

**NEWS INTERNATIONAL (ADVERTISEMENTS)**  
**LIMITED**

**ACCOUNTS - 30 JUNE 1998**

**TOGETHER WITH DIRECTORS'**  
**AND AUDITORS' REPORTS**



The company's registered number is 1929146.

**NEWS INTERNATIONAL (ADVERTISEMENTS) LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 JUNE 1998**

The Directors present their annual report on the affairs of News International (Advertisements) Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 1998.

**PRINCIPAL ACTIVITY:**

The principal activity of the Company is selling advertising space which is purchased from other Newscorp Investments Limited group ("the Group") companies in the United Kingdom.

**BUSINESS REVIEW:**

The Company generated turnover for the year of £484,921,000 (1997 - £443,182,000) resulting in a profit on ordinary activities after tax of £4,075,000 (1997 - £8,523,000). The Directors expect the general level of activity to continue for the foreseeable future.

**RESULTS AND DIVIDENDS:**

£'000

Retained profit at 30 June 1997 52,165

Profit for the financial year 4,075

Retained profit at 30 June 1998 56,240

The Directors do not recommend the payment of a dividend (1997 - £Nil).

**DIRECTORS:**

The Directors who served during the year were as follows:

D R Flynn	
P W Stehrenberger	
J E Widdows	(resigned 29 August 1997)
S F Hutson	(appointed 29 August 1997)

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.

## **DIRECTORS' REPORT-continued**

### **YEAR 2000:**

The Board has established a policy to investigate whether all relevant equipment will be Year 2000 compliant. A specific working party has been set up with the following objectives:

1. To review all of the Company's systems
2. To replace or upgrade these systems where necessary
3. To assess the impact on customers and suppliers

The findings of the working party are presented to the Board on a regular basis and acted upon accordingly.

The cost incurred and expensed in 1997/1998 in relation to Year 2000 are shown in the Newscorp Investments Limited ("NCL") consolidated accounts.

Based on these efforts the Board is currently reasonably confident that all companies within the Group will be millennium compliant, although it is not possible to give any guarantees that no unforeseen problems will arise.

### **EURO:**

The Group is currently assessing the impact which the introduction of the European Monetary Union will have on both its business and systems. This is in order to be fully prepared for its introduction in January 1999 and the possible entry by the UK in future years.

### **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**

### **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

P O Box 495  
Virginia Street  
London  
E1 9XY

11 September 1998

## **AUDITORS' REPORT**

TO THE SHAREHOLDERS OF  
NEWS INTERNATIONAL (ADVERTISEMENTS) 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. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

**Arthur Andersen**

Chartered Accountants and Registered Auditors

1 Surrey Street

London

WC2R 2PS

11 September 1998

## **NEWS INTERNATIONAL (ADVERTISEMENTS) LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES - 30 JUNE 1998**

#### **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 (Revised) 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:**

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at 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:**

Corporation tax is provided on taxable profits after group relief at current rates. 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 value added tax.

#### **LEASES:**

Rentals payable under operating leases are charged to the profit and loss account in the period in which they are incurred.

#### **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 Disclosure not to disclose further details of these transactions with other members of the group headed by TNCL.

**NEWS INTERNATIONAL (ADVERTISEMENTS) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 JUNE 1998**

	<u>Notes</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
TURNOVER (continuing operations)	1	484,921	443,182
Cost of sales		(475,841)	(430,207)
GROSS PROFIT		9,080	12,975
Other operating expenses (net)	2	(5,126)	(4,585)
OPERATING PROFIT		3,954	8,390
Investment income	3	121	133
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,075	8,523
Tax on profit on ordinary activities	5	-	-
RETAINED PROFIT FOR THE YEAR		4,075	8,523

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £4,075,000 in the year ended 30 June 1998 and of £8,523,000 in the year ended 30 June 1997.

A statement of movement in reserves is given in note 9b.

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

**NEWS INTERNATIONAL (ADVERTISEMENTS) LIMITED**

**BALANCE SHEET - 30 JUNE 1998**

	<u>Notes</u>	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
CURRENT ASSETS			
Debtors	6	613,054	570,096
Cash at bank and in hand	7	3	6
		<hr/>	<hr/>
		613,057	570,102
CREDITORS: Amounts falling due within one year			
	8	(556,817)	(517,937)
		<hr/>	<hr/>
NET ASSETS		56,240	52,165
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Equity share capital	9	-	-
Profit and loss account		56,240	52,165
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	9	56,240	52,165
		<hr/>	<hr/>

SIGNED ON BEHALF OF THE BOARD

  
P W Stehrenberger  
Director

11 September 1998

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



**NEWS INTERNATIONAL (ADVERTISEMENTS) LIMITED**

**NOTES TO THE ACCOUNTS - 30 JUNE 1998**

1. SEGMENTAL INFORMATION:

The Company's turnover and profit are derived from selling advertising space purchased from other members of the Group, substantially all in the United Kingdom.

2. OTHER OPERATING EXPENSES (NET):

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Administrative expenses	5,126 =====	4,585 =====

3. INVESTMENT INCOME

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Income from immediate parent company	121 =====	133 =====

The Company received interest charged at a market rate on amounts due from its immediate parent company, News International plc ("NI plc").

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Other operating lease rentals	14 =====	- =====

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

The Company has no employees.

Directors' Remuneration

The remuneration of the Directors was as follows:

	<u>1998</u> <u>£'000</u>	<u>1997</u> <u>£'000</u>
Emoluments	- =====	92 =====

## NOTES TO THE ACCOUNTS - continued

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION - continued:

#### Pensions:

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

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Defined benefit schemes	-	1
	=====	=====

The Directors of the Company received no remuneration for their services to the Company during the year (1997 - £92,000).

The Directors received emoluments for their services provided to other group undertakings as disclosed in the accounts of those companies.

### 5. TAXATION:

Due to the availability of tax losses from other group undertakings there is no tax charge for the year (1997 - £Nil).

### 6. DEBTORS - amounts falling due within one year:

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Trade debtors	106,437	90,098
Due from group undertakings	290	814
Prepayments and accrued income	488,116	460,609
VAT	18,211	18,575
	-----	-----
	613,054	570,096
	=====	=====

### 7. CASH AT BANK:

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.

### 8. CREDITORS - Amounts falling due within one year:

	<u>1998</u>	<u>1997</u>
	<u>£'000</u>	<u>£'000</u>
Bank overdraft	539,903	512,779
Due to group undertakings	10,523	643
Other creditors	67	2,135
Accruals and deferred income	6,324	2,380
	-----	-----
	556,817	517,937
	=====	=====

The bank overdraft is part of a collective group facility guaranteed by TNCL (Note 7).

## NOTES TO THE ACCOUNTS - continued

### 9. CAPITAL AND RESERVES:

#### a) Called-up share capital

	<u>1998</u>	<u>1997</u>
Authorised:		
100 ordinary shares of £1 each	£100	£100
	=====	=====
Issued, called-up and fully-paid:		
2 ordinary shares of £1 each	£2	£2
	=====	=====

#### b) Movement on capital and reserves

	Called up Share Capital £'000	Profit and Loss Account £'000	Total £'000
Beginning of year	-	52,165	52,165
Profit for the financial year	-	4,075	4,075
	-----	-----	-----
End of year	-	56,240	56,240
	=====	=====	=====

### 10. 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 1998 (1997 - £Nil).

### 11. ULTIMATE PARENT COMPANY:

The Company's immediate parent company is NI 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 will be available to the public and may be obtained from PO Box 495, Virginia Street, London, E1 9XY.