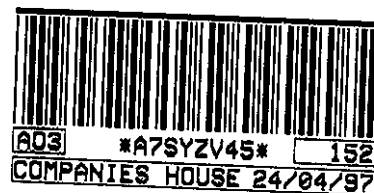


ARTHUR ANDERSEN

NEWS INTERNATIONAL ASSOCIATED
SERVICES LIMITED

ACCOUNTS - 30 JUNE 1996

TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS



The company's registered number is 2213952.

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1996

The Directors present their annual report on the affairs of News International Associated Services Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 1996.

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 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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The Company acts as an agent for companies in the News International plc group. The external revenue earned (net of commission) and all costs are transferred to the relevant group companies.

The Company generated turnover for the year of £55,000 (1995 - £50,000) resulting in a profit on ordinary activities after tax of £36,000 (1995 - £50,000). The Directors expect the present activity to continue for the foreseeable future.

RESULTS AND DIVIDENDS:

	<u>£'000</u>
Retained profit at 30 June 1995	93
Profit for the financial year	36
Retained profit at 30 June 1996	<u>129</u>

The Directors do not recommend the payment of a dividend (1995 - £Nil).

DIRECTORS' REPORT- continued

DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year are as shown below:

P W Stehrenberger
J E Widdows

The interests of P W Stehrenberger in the shares of the ultimate parent company, The News Corporation Limited and the immediate parent company, News International plc are disclosed in the accounts of these companies.

No other director had any interests requiring disclosure under Schedule 7 of the Companies Act 1985.

As permitted by the Companies Act 1985 (as amended), the Company has maintained insurance cover for the Directors against liabilities in relation to the Company.

AUDITORS:

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

P O Box 495
Virginia Street
London
E1 9XY

14 March 1997

BY ORDER OF THE BOARD



P W Stehrenberger
Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention, and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1, 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 1996 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

14 March 1997

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

PRINCIPAL ACCOUNTING POLICIES

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.

In accordance with the provisions of Financial Reporting Statement No.1 (revised) ("FRS1"), a cash flow statement has not been prepared since the Company is a wholly owned subsidiary undertaking of a body corporate (Note 9). A consolidated cash flow statement is included in the accounts of The News Corporation Limited ("TNCL"), the ultimate parent company, which meets all other conditions of FRS1.

TURNOVER:

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

TAXATION:

Corporation tax is provided on taxable profits after group relief at current rates. It is the policy of News International plc group companies not to make payments to fellow subsidiary undertakings for group relief surrendered.

Provision is made using the liability method for the taxation effects arising from all timing differences (other than those which are expected by the Directors to continue within the foreseeable future) at the rates expected to be in force at the time of reversal.

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1996

	<u>Notes</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
TURNOVER (continuing operations)	1	55	50
		<hr/>	<hr/>
GROSS PROFIT		55	50
Interest payable and similar charges	2	(13)	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	42	50
		<hr/>	<hr/>
Taxation	4	(6)	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		36	50
RETAINED PROFITS, brought forward		93	43
		<hr/>	<hr/>
RETAINED PROFITS, carried forward		129	93
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £36,000 in the year ended 30 June 1996 (1995 - £50,000).

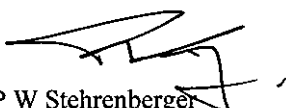
The accompanying principal accounting policies and notes are an integral part of this profit and loss account.

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

BALANCE SHEET - 30 JUNE 1996

	<u>Notes</u>	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
CURRENT ASSETS			
Debtors	5	2,551	12,868
		-----	-----
CREDITORS: Amount falling due within one year	6	(2,422)	(12,775)
		-----	-----
NET ASSETS		129	93
		=====	=====
CAPITAL AND RESERVES			
Called-up equity share capital	7	-	-
Profit and loss account		129	93
		-----	-----
SHAREHOLDERS' FUNDS	7	129	93
		=====	=====

SIGNED ON BEHALF OF THE BOARD ON 14 MARCH 1997


P W Stehrenberger
Director

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

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996

1. SEGMENTAL INFORMATION:

The Company's turnover is derived entirely from management charges to other group undertakings.

2. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Interest payable to immediate parent company	13 =====	- =====

The Company paid interest charged at a market rate on amounts due to News International plc.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Other members of the News International plc group provide the Company with administrative support services, for which no charge is made. All of the Company's reported activity relates to group transactions.

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

The Directors received no remuneration in respect of their services to the Company (1995 - £Nil).

The Company has no employees

4. TAXATION:

	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Overseas tax written off	6 =====	- =====

Due to the availability of tax losses from other group undertakings there is no UK Corporation tax charge. (1995 - £Nil).

5. DEBTORS:

	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Amounts falling due within one year:		
Trade debtors	2,250	1,433
Due from immediate parent company	-	48
Due from fellow subsidiary undertakings	301	11,385
Other debtors	-	2
	-----	-----
	2,551 =====	12,868 =====

The Company will only receive interest charged at a market rate on amounts due from News International plc.

NOTES TO THE ACCOUNTS - continued

6. CREDITORS - Amounts falling due within one year:

	<u>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
Bank overdraft (note 8)	522	2,711
Due to fellow subsidiary undertakings	1,412	9,945
Due to immediate parent company	251	-
VAT	237	118
Other creditors	-	1
	<hr/>	<hr/>
	<u>2,422</u>	<u>12,775</u>
	<u>=====</u>	<u>=====</u>

The bank overdraft is part of a collective group facility and is covered by multilateral guarantees given by News International plc and its subsidiary undertakings.

7. CAPITAL AND RESERVES:

	<u>1996</u>	<u>1995</u>
a) Called-up share capital		
Authorised:		
100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully-paid:		
2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
	<u>=====</u>	<u>=====</u>
b) Reconciliation of movements in shareholders' funds		
	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Profit for the financial year	36	50
Opening shareholders' funds	93	43
	<hr/>	<hr/>
Closing shareholders' funds	<u>129</u>	<u>93</u>
	<u>=====</u>	<u>=====</u>

8. 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.

No interest is paid or received under this banking facility by the Company. All external interest is recorded in the books of other group companies.

- b) There are no outstanding capital commitments at 30 June 1996 (1995 - Nil).

NOTES TO THE ACCOUNTS - continued

9. ULTIMATE PARENT COMPANY:

The ultimate parent company is The News Corporation Limited, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by The News Corporation Limited, 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 News International plc, a company incorporated in England. 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.