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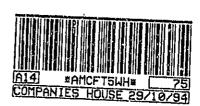
TURNER INTERNATIONAL NETWORK SALES LIMITED (Registered Number 1927955)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1993

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DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 1993,

REVIEW OF THE BUSINESS

The principal activity of the Company is the licensing of a 24 hour news programme by satellite.

RESULTS AND DIVIDENDS

The Company's loss for the year was £2,744,838. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors during the year are given below:

M L Rudolph W H Grumbles S Korn John Agnoli

No directors had any interest in the shares of the Company or its subsidiary undertaking at the beginning and end of the year.

EMPLOYEES

The average number of employees during the year, including directors was 56.

FIXED ASSETS

Details of the movements in tangible fixed assets are given in Note 5 to the accounts.

FUTURE DEVELOPMENTS

The directors are of the opinion that the turnover of the Company will continue to expand in future years and that this will lead to the generation of profits.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' 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 loss of the Company for that period. In preparing those financial statements, 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 linancial statements:
- 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 to 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.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

Gray's Inn Secretaries Limited

Secretary

The Company's registration number is 1927955.

30 September 1994

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF TURNER INTERNATIONAL NETWORK SALES LIMITED

We have audited the financial statements on pages 4 to 11 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 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the Company's affairs as at 31 December 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE Chartered Accountants and Registered Auditor

Price Wetchen

30 Stylenber 1994

Gif.cos et Aberdeen, Burnbigham Bristol, Cardiff Eduturgh, Gladgow, Notl, Locals, London, Liverpool, London, Munchester, Middlesbrough, Newcast'e Notlingham, Roter's, St. Affarin, Scultumpton and Windsor

The partnership a principal place of hermood is at Gouthwark Towers, 32 Equation Bridge Street, Equation SEE 959 Welfare a load of the partners, names is available for imprecion

The familia authorized by the include of Charleted Accountaria in England and Wales to carry on investment business

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993

	1 <u>993</u> £	1992 £
TURNOVER (Note 2)	18,694,858	11,585,387
Cost of sales	(12,131,904)	(8,091,288)
GROSS PROFIT	6,562,954	3,494,099
Sales and administrative expenses	(9,307,792)	(5,791,462)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 3)	(2,744,838)	(2,297,363)
Tax on loss on ordinary activities (Note 4)		
LOSS FOR THE YEAR AFTER TAXATION AND LOSS TRANSFERRED TO RESERVES	(2,744,838)	(2,297,363)

A statement of movements on reserves is given in Note 10.

The Company had no activities other than those relating to continuing operations in the year ended 31 December 1993.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1993

The Company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

NOTES OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1993

There is no difference between the reported profit and the historical cost profit on ordinary activities before taxation.

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The notes on pages 6 to 11 form part of these accounts.

BALANCE SHEET - 31 DECEMBER 1993

SUPULIAR STIFFE - AT SEACHINGS 1990				
	<u>1993</u> £	<u>1992</u> £		
FIXED ASSETS				
Tangible assets (Note 5) Investment (Note 6)	843,998 100	405,243 100		
	844,098	405,343		
CURRENT ASSETS				
Debtors (Note 7) Cash at bank and in hand	3,790,193 1,714,185	3,513,247 636,100		
	5,504,378	4,149,347		
CREDITORS - Amounts falling due within one year (Note 8)	(22,779,155)	(18,240,531)		
HET CURRENT LIABILITIES	(17,274,777)	(14,091,184)		
TOTAL ASSETS LESS CURRENT LIABILITIES	(16,430,679)	(13,685,841)		
CAPITAL AND RESERVES				
Called up share capital (Note 9) Profit and loss account (Note 10)	100 (16,430,779)	100 (13,685,941)		
	(16,430,679)	(13,685,841)		
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1993				
	<u>1993</u> £	<u>1992</u> £		
Loss for the year Shareholders' funds at 1 January	(2,744,838) (13,685,841)	(2,297,363) (11,388,478)		

APPROVED BY THE BOARD ON 39 September 1994

Shareholders' funds at 31 December

The notes on pages 6 to 11 form part of these accounts.

(16,430,679)

(13,685,841)

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NOTES TO THE ACCOUNTS - 31 DECEMBER 1993

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover represents the value of services provided during the year net of value added tax. Licensing and subscription fees are taken to revenue on a straight line basis. The unearned portion is recorded as deferred revenue.

(3) Depreciation

All tangible fixed assets are depreciated over their estimated useful economic life on a straight line basis.

The annual rates of depreciation are:

Lessehold improvements

Over the life of the lease

Computer equipment

25%

Office equipment

12.5%

(4) Foreign currency translation

Transactions in foreign currencies are translated at exchange rates existing at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated at the year end exchange rates. Any exchange differences are recorded in the profit and loss account,

(5) Operating leases

Operating leases relate to the hire of sundry office equipment and rent of office space, the lessor retaining the risks and rewards of ownership.

Rentals under operating leases are charged to the profit and loss account, as incurred, over the terms of the leases.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

2 TURNOVER

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The geographical analysis of the turnover of the Company is as follows:

	•	<u>1993</u> £	<u>1992</u> £
	Europe United Kingdom Africa Middle East South East Asia USA	11,348,789 3,595,219 2,167,115 1,437,219 145,252 1,264	9,024,156 2,561,231 - -
		18,694,858	11,585,387
3	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
	;	1983	1992 F
	Loss on ordinary activities before taxation is stated after charging/(crediting) the following amounts:	· · · · · · · · · · · · · · · · · · ·	
	Staff costs:		, ,
	Wages and salary costs	1,276,385	1,658,660
	Social security costs	100,588	106,596
	Depreciation of fixed assets	104,582	52,961
	Directors' remuneration	239,406	238,096
	Auditors' remuneration Operating lease rentals:	30,000	20,000
	Land and buildings	1,476,040	807,640
	Other	18,873	18,386
	Exchange movements:	10,070	10,000
	Realised loss/(gain)	13,546	(61,550)
	Unrealised toss	319,926	195,789

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The charge for United Kingdom corporation tax in the year was £Nil.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

5 TANGIBLE ASSETS

	Cost -	Leasehold improvements £	Computer equipment £	Office equipment £	Total Company £
	At 1 January 1993 Additions	345,784 437,093	138,336 <u>57,078</u>	123,346 <u>49,166</u>	607,466 543,337
	At 31 December 1993	<u>782,877</u>	<u>195,414</u>	<u>172,512</u>	1,150,803
	Accumulated depreciation				
	At 1 January 1993 Charge for the year	67,854 <u>69,768</u>	85,354 <u>23,599</u>	49,015 <u>11,215</u>	202,223 104,582
	At 31 December 1993	137,622	108,953	60,230	306,805
	Hel book value				
	At 31 December 1993	645,255	86,461	112,282	843,998

	At 31 December 1992	277,930	52,982	74,331	405,243
6	INVESTMENT				
				<u>1993</u> £	
	Shares in Turner Broadcasting International L	imited		100	100
					-

Turner Broadcasting International Limited is a wholly owned subsidiary of Turner International Network Sales Limited, a company incorporated in the United Kingdom.

Group accounts have not been prepared as the Company has taken advantage of the dispensation available to wholly owned subsidiary undertakings where Group accounts have been prepared by the UK parent undertaking (see Note 14).

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

7	DEBTORS
•	D#010110

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7	DEBTORS				
				<u>1993</u> £	1992 £
	Trade debtors Amounts owed by parent undertaking Amounts owed by subsidiary undertaking	g		1,932,916 415,310	1,784,427 -
	Other debtors Prepayments and accrued income			41,927 1,400,040	1.019,813 53,753 <u>655,254</u>
	, and the second			3,790,193	3,513,247
8	CREDITORS - amounts falling due within one year				**************************************
				<u>1993</u> £	<u>1992</u> £
	Amounts owed to ultimate parent under Amounts owed to fellow subsidiary un Taxation and social security Accruals Deferred revenue Other creditors	ertaking dertaking		20,533,508 148,134 334,184 731,533 671,313 360,483	17,260,987 63,553 505,950 328,457 81,584
9	CALLED UP SHARE CAPITAL			22,779,155	18,240,531
		<u>1993</u> Number	<u>1993</u> £	<u>1992</u> Number	<u>1992</u> £
	Authorised, allotted and fully paid ordinary shares of £1 each	100	100	100	100
10	PROFIT AND LOSS ACCOUNT	-			Anistrature.
	At 1 January 1993				£
	Loss for the year		,		3,685,941) <u>2,744,838</u>)
	At 31 December 1993				6,430,779)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

11 DIRECTORS' EMOLUMENTS AND EMPLOYEES

The emoluments of the highest paid director were £239,406.

The table which follows shows the number of directors whose emoluments during the year were within the bands stated:

		<u></u>	JIFECTORS
		1993	1992
Nil	- £5,000	5	3
£235,001	- £240,000	1	1

The average number of employees during the year was 56 (1992: 64). All employees are primarily located in the United Kingdom.

12 OPERATING LEASE COMMITMENTS

At 31 December 1993, the Company was committed to making the following annual payments in respect of operating leases:

	Land & <u>buildings</u>	<u>Other</u>
Leases which expire:	£	£
Within one year Within two to five years After five years	92,200 1,125,000	163,015 1,125,000
· ····································	1,217,200	1,288,015

13 CASH FLOW STATEMENT

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A statement of cash flow has been omitted as the Company has taken advantage of the dispensation available to wirely owned subsidiary undertakings where consolidated cash flow statements have been prepared by the parent undertaking.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

14 ULTIMATE HOLDING UNDERTAKING AND FINANCIAL SUPPORT

The Company's ultimate parent undertaking is Turner Broadcasting System, Inc., which is incorporated in the USA. The Company has been informed that it is the present intention of Turner Broadcasting System, Inc, to provide the financial support necessary to enable the Company to continue in business as a going concern.

The Company's parent undertaking is Turner Management Co UK Limited, a company incorporated in Great Britain. The Company' accounts are consolidated in the accounts of Turner Management Co UK Limited and copies of the Group accounts can be obtained from the principal place of business of Turner Management Co UK Limited at CNN House, 19-22 Rathbone Place, London W1P 1DF.