

DOLPHIN BOOK CLUB LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004



DOLPHIN BOOK CLUB LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

CONTENTS	PAGE
Directors and Officers	1
Report of the Directors	2 - 3
Independent Auditors' Report	4 - 5
Accounting Policies	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Accounts	9 - 11

DOLPHIN BOOK CLUB LIMITED

DIRECTORS AND OFFICERS

DIRECTORS: V Barnsley
G D'Agnes
E Kielbasiewicz

SECRETARY: P Duffy

REGISTERED OFFICE: 77/85 Fulham Palace Road
Hammersmith
LONDON
W6 8JB

AUDITORS: Ernst & Young LLP

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 2004.

Results and dividends

The company made neither a profit nor a loss during the year under review (2003: £Nil).

The directors approved and paid a final dividend of £3,809,507 on 30th September 2004 to its parent undertaking, HarperCollins Publishers Limited (2003: £Nil).

Principal activity, review of the business and future developments

During the year under review the company continued to carry on the business of an investment company and will continue to do so in the forthcoming year.

Directors and their interests

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

The interests of Ms V Barnsley and Mr G D'Agnes in the shares of News Corporation are disclosed in the accounts of HarperCollins (UK).

The interests of Mr E Kielbasiewicz in the shares of News Corporation are disclosed in the accounts of HarperCollins Publishers Limited.

REPORT OF THE DIRECTORS (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 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.

By order of the Board



P Duffy
Secretary

77/85 Fulham Palace Road
Hammersmith
LONDON
W6 8JB

31st January 2005

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DOLPHIN BOOK CLUB LIMITED

We have audited the accounts of Dolphin Book Club Limited for the year ended 30 September 2004 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related Notes numbered 1 to 9. These accounts have been prepared under the accounting policies set out on page 6.

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 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 described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DOLPHIN BOOK CLUB LIMITED

Basis of audit opinion (continued)

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.

Audit opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 30 September 2004 and of the company's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

31st January 2005

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 statement

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

Related party transactions

As a subsidiary undertaking of News Corporation, 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 News Corporation.

DOLPHIN BOOK CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2004

	NOTE	2004 £	2003 £
Interest receivable	1	1,000,000	1,000,000
Interest payable	2	(1,000,000)	(1,000,000)
Profit on ordinary activities before and after taxation and for the financial year		-	-
Dividends on equity shares	3	(3,809,507)	-
Loss retained for the year	8	(3,809,507)	-

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses nor profit attributable to the shareholders of the company for the financial years ending 30 September 2004 and 30 September 2003.

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

DOLPHIN BOOK CLUB LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2004

	NOTE	2004 £	2003 £
Current assets			
Debtors	5	10,000,000	13,809,507
Prepayments and accrued income		887,671	887,671
		10,887,671	14,697,178
Creditors			
Amounts falling due within one year	6	(252,055)	(252,055)
Total assets less current liabilities		10,635,616	14,445,123
Creditors			
Amounts falling due after more than one year	7	(10,000,000)	(10,000,000)
Net assets		635,616	4,445,123
Equity capital and reserves			
Called-up share capital	8	100	100
Profit and loss account	8	635,516	4,445,023
Equity shareholders' funds		635,616	4,445,123

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

These accounts were approved by the Board of Directors on 31st January 2005 and signed on their behalf by:

E. Kielbasiewicz

E KIELBASIEWICZ

DIRECTOR

DOLPHIN BOOK CLUB LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

1. Interest receivable

	2004	2003
	£	£
Interest on loan	1,000,000	1,000,000
	=====	=====

2. Interest payable

	2004	2003
	£	£
Interest on loan stock	1,000,000	1,000,000
	=====	=====

3. Tax on profit on ordinary activities

No corporation tax arises in respect of 2004 or 2003.

4. Dividends on equity shares

	2004	2003
	£	£
Final paid	3,809,507	-
	=====	=====

DOLPHIN BOOK CLUB LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

5. Debtors

	2004	2003
	£	£
Loan to parent undertaking	10,000,000	10,000,000
Amount due from parent undertaking	-	3,809,507
	<u>10,000,000</u>	<u>13,809,507</u>
	=====	=====

6. Creditors: amounts falling due within one year

	2004	2003
	£	£
Accrued liabilities	252,055	252,055
	<u>252,055</u>	<u>252,055</u>
	=====	=====

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

	2004	2003
	£	£
10% loan stock	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
	=====	=====

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 FOR THE YEAR ENDED 30 SEPTEMBER 2004

8. Called-up equity share capital

	Number	2004 Value £	Number	2003 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 2003	100	4,445,023	4,445,123
Dividend paid on equity shares	-	(3,809,507)	(3,809,507)
	---	---	---
Balance at 30 September 2004	100	635,516	635,616
	===	=====	=====

9. Ultimate parent company

The ultimate parent company is News Corporation, a company incorporated in Delaware, United States of America.

The largest group in which the results of Dolphin Book Club Limited are consolidated is that headed by News Corporation, incorporated in Delaware, United States of America, whose principal place of business is at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. The consolidated accounts of News Corporation are available to the public and may be obtained from PO Box 495, Virginia Street, London, E1 9XY.

The smallest group in which they are consolidated is that headed by Newscorp Investments, a company incorporated in England. The consolidated accounts of Newscorp Investments are available to the public and may be obtained from News International Plc, PO Box 495, Virginia Street, London, E1 9XY.

On 12 November 2004, the place of incorporation of News Corporation was changed from Holt Street, Sydney, New South Wales, South Australia to 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States of America.