

# **News Outdoor Limited**

## **Report and Financial Statements 30 June 2006**

**Registered number: 3812930**



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## **Directors' report**

**For the year ended 30 June 2006**

The Directors present their annual report on the affairs of News Outdoor Limited ("the Company") together with the financial statements and auditors' report for the year ended 30 June 2006.

### **Principal activity**

The principal activity of the Company is that of an investment holding company within the Newscorp Investments group.

### **Business review**

A business review has not been completed for the Company because it is defined under Section 247 of the Companies Act 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 247 of the Companies Act as a small company.

### **Results and dividends**

The Company's profit for the financial year was £2,498,000 (2005 - £2,443,000).

No dividends were paid during the year (2005 - £Nil) and the Directors do not recommend the payment of a final dividend (2005 - £Nil).

### **Directors and their interests**

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

S. W. Daintith	(appointed 19 September 2005)
C. A. Fairweather	(resigned 28 February 2006)
R. Hoare	
S. F. Hutson	
R. M. Linford	(resigned 30 January 2006)
E. A. Mirylees	
I. M. Pompadur	

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 interests in shares in group companies, or any other interests that require disclosure in accordance with Companies Act law.

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 1985. 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 contributions in the year (2005 - £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'.0 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 the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and 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 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.

### Director's 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



S.W. Daintith  
Director

1 Virginia Street  
London  
E98 1XY

29 September 2006

## **Independent auditors' report**

### **To the members of News Outdoor Limited**

We have audited the Company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes numbered 1 to 9. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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**

The Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and that the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

#### **Basis of audit opinion**

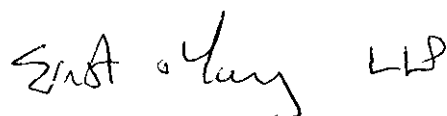
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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 financial statements 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 financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
London

31/01/06

## Profit and loss account

For the year ended 30 June 2006

	Notes	2006 £'000	2005 £'000
Interest receivable	2	2,563	2,507
Interest payable and similar charges	3	(65)	(64)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	4	2,498	2,443
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Retained profit for the financial year</b>	8	2,498	2,443
		<hr/>	<hr/>

There are no recognised gains and losses other than the profit attributable to shareholders of the Company of £2,498,000 for the year ended 30 June 2006 (2005 - £2,443,000).

Details of movements in reserves are shown in note 8.

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 30 June 2006

	Notes	2006 £'000	2005 £'000
<b>Current assets</b>			
Debtors	6	48,986	46,423
<b>Creditors : Amounts falling due within one year</b>	7	(1,246)	(1,181)
		<hr/>	<hr/>
<b>Net current assets</b>		47,740	45,242
		<hr/>	<hr/>
<b>Net assets</b>		47,740	45,242
		<hr/>	<hr/>
<b>Equity capital and reserves</b>			
Called-up share capital	8	31,687	31,687
Other reserves	8	11,481	11,481
Profit and loss account	8	4,572	2,074
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	8	47,740	45,242
		<hr/>	<hr/>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 29 September 2006 and signed on its behalf by:



S. W. Daintith  
Director

29 September 2006

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

# Notes to the financial statements

30 June 2006

## 1 Principal accounting policies

### Basis of preparation

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

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

The Company has adopted the following new accounting standards issued by the UK Accounting Standards Board:

FRS 21 'Events after the balance sheet date', the presentation requirements of FRS 25 'Financial Instruments: Disclosure and Presentation' and FRS 28 'Corresponding Amounts'.

There is no significant impact on the Company from adopting these standards.

The Company is not required to adopt the following standards issued during the year: FRS 20 'Share-based Payment', FRS 22 'Earning per Share'; FRS 23 'The Effects of Changes in Foreign Exchange Rates'; FRS 24 'Financial Reporting in Hyperinflationary Economies'; the disclosure requirements of FRS 25 'Financial instruments: Disclosure and Presentation'; FRS 26 'Financial Instruments: Measurement'; FRS 27 'Life Assurance' and FRS 29 'Financial Instruments: Disclosures'.

### 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.

### 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 substantially 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.

### 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 members of the group headed by News Corporation.

## 2 Interest receivable

	2006 £'000	2005 £'000
Interest income on amounts due from group undertakings	2,563	2,507



## Notes to the financial statements - continued

### 3 Interest payable and similar charges

	2006 £'000	2005 £'000
Interest payable on amounts due to group undertakings	(65)	(64)

### 4 Profit on ordinary activities before taxation

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

The Directors received no remuneration for their services to the Company (2005 - £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 (2005 - None).

### 5 Tax on profit on ordinary activities

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is £Nil (2005 - £Nil). The difference between the tax assessed and the standard rate of corporation tax in the UK of 30% (2005 - 30%) is reconciled below:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	2,498	2,443
Corporation tax at 30% (2005 - 30%)	749	733
Group relief claimed	(749)	(733)
Total current tax	-	-

### 6 Debtors

	2006 £'000	2005 £'000
Amounts due from group undertakings	48,986	46,423

## Notes to the financial statements - continued

### 7 Creditors: Amounts falling due within one year

	2006 £'000	2005 £'000
Amounts due to group undertakings	1,241	1,176
Other creditors	5	5
	<hr/>	<hr/>
	1,246	1,181
	<hr/>	<hr/>

### 8 Equity capital and reserves

#### a) Called-up share capital

	2006 £'000	2005 £'000
Authorised, allotted and fully-paid: 31,687,486 ordinary shares of £1 each	31,687	31,687
	<hr/>	<hr/>

#### b) Reserves

	Other reserves £'000	Profit and loss account £'000	Total £'000
Beginning of the year	11,481	2,074	13,555
Profit for the financial year	-	2,498	2,498
	<hr/>	<hr/>	<hr/>
End of the year	11,481	4,572	16,053
	<hr/>	<hr/>	<hr/>

Other reserves comprise an unrealised gain on disposal of an investment in return for shares, and as such are non-distributable.

#### c) Reconciliation of movements in shareholders' funds

	2006 £'000	2005 £'000
Profit for the financial year	2,498	2,443
	<hr/>	<hr/>
Opening shareholders' funds	45,242	42,799
	<hr/>	<hr/>
Closing shareholders' funds	47,740	45,242
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## Notes to the financial statements - continued

### 9 Ultimate parent company

The Company's immediate parent company is Lyntress Limited, a company incorporated in England and Wales.

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, NY10024. 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.