

# **News International Supply Company Limited**

**Accounts for the year ended 30 June 2001 together with Directors'  
and Auditors' reports**

**Registered number: 1893198**



## Contents

	Page
Directors' report	1
Auditors' report	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

## **Directors' report**

**For the year ended 30 June 2001**

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 2001.

### **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 £882,560,000 (2000 - £800,689,000). The Company's operating profit for the year was £22,064,000 (2000 - £19,536,000). The Directors expect the general level of activity to continue for the foreseeable future.

### **Results and dividends**

The audited accounts for the year ended 30 June 2001 are set out on pages 4 to 9.

The Company's profit after taxation was £23,214,000 (2000 - £19,566,000).

The Directors do not recommend the payment of a dividend (2000 - £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 (2000 - 43 days). This has been calculated as an average of the number of days taken to pay each supplier invoice paid during the year.

### **Directors and their interests**

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

P. W. Stehrenberger  
S. F. Hutson

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.

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



S. F. Hutson  
Director

1 Virginia Street  
London  
E98 1XY

11 October 2001

# Auditors' report

## Independent auditors' report to the shareholders of News International Supply Company Limited

We have audited the financial statements of News International Supply Company Limited for the year ended 30 June 2001 which comprise the accounting policies, the profit and loss account, the balance sheet and the related notes numbered 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are 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 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 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 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 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 2001 and of the company's 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**

180 Strand  
London  
WC2R 1BL

11 October 2001

## **Principal accounting policies**

**30 June 2001**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### **Basis of accounting**

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

### **Cash flow statement**

The Company is exempt from the requirement of Financial Reporting Standard No 1 to include a cash flow statement as part of its financial statements 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**

Transactions in foreign currencies are recorded at the rate of exchange as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date with any resulting exchange gains or losses being recorded in the profit and loss account.

### **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 taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing difference arising from pensions and other post-retirement benefits are always recognised in full.

### **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 No 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 2001**

	Notes	2001 £'000	2000 £'000
<b>Turnover</b>	1	882,560	800,689
Cost of sales		(860,496)	(781,153)
		<hr/>	<hr/>
<b>Operating profit</b>		22,064	19,536
Finance charges (net)	2	1,150	30
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	23,214	19,566
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>	8	23,214	19,566
		<hr/>	<hr/>

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £23,214,000 for the year ended 30 June 2001 (2000 - £19,566,000).

Details of movements on reserves are shown 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 2001

	Notes	2001 £'000	2000 £'000
<b>Current assets</b>			
Debtors	5	131,457	229,390
Cash at bank and in hand	6	77,479	29,023
		<hr/>	<hr/>
		208,936	258,413
<b>Creditors: Amounts falling due within one year</b>	7	(33,203)	(105,894)
		<hr/>	<hr/>
<b>Net assets</b>		175,733	152,519
		<hr/>	<hr/>
<b>Equity capital and reserves</b>			
Called-up share capital	8	-	-
Profit and loss account	8	175,733	152,519
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		175,733	152,519
		<hr/>	<hr/>

The accounts on pages 4 to 9 were approved by the Board of Directors on 11 October 2001 and signed on its behalf by:



S. F. Hutson  
Director

11 October 2001

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

## Notes to the accounts

30 June 2001

### 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 Finance charges (net)	2001 £'000	2000 £'000
Investment income		
Interest receivable on amounts due from group undertakings	1,150	30

The Company received interest at a market rate on amounts due from group undertakings.

### 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 (2000 - £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 (2000 - £Nil).

### 5 Debtors

Amounts falling due within one year:

	2001 £'000	2000 £'000
Due from group undertakings	131,410	229,252
Other debtors	47	138
	<u>131,457</u>	<u>229,390</u>

### 6 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. The overdraft facility is also guaranteed by TNCL.

## Notes to the accounts - continued

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

	2001 £'000	2000 £'000
Bank overdraft (note 6)	3,549	78,700
Trade creditors	17,327	19,997
Due to group undertakings	723	246
Taxation and social security	11,579	6,935
Other creditors	25	16
	<hr/>	<hr/>
	33,203	105,894
	<hr/>	<hr/>

### 8 Equity capital and reserves

#### a) Called-up equity share capital

	2001 £	2000 £
Authorised:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted and fully-paid:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

#### b) Reserves

	Profit and loss account £'000
Beginning of the year	152,519
Retained profit for the year	23,214
	<hr/>
End of the year	175,733
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#### c) Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year	23,214	19,566
	<hr/>	<hr/>
Net addition to shareholders' funds	23,214	19,566
	<hr/>	<hr/>
Opening shareholders' funds	152,519	132,953
	<hr/>	<hr/>
Closing shareholders' funds	175,733	152,519
	<hr/>	<hr/>

## Notes to the accounts - continued

### 9 Leasing and other financial commitments

The minimum annual rentals under non-cancellable operating leases are as follows:

	Plant and machinery	
	2001	2000
	£'000	£'000
Operating leases which expire:		
- within one year	511	122
- within two to five years	1,538	1,360
- over five years	149	-
	<hr/>	<hr/>

The costs associated with the operating lease commitments are borne by other members of the group.

### 10 Guarantees

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

### 11 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 Newscorp Investments, 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.