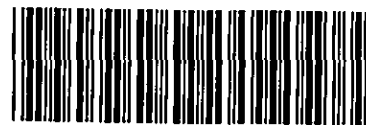


News International Associated Services Limited

**Report and Financial Statements
29 June 2008**

Registered number: 2213952

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Directors' report

For the year ended 29 June 2008

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 52 weeks ended 29 June 2008 ("the year").

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

A business review has not been completed for the Company because it is defined under Section 247 of the Companies Act as a small company.

Principal risks and uncertainties facing the business

A summary of the principal risks and uncertainties facing the Company has not been completed because it is defined under Section 247 of the Companies Act as a small company.

Results and dividends

The Company's profit for the financial year was £447,000 (2007 - £1,046,000).

An ordinary dividend of £1,046,000 (2007 - £714,000) has been paid and the Directors do not recommend the payment of a final dividend (2007 - £Nil).

Directors and their interests

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

S. W. Daintith	(resigned 17 July 2008)
M. C. Gill	(appointed 10 March 2008)
S. F. Hutson	(resigned 20 March 2008)
C. A. Milner	
C. A. Rhodes	(resigned 22 August 2008)
S. L. Panuccio	(appointed 17 July 2008)
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 any 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.

Charitable and political contributions

The Company has made no charitable or political donations in the year (2007 - £Nil).

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.

Directors' statement of disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Director's Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



M. C. Gill
Director

1 Virginia Street
London
E98 1XY

11 November 2008

Independent Auditors' report

To the members of News International Associated Services Limited

We have audited the Company's financial statements for the 52 weeks ended 29 June 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes numbered 1 to 15. 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

The Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and that the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions are 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 29 June 2008 and of its profit for the 52 weeks then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
14/11/2008

Ernst & Young LLP
Registered auditor
London

Profit and loss account
For the year ended 29 June 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	623	622
Operating profit	3	623	622
Interest receivable and similar income	5	16	-
Profit on ordinary activities before taxation		639	622
Tax on profit on ordinary activities	6	(192)	424
Profit for the financial year	12	447	1,046

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £447,000 in the year ended 29 June 2008 (2007 - £1,046,000).

Details of movements on reserves are shown in note 12.

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 29 June 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Debtors	8	12,341	12,644
Cash at bank and in hand	10	5,697	43
		<hr/>	<hr/>
		18,038	12,687
Creditors: Amounts falling due within one year	11	(17,591)	(11,641)
		<hr/>	<hr/>
Net assets		447	1,046
		<hr/>	<hr/>
Equity capital and reserves			
Called-up share capital	12	-	-
Profit and loss account	12	447	1,046
		<hr/>	<hr/>
Equity shareholders' funds	12	447	1,046
		<hr/>	<hr/>

The financial statements on pages 4 to 11 were approved by the Board of Directors on 11 November 2008 and signed on its behalf by:



M. C. Gill
Director

11 November 2008

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

Notes to the financial statements

29 June 2008

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 financial statements of the Company are made up to the Sunday closest to the 30 June each year. Consequently, the financial statements for the current period cover 52 weeks ended 29 June 2008.

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.

Turnover

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

Revenue is recognised as services are provided to other group undertakings.

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 substantively 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.

Notes to the financial statements - continued

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.

3 Operating profit

The Directors of the Company received no remuneration for their services to the Company during the year (2007 - £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 (2007 - None).

4 Auditors' remuneration

	2008 £'000	2007 £'000
Audit of the financial statements	6	6

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

5 Interest receivable and similar income

	2008 £'000	2007 £'000
Exchange difference	16	-

6 Tax on profit on ordinary activities

a) The tax charge/(credit) is made up as follows:

	2008 £'000	2007 £'000
<i>Deferred tax (note 9)</i>		
Adjustment in respect of prior years	131	-
Current year movement at 29.5% (2007 - 30%)	65	(455)
Current year movement rate differential at 1.5% (2007 - 2%)	(4)	31
	<u>192</u>	<u>(424)</u>

Notes to the financial statements - continued

6 Tax on profit on ordinary activities - continued

b) Factors affecting current tax charge

The tax assessed on the profit on the ordinary activities for the year is £Nil (2007 - £Nil). The difference between the tax assessed and the standard rate of corporation tax of 30% from 2 July 2007 to 31 March 2008 and 28% from 1 April 2008 to 29 June 2008 (2007 - 30%) is explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	639	622
Corporation tax at 29.5% (2007 - 30%)	189	187
Other timing differences	(65)	455
Group relief claimed	(124)	(642)
Total current tax	-	-

c) Factors affecting future tax charge

The standard rate of Corporation Tax in the UK changed to 28% with effect from 1 April 2008. In addition, the UK government has enacted a number of significant changes to the Capital Allowances regime through Finance Act 2007 and Finance Act 2008. These changes include reducing the rate of allowances on plant and machinery from 25% to 20% (10% for certain fixtures integral to a building), abolition of balancing adjustments on the sale of an industrial building and phased abolition of Industrial Buildings Allowances by 31 March 2011.

7 Dividends

	2008 £'000	2007 £'000
Equity dividends paid on ordinary shares: £523,000 per ordinary share (2007 - £357,000 per ordinary share)	1,046	714

8 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	10,976	10,898
Due from group undertakings	997	1,186
Deferred tax	368	560
	12,341	12,644

Notes to the financial statements – continued

9 Deferred tax

The deferred tax included in the balance sheet is as follows:

	2008 £'000	2007 £'000
Included in debtors (note 8)	368	560

A deferred tax asset has been recognised as the Directors are of the opinion that the level of future taxable profits and deferred tax liabilities within the Newscorp Investments group will be sufficient to utilise the deferred tax asset being recognised.

The movement in deferred taxation during the current year is as follows:

	£'000
Beginning of the year	560
Debited to profit and loss account:	
Adjustment in respect of prior years	(131)
Current year movement	(61)
	<hr/>
End of the year	368

Deferred taxation is provided at 28% (2007 - 28%) as follows:

	2008 £'000	2007 £'000
Other timing differences	368	560

10 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.

11 Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft (note 10)	-	3,469
Due to group undertakings	15,425	6,363
Taxation and social security	920	1,761
Other creditors	1,246	48
	<hr/>	<hr/>
	17,591	11,641

Notes to the financial statements - continued

12 Equity capital and reserves

a) Called-up equity share capital

	2008 £	2007 £
Authorised: 100 ordinary shares of £1 each	100	100
Allotted and fully-paid: 2 ordinary shares of £1 each	2	2

b) Reserves

	Profit and loss account £'000
Beginning of the year	1,046
Profit for the financial year	447
Equity dividends paid on ordinary shares	(1,046)
End of the year	447

c) Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	447	1,046
Equity dividends paid on ordinary shares	(1,046)	(714)
Net (reduction in)/addition to shareholders' funds	(599)	332
Opening shareholders' funds	1,046	714
Closing shareholders' funds	447	1,046

Notes to the financial statements - continued

13 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.

14 Related party transactions

The Newscorp Investments group has a 50% investment in Globrix Limited, acquired on 13 August 2007, which is a joint venture. During the year, the Company raised invoices to third parties on behalf of Globrix Limited with a market value of £298,000 at a cost of £298,000. The total amount due to Globrix Limited on 29 June 2008 was £238,000.

15 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.