

News International Associated Services Limited

**Report and Financial Statements
28 June 2009**

Registered number: 2213952

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Directors' report

For News International Associated Services Limited for the year ended 28 June 2009 (registered number 2213952)

The Directors present their annual report on the affairs of News International Associated Services Limited ("The Company") together with the financial statements and auditors' report for the 52 weeks ended 28 June 2009 ("The year")

Principal activity

The Company acts as an agent for companies in the Newscorp Investments group. The external revenue earned (net of commission) and costs are transferred to the relevant group companies for which a management charge is made.

Business review

A business review has not been completed for the Company because it is defined under Section 382 of the Companies Act 2006 as a small company.

Principal risks and uncertainties facing the business

A summary of the principal risks and uncertainties facing the Company has not been completed because it is defined under Section 382 of the Companies Act 2006 as a small company.

Results and dividends

The Company's profit for the financial year was £1,445,000 (2008 - £447,000).

An ordinary dividend of £447,000 (2008 - £1,046,000) has been paid and the Directors do not recommend the payment of a final dividend (2008 - £Nil).

Directors and their interests

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

R Brooks	(appointed 23 July 2009)
S W Daintith	(resigned 17 July 2008)
M C Gill	
C A Milner	
C A Rhodes	(resigned 22 August 2008)
S L Panuccio	(appointed 17 July 2008)
C Stone	

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

The Articles of Association do not require Directors to retire either by rotation or in the year of appointment.

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

Directors Indemnity Provisions

News Corporation has indemnified one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Charitable and political contributions

The Company has made no charitable or political donations in the year (2008 - £Nil).

Auditors

The Directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditors in the absence of a notice that the appointment is to be terminated.

Directors' report - continued

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit and loss for that period. In preparing those financial statements, 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 financial statements, and
- prepare the financial statements 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 financial statements comply with the Companies Act 2006. 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.

Directors' statement of disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Director's Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



M C Gill
Director

1 Virginia Street
London
E98 1XY

12 October 2009

Independent Auditors' report

To the members of News International Associated Services Limited

We have audited the financial statements of News International Associated Services Limited for the year ended 28 June 2009 which comprise the Profit and Loss Account, Balance Sheets and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 June 2009 and of the company's profits for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Tony McCartney (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

15/10/2009.

Profit and loss account

For the year ended 28 June 2009

	Notes	2009 £'000	Restated 2008 £'000
Turnover	2	1,498	623
Gross profit		1,498	623
Other operating income	3	5	16
Profit on ordinary activities before taxation	4	1,503	639
Tax on profit on ordinary activities	6	(58)	(192)
Profit for the financial year	12	1,445	447

There are no recognised gains or losses other than the profit attributable to shareholders of the Company of £1,445,000 in the year ended 28 June 2009 (2008 - £447,000)

Details of movements on reserves are shown in note 12

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

The notes to the financial statements are an integral part of this profit and loss account

Balance sheet

As at 28 June 2009

	Notes	2009 £'000	2008 £'000
Current assets			
Debtors	8	15,470	12,341
Cash at bank and in hand	10	43	5,697
		<hr/>	<hr/>
		15,513	18,038
Creditors: Amounts falling due within one year	11	(14,068)	(17,591)
		<hr/>	<hr/>
Net assets		1,445	447
		<hr/>	<hr/>
Equity capital and reserves			
Called-up share capital	12	-	-
Profit and loss account	12	1,445	447
		<hr/>	<hr/>
Equity shareholders' funds	12	1,445	447
		<hr/>	<hr/>

The financial statements on pages 4 to 11 were approved by the Board of Directors on 12 October 2009 and signed on its behalf by



M C Gill
Director

12 October 2009

The notes to the financial statements are an integral part of this balance sheet

Notes to the financial statements

28 June 2009

1 Principal accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Principles

The financial statements of the Company are made up to the Sunday closest to the 30 June each year. Consequently, the financial statements for the current period cover 52 weeks ended 28 June 2009

In preparing the financial statements for the current year, the Company has adopted the amendment to FRS 8 'Related Party Disclosures' which became mandatory for all accounting periods beginning on 6 April 2008. The adoption of the amendment to FRS 8 has resulted in a change in accounting policy for related party transactions. As a result, related party transactions with Milkround Online Limited, a 90% owned subsidiary of News Corporation, are now required to be disclosed (see note 14)

The principal accounting policies have been applied consistently throughout the year and the preceding year

Cash flow statement

The Company is exempt from the requirement of FRS 1 'Cash Flow Statements' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of a body corporate, and a consolidated cash flow statement is included in the financial statements of News Corporation, the ultimate parent company

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

In preparing these financial statements, the treatment of foreign currency differences have been restated. All foreign exchange gains and losses arising from the Companies operations are now shown within the operating profit of the Company

Turnover

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

Revenue is recognised as services are provided to other group undertakings

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements - continued

1 Principal accounting policies - continued

Related party transactions

As a wholly owned subsidiary undertaking of News Corporation whose financial statements are publicly available, the Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group headed by News Corporation

2 Turnover

The Company's turnover is derived, for both the current and prior year, entirely from management charges to other group undertakings in the United Kingdom

3 Other operating income

	2009 £'000	Restated 2008 £'000
Exchange Difference	5	16

4 Profit on ordinary activities before taxation

The Directors of the Company received no remuneration for their services to the Company during the year (2008 - £Nil) The Directors received emoluments for their services provided to other group undertakings as disclosed in the financial statements of those companies

The Company has no employees (2008 - None)

5 Auditors' remuneration

	2009 £'000	2008 £'000
Audit of the financial statements	6	6

Auditors' remuneration, including amounts in respect of non-audit services, is borne by another group undertaking

6 Tax on profit on ordinary activities

a) The tax charge is made up as follows

	2009 £'000	2008 £'000
<i>Deferred tax (note 9)</i>		
Adjustment in respect of prior years	-	131
Current year movement at 28% (2008 - 29.5%)	58	65
Current year movement rate differential at 0% (2008 - 1.5%)	-	(4)
	58	192

Notes to the financial statements – continued

6 Tax on profit on ordinary activities - continued

b) Factors affecting current tax charge

The tax assessed on the profit on the ordinary activities for the year is £Nil (2008 - profit £Nil). The enacted UK tax rate applicable from 1 April 2008 reduced to 28% from 30%. The difference between the tax assessed and the standard rate of corporation tax of 28% (2008 – 29.5%) is explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	1,503	639
Corporation tax at 28% (2008 - 29.5%)	421	189
Other timing differences	(58)	(65)
Group relief claimed	(363)	(124)
Total current tax	-	-

7 Dividends

	2009 £'000	2008 £'000
Equity dividends paid on ordinary shares £223,500 per ordinary share (2008 - £523,000 per ordinary share)	447	1,046

8 Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	12,739	10,976
Due from group undertakings	2,367	997
Sundry Debtors	54	-
Deferred tax (note 9)	310	368
	15,470	12,341

Notes to the financial statements – continued

9 Deferred tax

The deferred tax included in the balance sheet is as follows

	2009 £'000	2008 £'000
Included in debtors (note 8)	310	368

A deferred tax asset has been recognised as the Directors are of the opinion that the level of future taxable profits and deferred tax liabilities within the Newscorp Investments group will be sufficient to utilise the deferred tax asset being recognised

The movement in deferred taxation during the current year is as follows

	£'000
Beginning of the year	368
Debited to profit and loss account	
Current year movement	(58)
End of the year	310

Deferred taxation is provided at 28% (2008 - 28%) as follows

	2009 £'000	2008 £'000
Other timing differences	310	368

10 Cash at bank and in hand

The Newscorp Investments group operates a collective overdraft facility with its bankers, which allows individual companies in the Newscorp Investments group to overdraw subject to an agreed limit not being exceeded in aggregate. This facility is guaranteed by News Corporation.

11 Creditors: Amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft (note 10)	1,986	-
Due to group undertakings	7,968	15,425
Taxation and social security	3,972	920
Other creditors	142	1,246
	14,068	17,591

Notes to the financial statements - continued

12 Equity capital and reserves

a) Called-up equity share capital

	2009 £	2008 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted and fully-paid 2 ordinary shares of £1 each	2	2

b) Reserves

	Profit and loss account £'000
Beginning of the year	447
Profit for the financial year	1,445
Equity dividends paid on ordinary shares	(447)
End of the year	1,445

c) Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	1,445	447
Equity dividends paid on ordinary shares	(447)	(1,046)
Net addition to/(reduction in) shareholders' funds	998	(599)
Opening shareholders' funds	447	1,046
Closing shareholders' funds	1,445	447

Notes to the financial statements - continued

13 Guarantees

Under a collective group banking facility the Company has given multilateral guarantees in respect of bank overdrafts of other companies in the Newscorp Investments group

14 Related party transactions

The Newscorp Investments group has a 50% investment in Globrix Limited, acquired on 13 August 2007, which is a joint venture. During the year, the Company raised invoices to third parties on behalf of Globrix Limited with a market value of £655,000 (2008 - £298,000) at a cost of £655,000 (2008 - £298,000). The total amount due to Globrix Limited on 28 June 2009 was £206,000 (2008 - £238,000).

During the year, the Company raised invoices to third parties on behalf of Milkround Online Limited, a subsidiary of News Corporation, with a market value of £3,141,000 (2008 - £1,766,000) at a cost of £3,141,000 (2008 - £1,766,000). The total amount due to Milkround Online Limited at 28 June 2009 was £314,000 (2008 - £354,000).

15 Ultimate parent company

The Company's immediate parent company is News International Limited, a company incorporated in England.

The ultimate parent company is News Corporation, a company incorporated in Delaware.

The largest group in which the results of the Company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10024. The smallest group in which they are consolidated is that headed by Newscorp Investments, a company incorporated in England and Wales. The consolidated financial statements of these groups are available to the public and may be obtained from 1 Virginia Street, London, E98 1FN.