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**DOLPHIN BOOK CLUB LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2005**



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COMPANIES HOUSE 07/01/2006

**DOLPHIN BOOK CLUB LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2005**

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**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 nine month period ended 30 June 2005.

**Results and dividends**

The company made neither a profit nor a loss during the period under review (year to 30 September 2004: £Nil).

The directors do not recommend the payment of a final dividend (year to 30 September 2004: £3,809,507).

**Accounting year end**

The accounting year end of the company has been changed from 30 September to 30 June.

**Principal activity, review of the business and future developments**

During the period 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

15 November 2005

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF DOLPHIN BOOK CLUB LIMITED**

We have audited the accounts of Dolphin Book Club Limited for the nine month period ended 30 June 2005 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**

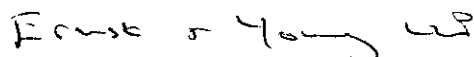
### **TO THE SHAREHOLDERS OF DOLPHIN BOOK CLUB LIMITED (Continued)**

#### **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 June 2005 and of the company's result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Glasgow

15 November 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 NINE MONTH PERIOD ENDED 30 JUNE 2005**

|                                                                                         | NOTE | 2005<br>£ | YEAR ENDED<br>30 SEPTEMBER<br>2004<br>£ |
|-----------------------------------------------------------------------------------------|------|-----------|-----------------------------------------|
| Interest receivable                                                                     | 1    | 747,945   | 1,000,000                               |
| Interest payable                                                                        | 2    | (747,945) | (1,000,000)                             |
|                                                                                         |      | <hr/>     | <hr/>                                   |
| Profit on ordinary activities before and after<br>taxation and for the financial period |      | -         | -                                       |
| Dividends on equity shares                                                              | 3    | -         | (3,809,507)                             |
|                                                                                         |      | <hr/>     | <hr/>                                   |
| Result/loss retained for the period                                                     | 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 periods ending 30 June 2005 and 30 September 2004.

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

**DOLPHIN BOOK CLUB LIMITED**

**BALANCE SHEET  
AT 30 JUNE 2005**

|                                              | NOTE | 2005<br>£         | AT<br>30 SEPTEMBER<br>2004<br>£ |
|----------------------------------------------|------|-------------------|---------------------------------|
| <b>Current assets</b>                        |      |                   |                                 |
| Debtors                                      | 5    | 10,635,616        | 10,000,000                      |
| Prepayments and accrued income               |      | -                 | 887,671                         |
|                                              |      | <u>10,635,616</u> | <u>10,887,671</u>               |
| <b>Creditors</b>                             |      |                   |                                 |
| Amounts falling due within one year          | 6    | -                 | (252,055)                       |
|                                              |      | <u>10,635,616</u> | <u>10,635,616</u>               |
| <b>Total assets less current liabilities</b> |      |                   |                                 |
|                                              |      | 10,635,616        | 10,635,616                      |
| <b>Creditors</b>                             |      |                   |                                 |
| Amounts falling due after more than one year | 7    | (10,000,000)      | (10,000,000)                    |
|                                              |      | <u>635,616</u>    | <u>635,616</u>                  |
| <b>Net assets</b>                            |      | <u>635,616</u>    | <u>635,616</u>                  |
| <b>Equity capital and reserves</b>           |      |                   |                                 |
| Called-up share capital                      | 8    | 100               | 100                             |
| Profit and loss account                      | 8    | 635,516           | 635,516                         |
|                                              |      | <u>635,616</u>    | <u>635,616</u>                  |
| <b>Equity shareholders' funds</b>            |      | <u>635,616</u>    | <u>635,616</u>                  |

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

These accounts were approved by the Board of Directors on 15 November 2005 and signed on their behalf by:



E KIELBASIEWICZ

DIRECTOR

# **DOLPHIN BOOK CLUB LIMITED**

## **NOTES TO THE ACCOUNTS**

**FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2005**

**1. Interest receivable**

|                  | <b>2005</b> | <b>YEAR ENDED 30<br/>SEPTEMBER 2004</b> |
|------------------|-------------|-----------------------------------------|
|                  | <b>£</b>    | <b>£</b>                                |
| Interest on loan | 747,945     | 1,000,000                               |
|                  | =====       | =====                                   |

**2. Interest payable**

|                        | <b>2005</b> | <b>YEAR ENDED 30<br/>SEPTEMBER 2004</b> |
|------------------------|-------------|-----------------------------------------|
|                        | <b>£</b>    | <b>£</b>                                |
| Interest on loan stock | 747,945     | 1,000,000                               |
|                        | =====       | =====                                   |

**3. Tax on profit on ordinary activities**

No corporation tax arises in respect of 2005 or 2004.

**4. Dividends on equity shares**

|                     | <b>2005</b> | <b>YEAR ENDED 30<br/>SEPTEMBER 2004</b> |
|---------------------|-------------|-----------------------------------------|
|                     | <b>£</b>    | <b>£</b>                                |
| Final dividend paid | -           | 3,809,507                               |
|                     | =====       | =====                                   |

**DOLPHIN BOOK CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2005** (Continued)

**5. Debtors**

|                                     | <b>2005</b> | <b>AT 30<br/>SEPTEMBER<br/>2004</b> |
|-------------------------------------|-------------|-------------------------------------|
|                                     | <b>£</b>    | <b>£</b>                            |
| Amounts due from parent undertaking | 10,635,616  | 10,000,000                          |
|                                     | =====       | =====                               |

**6. Creditors: amounts falling due within one year**

|                     | <b>2005</b> | <b>AT 30<br/>SEPTEMBER<br/>2004</b> |
|---------------------|-------------|-------------------------------------|
|                     | <b>£</b>    | <b>£</b>                            |
| Accrued liabilities | -           | 252,055                             |
|                     | =====       | =====                               |

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

|                | <b>2005</b> | <b>AT 30<br/>SEPTEMBER<br/>2004</b> |
|----------------|-------------|-------------------------------------|
|                | <b>£</b>    | <b>£</b>                            |
| 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**

**FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2005** (Continued)

### **8. Called-up equity share capital**

|                                                         | <b>2005</b>   |                    | <b>AT 30<br/>SEPTEMBER<br/>2004</b> |                    |
|---------------------------------------------------------|---------------|--------------------|-------------------------------------|--------------------|
|                                                         | <b>Number</b> | <b>Value<br/>£</b> | <b>Number</b>                       | <b>Value<br/>£</b> |
| <b>Authorised, allotted, issued<br/>and fully paid:</b> |               |                    |                                     |                    |
| Ordinary shares of £1 each                              | 100           | 100                | 100                                 | 100                |
|                                                         | ===           | ===                | ===                                 | ===                |

### **Share capital, movement on reserves and reconciliation of movements in shareholders' funds**

|                                               | <b>Share<br/>capital<br/>£</b> | <b>Profit and<br/>Loss<br/>Account<br/>£</b> | <b>Total<br/>shareholders'<br/>Funds<br/>£</b> |
|-----------------------------------------------|--------------------------------|----------------------------------------------|------------------------------------------------|
| Balance at 1 October 2004 and<br>30 June 2005 | 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.