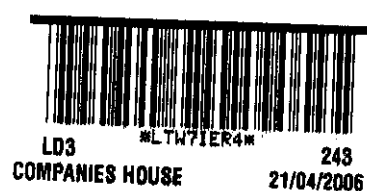


# **News International Associated Services Limited**

**Report and Financial Statements  
30 June 2005**

**Registered number: 2213952**



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## **Directors' report**

**For the year ended 30 June 2005**

The Directors present their annual report on the affairs of News International Associated Services Limited ("the Company") together with the financial statements and auditors' report for the year ended 30 June 2005.

### **Principal activity**

The Company acts as an agent for companies in the Newscorp Investments group. The external revenue earned (net of commission) and costs are transferred to the relevant group companies for which a management charge is made.

### **Business review**

The Company generated turnover for the year of £775,000 (2004 - £724,000). The Company's operating profit for the year was £775,000 (2004 - £724,000). The Directors expect the general level of activity to continue for the foreseeable future.

### **Results and dividends**

The Company's profit for the financial year was £773,000 (2004 - £721,000).

An ordinary dividend of £721,000 (2004 - £682,000) has been paid and the Directors do not recommend the payment of a final dividend (2004 - £Nil).

### **Directors and their interests**

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

S. W. Daintith	(appointed 19 September 2005)
C. A. Fairweather	(appointed 8 October 2004 )
S. F. Hutson	
R. M. Linford	
C. A. Milner	
C. A. Rhodes	
C. Stone	

Except as noted above, 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 interests in shares in group companies or any other interests that require disclosure in accordance with Companies Act law.

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.

### **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

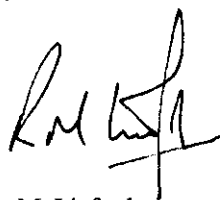
### Statement of Directors' responsibilities

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 its profit and loss 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 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 2005

## **Independent Auditors' report**

**To the members of News International Associated Services Limited**

We have audited the Company's financial statements for the year ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes numbered 1 to 12. 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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

10/10/05

## **Profit and loss account**

**For the year ended 30 June 2005**

	Notes	2005 £'000	2004 £'000
<b>Turnover</b>	2	775	724
<b>Operating profit</b>	3	775	724
Finance charges (net)	4	(2)	(3)
<b>Profit on ordinary activities before taxation</b>		773	721
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>		773	721
Dividends	6	(721)	(682)
<b>Retained profit for the financial year</b>	10	52	39

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £773,000 in the year ended 30 June 2005 (2004 - £721,000).

Details of movements on reserves are shown in note 10.

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

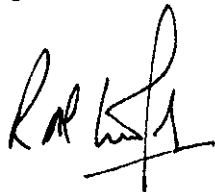
The notes to the financial statements are an integral part of this profit and loss account.

## Balance sheet

As at 30 June 2005

	Notes	2005 £'000	2004 £'000
<b>Current assets</b>			
Debtors	7	11,234	11,054
Cash at bank and in hand	8	51	48
		<hr/>	<hr/>
		11,285	11,102
<b>Creditors: Amounts falling due within one year</b>	9	(10,512)	(10,381)
		<hr/>	<hr/>
<b>Net assets</b>		773	721
		<hr/>	<hr/>
<b>Equity capital and reserves</b>			
Called-up share capital	10	-	-
Profit and loss account	10	773	721
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	10	773	721
		<hr/>	<hr/>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 30 September 2005 and signed on its behalf by:



R. M. Linford  
Director

30 September 2005

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

# Notes to the financial statements

30 June 2005

## 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.

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 News Corporation, the ultimate parent company.

### Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to 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 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.

### Turnover

Turnover is the net management charge receivable by the Company in the ordinary course of its business, excluding value added tax and discounts.

### Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the Company 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.

## 2 Turnover

The Company's turnover is derived, for both the current and prior year, entirely from management charges to other group undertakings in the United Kingdom.



## Notes to the financial statements – continued

### 3 Operating profit

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 (2004 - £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 (2004 – None).

### 4 Finance charges (net)

	2005 £'000	2004 £'000
Realised loss on foreign currency exchange	2	3

### 5 Tax on profit on ordinary activities

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is £Nil (2004 - £Nil). The difference between the tax assessed and the standard rate of corporation tax in the UK of 30% (2004 – 30%) is reconciled below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	773	721
Corporation tax at 30% (2004 – 30%)	232	216
Group relief claimed	(232)	(216)
Total current tax	-	-

## Notes to the financial statements -continued

### 6 Dividends

	2005 £'000	2004 £'000
Equity dividends paid on ordinary shares: £360,500 per ordinary share (2004 - £341,000 per ordinary share)	721	682

### 7 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Trade debtors	9,232	10,231
Due from group undertakings	2,002	822
Other debtors	-	1
	11,234	11,054

### 8 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 News Corporation.

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

	2005 £'000	2004 £'000
Bank overdraft (note 8)	1,024	2,465
Due to group undertakings	8,575	5,978
Taxation and social security	873	1,734
Other creditors	40	204
	10,512	10,381

### 10 Equity capital and reserves

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

	2005 £	2004 £
Authorised: 100 ordinary shares of £1 each	100	100
Allotted and fully-paid: 2 ordinary shares of £1 each	2	2

## Notes to the financial statements - continued

### 10 Equity capital and reserves - continued

#### b) Reserves

	Profit and loss account £'000
Beginning of the year	721
Retained profit for the financial year	52
	<hr/>
End of the year	773
	<hr/>

#### c) Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	773	721
Equity dividends paid on ordinary shares	(721)	(682)
	<hr/>	<hr/>
Net addition to shareholders' funds	52	39
	<hr/>	<hr/>
Opening shareholders' funds	721	682
	<hr/>	<hr/>
Closing shareholders' funds	773	721
	<hr/>	<hr/>

### 11 Guarantees

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

### 12 Ultimate parent company

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

The ultimate parent company is News Corporation, a company incorporated in Delaware.

The largest group in which the results of the Company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY10024. 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.