

ARTHUR ANDERSEN

NEWS INTERNATIONAL ASSOCIATED
SERVICES LIMITED

ACCOUNTS - 30 JUNE 1997

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 1997

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 1997.

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 Newscorp Investments Limited 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 £65,000 (1996 - £55,000) resulting in a profit on ordinary activities after tax of £45,000 (1996 - £36,000). The Directors expect the present activity to continue for the foreseeable future.

RESULTS AND DIVIDENDS:

	<u>£'000</u>
Retained profit at 30 June 1996	129
Profit for the financial year	45
Retained profit at 30 June 1997	<u>174</u> =====

The Directors do not recommend the payment of a dividend (1996 - £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 (resigned 29 August 1997)
S F Hutson (appointed 29 August 1997)

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

Other Directors of the Company had interests in Ordinary shares in the ultimate parent company, The News Corporation Limited (TNCL), as follows:

Preferred Limited Voting Ordinary Shares of 50 Australian cents in TNCL			Share-save
30 June 1996	Granted	30 June 1997	30 June 1997

Options held:

J E Widdows	-	24,000	24,000	1,853
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The options held by J E Widdows have an option price of A\$5.17 and are exercisable between 25 July 1997 and 24 July 2006.

News International share-save options, in the Preferred Limited Voting Ordinary shares of 50 Australian cents in TNCL, were granted during the year and are exercisable after 3, 5 or 7 years from March 1997 at £2.104 and are subject to the individuals completing their monthly contributions for the relevant period.

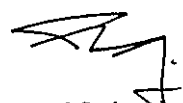
The middle market price of a TNCL preferred share on 30 June 1997 was A\$5.225 (1996 - A\$6.20). The range in market value of the preferred shares during the financial year was A\$4.67 to A\$6.37 (1996 - A\$5.82 to A\$7.41).

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

BY ORDER OF THE BOARD


P W Stehrenberger
Director

19 September 1997

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 1997 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

19 September 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.

The Company is exempt from the requirement of FRS 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.

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 group 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.

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.

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1997

	<u>Notes</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
TURNOVER (continuing operations)	1	65	55
		<hr/>	<hr/>
GROSS PROFIT		65	55
Interest payable and similar charges	3	(19)	(13)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	46	42
		<hr/>	<hr/>
Taxation	5	(1)	(6)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		45	36
RETAINED PROFITS, brought forward		129	93
		<hr/>	<hr/>
RETAINED PROFITS, carried forward		174	129
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £45,000 in the year ended 30 June 1997 (1996 - £36,000).

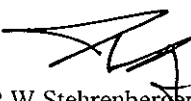
The accompanying principal accounting policies and notes are an integral part of this profit and loss account.

NEWS INTERNATIONAL ASSOCIATED SERVICES LIMITED

BALANCE SHEET - 30 JUNE 1997

	<u>Notes</u>	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
CURRENT ASSETS			
Debtors	6	2,179	2,551
		—	—
CREDITORS: Amounts falling due within one year	7	(2,005)	(2,422)
		—	—
NET ASSETS		174	129
		=====	=====
CAPITAL AND RESERVES			
Called-up equity share capital	9	-	-
Profit and loss account		174	129
		—	—
SHAREHOLDERS' FUNDS	9	174	129
		=====	=====

SIGNED ON BEHALF OF THE BOARD ON 19 SEPTEMBER 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 1997

1. SEGMENTAL INFORMATION:

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

2. RELATED PARTY TRANSACTIONS:

Other members of the Newscorp Investments Limited 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.

As a subsidiary undertaking of The News Corporation Limited whose accounts are publicly available, the Company has taken advantage of the exemption in FRS 8 Related Party Disclosure not to disclose further details of these transactions with other members of the group headed by The News Corporation Limited.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Interest payable to group undertakings	19 =====	13 =====

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

4. 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 (1996 - £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.

5. TAXATION:

	<u>1997</u> <u>£'000</u>	<u>1996</u> <u>£'000</u>
Overseas tax written off	1 =====	6 =====

Due to the availability of tax losses from other group undertakings there is no tax charge for the year (1996 - £Nil).

NOTES TO THE ACCOUNTS - continued

6.	DEBTORS:		
		<u>1997</u>	<u>1996</u>
	Amounts falling due within one year:	<u>£'000</u>	<u>£'000</u>
	Trade debtors	1,681	2,250
	Due from group undertakings	498	301
		<hr/>	<hr/>
		2,179	2,551
		<hr/>	<hr/>
7.	CREDITORS - Amounts falling due within one year:		
		<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
	Bank overdraft (note 8)	426	522
	Due to group undertakings	821	1,663
	VAT	758	237
		<hr/>	<hr/>
		2,005	2,422
		<hr/>	<hr/>
8.	CASH AT BANK:		
	Together with certain other companies in The Newscorp Investments Limited 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.		
9.	CAPITAL AND RESERVES:		
		<u>1997</u>	<u>1996</u>
a)	Called-up share capital		
	Authorised:		
	100 ordinary shares of £1 each	£100	£100
		<hr/>	<hr/>
	Allotted, called up and fully-paid:		
	2 ordinary shares of £1 each	£2	£2
		<hr/>	<hr/>
b)	Reconciliation of movements in shareholders' funds		
		<u>1997</u>	<u>1996</u>
		<u>£'000</u>	<u>£'000</u>
	Profit for the financial year	45	36
	Opening shareholders' funds	129	93
		<hr/>	<hr/>
	Closing shareholders' funds	174	129
		<hr/>	<hr/>

NOTES TO THE ACCOUNTS - continued

10. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

There are no outstanding capital commitments at 30 June 1997 (1996- £Nil).

11. 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 Newscorp Investments Limited, 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.