

NEWS GROUP NEWSPAPERS LIMITED
ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000
TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS

The company's registered number is 679215



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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2000

The Directors present their annual report on the affairs of News Group Newspapers Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 2000.

Principal activity

The principal activity of the Company is the printing and publishing of The Sun and The News of the World newspapers and the printing of other national newspapers.

Business review

The Company generated turnover for the year of £521,756,000 (1999 - £488,848,000) resulting in a profit after tax of £76,967,000 (1999 - £63,276,000). The Directors expect the general level of activity to continue for the foreseeable future.

Results and dividends

The Company's operating profit for the year was £106,502,000 (1999 - £74,366,000). The Company's profit before taxation was £97,250,000 (1999 - £64,729,000).

The Directors do not recommend the payment of a dividend (1999 - £Nil).

Directors and their interests

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

D R Flynn (resigned 31 August 1999)
L F Hinton
R M Linford
C A Milner
K R Murdoch (Chairman)
S F Hutson

Except as noted above, all Directors served throughout the year and are still Directors at the date of this report.

None of the Directors have interests in shares in group companies or any other interests that require disclosure in accordance with Companies Act law.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

DIRECTORS' REPORT - continued

Employee consultation

It is the policy of the Company to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the Company and the NewsCorp Investments group ("the Group") of which it is a member.

Communication meetings between management and employees are held both formally and informally, where matters of specific interest are discussed. Consultation with all employees occurs on a regular basis covering pensions and health and safety and their views are taken into consideration when making decisions. A range of training programmes are held for employees.

Charitable and political contributions

Charitable contributions made by the Company in the financial year amounted to £90,534 (1999 - £94,817). There were no political contributions (1999 - £Nil).

Auditors

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

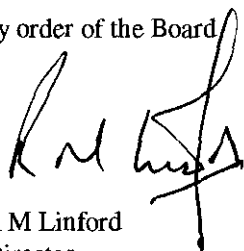
Statement of Directors' responsibilities

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 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.

By order of the Board



R M Linford
Director

1 Virginia Street
London
E98 1XY

24 April 2001

AUDITORS' REPORT

To the Shareholders of News Group Newspapers Limited

We have audited the accounts on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 to 7.

Respective responsibilities of Directors and auditors

As described on page 3, the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 2000 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

24 April 2001

PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2000

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.

Consolidated accounts

Under Section 228 of the Companies Act 1985 the Company is exempt from the requirement to prepare group accounts since it is a wholly owned subsidiary of Newscorp Investments ("NCI") which prepares consolidated accounts that are publicly available (see note 20).

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 to include a cash flow statement as part of its accounts 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.

Investments

Investments are stated at cost less amounts written off. Income from investments is included in profit only if received, or declared and receivable. Franked investment income includes the appropriate taxation credit.

Publishing rights and titles

In the opinion of the Directors, the publishing rights and titles have indefinite useful economic lives.

An impairment review is conducted on an annual basis and if required a provision for impairment is made.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of 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.

Taxation

UK Corporation tax is provided on taxable profits after group relief at the current rate. It is the policy of the Newscorp Investments 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.

PRINCIPAL ACCOUNTING POLICIES - continued

Turnover

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

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and impairment.

Where borrowings are used to finance capital projects, interest incurred prior to the completion of those projects is capitalised.

Assets in the course of construction are not depreciated. When such assets come into use they are transferred to the appropriate fixed asset category and depreciated accordingly.

Other fixed assets are depreciated over their expected useful economic lives or anticipated length of use by the Company in order to write off their cost less estimated residual value. The principal rates, using the straight-line basis, are as follows:

Plant (excluding colour printing presses)	- 5% to 20% per annum
Colour printing presses	- 3.3% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 10% to 20% per annum

Leases

Rentals payable under operating leases are charged on a straight-line basis to the profit and loss account over the lease term, even if payments are not made on such a basis.

Assets acquired under finance leases and related lease obligations are included in the balance sheet at the present value of the minimum rental payments, and the assets depreciated over their useful lives or the term of the lease, whichever is the shorter. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account over the period of the lease to produce a constant rate of return on the outstanding balance.

Pension costs and post retirement medical benefits

Pension costs are charged against profit in a systematic manner over the service lives of employees in each scheme. Contributions to defined contribution schemes are charged to the profit and loss account on a payable basis. Contributions to defined benefit schemes comprise:

- a) The regular pension cost, which is the consistent ongoing cost, calculated as a level percentage of the current and expected future pensionable payroll.
- b) Variations from the regular cost, arising from pension scheme surpluses or deficits allocated over the expected remaining service lives of employees in each scheme.

Any difference between the amounts charged in the profit and loss account and the amounts payable to the schemes for the year are recorded as creditors or prepayments as appropriate.

Certain current and former employees are entitled to post retirement medical benefits, the cost of which is met by the Company. The estimated cost of providing these benefits is charged against profits on a systematic basis over the working lives of these employees within the Company.

PRINCIPAL ACCOUNTING POLICIES - continued

Related party transactions

The Company distributes its national newspapers through a group undertaking and sells all of its advertising space to another group undertaking. Accordingly, substantially all of the Company's turnover is derived from group undertakings.

The Company also undertakes the production and printing activities of other national newspapers. During the year the Company recharged costs to group undertakings. Cost of sales and administrative expenses are shown net of recharges in the profit and loss account.

Some of the Company's production and printing services together with administrative and support services, including personnel resources, are supplied by other members of the Group.

Therefore, a substantial part of the Company's reported activity relates to group transactions.

As a subsidiary undertaking of TNCL whose accounts are publicly available, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other members of the group headed by TNCL.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Turnover	1	521,756	488,848
Cost of sales		(286,593)	(290,806)
Gross profit		<u>235,163</u>	<u>198,042</u>
Other operating expenses (net)	2	(128,661)	(123,676)
Operating profit		106,502	74,366
Interest receivable and similar income	3	31	41
Interest payable and similar charges	4	(9,283)	(9,678)
Profit on ordinary activities before taxation	5	97,250	64,729
Tax on profit on ordinary activities	7	(20,283)	(1,453)
Retained profit for the year		<u>76,967</u> =====	<u>63,276</u> =====

There are no recognised gains and losses other than the profit attributable to the shareholders of the Company of £76,967,000 in the year ended 30 June 2000 (1999 - £63,276,000).

A reconciliation of movements in equity shareholders' funds is given in note 17.

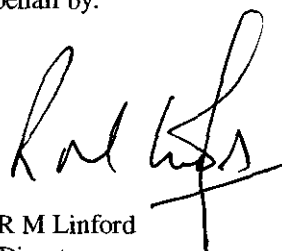
All operations of the Company continued throughout both years and no operations were acquired or discontinued.

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

BALANCE SHEET - 30 JUNE 2000

	<u>Notes</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Fixed assets			
Intangible assets	8	926	926
Tangible assets	9	361,309	377,688
Investments	10	145,750	145,750
		<u>507,985</u>	<u>524,364</u>
Current assets			
Stocks	11	13,464	7,537
Debtors	12	2,158,521	354,281
Cash at bank and in hand	13	97,802	63,861
		<u>2,269,787</u>	<u>425,679</u>
Creditors: Amounts falling due within one year	14	(459,766)	(473,414)
Net current assets/(liabilities)		<u>1,810,021</u>	<u>(47,735)</u>
Total assets less current liabilities		2,318,006	476,629
Creditors: Amounts falling due after more than one year	15	(130,750)	(133,664)
Provisions for liabilities and charges	16	(65,528)	(49,954)
Net assets		<u>2,121,728</u>	<u>293,011</u>
Equity capital and reserves		<u>=====</u>	<u>=====</u>
Called-up share capital	17	2,625	1,400
Share premium	17	1,750,525	-
Profit and loss account	17	368,578	291,611
Equity shareholders' funds		<u>2,121,728</u>	<u>293,011</u>
		<u>=====</u>	<u>=====</u>

The accounts on pages 5 to 18 were approved by the Board of Directors on 24 April 2001 and signed on its behalf by:



R M Linford
Director

24 April 2001

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

NOTES TO THE ACCOUNTS - 30 JUNE 2000

1 **Segmental information**

Substantially all the Company's turnover and profit, in both the current and prior year, are derived, both by origin and destination, from printing and publishing activities in the United Kingdom.

2 **Other operating expenses (net)**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Selling and marketing costs	49,820	55,426
Administrative expenses	79,120	68,603
	<u>128,940</u>	<u>124,029</u>
Other operating income	(279)	(353)
	<u>128,661</u> =====	<u>123,676</u> =====

3 **Interest receivable and similar income**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Interest receivable on amounts due from group undertakings	31	41
	<u>=====</u>	<u>=====</u>

The Company did not receive interest on amounts due from group undertakings, except in respect of amounts due from a member of the NDS Group and Broadsystem Limited where interest was charged at a market rate.

4 **Interest payable and similar charges**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
On amounts repayable within five years to News International plc ("NI plc")	7,845	7,845
On amounts due to other group companies	399	364
On finance leases and hire purchase contracts	1,039	1,469
	<u>9,283</u> =====	<u>9,678</u> =====

The Company was charged interest at a market rate on amounts due to NI plc.

NOTES TO THE ACCOUNTS - continued

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Depreciation of tangible fixed assets		
- owned	31,927	28,752
- held under finance leases and hire purchase contracts	7,127	4,385
Other operating lease rentals		
- plant and machinery	900	999
Staff costs (see note 6)	25,893	24,125
	=====	=====

Auditors' remuneration, including amounts payable for non-audit services, is borne by another group undertaking.

6 Staff costs

Employee costs of the Company (including Executive Directors) during the year comprised:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Wages and salaries	22,864	21,319
Social security costs	1,851	1,692
Other pension costs	1,178	1,114
	-----	-----
	25,893	24,125
	=====	=====

The average number of employees (including Executive Directors) was:

	<u>2000</u> <u>Number</u>	<u>1999</u> <u>Number</u>
	524	438
	=====	=====

The administrative personnel resources of the Company are provided by other members of the Group. Therefore all administrative staff costs are shown in the fellow group undertaking and a recharge is made to the Company for the services of these personnel.

Directors' remuneration:

The Directors of the Company receive fees and other emoluments from NI plc, the immediate parent company. The following amounts represent the recharges made by NI plc, relating to services in connection with the management of the Company.

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Emoluments	280	261
	=====	=====

NOTES TO THE ACCOUNTS - continued

6 Staff costs - continued

Pensions:

The number of Directors who were members of pension schemes was as follows:

	<u>2000</u> <u>Number</u>	<u>1999</u> <u>Number</u>
Defined benefit schemes	1 =====	1 =====

Highest paid Director:

The above amount for remuneration includes the following in respect of the highest paid Director:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Emoluments	280 =====	261 =====

The accrued pension entitlement under the Company's defined benefit scheme of the highest paid Director at 30 June 2000 was £28,543 per annum (1999 - £14,454).

Other Directors received emoluments for their services provided to other group undertakings as disclosed in the accounts of those companies.

The Company participates in two pension schemes operated by the NI plc group. The defined contribution scheme covers the majority of the executive, staff and works personnel. The remaining employees, mainly senior executives, are covered by a defined benefit scheme. The assets of the pension schemes are held in separate externally administered trust funds which are fully funded. The pension costs relating to the defined benefit scheme are in accordance with the advice of a qualified actuary using the projected unit method. The schemes are valued by an independent qualified actuary on a triennial basis.

The total pension cost for the Company was £1,178,000 (1999 - £1,114,000) of which £845,185 (1999 - £745,852) relates to the defined contribution scheme and £332,815 (1999 - £368,148) to the defined benefit scheme.

The latest actuarial valuation of the defined benefit scheme was prepared as at 1 July 1998. The assumptions which have the most significant effect on the results of the defined benefit scheme valuation are those relating to the rate of return on investments and the rate of increase in pensionable earnings and pensions. It was assumed that salary increases lag on average 2% behind growth of returns on investments and that increases to pensions in payment would be granted at 5% per annum.

This valuation showed that the market value of the assets of the pension scheme was £66.7m which represents an overall level of funding of 113% of past service liabilities. This surplus will be eliminated by revisions to the contribution rate. Pension costs charged in the profit and loss account reflect these actuarially determined contribution rates.

NOTES TO THE ACCOUNTS - continued

7 Taxation

The tax charge is based on profit for the year and comprises:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Corporation tax at 30%	4,709	-
Deferred tax	6,448	5,000
Adjustment in respect of prior year	9,126	(3,547)
	<u>20,283</u>	<u>1,453</u>
	=====	=====

8 Intangible fixed assets

	<u>Publishing rights and titles</u> <u>2000</u> <u>£'000</u>
Cost	
Beginning and end of year	926
	=====

An impairment review was performed and no provision was required.

9 Tangible fixed assets

	<u>Plant and Machinery</u> <u>£'000</u>	<u>Fixtures Fittings and Motor Vehicles</u> <u>£'000</u>	<u>Leased Plant and Machinery</u> <u>£'000</u>	<u>Assets in Course of Construction</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Cost:					
Beginning of year	534,871	22,777	131,552	-	689,200
Reclassifications	(3,879)	3,879	-	-	-
Additions	11,774	5,299	-	5,602	22,675
Disposals	-	-	-	-	-
End of year	<u>542,766</u>	<u>31,955</u>	<u>131,552</u>	<u>5,602</u>	<u>711,875</u>
Depreciation:					
Beginning of year	260,642	14,146	36,724	-	311,512
Reclassifications	(405)	405	-	-	-
Charge	29,395	2,532	7,127	-	39,054
Disposals	-	-	-	-	-
End of year	<u>289,632</u>	<u>17,083</u>	<u>43,851</u>	<u>-</u>	<u>350,566</u>
Net Book Value:					
Beginning of year	274,229	8,631	94,828	-	377,688
End of year	<u>253,134</u>	<u>14,872</u>	<u>87,701</u>	<u>5,602</u>	<u>361,309</u>
	=====	=====	=====	=====	=====

Included in the cost of tangible fixed assets is interest on group borrowings used to finance capital projects and recharged to the Company amounting to £47,551,000 (1999 - £47,551,000).

NOTES TO THE ACCOUNTS - continued

10 Fixed asset investments

a) Subsidiary undertakings	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Cost		
Beginning of the year	145,750	145,750
Additions	1,751,750	-
Disposals	(1,751,750)	-
End of the year	<u>145,750</u> =====	<u>145,750</u> =====

On 21 June 2000 the Company acquired 80% of NDS Group plc from NCI for consideration of £1,751,750,000. Consideration paid to NCI was funded by the issue of 1,225,000 £1 new non-voting ordinary shares subscribed at £1,430 per share.

On 22 June 2000 the Company disposed of its entire investment in NDS Group plc to News International plc at cost of £1,751,750,000. There was no profit or loss on disposal.

b) The Company's principal subsidiary undertaking is as follows:

	<u>Country of</u> <u>Incorporation</u>	<u>% of issued share</u> <u>capital held</u>	<u>Class of</u> <u>Share</u>
Newscorp Netherlands Antilles NV	Netherlands Antilles	100	Redeemable preference
		100	Ordinary

The principal activity of Newscorp Netherlands Antilles NV is to provide financial services to the Group.

11 Stocks

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Raw materials and consumables	13,464	7,537
	<u>=====</u>	<u>=====</u>

12 Debtors

Amounts falling due within one year

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Due from other group undertakings	2,141,671	352,392
VAT	13,732	-
Prepayments and accrued income	2,952	1,470
Other debtors	166	419
	<u>2,158,521</u> =====	<u>354,281</u> =====

NOTES TO THE ACCOUNTS - continued

13 **Cash at bank and in hand**

Together with certain other companies in the 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.

14 **Creditors: Amounts falling due within one year**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Obligations under finance leases	-	14,591
Due to other group undertakings	138,773	171,492
Taxation and social security	4,786	16,952
Other creditors	5,081	3,993
Accruals and deferred income	311,126	266,386
	<u>459,766</u> =====	<u>473,414</u> =====

Interest is not charged on amounts due to group undertakings, with the exception of interest charged on balances payable to NI plc.

Included in "Due to other group undertakings" is an interest free loan from Newscorp Netherlands Antilles NV of £58,000,000 (1999 - £58,000,000) which is repayable on demand.

15 **Creditors: Amounts falling due after more than one year**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Obligations under finance leases	-	2,914
Loan from NI plc	130,750	130,750
	<u>130,750</u> =====	<u>133,664</u> =====

The loan from NI plc is a convertible variable rate capital note due in 2035 which may be converted at the option of the note holder into ordinary shares at the rate of one ordinary share for every £100 of principal monies due. The note bears interest, which for the year has been charged at market rate.

The maturity of obligations under finance leases is as follows:

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Due within 1 year	-	14,591
Due within 2 to 5 years	-	2,914
	<u>-</u> =====	<u>17,505</u> =====

NOTES TO THE ACCOUNTS - continued

16 Provisions for liabilities and charges

	<u>Deferred taxation £'000</u>
At 1 July 1999	49,954
Charged to profit and loss account: Excess of tax allowance over book depreciation of fixed assets and other timing differences	15,574
At 30 June 2000	<u>65,528</u> =====

Deferred taxation is provided as follows:

	<u>2000 £'000</u>	<u>1999 £'000</u>
Accelerated capital allowances	47,218	45,467
Other timing differences	27,975	18,487
ACT recoverable	(9,665)	(14,000)
	<u>65,528</u> =====	<u>49,954</u> =====

There is no unprovided deferred taxation.

17 Equity capital and reserves

a) Called-up share capital

	<u>2000 £'000</u>	<u>1999 £'000</u>
Authorised:		
1,400,000 ordinary shares of £1 each	1,400	1,400
1,225,000 non-voting ordinary shares of £1 each	1,225	-
	<u>2,625</u> =====	<u>1,400</u> =====
Allotted and fully-paid:		
1,400,000 ordinary shares of £1 each	1,400	1,400
1,225,000 non-voting ordinary shares of £1 each	1,225	-
	<u>2,625</u> =====	<u>1,400</u> =====

NOTES TO THE ACCOUNTS - continued

17 Equity capital and reserves

b) Reconciliation of movements in shareholders' funds

	<u>Called-up share capital</u> £'000	<u>Share premium</u> £'000	<u>Profit and loss account</u> £'000	<u>Total</u> £'000
Beginning of the year	1,400	-	291,611	293,011
Profit for the financial year	-	-	76,967	76,967
Movement for the financial year	1,225	1,750,525	-	1,751,750
End of the year	<u>2,625</u> =====	<u>1,750,525</u> =====	<u>368,578</u> =====	<u>2,121,728</u> =====

On 21 June 2000 the Company resolved to increase its authorised share capital by £1,225,000 to £2,625,000 through the creation of an additional class of shares. The shares created were 1,225,000 ordinary non-voting shares of £1 each ranking pari passu with the existing ordinary shares except in relation to voting rights, as the new class issued are non-voting shares.

The new class of issued shares were subscribed by NCI on 21 June 2000 for £1,430 each resulting in a share premium of £1,750,525,000.

18 Future capital expenditure

	<u>2000</u> £'000	<u>1999</u> £'000
Capital expenditure contracted for but not provided for	38	197
	=====	=====

19 Guarantees and other financial commitments

- a) In May 1993 the Company, parent and ultimate parent Company and certain group undertakings, entered into a nine year US\$2,016 million (1999 - US\$2,016 million) multicurrency revolving credit agreement. The significant terms of the revolving credit agreement include requirements for TNCL group to maintain specific gearing and cashflow ratios and limitations on secured indebtedness. In addition the Company, parent and ultimate parent Company and certain group undertakings, are parties and guarantors to approximately US\$9,858 million (1999 - US\$8,180 million) debt instruments issued by a fellow subsidiary undertaking.

- b) The minimum annual rentals under non-cancellable operating leases are as follows:

	<u>Plant and Machinery</u>	
	<u>2000</u> £'000	<u>1999</u> £'000
Operating leases which expire:		
- within one year	58	107
- within two to five years	660	526
	=====	=====

NOTES TO THE ACCOUNTS - continued

20 **Ultimate parent company**

The Company's immediate parent company is NI plc, a company incorporated in England and Wales.

The ultimate parent company is TNCL, a company incorporated in South Australia.

The largest group in which the results of the Company are consolidated is that headed by TNCL, 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 NCI, a company incorporated in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from 1 Virginia Street, London, E98 1FN.