

News (UK) Limited

**Report and Financial Statements
30 June 2004**

Registered number: 1879283



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Directors' report

For the year ended 30 June 2004

The Directors present their annual report on the affairs of News (UK) Limited ("the Company") together with the financial statements and auditors' report for the year ended 30 June 2004.

Principal activity

The Company did not trade during the current year or preceding year.

Results and dividends

The Company has not traded throughout the current year or the previous year and as such has made neither a profit nor a loss.

The Directors do not recommend the payment of a dividend (2003 - £Nil).

Directors and their interests

The Directors of the Company who served during the year were as follows:

S. A. Fernando
S. F. Hutson
R. M. Linford
K. R. Murdoch (Chairman)

All Directors served throughout the year and are still Directors at the date of this report.

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

None of the Directors have any interests in shares in group companies or any other interests that require disclosure in accordance with Companies Act law.

Auditors

The Directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditors in the absence of a notice that the appointment is to be terminated.

Directors' report – continued

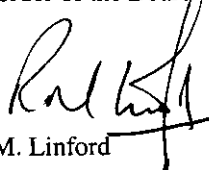
Statement of Directors' responsibilities

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 profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable account 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 Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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 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

30 September 2004

Independent Auditors' report

To the members of News (UK) Limited

We have audited the Company's financial statements for the year ended 30 June 2004 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes numbered 1 to 9. 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 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 transactions with the Company 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.

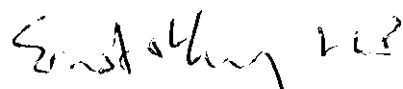
Basis of audit opinion

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 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 of the state of affairs of the Company as at 30 June 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

30 September 2004

Profit and loss account

For the year ended 30 June 2004

The Company did not trade in either the current or preceding financial year and as such made neither a profit nor a loss.

Statement of total recognised gains and losses

For the year ended 30 June 2004

	Notes	2004 £'000	2003 £'000
Retained profit for the financial year		-	-
Profit on disposal of intangible fixed assets		-	500
Total recognised gains relating to the financial year	7	-	500

On 30 June 2003 the Company sold publishing rights to News 2026 Limited, a fellow group undertaking in the Newscorp Investments group, giving rise to a profit on disposal of £500,000. The gain was unrealised and accordingly was included in the statement of total recognised gains and losses. The profits have been regarded as unrealised since the consideration received was in the form of assets that the Directors cannot assess the ultimate cash realisation of with reasonable certainty.

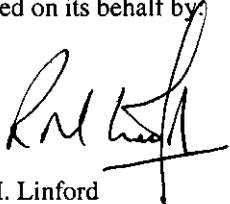
The notes to the financial statements are an integral part of this statement of total recognised gains and losses.

Balance sheet

As at 30 June 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Investments	3	500	500
		<hr/>	<hr/>
		500	500
Current assets			
Debtors	4	10,309	10,292
Creditors: Amounts falling due within one year	6	(3,784)	(136,037)
		<hr/>	<hr/>
Net current assets/(liabilities)		6,525	(125,745)
		<hr/>	<hr/>
Net assets/(liabilities)		7,025	(125,245)
		<hr/>	<hr/>
Equity capital and reserves			
Called-up share capital	7	181,590	49,320
Share premium	7	160	160
Other reserve	7	500	500
Profit and loss account	7	(175,225)	(175,225)
		<hr/>	<hr/>
Equity shareholders' deficit		7,025	(125,245)
		<hr/>	<hr/>

The financial statements on pages 4 to 8 were approved by the Board of Directors on 30 September 2004 and signed on its behalf by:


R.M. Linford
Director

30 September 2004

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

Notes to the financial statements

30 June 2004

1 Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles.

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

Cash flow statement

The Company 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 a body corporate, and a consolidated cash flow statement is included in the financial statements of The News Corporation Limited, the ultimate parent company.

Investments

Investments are stated at cost less provision for impairment.

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.

Related party transactions

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

2 Operating expenses

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

The Directors received no remuneration for their services to the Company (2003 - £Nil). The Directors received emoluments for their services provided to other group undertakings as disclosed in the financial statements of those companies.

The Company has no employees.

Notes to the financial statements – continued

3 Fixed asset investments

	£'000
Cost and net book value – unlisted investments	
Beginning and end of the year	500

The Company owns 500,000 ordinary £1 shares of News 2026 Limited, a fellow group undertaking in the Newscorp Investments group. This represents 0.07% of the issued share capital of News 2026 Limited.

4 Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Amounts due from group undertakings	10,309	10,292

5 Cash at bank and in hand

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

6 Creditors: Amounts falling due within one year

	2004 £'000	2003 £'000
Due to group undertakings	3,784	136,037

7 Equity capital and reserves

a) Called-up equity share capital

	2004 £'000	2003 £'000
Authorised, allotted and fully-paid:		
1,815,902,600 ordinary shares of 10p each	181,590	49,320
(2003 - 493,200,000 ordinary shares of 10p each)		

On 23 June 2004 the authorised share capital was increased by £132,270,260 by the creation of 1,322,702,600 ordinary shares of 10p each. These shares were issued to News International Limited at aggregate nominal value of £132,270,260 in settlement of an outstanding inter company balance.

Notes to the financial statements - continued

7 Equity capital and reserves - continued

b) Reserves

	Share premium account £'000	Other Reserve £'000	Profit and loss account £'000	Total £'000
Beginning and end of the year	160	500	(175,225)	(174,565)

c) Reconciliation of movements in shareholders' funds/(deficit)

	2004 £'000	2003 £'000
Unrealised profit for the financial year	-	500
Issue of share capital	132,270	-
Net reduction in shareholders' deficit	132,270	500
Opening shareholders' deficit	(125,245)	(125,745)
Closing shareholders' funds/(deficit)	7,025	(125,245)

8 Guarantees

Under a collective group banking facility the Company has given multilateral guarantees in respect of bank overdrafts of other group companies.

9 Ultimate parent company

The Company's immediate parent company is News International Limited, a company incorporated in England.

The ultimate parent company is The News Corporation Limited, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by The News Corporation Limited, whose principal place of business is at Holt Street, Sydney, New South Wales, Australia. The smallest group in which they are consolidated is that headed by Newscorp Investments, a company incorporated in England and Wales. The consolidated financial statements of these groups are available to the public and may be obtained from 1 Virginia Street, London, E98 1FN