NEWS GROUP NEWSPAPERS LIMITED

ACCOUNTS - 30 JUNE 1998

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The company's registered number is 679215.

NEWS GROUP NEWSPAPERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1998

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 1998.

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 £483,475,000 (1997 - £479,893,000) resulting in a profit after tax of £27,261,000 (1997 - £69,166,000). The Directors expect the general level of activity to continue for the foreseeable future.

RESULTS AND DIVIDENDS:

	£'000
Retained profit at 30 June 1997	201,074
Profit for the financial year	27,261
Retained profit at 30 June 1998	228,335

The Directors do not recommend the payment of a dividend (1997 - £Nil).

DIRECTORS:

The Directors who served during the year were as follows:

D R Flynn	
L Hinton	
T Hopkins	
R M Linford	
C A Milner	
K R Murdoch	(Chairman)
J E Widdows	(resigned 29 August 1997)
S F Hutson	(appointed 29 August 1997)

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.

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 Limited 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.

YEAR 2000:

The Board has established a policy to investigate whether all relevant equipment will be Year 2000 compliant. A specific working party has been set up with the following objectives:

1. To review all of the Company's systems
2. To replace or upgrade these systems where necessary
3. To assess the impact on customers and suppliers

The findings of the working party are presented to the Board on a regular basis and acted upon accordingly.

The cost incurred and expensed in 1997/1998 in relation to Year 2000 are shown in the Newscorp Investments Limited ("NCI") consolidated accounts.

Based on these efforts the Board is currently reasonably confident that all companies within the Group will be millennium compliant, although it is not possible to give any guarantees that no unforeseen problems will arise.

EURO:

The Group has assessed the likely impact which the introduction of the European Monetary Union will have on both its business and systems. This is in order to be fully prepared for its introduction in January 1999 and the possible entry by the UK in future years.

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

P W Stehrenberger
Secretary

P O Box 495
Virginia Street
London
E1 9XY

21 December 1998

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, as modified by the revaluation of certain fixed assets, 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. 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.

Without qualifying our opinion, we draw your attention to Note 20, which explains why the directors have drawn up the accounts on the going concern basis despite the net current liability position of the Company.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street

London WC2R 2PS

21 December 1998

NEWS GROUP NEWSPAPERS LIMITED

PRINCIPAL ACCOUNTING POLICIES - 30 JUNE 1998

BASIS OF ACCOUNTING:

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The Company's accounting policies have been applied consistently throughout the year and the preceding year.

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 a body corporate incorporated in the European Community (Note 21), in whose accounts its results are consolidated. The accounts of NCI meet the conditions of section 228.

CASH FLOW STATEMENT:

The Company is exempt from the requirement 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 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 or valuation 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:

Publishing rights and titles are stated at cost or the Directors' estimate of their current cost.

No amortisation is provided on publishing rights and titles since, in the opinion of the Directors, any such depreciation would be immaterial due to the length of their useful economic lives, subject to the periodic revaluation by an independent assessor and annual review by the Directors.

Provision for corporation tax on capital gains that could arise in the event of disposal of these assets at their revalued amounts has not been made since there are currently no plans for their disposal (Note 16).

STOCKS:

Stocks and work-in-progress are valued at the lower of cost and net realisable value. In general, cost represents actual cost of the stock concerned. 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 items where appropriate.

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.

PRINCIPAL ACCOUNTING POLICIES - continued

TAXATION:

Corporation tax is provided on taxable profits after group relief at current rates. It is the policy of the 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 (Note 16).

TURNOVER:

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

TANGIBLE FIXED ASSETS:

Tangible fixed assets are stated at cost, net of depreciation and provision for permanent diminution in value.

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

Assets in 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 or valuation less estimated residual value. The principal rates, using the straight-line basis, are as follows:

Plant (excluding colour printing presses)	-	5% to 33% 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 to the profit and loss account in the period in which they are incurred.

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.

PRINCIPAL ACCOUNTING POLICIES - continued

PENSION COSTS AND POST RETIREMENT MEDICAL BENEFITS:

In accordance with the provisions of SSAP 24, 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.

REVALUATION RESERVE:

Surpluses arising on the revaluation of fixed assets are transferred to a revaluation reserve. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from this reserve to the profit and loss account. Where assets which have been revalued are sold, the previous revaluation surplus is transferred directly to realised reserves (profit and loss account), and the difference between sale price and depreciated revalued amount is recorded in arriving at profit on ordinary activities before taxation.

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 Disclosure not to disclose further details of these transactions with other members of the group headed by TNCL.

NEWS GROUP NEWSPAPERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1998

	Notes	1998 £'000	1997 £'000
TURNOVER (continuing operations)	1	483,475	479,893
Cost of sales		(283,885)	(273,784)
GROSS PROFIT		199,590	206,109
Other operating expenses (net)	2	(113,021)	(115,658)
OPERATING PROFIT		86,569	90,451
Investment income	3	131	203
Interest payable and similar charges	4	(9,837)	(21,488)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	76,863	69,166
Tax on profit on ordinary activities	7	(49,602)	-
RETAINED PROFIT FOR THE YEAR		27,261	69,166

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £27,261,000 for the year ended 30 June 1998 and £69,166,000 for the year ended 30 June 1997.

A statement of movement in reserves is given in Note 17b.

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

NEWS GROUP NEWSPAPERS LIMITED

BALANCE SHEET - 30 JUNE 1998

	Notes	1998 £'000	1997 £'000
FIXED ASSETS			
Intangible assets	8	672,000	672,000
Tangible assets	9	383,617	379,131
Investments	10	145,750	145,750
		1,201,367	1,196,881
CURRENT ASSETS			
Stocks	11	10,801	9,739
Debtors	12	360,180	340,243
Cash at bank and in hand	13	16,882	11,771
		387,863	361,753
CREDITORS: Amounts falling due within one year	14	(490,436)	(523,035)
NET CURRENT LIABILITIES	20	(102,573)	(161,282)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,098,794	1,035,599
CREDITORS: Amounts falling due after more than one year	15	(149,484)	(162,051)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(48,501)	-
NET ASSETS		900,809	873,548
CAPITAL AND RESERVES			
Equity share capital	17	1,400	1,400
Revaluation reserve		671,074	671,074
Profit and loss account		228,335	201,074
SHAREHOLDERS' FUNDS	17	900,809	873,548

SIGNED ON BEHALF OF THE BOARD

R M Linford
Director

21 December 1998

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

NEWS GROUP NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1998

1. SEGMENTAL INFORMATION:

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

2. OTHER OPERATING EXPENSES (NET):

	1998 £'000	1997 £'000
Selling and marketing costs	49,873	36,478
Administrative expenses	63,522	79,410
	113,395	115,888
Other operating income	(374)	(230)
	113,021	115,658

3. INVESTMENT INCOME:

	1998 £'000	1997 £'000
Interest receivable on amounts due from group undertakings	131	203

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

4. INTEREST PAYABLE AND SIMILAR CHARGES:

	1998 £'000	1997 £'000
On amounts repayable within five years, not by instalments, to News International plc ("NI plc").	7,845	18,132
Finance charges in respect of capitalised finance leases	1,992	3,356
	9,837	21,488

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:

	1998 £'000	1997 £'000
Depreciation of tangible fixed assets		
- owned	27,530	22,714
- held under finance leases and hire purchase contracts	4,386	4,385
Other operating lease rentals	1,048	257
Staff costs (Note 6)	22,347	22,809

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:

	1998 £'000	1997 £'000
Wages and salaries	19,674	19,889
Social security costs	1,568	1,678
Other pension costs	1,105	1,242
	22,347	22,809

The average number of persons directly employed by the Company during the year was as follows:

	1998 Number	1997 Number
	415	439

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.

	1998 £'000	1997 £'000
Emoluments	216	199

NOTES TO THE ACCOUNTS - continued

6. STAFF COSTS - continued:

Pensions :

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

	1998	1997
Defined benefit schemes	1	1

Highest paid Director

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

	1998 £'000	1997 £'000
Emoluments	216	199

The accrued pension entitlement under the Company's defined benefit scheme of the highest paid Director at 30 June 1998 was £24,212 per annum (1997 - £21,817).

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 £1,105,000 (1997 - £1,242,000) of which £1,082,000 (1997-£1,193,000) relates to the defined contribution scheme and £23,000 (1997 - £49,000) to the defined benefit scheme.

The latest actuarial valuation of the defined benefit scheme was prepared as at 1 July 1996. 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 £61.5m which represents an overall level of funding of 123% 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.

7. TAXATION

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

	1998 £'000	1997 £'000
Deferred tax (Note 16)	48,501	-
Adjustment in respect of prior year		
- Charge for consortium relief	1,101	-
	49,602	-

The charge for Consortium relief is in respect of the losses claimed from Springboard Internet Services Limited ("SISL"), a joint venture company. The amount is payable when tax is due to be paid by SISL.

8. INTANGIBLE FIXED ASSETS:

All of the Company's United Kingdom newspaper titles, unaccompanied by the assets and other rights and interests which go to make up the business taken as a whole, have been incorporated in the balance sheet at the Directors' estimate of current cost of £672,000,000 (1997 - £672,000,000). The Directors have reviewed the current cost of these newspaper titles, taking into account the principles of the valuation placed on them by Hambros Securities Limited at 30 June 1990 and have concluded, based on this review, that there has been no significant change in current cost in the year to 30 June 1998. This review took account of the market factors particular to the titles and incorporates multiples which reflect the composition of revenues and profitability, readership loyalty, advertising revenue and potential for future growth. Corporation tax that could arise (maximum £201,322,125) in the event of disposal at the revalued amount has not been provided in these accounts since it is not the Directors' intention to dispose of these titles (Note 16).

The original cost of publishing rights and titles is £926,250 (1997 - £926,250).

NOTES TO THE ACCOUNTS - continued

9. TANGIBLE FIXED ASSETS:

The movement in the year was as follows:

	Plant and Machinery	Fixtures Fittings and Motor Vehicles	Leased Plant and Machinery	Assets in Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
Beginning of year	476,717	17,533	131,552	79	625,881
Additions	33,979	2,423	-	-	36,402
Disposals	-	(278)	-	-	(278)
Transfers	79	-	-	(79)	-
End of year	510,775	19,678	131,552	-	662,005
Depreciation:					
Beginning of year	207,495	11,302	27,953	-	246,750
Charge	26,115	1,415	4,386		31,916
Disposals	-	(278)	-	-	(278)
End of year	233,610	12,439	32,339	-	278,388
Net Book Value:					
Beginning of year	269,222	6,231	103,599	79	379,131
End of year	277,165	7,239	99,213	-	383,617

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 (1997 - £47,551,000).

10. FIXED ASSET INVESTMENTS:

	1998	1997
	£'000	£'000
Subsidiary undertaking	145,750	145,750

The Company's principal subsidiary undertaking is as follows:

	Country of Incorporation	% of issued share capital held	Class of Share
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.

NOTES TO THE ACCOUNTS - continued

11. STOCKS:

	1998 £'000	1997 £'000
Raw materials and consumables	10,801	9,739

12. DEBTORS:

Amounts falling due within one year:	1998 £'000	1997 £'000
Due from group undertakings	358,166	333,062
Prepayments and accrued income	1,261	5,343
Other debtors	753	1,838
	360,180	340,243

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:

	1998 £'000	1997 £'000
Obligations under finance leases	13,442	12,007
Bank overdraft	48,486	70,566
Due to group undertakings	183,007	156,473
Social security and PAYE	31	39
VAT	4,315	35,763
Other creditors	2,947	3,370
Accruals and deferred income	238,208	244,817
	490,436	523,035

The bank overdraft is part of a collective facility guaranteed by TNCL (Note 19).

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 group undertakings" is an interest free loan from Newscorp Netherlands Antilles NV of £58,000,000 (1997 - £58,000,000) which is repayable on demand.

NOTES TO THE ACCOUNTS - continued

15. CREDITORS: amounts falling due after more than one year:

	1998 £'000	1997 £'000
Obligations under finance leases	17,633	31,301
Loan from NI plc	130,750	130,750
Amounts due for consortium relief (Note 7)	1,101	-
	149,484	162,051

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 13%.

The maturity of obligations under finance leases is as follows:

	1998 £'000	1997 £'000
Due within 1 year	12,947	12,007
Due within 2 to 5 years	17,633	31,301
	30,580	43,308

16. PROVISIONS FOR LIABILITIES AND CHARGES:

	Deferred taxation
At 30 June 1997	-
Charged to profit and loss account: Excess of tax allowance over book depreciation of fixed assets and other timing differences	62,501
ACT recoverable	(14,000)
At 30 June 1998	48,501

Deferred taxation provided and not provided are as follows:

	Provided		Not provided	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Accelerated capital allowances	42,503	-	-	40,242
Other timing differences	19,998	-	-	25,335
ACT recoverable	(14,000)	-	-	(14,000)
	48,501	-	-	51,577

NOTES TO THE ACCOUNTS - continued

16. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	1998 £'000	1997 £'000
Taxes that could arise if publishing rights and titles were to be disposed of at their revalued amounts are as follows (Note 8):	201,322	208,033

17. CAPITAL AND RESERVES:

a) Called-up share capital

	1998 £'000	1997 £'000
Authorised, issued and fully-paid:		
1,400,000 ordinary shares of £1 each	1,400	1,400

b) Movements on capital and reserves

	Called Up Share Capital £'000	Revaluation Reserve £'000	Profit and Loss Account £'000	Total £'000
Beginning of the year	1,400	671,074	201,074	873,548
Profit for the financial year	-	-	27,261	27,261
End of the year	1,400	671,074	228,335	900,809

18. FUTURE CAPITAL EXPENDITURE:

	1998 £'000	1997 £'000
Contracted for but not provided for	21,526	23,846

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$2,016 million (1997 - US$ 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$8,155 million (1997 - US$7,541 million) publicly quoted debt instruments issued by a fellow subsidiary undertaking.

NOTES TO THE ACCOUNTS - continued

19. GUARANTEES AND OTHER FINANCIAL COMMITMENTS - continued:

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

	Plant and Machinery	
	1998	1997
	£'000	£'000
Operating leases which expire:		
- within one year	224	125
- within two to five years	598	655

20. FUNDING:

The net current liabilities of the Company are £102,573,000 at 30 June 1998 (1997 - net current liabilities £161,282,000). The Company's immediate parent has confirmed its intention of providing continuing financial support to enable the Company to meet its liabilities as they fall due.

21. 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 will be available to the public and may be obtained from PO Box 495, Virginia Street, London, E1 9XY.