

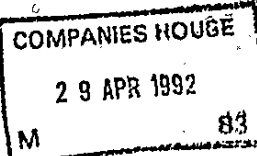
TIMES NEWSPAPERS LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1991

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The company's registered number is 894646.



TIMES NEWSPAPERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1991

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 1991.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:

The principal activity of the company continued to be the printing and publishing of The Times and The Sunday Times. 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 £200,653,633 (1990 - £223,076,700) resulting in profit on ordinary activities before taxation of £9,028,200 (1990 - £53,416,744). The directors expect this level of activity to continue for the foreseeable future.

RESULTS FOR THE YEAR:

| | |
|------------------------------------|--------------|
| Retained profit, at 30 June 1990 | £ 71,190,465 |
| Loss for the financial year | (21,321,800) |
| Interim dividend paid and proposed | (1,950,000) |
| Transfer from other reserves | 36,415,175 |
| Transfer from revaluation reserve | 3,377,679 |
| | ===== |
| Retained profit, at 30 June 1991 | £ 88,511,519 |
| | ===== |

The directors do not propose a final dividend.

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year were as shown below.

C. Berry
D.M. Cumpsty
J.D. Dux
A.A. Fischer
T. Hopkins
S.D. Jenkins
K.R. Murdoch (Chairman)
A.F. Neil
Sir Edward Pickering (Vice Chairman)
M. Ruda

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS (Continued):

The interests of the directors of the company in options on ordinary shares of 50 cents Australian in The News Corporation Limited, the ultimate parent company, are as follows-

| | <u>30 June 1991</u> | <u>30 June 1990</u> |
|--------------|---------------------|---------------------|
| S.D. Jenkins | 50,000 | - |
| T. Hopkins | 5,000 | 5,000 |
| C. Berry | 20,000 | 20,000 |
| A.F. Neil | 150,000 | 50,000 |
| D.M. Cumpsty | 20,000 | 20,000 |
| | ===== | ===== |

During the year options were granted to S.D. Jenkins on 50,000 of these shares and to A.F. Neil on 100,000 of these shares.

Any interests of A.A. Fischer, K.R. Murdoch, M. Ruda, and J.D. Dux in the shares of the ultimate parent company, The News Corporation Limited, and in News International plc are disclosed in the accounts of News International plc.

No other director had any interest in The News Corporation Limited group undertakings requiring disclosure under Schedule 7 of the Companies Act 1985.

CHARITABLE CONTRIBUTIONS:

Charitable contributions of £796,538 (1990 - £47,650) were made by the company during the year.

DIRECTORS' REPORT (Continued)

EMPLOYEES:

The company endeavours to keep its employees informed about the progress and position of the company so that they may participate fully in matters of concern. 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.

AUDITORS:

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

PO Box 495
Virginia Street
London E1 9XY

6 September 1991

BY ORDER OF THE BOARD,



E. Rogers
Secretary

ARTHUR ANDERSEN & Co.

1 SURREY STREET
LONDON WC2R 2PS

Auditor's report to the members of TIMES NEWSPAPERS LIMITED:

We have audited the financial statements on pages 5 to 20 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 30 June 1991 and of the loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen & Co.

Chartered Accountants
London

6 September 1991

TIMES NEWSPAPERS LIMITED

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, is set out below.

BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The financial statements have been prepared in accordance with applicable accounting standards.

Group accounts have not been presented as the company is a wholly owned subsidiary undertaking of another body corporate incorporated in Great Britain.

INVESTMENTS:

Investments are stated at cost or valuation less amounts written off.

Dividend income from investments is included in the profit and loss account only if received, or declared and receivable. Franked investment income includes the appropriate taxation credit.

PUBLISHING RIGHTS, TITLES AND BENEFITS:

Publishing rights, titles and benefits attaching thereto are stated at cost or the directors' estimate of 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 (see note 17).

STATEMENT OF ACCOUNTING POLICIES (Continued)

STOCKS:

Stocks are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is based on-

- Raw materials - purchase cost on a first-in, first-out basis, including transport
- Work-in-progress - cost of direct materials and labour, plus a
and finished goods reasonable proportion of manufacturing overheads based on
normal levels of activity

TAXATION

Corporation tax payable is provided on taxable profits at the current rate. It is the policy of the News International group not to make payment for group relief receivable.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

TURNOVER:

Turnover comprises the value of sales, excluding value added tax, of goods and services in the normal course of business.

STATEMENT OF ACCOUNTING POLICIES (Continued)

PENSION COSTS:

In accordance with the provisions of SSAP 24, pension costs are charged to the profit and loss account in a systematic manner over the service lives of employees in each scheme.

Contributions to defined contribution scheme are charged to the profit and loss account on a payments basis. Contributions to defined benefit schemes comprise-

- a) The regular pension cost, that 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 fund for the year are recorded as creditors or prepayments as appropriate.

REVALUATION RESERVE:

Surpluses arising on the revaluation of fixed assets are transferred to a revaluation reserve (see note 19). Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account below the profit for the financial year. 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/loss before taxation.

TIMES NEWSPAPERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1991

| | <u>Notes</u> | <u>1991</u> | <u>1990</u> |
|---|--------------|---------------|---------------|
| TURNOVER | 1 | £ 200,653,633 | £ 223,076,700 |
| Cost of sales | | (138,676,239) | (129,825,442) |
| GROSS PROFIT | | 61,977,394 | 93,251,258 |
| Other operating expenses (net) | 3 | (50,693,606) | (43,706,943) |
| Exceptional item | 4 | 21,921 | (500,000) |
| OPERATING PROFIT | | 11,305,709 | 49,044,315 |
| Investment income | 5 | 392,493 | 7,164,151 |
| Interest payable and similar charges | 6 | (2,670,002) | (2,791,722) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 7 | 9,028,200 | 53,416,744 |
| Tax (charge) credit on profit on ordinary activities | 9 | (30,350,000) | 455,346 |
| (LOSS) PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | (21,321,800) | 53,872,090 |
| Dividends paid and proposed | 10 | (1,950,000) | - |
| RETAINED (LOSS) PROFIT FOR THE YEAR | | (23,271,800) | 53,872,090 |
| RETAINED PROFIT, brought forward | | 71,990,465 | 18,118,375 |
| Transfer from other reserve | 19 | 36,415,175 | - |
| Transfer from revaluation reserve | 19 | 3,377,679 | - |
| RETAINED PROFIT, carried forward | | £ 88,511,519 | £ 71,990,465 |

The accompanying statement of accounting policies and notes form an integral part of these accounts.

TIMES NEWSPAPERS LIMITED

BALANCE SHEET AS AT 30 JUNE 1991

| | <u>Notes</u> | <u>1991</u> | <u>1990</u> |
|---|--------------|----------------------|----------------------|
| FIXED ASSETS | | | |
| Intangible assets | 11 | £ 325,500,000 | £ 325,500,000 |
| Investments | 12 | 11,099,841 | 48,279,846 |
| | | <u>336,599,841</u> | <u>373,779,846</u> |
| CURRENT ASSETS | | | |
| Stocks | 13 | 871,343 | 1,231,008 |
| Debtors | 14 | 281,133,749 | 242,262,473 |
| Cash at bank and in hand | | 18,408,407 | 5,303,942 |
| | | <u>300,413,499</u> | <u>248,797,423</u> |
| CREDITORS: Amounts falling due within one year | 15 | (199,582,886) | (161,875,015) |
| | | <u>100,830,613</u> | <u>86,922,408</u> |
| NET CURRENT ASSETS | | <u>437,430,454</u> | <u>460,702,254</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| CREDITORS: Amounts falling due after more than one year | 16 | (16,678,644) | (16,678,644) |
| PROVISION FOR LIABILITIES AND CHARGES | 17 | - | - |
| NET ASSETS | | <u>£ 420,751,810</u> | <u>£ 444,023,610</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 18 | £ 1,000,000 | £ 1,000,000 |
| Revaluation reserve | 19 | 331,240,291 | 334,617,970 |
| Other reserves | 19 | - | 36,415,175 |
| Profit and loss account | 19 | 88,511,519 | 71,990,465 |
| TOTAL CAPITAL EMPLOYED | | <u>£ 420,751,810</u> | <u>£ 444,023,610</u> |

SIGNED ON BEHALF OF THE BOARD ON 6 SEPTEMBER 1991

Sir Edward Pickering - Director



The accompanying statement of accounting policies and notes form an integral part of this balance sheet.

TIMES NEWSPAPERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 JUNE 1991

| | <u>1991</u> | <u>1990</u> |
|---|--------------|---------------|
| SOURCE OF FUNDS | | |
| Profit after taxation | £ - | £ 53,872,090 |
| Adjustment for item not involving the movement of funds- | | |
| - decrease in deferred taxation | - | (352,295) |
| Total funds from operations | - | 53,519,795 |
| FUNDS FROM OTHER SOURCES | | |
| Decrease in investments (12iii) | 38,288,733 | - |
| Proceeds from sale of fixed asset investments | 6,306,807 | - |
| Proceeds from Reuters option | - | £42,619 |
| | £ 44,595,540 | £ 54,162,414 |
| | ===== | ===== |
| APPLICATION OF FUNDS | | |
| Loss after taxation | £ 21,321,800 | £ - |
| Adjustment for items not involving the movement of funds- | | |
| - profit on sale of fixed asset investment | 1,084,543 | - |
| Funds absorbed by operations | 22,406,343 | - |
| Increase in net current assets, as shown below | 13,908,205 | 54,162,414 |
| Dividends paid and proposed | 1,950,000 | - |
| Purchase of fixed asset investments | 6,330,992 | - |
| | £ 44,595,540 | £ 54,162,414 |
| | ===== | ===== |
| INCREASE (DECREASE) IN NET CURRENT ASSETS | | |
| Stocks | £ (359,665) | £ (594,769) |
| Debtors | 38,871,276 | (141,308,499) |
| Creditors (other than bank loans and overdrafts) | (38,265,260) | 211,660,058 |
| | 246,351 | 69,756,790 |
| Movement in net liquid funds- | | |
| - cash at bank and in hand | 13,104,465 | (15,036,987) |
| - bank overdrafts | 557,389 | (557,389) |
| | £ 13,908,205 | £ 54,162,414 |
| | ===== | ===== |

The accompanying statement of accounting policies and notes form an integral part of these accounts.

TINES NEWSPAPERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1991

1. SEGMENT INFORMATION:

The company's turnover and profit is derived from printing and publishing activities substantially all in the United Kingdom.

2. RELATED PARTY TRANSACTIONS:

The company distributes its national newspapers through one fellow subsidiary undertaking, sells its advertising space to another and obtains various services and supplies from other members of the News International plc group with whom it consequently has significant transactions. These include principally the income received for the sale of newspapers and advertising space and charges for the supply of personnel resources, printing and production facilities, management services and centralised procurement of materials and services.

In the opinion of the directors, the above transactions are conducted on an arm's length basis.

3. OTHER OPERATING EXPENSES (NET):

| | <u>1991</u> | <u>1990</u> |
|-----------------------------|--------------------|--------------------|
| Selling and marketing costs | £14,849,590 | £17,792,684 |
| Administrative expenses | 35,937,642 | 26,090,927 |
| | <u>50,787,232</u> | <u>43,883,611</u> |
| Other operating income | (93,626) | (176,668) |
| | <u>£50,693,606</u> | <u>£43,706,943</u> |
| | ===== | ===== |

4. EXCEPTIONAL ITEM:

| | <u>1991</u> | <u>1990</u> |
|----------------------------------|-----------------|--------------------|
| Profit on sale of Reuters shares | £1,084,543 | £ - |
| Redundancy costs | (1,062,622) | - |
| Transfer of printing facilities | - | (500,000) |
| | <u>£ 21,921</u> | <u>£ (500,000)</u> |
| | ===== | ===== |

In 1990, the exceptional item related to additional residual costs arising from the transfer of printing facilities in 1987.

In 1991, the exceptional items related to redundancy costs resulting from general reorganisation and to the profit on sale of Reuters shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. INVESTMENT INCOME:

Investment income comprises-

| | <u>1991</u> | <u>1990</u> |
|--|------------------|--------------------|
| Income from quoted investments | £ 391,145 | £ 412,546 |
| Other interest receivable and similar income | 1,348 | 6,751,605 |
| | <u>£ 392,493</u> | <u>£ 7,164,151</u> |
| | ===== | ===== |

6 INTEREST PAYABLE AND SIMILAR CHARGES:

| | <u>1991</u> | <u>1990</u> |
|---|--------------------|--------------------|
| On loans from News International plc | | |
| - repayable after five years, not by instalments | £ 1,233,932 | £ 1,233,932 |
| On amounts due to immediate parent company | 1,436,070 | 1,436,071 |
| On other loans | | |
| - repayable within five years, not by instalments | - | 121,719 |
| | <u>£ 2,670,002</u> | <u>£ 2,791,722</u> |
| | ===== | ===== |

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after crediting-

| | <u>1991</u> | <u>1990</u> |
|--------------------------------|--------------|--------------|
| Rent receivable (net) | £ 74,655 | £ 149,293 |
| | <u>=====</u> | <u>=====</u> |
| and after charging- | | |
| a) Hire of plant and machinery | £ 108,158 | £ 73,563 |
| b) Staff costs (see note 8) | 20,759,974 | 17,515,445 |
| | <u>=====</u> | <u>=====</u> |

Auditors' remuneration is borne by a fellow subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. STAFF COSTS:

Particulars of employees (excluding directors) are as shown below-

| | <u>1991</u> | <u>1990</u> |
|---|-------------|-------------|
| Employee costs during the year amounted to- | | |
| Wages and salaries | £18,142,740 | £15,176,678 |
| Social security costs | 1,613,075 | 1,430,707 |
| Other pension costs | 1,004,159 | 908,060 |
| | ----- | ----- |
| | £20,759,974 | £17,515,445 |
| | ===== | ===== |

As explained in Note 1, the production, printing and distribution activities relating to the company's national newspapers are undertaken by other members of the News International plc group. The employee costs shown above exclude the staff costs of personnel employed by those companies.

The number of persons employed by the company during the year was as follows-

| | <u>Number</u> | <u>Number</u> |
|-------------------|---------------|---------------|
| Beginning of year | 420 | 434 |
| | ===== | ===== |
| End of year | 446 | 420 |
| | ===== | ===== |

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 for remuneration relating to services in connection with the management of the company-

| | | |
|---|-----------|-----------|
| Directors' emoluments (including pension contributions) | £ 537,370 | £ 415,138 |
| | ===== | ===== |

The directors' remuneration shown above (excluding pensions and pension contributions) included-

| | | |
|-----------------------|-----------|-----------|
| Chairman | £ - | £ - |
| | ===== | ===== |
| Highest paid director | £ 189,270 | £ 207,803 |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. STAFF COSTS (Continued):

Other directors received emoluments (excluding pensions and pension contributions) in the following ranges-

| | <u>1991</u> <u>Number</u> | <u>1990</u> <u>Number</u> |
|---------------------|------------------------------|------------------------------|
| Up to £ 5,000 | 5 | 8 |
| £ 35,001 - £ 40,000 | - | 1 |
| £ 75,001 - £ 80,000 | - | 1 |
| £ 85,001 - £ 90,000 | 1 | 1 |
| £100,001 - £105,000 | 1 | - |
| £135,001 - £140,000 | 1 | - |
| | === | === |

9. TAX CHARGE (CREDIT) ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge (credit) is based on the profit for the year and comprises-

| | <u>1991</u> | <u>1990</u> |
|---------------------------------------|--------------|-------------|
| Deferred taxation | £ - | £ (352,295) |
| Adjustments in respect of prior years | 30,350,000 | (103,051) |
| | ----- | ----- |
| | £ 30,350,000 | £ (455,346) |
| | ===== | ===== |

The company has no current tax charge due to group relief.

In 1991 the adjustment in respect of prior years represents a payment to a fellow subsidiary undertaking for losses previously anticipated to be surrendered without charge.

10. DIVIDENDS PAID AND PROPOSED:

| | <u>1991</u> | <u>1990</u> |
|---------------------------------|-------------|-------------|
| Interim paid of £1.95 per share | £ 1,950,000 | £ - |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. INTANGIBLE FIXED ASSETS:

Intangible fixed assets represent the publishing rights, titles and benefits attaching to the company's newspaper titles, unaccompanied by the assets and other rights and interests which go to make up the business of the company as a whole. These have been incorporated in the balance sheet at the Directors' estimate of current cost of £325,500,000 (1990 - £325,500,000). The Directors' estimate took account of a valuation placed on them at 30 June 1990 by Hambros Securities Limited.

The original cost of publishing rights and titles is £1,425,000 (1990 - £1,425,000).

12. FIXED ASSET INVESTMENTS:

The following are included in the net book value of fixed asset investments-

| | <u>1991</u> | <u>1990</u> |
|---|---------------------|---------------------|
| Subsidiary undertakings | £ 111 | £ 111 |
| Shares in Reuters Holdings plc | 11,099,730 | 9,991,002 |
| Unsecured debt from News Offset Limited | - | 38,288,733 |
| | <u>£ 11,099,841</u> | <u>£ 48,279,846</u> |
| | ===== | ===== |

The unsecured debt has been reassigned to News International plc.

Movement in the shares in Reuters Holding plc during the year was as follows-

| | |
|---------------------------|---------------------|
| COST OR VALUATION- | |
| Beginning of year | £ 9,991,002 |
| Add: Option premium paid | 6,330,992 |
| Less: 761,510 shares sold | (5,222,264) |
| | <u>£ 11,099,730</u> |
| | ===== |
| End of year | |

i) The principal subsidiary undertaking of the company is-

| | <u>Incorporated in</u> | <u>Percentage of issued capital held</u> |
|---|----------------------------|--|
| Times Newspapers of Great Britain Incorporated | USA | 100% |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. FIXED ASSET INVESTMENTS (Continued):

ii) 1,618,562 (1990 - 2,380,072) 'B' shares are held in Reuters Holdings plc.

The company previously deposited the 2,380,072 shares held in Reuters Holdings plc with Citibank N.A. to support a preference share issue made by a related undertaking, Newscorp Cayman Islands Limited. The preference shares are redeemable in July 1999. The company cannot dispose of these shares to any other person whilst the preference shares remain outstanding.

Newscorp Cayman Islands Limited was previously granted an option to purchase these shares at a fixed price of £9.68. Subsequent to 30 June 1990 the company was released from these options by making a payment of £6,330,992 to Newscorp Cayman Islands Limited.

During the year 761,510 shares were sold to a group undertaking in order to fulfil the obligations to the preference shareholders.

iii) The unsecured debt represented the amount recoverable in respect of the 12,232,822 'B' shares in Reuters Holdings plc which were transferred at their market value on 28 June 1985 to News Offset Limited, an associated company of News International plc. Since that date, News Offset Limited has sold these shares.

Previously in the company's financial statements, the surplus, amounting to £38,288,053, arising on the original sale has been treated as unrealised, and was credited, net of the potential deferred taxation of £1,872,878 directly to non-distributable reserves, resulting in a net transfer of £36,415,175.

Following the disposal of the shares in Reuters Holdings plc by fellow subsidiary undertakings, these profits are now considered by the directors to have been realised and have therefore been transferred to distributable reserves.

During the year the unsecured debt from News Offset Limited has been assigned to News International plc.

13. STOCKS:

The following are included in the net book value of stocks-

| | <u>1991</u> | <u>1990</u> |
|-------------------------------|-------------|-------------|
| Raw materials and consumables | £ 784,960 | £ 1,092,298 |
| Work in progress | 86,383 | 138,710 |
| | ----- | ----- |
| | £ 871,343 | £ 1,231,008 |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS:

The following are included in the net book value of debtors-

| | <u>1991</u> | <u>1990</u> |
|---|---------------------|---------------------|
| Amounts falling due within one year- | | |
| Trade debtors | £ 209,552 | £ 81,011 |
| Due from parent | - | 10,000,000 |
| Due from fellow subsidiary undertakings | 279,670,190 | 231,094,619 |
| VAT | 129,543 | 159,356 |
| Other debtors | 21,648 | 41,071 |
| Prepayments and accrued income | 901,894 | 783,280 |
| | <u>280,932,827</u> | <u>242,159,337</u> |
| Amounts falling due after more than one year- | | |
| Taxation | 200,922 | 103,136 |
| | <u>£281,133,749</u> | <u>£242,262,473</u> |
| | ===== | ===== |

15. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

| | <u>1991</u> | <u>1990</u> |
|---------------------------------------|---------------------|---------------------|
| Bank overdraft | £ - | £ 557,389 |
| Trade creditors | 383,225 | 717,209 |
| Due to parent | 28,721,413 | - |
| Due to fellow subsidiary undertakings | 51,482,655 | 53,659,636 |
| Other creditors | | |
| - corporation tax | 3,295,292 | 3,295,292 |
| - other creditors | 1,382,414 | 1,280,908 |
| - social security and P.A.Y.E. | 263 | 488,104 |
| Accruals and deferred income | 114,317,624 | 101,876,477 |
| | <u>£199,582,886</u> | <u>£161,875,015</u> |
| | ===== | ===== |

The bank overdraft is part of a collective group facility and is covered by multi-lateral guarantees given by News International plc and its subsidiary undertakings.

In February 1991 the ultimate parent company, The News Corporation Limited ("TNCL"), and certain of its subsidiary undertakings, including the Company, entered into a new three year agreement with its banks and other lenders to extend the maturities of most of its non-public debt.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued):

The agreement covers all of the credit facilities provided to the Group except for publicly held bonds, exchangeable preference shares and other widely held financing instruments such as finance leases, but including bank overdrafts. The essential financial terms of the agreement are:

- i) TNCL and certain of its subsidiary undertakings are committed to reduce total outstanding debt, including public debt obligations and a bridge facility, by not less than US\$800 million in February 1992 and thereafter by instalments of US\$400 million on 30 June 1992, 31 December 1992, and 30 June 1993. All the credit facilities subject to the agreement are to be repaid by February 1994.
- ii) interest rates under this agreement increased by a margin of one per cent per annum.
- iii) covenants which among other things require specific cash flow and debt cover ratios, limit capital expenditure and restrict TNCL dividends to a maximum of 10 cents Australian per share per annum. At 30 June 1991 the directors had received confirmation from TNCL that TNCL and certain of its subsidiary undertakings are in compliance with these covenants.

16. CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

The following amounts are included in creditors due after more than one year-

| | <u>1991</u> | <u>1990</u> |
|---|--------------|--------------|
| Due to News International plc after 5 years | | |
| - 5% subordinated loan stock 2001 | £ 12,678,646 | £ 12,678,646 |
| - 15% unsecured loan stock 2001 | 3,999,998 | 3,999,998 |
| | ===== | ===== |
| | £ 16,678,644 | £ 16,678,644 |
| | ===== | ===== |

17. PROVISION FOR LIABILITIES AND CHARGES:

No deferred taxation is provided at 30 June 1991 and 1990 due to short term timing differences and the availability of tax losses from group companies for relief against future taxable profits.

| | <u>1991</u> | <u>1990</u> |
|---|--------------|--------------|
| Additional taxes that could arise if publishing rights and investments were to be disposed of at their revalued amounts | £109,242,000 | £106,598,000 |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. CALLED-UP SHARE CAPITAL:

| | <u>1991</u> | <u>1990</u> |
|--|-------------|-------------|
| Authorised, issued and fully paid- | | |
| 850,000 'A' ordinary shares of £1 each | £ 850,000 | £ 850,000 |
| 75,000 'B' ordinary shares of £1 each | 75,000 | 75,000 |
| 75,000 'C' ordinary shares of £1 each | 75,000 | 75,000 |
| | ----- | ----- |
| | £ 1,000,000 | £ 1,000,000 |
| | ===== | ===== |

19. RESERVES:

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise-

| | <u>1991</u> | <u>1990</u> |
|---------------------------|--------------|--------------|
| Distributable | | |
| - profit and loss account | £ 88,511,519 | £ 71,990,465 |
| Non-distributable | | |
| - revaluation reserve | 331,240,291 | 334,617,970 |
| - other reserves | - | 36,415,175 |
| | ----- | ----- |
| Total reserves | £419,751,810 | £443,023,610 |
| | ===== | ===== |

The movement in the reserves comprises-

| | <u>Revaluation reserve</u> | <u>Other reserves</u> | <u>Profit and loss</u> |
|------------------------------------|--------------------------------|---------------------------|----------------------------|
| Beginning of year | £334,617,970 | £ 36,415,175 | £ 71,990,465 |
| Transfer to distributable reserves | - | (36,415,175) | 36,415,175 |
| Dividend paid | - | - | (1,950,000) |
| Loss for the financial year | - | - | (21,321,800) |
| Transfer on sale of investment | (3,377,679) | - | 3,377,679 |
| | ----- | ----- | ----- |
| End of year | £331,240,291 | £ - | £ 88,511,519 |
| | ===== | ===== | ===== |

Other reserves represented the surplus net of related tax, arising on the sale of certain investments to an associated undertaking (see note 12 iii). The surplus was treated as unrealised until these shares were sold outside the group. As the shares have been sold, these profits are now considered realised by the directors and are therefore disclosed as distributable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

- a) Under a collective group banking facility the company has given multi-lateral guarantees in respect of bank overdrafts of other group companies.

The company is also party to the following other guarantees-

US\$374 million, US\$2 million, US\$1,270 million, HK\$2,138 million, A\$750 million and A\$487 million in respect of borrowings by other group undertakings of News International plc.

- b) At the end of the year there were no capital commitments (1990 - ENil).

21. PENSION ARRANGEMENTS:

The company participates in a number of Group pension schemes. The major scheme is a defined contribution scheme; the rest are defined benefit schemes.

The pension costs relating to the defined benefit schemes are assessed in accordance with the advice of a qualified actuary. The defined benefit schemes are valued by a qualified actuary on a triennial basis. The latest actuarial valuations for the majority of the schemes were prepared as at 1 July 1989. Particulars of these valuations are included in the financial statements of News International plc.

The total pension cost for the year was £1,004,159 (1990 - £908,060) of which £1,004,159 (1990 - £427,723) relates to the defined contribution scheme and ENil (1990 - £480,337) to the defined benefit schemes.

22. ULTIMATE PARENT COMPANY:

The smallest group in which the accounts of the company are consolidated is that headed by News International plc, a company registered in England and Wales. The address from which the accounts are available is PO Box 495, Virginia Street, London E1 9XY.

The ultimate parent company is The News Corporation Limited, incorporated in South Australia. This company heads the largest group in which the accounts of the company are consolidated. The address from which the accounts are available is Holt Street, Sydney, New South Wales, Australia.