investment in associate	16	464 8	409 4
		<hr/>	<hr/>
		9,642 1	9,429 8
		<hr/>	<hr/>
Current assets			
Stocks	17	48 1	48 0
Debtors - due within one year	18	296 0	267 1
- due after one year	18	95 1	106 0
Cash at bank and in hand	19	80 9	239 1
		<hr/>	<hr/>
		520 1	660 2
Creditors: Amounts falling due within one year	20	(1,487 5)	(1,501 2)
		<hr/>	<hr/>
Net current liabilities	28	(967 4)	(841 0)
		<hr/>	<hr/>
Total assets less current liabilities		8,674 7	8,588 8
Creditors: Amounts falling due after more than one year	21	(39 5)	(73 0)
Provisions for liabilities and charges	22	(113 3)	(119 1)
		<hr/>	<hr/>
Net assets excluding pension liability		8,521 9	8,396 7
		<hr/>	<hr/>
Pension liability	11	(12 0)	(46 4)
		<hr/>	<hr/>
Net assets including pension liability	2	8,509 9	8,350 3
		<hr/>	<hr/>

Consolidated balance sheet - continued

As at 30 June 2007

	Notes	2007 £m	2006 Restated £m
Capital and reserves			
Called-up equity share capital	23	9,190 5	9,190 5
Equity reserves			
Revaluation reserve	23	79 5	79 5
Other reserves	23	1,000 9	1,000 9
Equity share-based payment	23	8 9	7 0
Profit and loss account	23	(2,832 6)	(2,971 1)
Equity shareholders' funds	23	7,447 2	7,306 8
Equity minority interests		1,062 7	1,043 4
		<hr/> 8,509 9	<hr/> 8,350 2

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

The financial statements on pages 6 to 45 were approved by the Board of Directors on 31 March 2008 and signed on its behalf by



S W Daintith
Director

31 March 2008

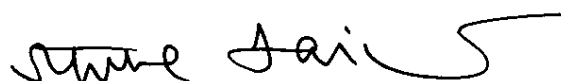
Company balance sheet

As at 30 June 2007

	Notes	2007 £m	2006 £m
Fixed assets			
Investments	16	9,190.9	9,190.9
Current assets			
Debtors	18	-	-
Net current assets	28	-	-
Net assets		9,190.9	9,190.9
Capital and reserves			
Called-up equity share capital	23	9,190.5	9,190.5
Equity reserves			
Other reserves	23	651.3	651.3
Profit and loss account	23	(650.9)	(650.9)
Equity shareholders' funds	23	9,190.9	9,190.9

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

The financial statements on pages 6 to 45 were approved by the Board of Directors on 31 March 2008 and signed on its behalf by



S W Daintith
Director

31 March 2008

Notes to the financial statements

30 June 2007

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

In preparing the financial statements for the current year, the Group has adopted FRS 20 'Share-based Payment' which became mandatory for all accounting periods beginning after 1 January 2006. The adoption of FRS 20 has resulted in a change in accounting policy for share-based payment transactions. The impact of adopting FRS 20 has been reflected throughout the financial statements. Comparatives have been restated where appropriate to conform with current year presentation.

Basis of consolidation

The Group financial statements are made up to 30 June 2007 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 £Nil million (2006 - £0.1 million).

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.

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.

Notes to the financial statements - continued

1 Principal accounting policies - continued

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 translated 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.

Turnover

Turnover is the net amount receivable by the Group in the ordinary course of its business, excluding value added tax, trade discounts and other sales related taxes.

Advertising revenue is recognised upon publication.

Circulation revenue is recognised at the point of sale. A provision is deducted from circulation revenue for expected returns and adjusted for actual returns as known.

Other revenue including book publishing is recognised at the time of sale or provision of service.

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 substantively 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.

Research and development

Research and development expenditure is written off as incurred.

Share-based payments

The cost of cash settled transactions is measured at fair value using an appropriate option-pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period, a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit and loss for the period.

The Group issues equity-settled share-based payments to certain employees, which must be measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity. The fair values of

Notes to the financial statements - continued

1 Principal accounting policies - continued

these payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the Group's estimate of the number of awards, which will lapse due to employees leaving the company prior to vesting.

The Group has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

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 the Group's portion of past and current service cost, and interest cost net of expected return on assets in the plans are charged to the profit and loss during the year. Actuarial gains and losses are recognised directly in full in the statement of total recognised gains and losses such that the consolidated balance sheet reflects the schemes' full surplus or deficit at the balance sheet date.

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.

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.

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.

Notes to the financial statements - continued

1 Principal accounting policies - continued

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment unless otherwise stated

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

Freehold and leasehold land	- No depreciation charged
Freehold buildings	- 50 years
Leasehold buildings	- Shorter of the length of lease or 50 years
Plant, motor vehicles, fixtures and fittings	- 1 year to 33 years

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

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

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Investments

Investments are stated at cost or valuation less provision for impairment

Stocks and work-in-progress

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are held at purchase cost on a first-in first-out basis. Work in progress and finished goods are held at cost of direct materials and labour plus attributable overheads based on a normal level of activity

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

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

Capital instruments

Equity shares are reported in shareholders' funds. Other capital instruments, such as preference shares, are presented following their substance rather than legal form in accordance with FRS 25 'Financial Instruments Presentation and Disclosure'. A liability is recognised in the balance sheet when there is an obligation to transfer economic benefits present. Where such criteria do not exist, capital instruments continue to be recognised as shareholders' funds. The finance cost element recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

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.

Notes to the financial statements - continued

2 Segmental information

a) Turnover and profit on ordinary activities before taxation

Turnover by class of business	Turnover					
	2007			2006		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Newspaper printing and publishing	1,082 0	-	1,082 0	1,076 3	8 2	1,084 5
Television and radio broadcasting	-	-	-	31 1	-	31 1
Book publishing	247 5	-	247 5	242 2	-	242 2
Other activities	88 7	-	88 7	113 4	-	113 4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,418 2	-	1,418 2	1,463 0	8 2	1,471 2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Profit on ordinary activities before taxation by class of business

	Profit/(loss) on ordinary activities before taxation					
	2007			2006 Restated		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Newspaper printing and publishing	108 7	-	108 7	97 1	1 3	98 4
Television and radio broadcasting	-	-	-	(3 7)	-	(3 7)
Book publishing	14 8	-	14 8	10 9	-	10 9
Other activities {1}	(25 9)	-	(25 9)	(12 0)	-	(12 0)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	97 6	-	97 6	92 3	1 3	93 6
Redundancy charges	(12 7)	-	(12 7)	(61 5)	-	(61 5)
Profit on disposal of subsidiary undertakings	0 8	-	0 8	299 0	-	299 0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85 7	-	85 7	329 8	1 3	331 1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

{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

	2007			2006		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
United Kingdom	1,297.9	-	1,297.9	1,288.9	8.2	1,297.1
Rest of Europe	17.6	-	17.6	70.7	-	70.7
Other	102.7	-	102.7	103.4	-	103.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,418.2	-	1,418.2	1,463.0	8.2	1,471.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Profit on ordinary activities before taxation by origin

	Profit/(loss) on ordinary activities before taxation					
	2007			2006 restated		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
United Kingdom	58.5	-	58.5	80.2	1.3	81.5
Rest of Europe	2.0	-	2.0	3.9	-	3.9
Other	37.1	-	37.1	8.2	-	8.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	97.6	-	97.6	92.3	1.3	93.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Redundancy charges	(12.7)	-	(12.7)	(61.5)	-	(61.5)
Profit on disposal of subsidiary undertakings	0.8	-	0.8	299.0	-	299.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85.7	-	85.7	329.8	1.3	331.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements - continued

2 Segmental information - continued

b) Net assets

Net assets by class of business

	Continuing £m	2007 Discontinued £m	Total £m	Continuing £m	2006 restated Discontinued £m	Total £m
Newspaper printing and publishing	4,497.9	-	4,497.9	4,385.6	1.5	4,387.1
Television and radio broadcasting	0.4	-	0.4	0.4	-	0.4
Book publishing	(94.9)	-	(94.9)	(112.6)	-	(112.6)
Other activities and unallocated net assets, including investments	4,106.5	-	4,106.5	4,075.4	-	4,075.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,509.9	-	8,509.9	8,348.8	1.5	8,350.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Net assets by geographical segment

	Continuing £m	2007 Discontinued £m	Total £m	Continuing £m	2006 restated Discontinued £m	Total £m
United Kingdom	7,081.7	-	7,081.7	6,943.3	1.5	6,944.8
Rest of Europe	216.9	-	216.9	261.3	-	261.3
North America	28.7	-	28.7	16.6	-	16.6
Other	1,182.6	-	1,182.6	1,127.6	-	1,127.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,509.9	-	8,509.9	8,348.8	1.5	8,350.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the financial statements - continued

3 Cost of sales and other operating expenses (net)

	Continuing £m	2007 Discontinued £m	Total £m	Continuing £m	2006 Discontinued £m	Total £m
Cost of sales	798 0	-	798 0	814 7	4 4	819 1
Distribution costs	84 9	-	84 9	76 9	0 6	77 5
Administrative expenses	408 0	-	408 0	442 9	2 0	444 9
Other operating expenses (net)	492 9	-	492 9	519 8	2 6	522 4

4 Profit on disposal of fixed asset investments

	2007 £m	2006 £m
Profit on sale of investment in subsidiaries	0 8	299 0

On 11 September 2006, the Group sold its investment in Homeground Marketing Limited, a wholly owned subsidiary, for consideration of £1 3 million, resulting in a profit on disposal of £0 4 million. Due to the scale of the operations in relation to the Group as a whole, the disposal has not materially changed the nature and focus of the Group's operations, and has not been shown as discontinued on the face of the profit and loss account.

On 22 November 2006, the Group sold its investment in News Optimus Limited, a wholly owned subsidiary, for consideration of £3 9 million, resulting in a profit on disposal of £0 4 million. Due to the scale of the operations in relation to the Group as a whole, the disposal has not materially changed the nature and focus of the Group's operations, and has not been shown as discontinued on the face of the profit and loss account.

On 18 October 2005, the Group sold its investment in TSL Education Limited, a wholly owned subsidiary, resulting in a profit on disposal of £218 4 million.

On 13 April 2006, the Group sold its investment in Sky Radio Limited, resulting in a profit on disposal of £80 6 million. Sky Radio Limited was the Group's only Radio Broadcasting operation and the disposal completed the exit from these activities.

Notes to the financial statements - continued

5 Exceptional items

	2007 £m	2006 £m
Redundancy charges	5.8	56.8
Interest on unwinding of redundancy provision	6.9	4.7
	<hr/>	<hr/>
	12.7	61.5
	<hr/>	<hr/>

Following the announcement on 12 October 2004 of investment in new printing plants by the Group, a review of production staffing levels has been undertaken. In October 2005 a selection process was completed for staffing requirements at the new printing plants. As a result, the newspaper production work force for the Group is expected to be reduced by approximately two thirds.

During the year charges made within the Group include a discounted provision for redundancy costs relating to 63 employees (2006 – 668) and interest on unwinding of the discounted provision for redundancy.

Progression of the new printing plants has been significant, with all sites expected to be operational during the next financial year.

The redundancy provision is included in note 22.

A deferred tax asset of £19.0 million (2006 - £17.4 million) has been provided in respect of the redundancy provision after current year utilisation and is included within note 22.

6 Investment income and interest receivable

	2007 £m	2006 £m
<i>Group</i>		
Income from loans to fellow subsidiary undertakings of the ultimate parent company	1.3	0.7
Other interest receivable and similar income	13.0	31.0
<i>Associate</i>		
Other interest receivable and similar income	32.0	4.3
	<hr/>	<hr/>
	46.3	36.0
	<hr/>	<hr/>

7 Interest payable and similar charges

	2007 £m	2006 £m
<i>Group</i>		
Interest on loans from fellow subsidiary undertakings of the ultimate parent company	70.6	67.5
Other loans	-	2.8
<i>Joint venture</i>		
Other interest payable and similar charges	0.1	-
	<hr/>	<hr/>
	70.7	70.3
	<hr/>	<hr/>

Notes to the financial statements - continued

8 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007 £m	2006 £m
Depreciation and amounts written off tangible fixed assets		
- owned	75.7	80.9
- held under finance leases	16.7	16.7
Amortisation of publishing rights and titles and goodwill	2.8	8.7
Impairment of goodwill	-	5.0
Operating lease rentals		
- plant and machinery	5.2	4.8
- other	15.3	14.9
Auditors' remuneration		
- audit of the company	-	-
- audit of the company's subsidiaries	1.1	1.5
- other services	0.2	0.1

Fees paid to Ernst and Young LLP, for non-audit services to the company itself are not disclosed in the individual accounts of Newscorp Investments because the company's consolidated accounts are required to disclose such audit fees on a consolidated basis

9 Staff costs

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

	2007 £m	2006 Restated £m
Wages and salaries	289.7	287.3
Social security costs	27.1	26.9
Other pension costs (see note 11)	24.8	28.8
Share-based Payments	4.1	5.4
	<hr/>	<hr/>
	345.7	348.4
	<hr/>	<hr/>

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

	2007 Number	2006 Number
Newspaper printing and publishing	3,980	3,878
Television and radio broadcasting	-	172
Book publishing	1,325	1,348
Other activities	343	418
	<hr/>	<hr/>
	5,648	5,816
	<hr/>	<hr/>

Notes to the financial statements - continued

9 Staff costs - continued

Directors' remuneration	2007 £m	2006 £m
Emoluments	2.7	2.7

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

	2007 £m	2006 £m
Emoluments	2.3	2.1

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

	2007 Number	2006 Number
Defined benefit schemes	1	2

The accrued pension entitlement under the defined benefit schemes of the highest paid Director at 30 June 2007 was £Nil (2006 - £Nil)

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

10 Share-based payment

Employee share ownership scheme

The Group operates an employee share ownership scheme which enables employees to enter into fixed-term savings contracts with independent financial institutions linked to an option for Class A Common Stock in its ultimate parent undertaking News Corporation. The savings contracts can range from three to seven years with an average expected life of four years.

Executive share plan

The share options were granted in November 2004 and were issued under the News Corporation 2004 Stock Option Plan. Eligible employees received a number of options over News Corporation Class A Common Stock 25% vest annually on the anniversary of the grant date and will lapse after 10 years or if the employee leaves employment of the News Corporation Group.

Restricted stock units

The restricted stock units were granted on 3 October 2006 and were issued under the News Corporation 2005 Long Term Incentive Plan. Eligible employees received a number of restricted stock units which vest 25% each year on 15 August. Upon vesting the restricted stock units will be awarded as News Corporation Class A Common Stock. The restricted stock units lapse after 10 years or on leaving the employment of the News Corporation Group.

Notes to the financial statements - continued

10 Share-based payment - continued

Financial impact

The expense recognised for share-based payments in respect of employee services received during the year to 30 June 2007 is £4.1 million (2006 - £5.4 million)

The portion of that expense arising from equity-settled share-based payment transactions is £4.3 million (2006 - £3.8 million)

The carrying amount of the liability relating to cash-settled share-based payment transactions as at 30 June 2007 is £4.2 million (2006 - £2.5 million)

The following table summarises information about the Group's stock option transactions for all the Group's stock option plans

	2007		2006	
	Options	WAEP (US\$)	Options	WAEP (US\$)
Outstanding as at 1 July	4,251,407	14.52	4,040,845	13.97
Granted during the year	239,254	17.72	448,801	16.36
Exercised during the year	(683,762)	11.04	(50,412)	10.32
Lapsed during the year	(127,981)	16.01	(187,827)	13.98
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding as at 30 June	3,678,918	15.52	4,251,407	14.52
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable as at 30 June	986,696		819,350	
	<hr/>		<hr/>	

WAEP – Weighted Average Exercise Price

The weighted average fair value of options granted during the year was £4.00 (2006 - £3.42). The range of exercise prices for options outstanding at the end of the year was £6.48 - £9.02 (2006 - £6.48 - £7.35)

The fair value of each share option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in fiscal years ending 30 June

	2007	2006	2005	2004	2003
Weighted average risk free interest rate	4.50%	4.94%	4.08%	5.60%	5.72%
Dividend yield	0.7%	0.7%	0.9%	0.9%	1.5%
Expected volatility	26.98%	29.52%	35.38%	41.83%	43.40%
Expected life of options	3-7 years	3-7 years	3-7 years	3-7 years	3-7 years
Weighted average share price	£11.28	£8.98	£9.19	£8.96	£8.32

The assumptions are derived as follows

The expected volatility was based on the historical volatility of News Corporations Class A Common Stock, the weighted average risk free rate is an average of the interest rates of government bonds with similar lives on the dates of the share option grants and the dividend yield is calculated as an average of a ten year history of the company's yearly dividend divided by the financial years closing share price

Notes to the financial statements - continued

11 Pensions

a) Impact on financial statements

The Group operated nine pension schemes during the year

- The major scheme, which covers the majority of newspaper executives, staff and works personnel, is a UK hybrid pension scheme. At retirement members may use their defined contribution funds to purchase an annuity within the plan.
- The remainder of UK non-book publishing employees are covered by one of two defined benefit schemes.
- The book publishing employees are covered by three defined benefit schemes for UK employees and three defined contribution schemes for Australian employees.

The latest actuarial valuations range from 1 October 2004 to 30 June 2006 and were performed by a qualified independent actuary using revised assumptions that are consistent with the requirements of FRS 17 'Retirement Benefits'. The defined benefit schemes are valued by an independent qualified actuary on at least a triennial basis. Investments have been valued for this purpose, at fair value.

The assets of the pension schemes are held in separate externally administered trust funds. 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 total pension costs for the Group are as follows

	2007 £m	2006 £m
Defined contribution schemes	19.8	22.5
Defined benefit schemes	5.0	6.3
	<hr/>	<hr/>
	24.8	28.8
	<hr/>	<hr/>

b) The principal assumptions used by the actuary were

	2007 %	2006 %	2005 %
Rate of increase in salaries	3.8	4.4	4.3
LPI pension increase assumption	3.3	3.0	2.8
Rate of increase in pension payment	2.7	3.3	2.8
Discount rate	5.8	5.3	5.0
Inflation assumption	3.3	3.0	2.8

Notes to the financial statements - continued

11 Pensions - continued

- b) 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

	2007	2007	2006	2006	2005	2005
	%	£m	%	£m	%	Restated £m
Equities	8.2	233.8	8.1	202.0	8.0	165.3
Bonds	5.0	113.9	4.9	104.0	4.8	85.6
Other	4.5	7.4	4.4	4.5	4.0	1.1
		<hr/>		<hr/>		<hr/>
Total market value of assets		355.1		310.5		252.0
Present value of scheme liabilities		(371.7)		(376.8)		(357.2)
		<hr/>		<hr/>		<hr/>
Deficit in the schemes		(16.6)		(66.3)		(105.2)
Related deferred tax asset		4.6		19.9		31.6
		<hr/>		<hr/>		<hr/>
Net pension deficit		(12.0)		(46.4)		(73.6)
		<hr/>		<hr/>		<hr/>

The contribution rate for 2007 ranged from 21.7% - 23.2% of salaries and the agreed regular contribution rate for next year is 23.2% - 35.1% of salaries. Additional funding is paid where required.

Analysis of the amount charged to operating profit

	2007 £m	2006 £m
Total operating charge	5.7	6.3
	<hr/>	<hr/>

Analysis of the amount charged to net finance charges

	2007 £m	2006 £m
Expected return on pension schemes assets	(22.2)	(18.1)
Interest on pension scheme liabilities	19.6	17.6
	<hr/>	<hr/>
Net return	(2.6)	(0.5)
	<hr/>	<hr/>

Notes to the financial statements - continued

11 Pensions - continued

b) Analysis of the amount recognised in the statement of total recognised gains and losses

	2007 £m	2006 £m
Actual return less expected return on pension schemes assets	14.4	11.1
Experience gains/(losses) arising on schemes liabilities	2.3	(4.5)
Changes in assumptions underlying the present value of the schemes liabilities	16.3	3.8
	<hr/>	<hr/>
Amount recognised in statement of total recognised gains and losses	33.0	10.4
	<hr/>	<hr/>

Movement in schemes deficit during the year

	2007 £m
Beginning of the year	(66.3)
Current service cost	(5.7)
Contributions	19.1
Past service cost	0.7
Net finance income	2.6
Actuarial gains	33.0
	<hr/>
End of the year	(16.6)
	<hr/>

History of experience gains and losses

	2007	2006	2005	2004
Difference between the expected and the actual return on scheme assets:				
amount (£ million)	14.4	11.1	16.3	5.0
percentage of scheme assets	4.0%	3.6%	6.4%	2.4%
Experience gains and losses on scheme liabilities:				
amount (£ million)	2.3	(4.5)	(1.6)	(5.6)
percentage of the present value of the scheme liabilities	0.6%	(1.2%)	(0.4%)	(1.8%)
Total amount recognised in the statement of total recognised gains and losses:				
amount (£ million)	33.0	10.4	(19.6)	5.8
percentage of the present value of the scheme liabilities	8.9%	2.8%	(5.5%)	1.9%

Notes to the financial statements - continued

11 Pensions - continued

c) Non-registered 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 two multi-employer non-registered retirement benefit arrangements. These arrangements will pay promised pension benefits in excess of those payable from the registered schemes.

d) Post retirement medical benefits

The Group operates a post-retirement medical benefits scheme. There was a credit of £0.4 million relating to this scheme in the year (2006 - £Nil). The latest full valuation was carried out as at 30 June 2007. The estimated present value of the accumulated benefit obligation at 30 June 2007 is £11.1 million (2006 - £11.4 million). The amount provided in the financial statements is £11.4 million (2006 - £11.8 million).

The main actuarial assumptions used to estimate this obligation are health care claims costs escalation of 10.0% per annum for one year, reducing linearly to the long term rate of 5.5% over five years, and a discount rate of 5.8% per annum.

12 Taxation

(a) Tax on profit on ordinary activities

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

	2007	2006
	£m	Restated £m
<i>Current tax</i>		
UK corporation tax at 30 % (2006 – 30%)	20.2	38.5
Adjustments in respect of prior years	(44.8)	(10.1)
	<hr/>	<hr/>
	(24.6)	28.4
Foreign taxation	4.2	4.7
	<hr/>	<hr/>
Group current tax	(20.4)	33.1
Share of joint venture's current tax	-	-
Share of associate's current tax	-	-
	<hr/>	<hr/>
Total current tax	(20.4)	33.1
	<hr/>	<hr/>
<i>Deferred tax</i>		
Adjustment in respect of prior years	0.8	1.2
Origination and reversal of timing differences	(2.6)	(20.2)
Effect of decreased tax rate on opening liability	(5.5)	-
	<hr/>	<hr/>
Group deferred tax	(7.3)	(19.0)
	<hr/>	<hr/>
Tax on profit on ordinary activities	(27.7)	14.1
	<hr/>	<hr/>

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

Notes to the financial statements - continued

12 Taxation - continued

(b) Tax included in the group statement of total recognised gains and losses

The tax charge is made up as follows	2007	2006 Restated
	£m	£m
<i>Deferred tax</i>		
Actuarial gain on pension scheme	9 2	3 1
Effect of change in tax rate on opening pension deficit	1 3	-
Effect of prior year adjustments – share based payments	(3 2)	-
	<hr/>	<hr/>
Total tax charge	7 3	3 1
	<hr/>	<hr/>

(c) Factors affecting the current tax charge/(credit)

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% (2006 - 30%) A reconciliation of the tax charge is as follows

	2007	2006 Restated
	£m	£m
Profit on ordinary activities before taxation	85 7	331 1
	<hr/>	<hr/>
UK Corporation tax rate @ 30%	25 7	99 4
Tax effect of share-based payments	1 2	1 6
Tax effect of timing differences	1 2	18 6
Corporation tax prior year adjustments	(44 8)	(10 1)
<i>Permanent differences</i>		
CFC profits apportionment	-	29 9
Exempt income of foreign subsidiaries and associates	(10 6)	(27 7)
Profit on disposal of fixed asset investment	-	(89 7)
Other	6 9	(6 3)
Exceptional items	-	17 4
	<hr/>	<hr/>
Total current tax	(20 4)	33 1
	<hr/>	<hr/>

Notes to the financial statements - continued

12 Taxation - continued

(d) Factors affecting the future tax charge

On 21 March 2007, the Chancellor announced that with effect from 1 April 2008 the standard rate of UK Corporation tax will reduce from 30 per cent to 28 per cent. The reduced tax rate was included in the Finance Bill 2007. The Finance Bill passed through the House of Commons on 27 June 2007 and is therefore considered substantively enacted by the Balance Sheet date. The effect of the rate change can be seen in the deferred tax charge at note 12a and 12b.

The group has capital losses arising in the UK of £1,297m (2006: £1,300m) that are available indefinitely for offset against future taxable profits that are considered capital in nature. If any properties were to be disposed of at their revalued amounts a capital loss of £30.0m (2006: £26.3m) would arise. No deferred tax asset has been recognised in respect of these losses.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures as there is no intention of remitting such profits to the UK.

(e) Deferred tax

The deferred tax included in the balance sheet is as follows

	2007 £m	2006 Restated £m
Included in provisions for liabilities (note 22)	49.9	60.8
Included in pension liability (note 11)	(4.6)	(19.9)
Total	45.3	40.9

On 21 March 2007, the Chancellor announced that with effect from 1 April 2008 the standard rate of UK Corporation tax will reduce from 30 per cent to 28 per cent. The reduced tax rate was included in the Finance Bill 2007. The Finance Bill passed through the House of Commons on 27 June 2007 and is therefore considered substantively enacted by the Balance Sheet date. As a result, the deferred tax balances have been calculated at 28 per cent. It is expected that the redundancy provision will reverse before 1 April 2008, and therefore deferred tax has been calculated at 30 per cent.

	2007 £m	2006 Restated £m
Accelerated capital allowances	93.4	104.7
Share-based payments	(4.1)	(3.2)
Short term timing differences	(39.4)	(40.7)
Pension costs	(4.6)	(19.9)
Provision for deferred tax	45.3	40.9

Notes to the financial statements - continued

12 Taxation - continued

	£m
At 1 July 2006 (including deferred tax on pension)	40.9
Disposal of subsidiary undertaking and other balance sheet movements	1.2
Effect of decreased tax rate on opening balances debited to group statement of total recognised gains and losses	1.3
Effect of decreased tax rate on opening balances credited to group profit and loss account	(5.5)
Adjustment in respect of prior years debited to group profit and loss account	0.8
Deferred tax credit in relation to current year, credited to group profit and loss account	(2.6)
Deferred tax on actuarial valuation debited to group statement of total recognised gains and losses	9.2
	<hr/>
At 30 June 2007 (including deferred tax on pension)	45.3
	<hr/>

Company

The Company has no provided or unprovided deferred tax (2006 - £Nil)

13 Retained profit for the financial year

	2007	2006
	£m	Restated £m
The Company	-	(0.1)
Subsidiary undertakings	70.7	262.5
Joint venture	(1.7)	(0.7)
Associate	32.0	4.3
	<hr/>	<hr/>
	101.0	266.0
	<hr/>	<hr/>

Notes to the financial statements - continued

14 Intangible fixed assets

Group

The movement in the year was as follows

	Publishing rights and titles £m	Goodwill on Consolidation £m	Negative goodwill on consolidation £m	Total £m
Cost or valuation				
Beginning of the year	728.7	64.7	(0.7)	792.7
Additions	-	21.0	-	21.0
Disposals	-	(13.3)	-	(13.3)
Foreign exchange	-	(1.3)	-	(1.3)
End of the year	728.7	71.1	(0.7)	799.1
Amortisation				
Beginning of the year	5.2	49.0	(0.7)	53.5
Amortisation in year	0.4	2.4	-	2.8
Disposals	-	(9.6)	-	(9.6)
Foreign exchange	-	(1.0)	-	(1.0)
End of the year	5.6	40.8	(0.7)	45.7
Net book value				
Beginning of the year	723.5	15.7	-	739.2
End of the year	723.1	30.3	-	753.4

On 2 October 2006, the Group acquired a 90% holding in Milkround Holdings Limited for initial cash consideration of £12.6 million plus deferred contingent consideration not exceeding £8.0 million. Goodwill of £21.0 million arose on this acquisition. The goodwill will be amortised evenly over its useful economic life of 20 years. Milkround Holdings Limited owns Milkround Online which operates the online graduate recruitment website Milkround.com.

On 11 September 2006, the Group sold its investment in Homeground Marketing Limited as detailed in note 4. On 22 November 2006, the Group sold its investment in News Optimus Limited as detailed in note 4.

Company

The Company has no intangible fixed assets (2006 - £Nil)

Notes to the financial statements - continued

15 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	71.2	399.9	652.7	216.6	1,340.4
Additions	50.2	29.3	91.3	74.0	244.8
Transfers	86.0	(85.5)	(0.5)	-	-
Disposals	(3.6)	-	(39.9)	-	(43.5)
Foreign exchange	-	-	0.3	0.1	0.4
End of the year	203.8	343.7	703.9	290.7	1,542.1
Depreciation					
Beginning of the year	13.4	122.9	478.2	-	614.5
Charge	1.8	13.1	77.5	-	92.4
Transfers	38.1	(38.1)	-	-	-
Disposals	(1.2)	-	(39.2)	-	(40.4)
Foreign exchange	-	0.1	0.5	-	0.6
End of the year	52.1	98.0	517.0	-	667.1
Net book value					
Beginning of the year	57.8	277.0	174.5	216.6	725.9
End of the year	151.7	245.7	186.9	290.7	875.0

Company

The Company has no tangible fixed assets (2006 - £Nil)

Group

Included in plant, motor vehicles, fixtures and fittings are assets held under finance leases with a net book value of £25.1 million (2006 - £41.9 million). Depreciation charged on such assets during the year was £16.7 million (2006 - £16.7 million).

Included in plant, motor vehicles, fixtures and fittings is depreciation charged of £46.4 million (2006 - £46.0 million) 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 £93.0 million (2006 - £100.8 million).

Leasehold land and buildings are substantially all long leaseholds.

Notes to the financial statements - continued

15 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.

	2007 Freehold £m	2007 Leasehold £m	2006 Freehold £m	2006 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	197.6	293.6	65.0	349.8
Cost or valuation at end of the year	203.8	343.7	71.2	399.9

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

	2007 Freehold £m	2007 Leasehold £m	2006 Freehold £m	2006 Leasehold £m
Original cost	4.0	3.6	4.0	3.6
Accumulated depreciation based on cost	(2.1)	(0.5)	(1.9)	(0.5)
	1.9	3.1	2.1	3.1

16 Fixed asset investments

	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Subsidiary undertakings (a)	-	-	1,684.5	1,684.5
Other investments (b)	7,543.3	7,548.7	7,506.4	7,506.4
Interest in joint venture (c)	5.6	6.6	-	-
Investment in associate (d)	464.8	409.4	-	-
	8,013.7	7,964.7	9,190.9	9,190.9

Details of the Group's principal subsidiary undertakings, associated undertakings and other participating interests are given in note 32.

Notes to the financial statements - continued

16 Fixed asset investments - continued

a) *Subsidiary undertakings - Company*

	2007 £m	2006 £m
Cost or valuation		
News International Holdings	1,684.5	1,684.5

b) *Other investments*

	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
Fellow group undertakings (i)	7,506.4	7,509.7	7,506.4	7,506.4
Unlisted (ii)	16.2	16.2	-	-
Parent company (iii)	20.7	22.8	-	-
	<u>7,543.3</u>	<u>7,548.7</u>	<u>7,506.4</u>	<u>7,506.4</u>

i) *Fellow group undertakings*

	Group		Company	
	2007 £m	2006 £m	2007 £m	2006 £m
News Publishing Australia Limited	7,506.4	7,506.4	7,506.4	7,506.4
Other	-	3.3	-	-
	<u>7,506.4</u>	<u>7,509.7</u>	<u>7,506.4</u>	<u>7,506.4</u>

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 £18,877.2 million at 30 June 2007 (2006 - £16,795.5 million). The consolidated net profit for the year ended 30 June 2007 was £901.7 million (2006 - £1,165.7 million). The Group's interest in the consolidated net assets through its 27.60% (2006 - 27.60%) holding of Common Stock is £5,210.1 million (2006 - £4,635.6 million).

On 19 April 2007, the group disposed of its other investment in Sky Global Holdings Inc for consideration of \$6.7 million resulting in a profit on disposal of £0.1 million.

Notes to the financial statements - continued

16 Fixed asset investments - continued

ii) Unlisted investments

At 30 June 2007 unlisted investments principally comprised a £15.0 million investment in The Press Association

iii) 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	28.5
Disposal	(1.8)
	<hr/>
End of the year	26.7
	<hr/>
Provision	
Beginning of the year	5.7
Addition	0.3
	<hr/>
End of the year	6.0
	<hr/>
Net book value	
Beginning of the year	22.8
	<hr/>
End of the year	20.7
	<hr/>

Shares in group company

The investment in the ultimate parent company at 30 June 2007 at a cost of £26.7 million comprised of 2,662,550 of News Corporation Class A Common Stock acquired for the News International Sharesave plan. The shares have a market value of £28.3 million at 30 June 2007.

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 the scheme rules resulting in a disposal of 245,512 shares with a market value of £2.8 million.

Eligible employees contract to exercise options at the end of a 3, 5 or 7 year period from the date of each issue of the option.

The shares are held by the News International Employee Share Trust for the sole purpose of satisfying the options held by employees under the Sharesave plan.

Notes to the financial statements - continued

16 Fixed asset investments - continued

c) *Interest in joint venture - Group*

On 2 November 2005, the Group acquired a 50% holding in News 8008 Limited for consideration of £7.3 million. On 10 September 2006, the Group invested a further £0.7m to enable News 8008 Limited to complete the acquisition of Homeground Marketing Limited. News 8008 Limited owns 95% of Asserta Holdings Limited which owns the UK property portal Propertyfinder.com. The remaining 50% of News 8008 Limited is owned by Realestate.com.au which is ultimately controlled by News Corporation.

	Group £m
Interest in joint venture	
Beginning of the year	6.6
Additions - net assets	0.7
Share of losses retained	(1.7)
	<hr/>
End of the year	5.6
	<hr/>

d) *Investment in associate - Group*

On 3 April 2006, the Group acquired a 90% holding in News Classifieds Network (NCN) Pty Limited for consideration of £405.1 million. The remaining shareholding is owned by News Limited which is ultimately controlled by News Corporation.

	Group £m
Investment in associate	
Beginning of the year	409.4
Share of profits retained	32.0
Foreign exchange	23.4
	<hr/>
End of the year	464.8
	<hr/>

17 Stocks

	Group	
	2007 £m	2006 £m
Raw materials and consumables	24.4	23.1
Work-in-progress	1.5	2.6
Finished goods and goods for resale	22.2	22.3
	<hr/>	<hr/>
	48.1	48.0
	<hr/>	<hr/>

Company

The Company has no stocks (2006 - £Nil)

Notes to the financial statements - continued

18 Debtors

Amounts falling due within one year

	Group	
	2007	2006
	£m	£m
Trade debtors	217.0	201.1
Due from group undertakings	27.4	15.5
Due from joint venture	-	0.6
Rentals due under finance leases	9.5	8.2
Prepayments and accrued income	19.0	19.4
Other debtors	23.1	22.3
	<hr/>	<hr/>
	296.0	267.1
	<hr/>	<hr/>

Included in other debtors are assets held for resale of £16.9 million (2006 - £16.7 million)

Company

The Company has no debtors falling due within one year (2006 - £Nil)

Amounts falling due after more than one year

	Group	
	2007	2006
	£m	£m
Rentals due under finance leases	60.5	69.8
Royalty advances	34.6	36.2
	<hr/>	<hr/>
	95.1	106.0
	<hr/>	<hr/>

The original historical cost of assets leased by the Group to other News Corporation group companies under finance leases at 30 June 2007 was £114.6 million (2006 - £114.6 million)

Company

The Company has no debtors falling due after more than one year (2006 - £Nil)

19 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.

Notes to the financial statements - continued

20 Creditors: Amounts falling due within one year

	Group	
	2007	2006
	£m	Restated £m
Borrowings – Loan notes	5 0	5 0
Due to group undertakings	1,225 1	1,237 5
Trade creditors	56 5	56 6
Corporation tax payable	13 8	35 5
Taxation and social security	9 8	8 4
Other creditors	57 4	38 0
Accruals and deferred income	119 1	119 6
Cash-settled share based payment	0 8	0 6
	<hr/>	<hr/>
	1,487 5	1,501 2
	<hr/>	<hr/>

Other than finance leases, none of the Group or Company borrowings are secured on the assets of the Group other than disclosed in note 26

Company

The Company has creditors falling due within one year amounting to £10,027 (2006 - £10,027)

21 Creditors: Amounts falling due after more than one year

	Group	
	2007	2006
	£m	Restated £m
Corporation tax payable	-	40 9
Other creditors	36 1	30 2
Cash-settled share based payment	3 4	1 9
	<hr/>	<hr/>
	39 5	73 0
	<hr/>	<hr/>

Company

The Company has no creditors falling due after more than one year (2006 - £Nil)

Notes to the financial statements - continued

22 Provisions for liabilities and charges

	Redundancy Provision £m	Group Deferred tax £m	Total £m
Beginning of the year	58.3	64.0	122.3
Prior year adjustment – Share-based payment	-	(3.2)	(3.2)
	<hr/>	<hr/>	<hr/>
As restated beginning of the year	58.3	60.8	119.1
Disposal of subsidiary undertaking	-	1.2	1.2
Charged/(credited) to profit and loss account	12.7	(12.1)	0.6
Utilised during the year	(7.6)	-	(7.6)
	<hr/>	<hr/>	<hr/>
End of the year	63.4	49.9	113.3
	<hr/>	<hr/>	<hr/>

Notes to the financial statements - continued

23 Equity capital and reserves

a) Called-up equity share capital

	2007 £m	2006 £m
<i>Authorised, allotted and fully paid</i>		
9,190,521,074 ordinary shares of £1 each		
(2006 - 9,190,521,074 ordinary shares of £1 each)	9,190.5	9,190.5

b) Movements on capital and reserves - Group

	Called-up equity share capital £m	Revaluation reserve £m	Other reserves £m	Equity Share- based payment £m	Profit and loss account £m	Total £m
Beginning of the year	9,190.5	79.5	1,000.9	-	(2,964.7)	7,306.2
Prior year adjustment	-	-	-	8.2	(7.5)	0.7
Prior year adjustment - minority interest	-	-	-	(1.2)	1.1	(0.1)
As restated beginning of the year	9,190.5	79.5	1,000.9	7.0	(2,971.1)	7,306.8
Profit for the financial year	-	-	-	-	101.0	101.0
Actuarial gain on pension scheme	-	-	-	-	23.8	23.8
Effect of change in tax rate on pension deficit	-	-	-	-	(1.3)	(1.3)
Foreign exchange adjustments	-	-	-	-	22.2	22.2
Other	-	-	-	-	(1.1)	(1.1)
Equity settled share-based payment	-	-	-	4.3	-	4.3
Cash settlement of equity settled share based payments	-	-	-	(1.8)	-	(1.8)
Minority interest	-	-	-	(0.6)	(6.1)	(6.7)
End of the year	9,190.5	79.5	1,000.9	8.9	(2,832.6)	7,447.2

c) Movements on capital and reserves - Company

	Called-up equity share capital £m	Other reserves £m	Profit and loss account £m	Total £m
Beginning and end of the year	9,190.5	651.3	(650.9)	9,190.9

Notes to the financial statements - continued

23 Equity capital and reserves - continued

d) Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2007	2006	2007	2006
	£m	Restated £m	£m	£m
Profit/(loss) for the financial year	101.0	266.0	-	(0.1)
Other recognised gains and losses relating to the year (net)	37.5	(6.0)	-	-
Equity settled share-based payment	1.9	3.7	-	-
Net increase/(decrease) in shareholders' funds	140.4	263.7	-	(0.1)
Prior year adjustment – share-based payment	-	0.6	-	-
Opening equity shareholders' funds	7,306.8	7,042.5	9,190.9	9,191.0
Closing equity shareholders' funds	7,447.2	7,306.8	9,190.9	9,190.9

24 Prior year adjustment – Share-based Payment

The prior year adjustment relates to the adoption of FRS 20 'Share-based Payment'

The adoption of FRS 20 'Share-based Payment' has resulted in an increase of staff costs of £4.1 million (2006 - £5.4 million) which decreased the tax charge by £0.9 million (2006 - £1.6 million). This resulted in a decrease in retained profit for the year of £3.2 million (2006 - £3.8 million) and recognised gains and losses of £7.5 million (2006 - £Nil) representing increases in staff costs of £10.7 million and a deferred tax asset of £3.2 million.

The adoption of FRS 20 had the following effects on the balance sheet. Equity-settled transactions have had no impact on total shareholders' funds, whilst cash-settled transactions have increased creditors by £4.2 million (2006 - £2.6 million). As a result a cumulative deferred tax asset of £4.1 million (2006 - £3.2 million) has been recognised.

25 Future capital expenditure

Group	Group	
	2007	2006
	£m	£m
Capital expenditure contracted for but not provided for	117.2	311.5

The Company had no contracted or authorised future capital expenditure as at 30 June 2007 (2006 - £Nil).

Notes to the financial statements - continued

26 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:

	2007 Land & Buildings £m	2007 Other £m	2006 Land & Buildings £m	2006 Other £m
Group				
Operating leases which expire				
- within 1 year	0.1	1.5	-	1.4
- within 2-5 years	1.4	2.9	1.2	3.2
- after 5 years	16.8	-	16.7	-
	<hr/>	<hr/>	<hr/>	<hr/>
	18.3	4.4	17.9	4.6
	<hr/>	<hr/>	<hr/>	<hr/>

27 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.

28 Funding

The financial statements are prepared on the going concern basis. The Group has net current liabilities of £967.4 million at 30 June 2007 (2006 restated net current liabilities of £841.0 million). The Company has net current assets of £Nil at 30 June 2007 (2006 net current assets of £Nil). 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.

29 Post balance sheet events

On 28 December 2007, the Group sold its investment in Broadsystem Limited for consideration of £7 million.

Notes to the financial statements - continued

30 Ultimate parent company

The Company's immediate and ultimate parent company is News Corporation, a company incorporated in the United States

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 10036 The consolidated financial statements of this group is available to the public and may be obtained from 1 Virginia Street, London E98 1FN

31 Related party transactions

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

At 30 June 2007 amounts due to the Group from BSkyB were £0.4million from trading activities (2006 - £0.6 million) Included within turnover are sales of £1.4 million (2006 - £29.0 million) made to BSkyB, an associated undertaking of the News Corporation group

On 22 November 2006, the Group sold its investment in News Optimus Limited to BSkyB for consideration of £3.9 million as disclosed in the Directors' report No amounts relating to this transaction were outstanding at 30 June 2007

On 18 December 2006, the Group sold a freehold building to BSkyB for consideration of £5.0 million No amounts relating to this transaction were outstanding at 30 June 2007

At 30 June 2007 amounts due to the Group from REA UK Limited (formerly News 8008 Limited) were £2.5 million from financing activities (2006 - £0.6 million)

Notes to the financial statements - continued

32 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)

The Times Literary Supplement Limited (Publishers of 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 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)

NI Free Newspapers (Publisher of the London Paper)

News Securities BV (Holding company and finance)

NI Syndication Limited (Agent promoting syndication services)

Milkround Online Limited (Online graduate recruitment)

Centrecore Limited (IT managed services)

News Retail Services Limited (Newspaper wholesaler)

KIP Limited (Provision of production and related personnel resources)

Notes to the financial statements - continued

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

a) Principal subsidiary undertakings and associated undertakings - continued

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 Classifieds Network (NCN) Pty Limited (Finance) (Incorporated in Australia) (90% Equity Interest, 37.5% Voting interest)

News Printers Group Limited (Holding company)

News Printers Assets Limited (Leasing)

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

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

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

Newsprinters (Knowsley) Limited (Provision of production and related personnel resources)

News Magazines Limited (Publishers of Magazines)

News Australia Investments Pty Limited (Holding Company) (Incorporated in Australia)

b) Other principal participating interests

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

Propertyfinder Holdings Limited (formerly Asserta Holdings Limited) (47.5%)