

706607

DOLPHIN BOOK CLUB LIMITED

REPORT AND ACCOUNTS

30 SEPTEMBER 1997



DOLPHIN BOOK CLUB LIMITED
REPORT AND ACCOUNTS 1997

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DOLPHIN BOOK CLUB LIMITED
DIRECTORS AND OFFICERS

DIRECTORS:

E. Bell
D. Houston

SECRETARY:

D.E. Slowman

REGISTERED OFFICE:

77/85 Fulham Palace Road
Hammersmith
LONDON
W6 8JB

AUDITORS:

Arthur Andersen

COMPANY NUMBER:

706607

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited accounts of the company for the year ended 30 September 1997.

Profit and loss account

The profit for the year after taxation is nil (1996: profit of £97,066) which is transferred to reserves.

The directors do not recommend the payment of a final dividend (1996: Nil).

Principal activities and business review

During the year under review the company continued to carry on the business of an investment company.

Directors and their interests

The names of the directors who held office during the year appear on page 1.

Neither of the directors at 30 September 1997 had any notifiable interest in shares or debentures of group companies at that date.

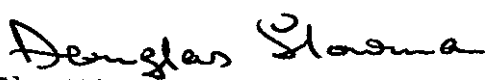
Directors' responsibilities

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 of the profit or loss of the company for that year. 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.

Auditors

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

By order of the Board


D.E. Slowman
SECRETARY

77/85 Fulham Palace Road
Hammersmith
LONDON
W6 8JB

1 December 1997

REPORT OF THE AUDITORS

TO THE MEMBERS OF DOLPHIN BOOK CLUB LIMITED

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 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 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 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 at 30 September 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
199 St Vincent Street
Glasgow
G2 5QD

1 December 1997

DOLPHIN BOOK CLUB LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow

The company is exempt from the requirements of Financial Reporting Standard 1 to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary undertaking of Newscorp Investments Limited which will provide a consolidated cash flow statement.

Related party transactions

As a subsidiary undertaking of The News Corporation Limited, the company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose transactions with other members of the group headed by The News Corporation Limited.

DOLPHIN BOOK CLUB LIMITED

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 1997**

	NOTE	1997 £	1996 £
Interest receivable	1	1,000,000	1,097,066
Interest payable	2	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Profit on ordinary activities before and after taxation and for the financial year	3	-	97,066
		=====	=====

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the financial year of £nil (1996: profit of £97,066).

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

DOLPHIN BOOK CLUB LIMITED

BALANCE SHEET

AT 30 SEPTEMBER 1997

	NOTE	1997 £	1996 £
Current assets			
Debtors	4	13,809,507	13,809,507
Prepayments and accrued income		887,671	887,671
		<u>14,697,178</u>	<u>14,697,178</u>
Creditors: Amounts falling due within one year	5	(252,055)	(252,055)
Total assets less current liabilities		<u>14,445,123</u>	<u>14,445,123</u>
Creditors: amounts falling due after more than one year	6	(10,000,000)	(10,000,000)
		<u>4,445,123</u>	<u>4,445,123</u>
		=====	=====
Equity capital and reserves			
Called-up share capital	7	100	100
Profit and loss account	7	4,445,023	4,445,023
		<u>4,445,123</u>	<u>4,445,123</u>
		=====	=====

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

These accounts were approved by the Board of Directors on 1 December 1997 and signed on their behalf by:

E. BELL

DIRECTOR

D. HOUSTON

DIRECTOR

DOLPHIN BOOK CLUB LIMITED

**NOTES TO THE ACCOUNTS
YEAR ENDED 30 SEPTEMBER 1997**

1. Interest receivable

	1997 £	1996 £
Interest on loan	1,000,000 =====	1,097,066 =====

2. Interest payable

	1997 £	1996 £
Interest on loan stock	1,000,000 =====	1,000,000 =====

3. Tax on profit on ordinary activities

No corporation tax arises in respect of 1997 or 1996 due to the availability of group tax losses for which no consideration is payable.

4. Debtors

	1997 £	1996 £
Loan to parent undertaking	10,000,000	10,000,000
Amount due from parent undertaking	3,809,507	3,809,507
	-----	-----
	13,809,507 =====	13,809,507 =====

5. Creditors: amounts falling due within one year

	1997 £	1996 £
Accrued liabilities	252,055 =====	252,055 =====

6. Creditors: amounts falling due after more than one year

	1997 £	1996 £
10% loan stock	10,000,000 =====	10,000,000 =====

The stockholders have issued an undertaking that no redemption will be called within the next twelve months. Interest on the loan stock is payable by half yearly instalments in arrears.

DOLPHIN BOOK CLUB LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 1997 (continued)

7. Called-up share capital

	Number	1997 Value £	Number	1996 Value £
Authorised, allotted, issued and fully paid:				
Ordinary shares of £1 each	100	100	100	100
	===	===	===	===
Share capital, movement on reserves and reconciliation of movements in shareholders' funds				
		Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 October 1996		100	4,445,023	4,445,123
and at 30 September 1997		===	=====	=====

8. 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 Dolphin Book Club Limited 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 HarperCollins (UK), a company incorporated in England.

The consolidated accounts of The News Corporation Limited are available to the public and may be obtained from PO Box 495, Virginia Street, London E1 9XY.