

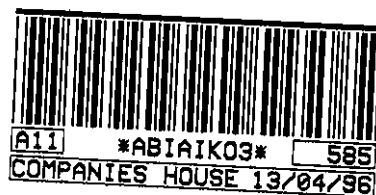
ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO, SC

TIMES NEWSPAPERS LIMITED

ACCOUNTS - 30 JUNE 1995

TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS



The company's registered number is 894646.

TIMES NEWSPAPERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1995

The Directors present their annual report on the affairs of Times Newspapers Limited ("the Company") together with the accounts and auditors' report for the year ended 30 June 1995.

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 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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the Company is the publishing of national newspapers. The Company uses the printing facilities of other members of the News International plc group and, in some cases, external printers.

The Company generated turnover for the year of £211,607,000 (1994 - £198,939,000) resulting in a loss on ordinary activities before tax of £7,153,000 (1994 - profit of £17,604,000). The Directors expect the general level of activity to improve in the foreseeable future.

RESULTS AND DIVIDENDS:

| | <u>£'000</u> |
|---------------------------------|----------------------|
| Retained profit at 30 June 1994 | 32,143 |
| Loss for the financial year | (7,153) |
| Retained profit at 30 June 1995 | <u><u>24,990</u></u> |

DIRECTORS AND THEIR INTERESTS:

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

J D Dux (resigned 17 March 1995)
A A Fischer (resigned 15 March 1995)
D R Flynn (appointed 17 March 1995)
T Hopkins
R M Linford (appointed 15 March 1995)
K R Murdoch (Chairman)
A F Neil (resigned 3 January 1995)
Sir Edward Pickering (Vice Chairman)
C A Rhodes
P M Stothard
J Witherow (appointed 17 January 1995)

The interests of K R Murdoch and R M Linford in the shares of The News Corporation Limited, and News International plc are disclosed in the annual report of News International plc.

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

| | Preferred Limiting Voting Ordinary shares of 50 Australian cents in TNCL | | Options on ordinary shares of 50 Australian cents in TNCL | |
|--------------|---|---------------------|---|---------------------|
| | <u>30 June 1995</u> | <u>30 June 1994</u> | <u>30 June 1995</u> | <u>30 June 1994</u> |
| C A Rhodes | - | - | - | 60,000 |
| P M Stothard | 100,000 | - | 200,000 | 200,000 |
| J Witherow | 200,000 | - | - | - |

C A Rhodes exercised 60,000 ordinary shares on 21 February 1995 at an adjusted option price of \$A0.929. She was granted 30,000 options over preferred limited voting shares as a bonus issue on 11 November 1994. These were exercised at a price of \$A0.822 on 21 February 1995.

P M Stothard held options over 200,000 ordinary shares throughout the year at an adjusted option price of \$A3.428. He was granted options over 100,000 preferred limited voting shares as a bonus issue on 11 November 1994 at an option price of \$A3.248.

J Witherow was granted options over 200,000 preferred limited voting shares on 17 November 1994.

The middle market price of a TNCL ordinary share and a TNCL preferred share on 30 June 1995 were A\$7.86 (1994-A\$5.71) and A\$6.96 respectively. The range in market value of the ordinary shares during the financial year was A\$5.45 to A\$6.38 prior to the bonus issue and A\$4.68 to A\$7.97 after the bonus issue. The range in market value of the preferred shares during the financial year was A\$4.04 to A\$7.24.

No other Director had any interest in The News Corporation Limited group companies 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.

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 Group of which it is a member.

Communications 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.

AUDITORS:

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

BY ORDER OF THE BOARD

P O Box 495
Virginia Street
London
E1 9XY

23 February 1996



Sir Edward Pickering
Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF
TIMES NEWSPAPERS LIMITED

We have audited the accounts on pages 5 to 17 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 and 6.

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 1995 and of its loss 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

23 February 1996

TIMES NEWSPAPERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

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 with 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 19). The results of the Company are consolidated into the accounts of the parent which meet the requirements of section 228.

In accordance with the provisions of Financial Reporting Standard ("FRS") No. 1, a cash flow statement has not been prepared since the Company is a wholly owned subsidiary of a body corporate incorporated in the European Community (Note 19). A consolidated cash flow statement is included in the accounts of the immediate parent, which meets the conditions of the FRS.

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 depreciation 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.

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 AND WORK-IN-PROGRESS:

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.

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 News International plc group companies not to make payment 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.

PENSION COSTS:

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. The amount charged to the profit and loss account for defined contribution schemes is the contributions payable in the year.

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.

LEASES:

Rentals payable under operating leases are charged to the profit and loss account in the period in which they are incurred.

TIMES NEWSPAPERS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1995

| | <u>Notes</u> | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|---|--------------|-----------------------------|-----------------------------|
| TURNOVER | 1 | 211,607 | 198,939 |
| Cost of sales | | (156,931) | (137,951) |
| GROSS PROFIT | | <u>54,676</u> | <u>60,988</u> |
| Other operating expenses (net) | 3 | (58,762) | (54,786) |
| OPERATING (LOSS)/PROFIT | | <u>(4,086)</u> | <u>6,202</u> |
| Gain on sale of fixed asset investments | 11b | - | 13,742 |
| Investment income | 4 | 2 | 340 |
| Interest payable and similar charges | 5 | (3,069) | (2,680) |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 6 | (7,153) | 17,604 |
| Taxation | 8 | - | (68) |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | <u>(7,153)</u> | <u>17,536</u> |
| Dividends proposed | 9 | - | (1,000) |
| RETAINED (LOSS)/PROFIT FOR THE YEAR | | <u>(7,153)</u> | <u>16,536</u> |
| RETAINED PROFIT, brought forward | | 32,143 | 10,770 |
| Transfer from revaluation reserve | | - | 4,837 |
| RETAINED PROFIT, carried forward | | <u><u>24,990</u></u> | <u><u>32,143</u></u> |

There are no recognised gains or losses other than the loss attributable to shareholders of the Company of £7,153,000 in the year ended 30 June 1995 and a profit of £17,536,000 in the year ended 30 June 1994

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

TIMES NEWSPAPERS LIMITED
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 1995

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|--|-----------------------------|-----------------------------|
| (Loss)/profit on ordinary activities before taxation | (7,153) | 17,604 |
| Realisation of fixed assets revaluation gains of previous year | - | 4,837 |
| | <hr/> | <hr/> |
| Historical cost (loss)/profit on ordinary activities before taxation | <u>(7,153)</u> | <u>22,441</u> |
| | <hr/> | <hr/> |
| Retained historical cost (loss)/profit for the year | <u>(7,153)</u> | <u>21,373</u> |

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

TIMES NEWSPAPERS LIMITED

BALANCE SHEET - 30 JUNE 1995

| | <u>Notes</u> | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|---|--------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 325,500 | 325,500 |
| CURRENT ASSETS | | | |
| Stocks | 12 | 416 | 621 |
| Debtors | 13 | 548,211 | 55,540 |
| Cash at bank and in hand | | 181 | 351,184 |
| | | <u>548,808</u> | <u>407,345</u> |
| CREDITORS: Amounts falling due within one year | 14 | (507,564) | (358,948) |
| NET CURRENT ASSETS | | <u>41,244</u> | <u>48,397</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>366,744</u> | <u>373,897</u> |
| CREDITORS: Amounts falling due after more than one year | 15 | (16,679) | (16,679) |
| NET ASSETS | | <u>350,065</u> | <u>357,218</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 17 | 1,000 | 1,000 |
| Revaluation reserve | | 324,075 | 324,075 |
| Profit and loss account | | 24,990 | 32,143 |
| SHAREHOLDERS' FUNDS | 17 | <u>350,065</u> | <u>357,218</u> |

SIGNED ON BEHALF OF THE BOARD ON 23 FEBRUARY 1996

Sir Edward Pickering
Director



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

TIMES NEWSPAPERS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1995

1. SEGMENTAL INFORMATION:

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

2. RELATED PARTY TRANSACTIONS:

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

Production and printing services together with administrative and support services, including personnel resources, are supplied by other members of the News International plc group.

Therefore substantially all of the Company's reported activity relates to group transactions which, in the opinion of the Directors, are conducted on an arm's length basis.

3. OTHER OPERATING EXPENSES (NET):

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Selling and marketing costs | 20,438 | 16,618 |
| Administrative expenses | 38,379 | 38,256 |
| | <u>58,817</u> | <u>54,874</u> |
| Other operating income | (55) | (88) |
| | <u>58,762</u> | <u>54,786</u> |

4. INVESTMENT INCOME:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|--|-----------------------------|-----------------------------|
| Income from fixed asset investments listed in the UK | - | 340 |
| Other interest receivable | 2 | - |
| | <u>2</u> | <u>340</u> |

NOTES TO THE ACCOUNTS - continued

5. INTEREST PAYABLE AND SIMILAR CHARGES:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|--|-----------------------------|-----------------------------|
| On loans from News International plc | | |
| - repayable after five years, not by instalments | 1,234 | 1,244 |
| On amounts due to immediate parent | 1,436 | 1,436 |
| On amounts due to News International plc | 399 | 10 |
| | <u>3,069</u> | <u>2,680</u> |

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Loss/Profit on ordinary activities before taxation is stated after charging:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-------------------------------|-----------------------------|-----------------------------|
| Hire of plant and machinery | 206 | 90 |
| Other operating lease rentals | 266 | 135 |
| Staff costs (Note 7) | 21,425 | 12,201 |
| | <u>21,897</u> | <u>12,426</u> |

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

7. STAFF COSTS:

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

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries | 18,704 | 18,427 |
| Social security costs | 1,683 | 1,531 |
| Other pension costs | 1,038 | 1,136 |
| | <u>21,425</u> | <u>21,094</u> |

As explained in Note 2, the administrative personnel resources of the Company are provided by other members of the News International plc group. During the year ended 30th June 1994 all administrative employees of the Company were transferred to a fellow group undertaking. Consequently all administrative staff costs are shown in the fellow group undertaking and a recharge is made to the Company for the services of personnel.

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

| <u>Number</u> | <u>Number</u> |
|---------------|---------------|
| <u>451</u> | <u>436</u> |

NOTES TO THE ACCOUNTS - continued

7. STAFF COSTS - continued

Directors' remuneration:

The Directors of the Company receive fees and other emoluments from News International plc. The following amounts represent the recharges made by News International plc, relating to services in connection with the management of the Company:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------|--------------|--------------|
| | <u>£'000</u> | <u>£'000</u> |
| Directors' emoluments | 671 | 459 |
| Pensions | 84 | 35 |
| | <hr/> | <hr/> |
| | 755 | 494 |
| Compensation for loss of office | - | 75 |
| | <hr/> | <hr/> |
| | <u>755</u> | <u>569</u> |
| | <hr/> | <hr/> |

The Directors' remuneration shown above (excluding pensions and pension contributions) included:

| | <u>£'000</u> | <u>£'000</u> |
|-----------------------|--------------|--------------|
| Chairman | - | - |
| | <hr/> | <hr/> |
| Highest paid Director | 222 | 209 |
| | <hr/> | <hr/> |

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

| | <u>1995</u> | <u>1994</u> |
|----------------------|-------------|-------------|
| Up to £ 5,000 | 7 | 8 |
| £70,001 to £75,000 | - | 1 |
| £80,001 to £85,000 | - | 1 |
| £90,001 to £95,000 | - | 1 |
| £115,001 to £120,000 | 1 | - |
| £155,000 to £160,000 | 1 | - |
| £175,001 to £180,000 | 1 | - |
| £205,001 to £210,000 | - | 1 |
| £220,001 to £225,000 | 1 | - |
| | <hr/> | <hr/> |

Pensions:

The Company participates in a defined contribution scheme operated by the News International plc group. The assets of the scheme are held in separate externally administered trust funds, which are fully funded. The scheme is valued by an independent qualified actuary on a triennial basis. The total pension cost for the company was £1,038,000 (1994 - £816,000).

NOTES TO THE ACCOUNTS - continued

8. TAXATION:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|--|-----------------------------|-----------------------------|
| Taxation attributable to franked investment income | - | 68 |
| | - | 68 |

Due to the availability of tax losses from other group undertakings there is no UK Corporation tax charge.

9. DIVIDENDS:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|---|-----------------------------|-----------------------------|
| Ordinary: | | |
| "A" - Final proposed of £Nil per share (1994 - £1.00 per share) | - | 850 |
| "B" - Final proposed of £Nil per share (1994 - £1.00 per share) | - | 75 |
| "C" - Final proposed of £Nil per share (1994 - £1.00 per share) | - | 75 |
| | - | 1,000 |

10. 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 £325,500,000 (1994 - £325,500,000). 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 1995. 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 - £106,945,000) 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.

The original cost of publishing rights and titles is £1,425,000 (1994 - £1,425,000).

NOTES TO THE ACCOUNTS - continued

11. FIXED ASSET INVESTMENTS:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-------------------------|-----------------------------|-----------------------------|
| Subsidiary undertakings | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>=====</u> | <u>=====</u> |

a) The principal subsidiary undertaking of the Company is:

| | <u>Principal Activity</u> | <u>Country of Incorporation</u> | <u>Percentage of issued capital held</u> | <u>Class of share</u> |
|--|--------------------------------------|-------------------------------------|--|---------------------------|
| Times Newspapers of Great Britain Incorporated | Operates New York press office | USA | 100% | Ordinary |

b) During the prior year the Company sold 1,092,648 Reuters Holdings plc shares to enable fellow subsidiary undertakings to fulfil their obligations with respect to the exchange rights of Preference shareholders. A net profit of £13,742,000 arose on these transactions.

12. STOCKS:

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-------------------------------|-----------------------------|-----------------------------|
| Raw materials and consumables | 416 | 591 |
| Work-in-progress | - | 30 |
| | <u>416</u> | <u>621</u> |
| | <u>=====</u> | <u>=====</u> |

NOTES TO THE ACCOUNTS - continued

13. DEBTORS:

| | <u>1995</u> | <u>1994</u> |
|---|----------------|---------------|
| | <u>£'000</u> | <u>£'000</u> |
| Amounts falling due within one year: | | |
| Trade debtors | 28 | 37 |
| Due from fellow subsidiary undertakings | 547,552 | 51,491 |
| Due from other group undertakings | 11 | 6 |
| VAT | - | 2,884 |
| Other debtors | 192 | 543 |
| Prepayments and accrued income | 428 | 579 |
| | <u>548,211</u> | <u>55,540</u> |

14. CREDITORS - Amounts falling due within one year:

| | <u>1995</u> | <u>1994</u> |
|--|----------------|----------------|
| | <u>£'000</u> | <u>£'000</u> |
| Bank overdraft | 85,529 | 40,203 |
| Trade creditors | - | 1,050 |
| Due to immediate parent company | 13,984 | 28,721 |
| Due to fellow subsidiary undertakings | 189,214 | 121,070 |
| Due to associated undertakings of immediate parent company | - | 88 |
| VAT | 31,847 | - |
| Other creditors | 1,274 | 1,537 |
| Accruals and deferred income | 185,716 | 166,279 |
| | <u>507,564</u> | <u>358,948</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.

15. CREDITORS - Amounts falling due after more than one year:

| | <u>1995</u> | <u>1994</u> |
|--|---------------|---------------|
| | <u>£'000</u> | <u>£'000</u> |
| Due to News International plc after five years | | |
| - 5% subordinated loan stock 2001 | 12,679 | 12,679 |
| - 15% unsecured loan stock 2001 | 4,000 | 4,000 |
| | <u>16,679</u> | <u>16,679</u> |

NOTES TO THE ACCOUNTS - continued

16. DEFERRED TAXATION:

No deferred taxation is provided at 30 June 1995 and 1994 due to short term timing differences and the availability of substantial tax losses from group undertakings for relief against future taxable profits.

Taxes that could arise if publishing rights, titles, and investments were to be disposed of at their revalued amount are as follows (Note 10):

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|-------------------|-----------------------------|-----------------------------|
| Publishing Rights | 106,945 | 106,945 |

17. CAPITAL AND RESERVES:

| | | |
|---|-----------------------------|-----------------------------|
| a) Called-up share capital | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
| Authorised, issued and fully-paid: | | |
| 850,000 "A" ordinary shares of £1.00 each | 850 | 850 |
| 75,000 "B" ordinary shares of £1.00 each | 75 | 75 |
| 75,000 "C" ordinary shares of £1.00 each | 75 | 75 |
| | <u>1,000</u> | <u>1,000</u> |

Non-equity shareholders' funds relate to the "A" shares. The "A" shareholders are entitled to the first £1,000,000 of profit for the financial year, payable as a dividend and the excess will be distributed to the "A", "B" and "C" shares in proportion to the amounts paid-up thereon respectively. The amount of non-equity shareholders' funds is immaterial in relation to the total shareholders' funds.

b) Reconciliation of movements in shareholders' funds

| | <u>1995</u> <u>£'000</u> | <u>1994</u> <u>£'000</u> |
|--|-----------------------------|-----------------------------|
| (Loss)/Profit for the financial year | (7,153) | 17,536 |
| Dividends | - | (1,000) |
| Net (decrease)/increase in shareholders' funds | (7,153) | 16,536 |
| Opening shareholders' funds | 357,218 | 340,682 |
| Closing shareholders' funds | <u>350,065</u> | <u>357,218</u> |

NOTES TO THE ACCOUNTS -continued

18. 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) At the end of the year there were no capital commitments (1994 - £Nil).

- c) The minimum annual rentals under foregoing operating leases are as follows:

| | <u>Plant and Machinery</u> | |
|--------------------------------|----------------------------|--------------|
| | <u>1995</u> | <u>1994</u> |
| | <u>£'000</u> | <u>£'000</u> |
| Operating leases which expire: | | |
| - within one year | 21 | 13 |
| - within two to five years | 247 | 118 |
| | <u>=====</u> | <u>=====</u> |

19. 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, incorporated in South Australia, 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 are available to the public and are obtainable from PO Box 495, Virginia Street, London, E1 9XY.