

SATELLITE MARKETING AND ADVERTISING LIMITED

ACCOUNTS - 30 JUNE 1996

TOGETHER WITH DIRECTORS'
AND AUDITORS' REPORTS

The company's registered number is 2454230



SATELLITE MARKETING AND ADVERTISING LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 1996

The Directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the year ended 30 June 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the Company continues to be the provision of marketing, advertising and similar support services to British Sky Broadcasting Group plc ("BSkyB") in the Republic of Ireland. The Company's principal source of revenue is through Sky Subscriber Services Limited, a subsidiary undertaking of BSkyB which is an associated undertaking of a fellow subsidiary of News International plc, the immediate parent company.

RESULTS AND DIVIDENDS

The Company's profit for the financial year amounted to IR£2,906 (1995 - IR£362).

The Directors do not propose the payment of a dividend (1995 - IR£nil)

DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year are shown below.

T.J. Rice
P.W. Stehrenberger
L.C. Roberts (resigned 11 September 1996)
S. F. Hutson (appointed 11 September 1996)

As at 30 June 1996 P.W. Stehrenberger held one non-beneficial IR£1 Ordinary share in the Company (1995 - 1).

The interests of P.W. Stehrenberger in the shares of The News Corporation Limited and News International plc are disclosed in the accounts of News International plc.

Other Directors of the Company had interests in Ordinary shares in The News Corporation Limited ("TNCL") as follows:

Options on Preferred Limited Voting Ordinary Shares of 50 Australian cents in TNCL		
	<u>30 June 1996</u>	<u>30 June 1995</u>
S F Hutson	12,000	12,000

The options have an option price of A\$5.17 and are exercisable between 25 July 1997 and 24 July 2006. The middle market price of a TNCL Preferred share on 30 June 1996 was A\$6.20 (1995 - A\$6.96). The range in market value of the Preferred shares during the financial year was A\$5.82 to A\$7.41.

SATELLITE MARKETING AND ADVERTISING LIMITED

DIRECTOR'S REPORT - continued

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 its profit or loss for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments 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.

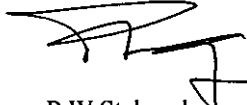
AUDITORS:

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

PO Box 495
Virginia Street
London
E1 9XY

24 April 1997

BY ORDER OF THE BOARD


P W Stehrenberger
Secretary

SATELLITE MARKETING AND ADVERTISING LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SATELLITE MARKETING AND ADVERTISING LIMITED:

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 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.

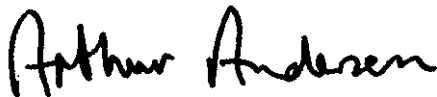
BASIS OF OPINION:

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 judgments 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

24 April 1997

SATELLITE MARKETING AND ADVERTISING LIMITED

PROFIT AND LOSS ACCOUNT - 30 June 1996

	<u>Notes</u>	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
TURNOVER	1e	157,053	240,232
Administrative expenses		(148,784)	(241,449)
		<hr/>	<hr/>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	8,269	(1,217)
Taxation	4	(5,363)	1,579
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		2,906	362
Retained profit, beginning of year		54,038	53,676
		<hr/>	<hr/>
Retained profit, end of year		<u>56,944</u>	<u>54,038</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the financial year of IR£2,906 in the year ended 30 June 1996 and IR£362 in the year ended 30 June 1995.

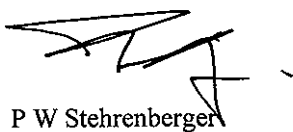
The accompanying notes are an integral part of these statements.

SATELLITE MARKETING AND ADVERTISING LIMITED

BALANCE SHEET - 30 June 1996

	<u>Notes</u>	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
FIXED ASSETS			
Tangible assets	5	3,254	8,821
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	6	61,848	38,002
Cash at bank and in hand		13,581	24,294
		<hr/>	<hr/>
		75,429	62,296
Creditors: Amounts falling due within one year	7	(21,738)	(17,077)
		<hr/>	<hr/>
Net current assets		53,691	45,219
		<hr/>	<hr/>
Net assets		56,945	54,040
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called-up share capital	8	2	2
Profit and loss account		56,944	54,038
		<hr/>	<hr/>
Total shareholders' funds (all equity)	9	56,946	54,040
		<hr/> <hr/>	<hr/> <hr/>

Signed on behalf of the Board 24 April 1997



P W Stehrenberger
Director

The accompanying notes are an integral part of this balance sheet.

SATELLITE MARKETING AND ADVERTISING LIMITED

NOTES TO THE ACCOUNTS - 30 June 1996

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with all applicable accounting standards. The Company's accounting policies have been applied consistently throughout the year and with the preceding year. The accounts are presented in Irish punts (IR£).

b) Cash flow statement

In accordance with the provisions of the revised 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. A consolidated cash flow statement is included in the accounts of The News Corporation Limited, the ultimate parent company, which meets all other conditions of the FRS.

c) Tangible fixed assets

Office equipment is stated at cost. No depreciation is charged in the year of acquisition. Following the year of acquisition the office equipment is depreciated on a straight-line basis over four years.

d) Taxation

The Company is subject to UK and Irish taxation.

Provision for deferred taxation is made using the liability method for the taxation effects arising from all timing differences, other than those which are not expected by the Directors to reverse within the foreseeable future, at the rates expected to be in force at the time of reversal.

In accordance with the policy of the News International plc group, no payment is made for group relief claimed.

e) Turnover

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

f) Foreign currency

Normal trading activities denominated in foreign currencies are recorded in Irish Punts at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Differences on translation are accounted for in the profit and loss account.

g) Pension costs

In accordance with the provisions of SSAP24, pension costs are charged against profit in a systematic manner over the service lives of employees. Contributions are made on behalf of employees to the News International plc defined contribution scheme.

SATELLITE MARKETING AND ADVERTISING LIMITED

NOTES TO ACCOUNTS - continued

2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging:

	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
Staff costs (note 3)	26,814	110,367
Depreciation	8,422	7,708
	<hr/>	<hr/>

3. STAFF COSTS

Particulars of employees (including executive Directors) are as shown below:

	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
Employee costs during the year amounted to:		
Wages and salaries	20,932	93,034
Social security costs	1,415	6,663
Pension costs	4,467	10,670
	<hr/>	<hr/>
	26,814	110,367
	<hr/> <hr/>	<hr/> <hr/>

The average weekly number of persons employed by the Company during the year was 3 (1995-4). All employees were engaged in the Company's principal activity.

Since August 1995 the basic salaries have been paid by the immediate parent company with no recharge made to the Company.

Directors remuneration:

The employee costs shown above include the following remuneration in respect of one Director of the Company:

	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
Basic salary	58,484	55,837
Benefit in kind	9,861	10,835
Pension contribution	6,060	4,886
	<hr/>	<hr/>
Total	74,405	71,558
	<hr/> <hr/>	<hr/> <hr/>

Other Directors received no remuneration for their services to the Company (1995 - IR£nil).

SATELLITE MARKETING AND ADVERTISING LIMITED

NOTES TO ACCOUNTS - continued

4. TAXATION

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

	<u>1996</u>	<u>1995</u>
	<u>IR£</u>	<u>IR£</u>
UK corporation tax at 33% (1995 - 33%)	-	1,246
Overseas taxation	-	1,246
Under/(over) provision in prior year	5,363	(2,825)
Double tax relief claimed	-	(1,246)
	<u>5,363</u>	<u>(1,579)</u>

5. TANGIBLE FIXED ASSETS

The movement in the year was as follows:

	<u>Office Equipment IR£</u>
Cost:	
Beginning of year	38,173
Additions	2,855
End of year	<u>41,028</u>
Depreciation:	
Beginning of year	29,352
Charge for year	8,422
End of year	<u>37,774</u>
Net book value:	
Beginning of year	<u>8,821</u>
End of year	<u>3,254</u>

6. DEBTORS:

	<u>1996</u>	<u>1995</u>
	<u>IR£</u>	<u>IR£</u>
Amount due from immediate parent company	27,754	18,696
Trade debtors	30,782	18,219
VAT recoverable	2,225	-
Other debtors	1,087	1,087
	<u>61,848</u>	<u>38,002</u>

The amount due from immediate parent company is repayable on demand and non-interest bearing.

SATELLITE MARKETING AND ADVERTISING LIMITED

NOTES TO ACCOUNTS - continued

7. CREDITORS:

Amounts falling due within one year

	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
Overseas taxation payable	-	15,077
Accruals and deferred income	21,738	2,000
	<u>21,738</u>	<u>17,077</u>

8. CALLED-UP SHARE CAPITAL:

Attributable to equity interests:

	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
Authorised 100 ordinary shares of IR£1 each	100	100
Alotted, called-up and fully-paid 2 ordinary shares of IR£1 each	2	2

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:

	<u>1996</u> <u>IR£</u>	<u>1995</u> <u>IR£</u>
Opening shareholders' funds	54,040	53,678
Profit for the financial year	2,906	362
Closing shareholders' funds	<u>56,946</u>	<u>54,040</u>

10. ULTIMATE PARENT COMPANY:

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

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, 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 will be available to the public and are obtainable from PO Box 495, Virginia Street, London E1 9XY.