

NEWS INTERNATIONAL SUPPLY
COMPANY LIMITED

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS

The company's registered number is 1893198



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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2000

The Directors present their annual report on the affairs of News International Supply Company Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 2000.

Principal activity

The principal activity of the Company is the procurement of materials and services for supply to other members of the Newscorp Investments group ("the Group").

Business review

The Company generated turnover for the year of £800,689,000 (1999 - £771,871,000) resulting in a profit after tax of £19,566,000 (1999 - £19,831,000). The Directors expect the general level of activity to continue for the foreseeable future.

Results and dividends

The Company's operating profit for the year was £19,536,000 (1999 - £19,656,000). The Company's profit before taxation was £19,566,000 (1999 - £19,831,000).

The Directors do not recommend the payment of a dividend (1999 - £Nil).

Payment of suppliers

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 43 days (1999 - 45 days). This has been based on year end trade creditors divided by the amounts invoiced by suppliers as a proportion of 365 days.

Directors and their interests

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

D R Flynn (resigned 31 August 1999)
P W Stehrenberger
S F Hutson

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

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

Auditors

The Directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

DIRECTORS' REPORT - continued

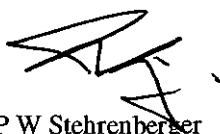
Statement of Directors' responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

By order of the Board



P W Stehrenberger
Director

1 Virginia Street
London
E98 1XY

29 September 2000

AUDITORS' REPORT

To the Shareholders of News International Supply Company Limited

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of Directors and auditors

As described on page 3, the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

29 September 2000

PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2000

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company's accounting policies have been applied consistently throughout the year and the preceding year.

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 to include a cash flow statement as part of its accounts because it is a wholly owned subsidiary undertaking of a body corporate. A consolidated cash flow statement is included in the accounts of The News Corporation Limited ("TNCL"), the ultimate parent company.

Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end with any resulting gains or losses being recorded in the profit and loss account.

Taxation

UK Corporation tax is provided on taxable profits after group relief at the current rate. It is the policy of the Group companies not to make payments to fellow subsidiary undertakings for group relief surrendered.

Turnover

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

Related party transactions

Other members of the Group provide the Company with administrative and support services, for which no charge is made. The majority of the company's reported activity relates to group transactions.

As a subsidiary undertaking of TNCL whose accounts are publicly available, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by TNCL.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Turnover	1	800,689	771,871
Cost of sales		(781,153)	(752,215)
		<hr/>	<hr/>
Operating profit		19,536	19,656
Interest receivable and similar income	2	30	175
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	19,566	19,831
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
Retained profit for the year		19,566	19,831
		=====	=====

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £19,566,000 for the year ended 30 June 2000 and £19,831,000 in the year ended 30 June 1999.

A reconciliation of movements in equity shareholders' funds is given in note 8.

All operations of the Company continued throughout both years and no operations were acquired or discontinued.

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

BALANCE SHEET - 30 JUNE 2000

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Current assets			
Debtors	5	229,390	96,329
Cash at bank and in hand	6	29,023	139,841
		<hr/>	<hr/>
		258,413	236,170
Creditors: Amounts falling due within one year	7	(105,894)	(103,217)
		<hr/>	<hr/>
Net assets		152,519	132,953
		<hr/>	<hr/>
Equity capital and reserves			
Called-up share capital	8	-	-
Profit and loss account	8	152,519	132,953
		<hr/>	<hr/>
Equity shareholders' funds		152,519	132,953
		<hr/>	<hr/>

The accounts on pages 5 to 10 were approved by the Board of Directors on 29 September 2000 and signed on its behalf by:



P W Stehrenberger
Director

29 September 2000

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

NOTES TO THE ACCOUNTS - 30 JUNE 2000

1 Segmental information

The Company's turnover and profit are derived, in both the current and prior year, entirely from the procurement and supply of materials and services to members of the Group in the United Kingdom.

2	Interest receivable and similar income	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
	Income from group undertakings	30	175
		=====	=====

The Company received interest at a market rate, on intercompany accounts with Broadsystem Limited and a member of the NDS Group.

3 Profit on ordinary activities before taxation

Auditors' remuneration, including amounts in respect of non-audit services, is borne by another group undertaking.

The Directors of the Company received no remuneration for their services to the Company during the year (1999 - £Nil). The Directors received emoluments for their services provided to other group undertakings as disclosed in the accounts of those companies.

The Company has no employees.

4 Taxation

Due to the availability of tax losses from other group undertakings there is no tax charge for the year (1999 - £Nil).

5 Debtors

Amounts falling due within one year:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Due from other group undertakings	229,252	95,923
Prepayments and accrued income	-	406
Other debtors	138	-
	<u>229,390</u>	<u>96,329</u>
	=====	=====

6 Cash at bank and in hand

Together with certain other companies in the Group, the Company is party to a banking facility which is guaranteed by TNCL. No interest is paid or received by the Company under this facility and all interest is recorded in the books of other group companies.

NOTES TO THE ACCOUNTS - continued

7 **Creditors: Amounts falling due within one year**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Bank overdraft	78,700	10,563
Trade creditors	19,997	10,246
Due to other group undertakings	246	75,075
Taxation and social security	6,935	7,292
Other creditors	16	41
	<hr/>	<hr/>
	105,894	103,217
	=====	=====

The bank overdraft is part of a collective facility guaranteed by TNCL.

8 **Equity capital and reserves**

a) **Called-up share capital**

	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
Authorised:		
100 ordinary shares of £1 each	100	100
	=====	=====
Allotted and fully-paid:		
2 ordinary shares of £1 each	2	2
	=====	=====

b) **Reconciliation of movements in shareholders' funds**

	<u>Called-up</u> <u>share capital</u> <u>£'000</u>	<u>Profit and</u> <u>loss account</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Beginning of the year	-	132,953	132,953
Profit for the financial year	-	19,566	19,566
	<hr/>	<hr/>	<hr/>
End of the year	-	152,519	152,519
	=====	=====	=====

9 **Guarantees and other financial commitments**

- a) Under a collective group banking facility the Company has given multilateral guarantees in respect of bank overdrafts of other group companies.
- b) There are no outstanding capital commitments at 30 June 2000 (1999 - £Nil).

NOTES TO THE ACCOUNTS - continued

10 **Ultimate parent company**

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

The ultimate parent company is TNCL, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by TNCL, 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 NCI, a company incorporated in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from 1 Virginia Street, London, E98 1FN.