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WILLIAM COLLINS SONS & COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002

WILLIAM COLLINS SONS & COMPANY LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2002**

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WILLIAM COLLINS SONS & COMPANY LIMITED

DIRECTORS AND OFFICERS

CHAIRMAN:

K R Murdoch

DIRECTORS:

J Baillie (appointed 2 October 2001)
V Barnsley
G D'Agnes
E Kielbasiewicz

SECRETARY:

P Duffy (appointed 26 July 2001)
A Laing (resigned 13 July 2001)

REGISTERED OFFICE:

103 Westerhill Road
Bishopbriggs
GLASGOW
G64 2QT

AUDITORS:

Ernst & Young LLP

COMPANY NUMBER:

934

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 30 June 2002.

Principal activities and business review

The company did not trade during the year and made neither a gain nor a loss on ordinary activities before and after taxation (2001: £Nil). The directors do not recommend the payment of a final dividend (2001: £20,090,000).

Directors and their interests

The names of the present directors who held office during the year appear on page 1.

The interests of Mr K R Murdoch in News International Limited are disclosed in the accounts of that company. The interests of Mr K R Murdoch in The News Corporation Limited are disclosed in the accounts of that company.

The interests of Mr G D'Agnes and Miss V Barnsley in the shares of The News Corporation Limited are disclosed in the accounts of HarperCollins (UK).

The interest of Mr J Baillie and Mr E Kielbasiewicz in the shares of The News Corporation Limited are disclosed in the accounts of HarperCollins Publishers Limited.

WILLIAM COLLINS SONS & COMPANY LIMITED [COMPANY NO. 934]

REPORT OF THE DIRECTORS (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 the profit or loss of the company for that year. 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 to 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.

Auditors

Arthur Andersen notified their intention to resign from the office of auditors of the company. A resolution of the company was carried unanimously on 30 April 2002 to appoint Ernst & Young LLP with immediate effect.

By order of the Board



P Duffy
Secretary

103 Westerhill Road
Bishopbriggs
GLASGOW
G64 2QT

6 January 2003

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WILLIAM COLLINS SONS & COMPANY LIMITED

We have audited the accounts of William Collins Sons & Company Limited for the year ended 30 June 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related Notes numbered 1 to 5. These accounts have been prepared under the accounting policies set out on page 6.

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 auditor's 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' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 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 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.

INDEPENDENT AUDITORS' REPORT

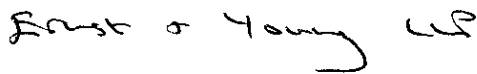
TO THE SHAREHOLDERS OF WILLIAM COLLINS SONS & COMPANY LIMITED

Basis of opinion (continued)

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 at 30 June 2002 and of the company's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Glasgow

6 January 2003

WILLIAM COLLINS SONS & COMPANY LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company is exempt from the requirements 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 Newscorp Investments which will produce a consolidated cash flow statement. The accounts of this company are publicly available.

Related party transactions

As a subsidiary undertaking of The News Corporation Limited, the company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose transactions with other members of the group headed by The News Corporation Limited.

WILLIAM COLLINS SONS & COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002**

| | NOTE | 2002 £000 | 2001 £000 |
|---|-------------|----------------------|----------------------|
| Profit on ordinary activities before and after taxation and for the financial year | 1 | - | - |
| Dividends to parent undertaking | | - | (20,090) |
| | | <hr/> | <hr/> |
| Retained loss for year | | - | (20,090) |
| | | <hr/> | <hr/> |

There are no recognised gains or losses for either year.

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

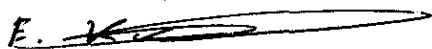
WILLIAM COLLINS SONS & COMPANY LIMITED

**BALANCE SHEET
AT 30 JUNE 2002**

| | NOTE | 2002 £000 | 2001 £000 |
|--|-------------|----------------------|----------------------|
| Current assets | | | |
| Debtors | 2 | 11,297 | 11,297 |
| Creditors | | | |
| Amounts falling due within one year | 3 | (9,769) | (9,769) |
| Total assets less current liabilities | | <u>1,528</u> | <u>1,528</u> |
| Equity capital and reserves | | | |
| Called-up share capital | 4 | 344 | 344 |
| Profit and loss account | 4 | 1,184 | 1,184 |
| | | <u>1,528</u> | <u>1,528</u> |

The accompanying notes are an integral part of this balance sheet.

These accounts were approved by the Board of Directors on 6 January 2003 and signed on their behalf by:



E KIELBASIEWICZ

DIRECTOR

WILLIAM COLLINS SONS & COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2002

1. Tax on results of ordinary activities

No corporation tax arises in respect of 2002 or 2001.

2. Debtors

| | 2002 £000 | 2001 £000 |
|------------------------------------|--------------|--------------|
| Amounts due by parent undertakings | 11,297 | 11,297 |
| | ===== | ===== |

3. Creditors: amounts falling due within one year

| | 2002 £000 | 2001 £000 |
|--|--------------|--------------|
| Amounts due to a fellow subsidiary undertaking | 9,769 | 9,769 |
| | ===== | ===== |

4. Called-up equity share capital

| | Number | 2002 Value £000 | Number | 2001 Value £000 |
|--|---------|-----------------------|---------|-----------------------|
| Authorised, allotted, issued and fully paid: | | | | |
| Ordinary shares of £1 each | 344,000 | 344 | 344,000 | 344 |
| | ===== | ===== | ===== | ===== |

Share capital, movement on reserves and reconciliation of movements in shareholders' funds

| | Share capital £000 | Profit and loss account £000 | Total shareholders' funds £000 |
|---|--------------------------|---------------------------------------|---|
| Balance at 1 July 2001 and 30 June 2002 | 344 | 1,184 | 1,528 |
| | ===== | ===== | ===== |

Shareholders' funds are entirely attributable to equity interests.

WILLIAM COLLINS SONS & COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002 (continued)

5. 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 William Collins Sons & Company Limited is consolidated is that headed by The News Corporation Limited, incorporated in South Australia, whose principal place of business is at Holt Street, Sydney, New South Wales, Australia. The consolidated accounts of The News Corporation Limited are available to the public and may be obtained from PO Box 495, Virginia Street, London, E1 9XY.

The smallest group in which they are consolidated is that headed by Newscorp Investments, a company incorporated in England. The consolidated accounts of Newscorp Investments are available to the public and may be obtained from News International Plc, PO box 495, Virginia Street, London, E1 9XY.