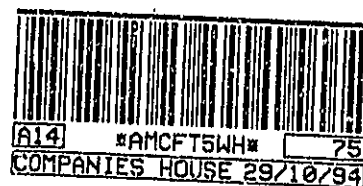


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TURNER INTERNATIONAL NETWORK SALES LIMITED
(Registered Number 1927955)

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1993



TURNER INTERNATIONAL NETWORK SALES LIMITED

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.

TURNER INTERNATIONAL NETWORK SALES LIMITED

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 financial 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


for Gray's Inn Secretaries Limited
Secretary

The Company's registration number is 1927955.

30 September 1994



TURNER INTERNATIONAL NETWORK SALES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>1993</u> £	<u>1992</u> £
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	<u>(2,744,838)</u>	<u>(2,297,363)</u>

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.

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

TURNER INTERNATIONAL NETWORK SALES LIMITED

BALANCE SHEET - 31 DECEMBER 1993

	<u>1993</u> £	<u>1992</u> £
FIXED ASSETS		
Tangible assets (Note 5)	843,998	405,243
Investment (Note 6)	100	100
	<u>844,098</u>	<u>405,343</u>
CURRENT ASSETS		
Debtors (Note 7)	3,790,193	3,513,247
Cash at bank and in hand	1,714,185	636,100
	<u>5,504,378</u>	<u>4,149,347</u>
CREDITORS - Amounts falling due within one year (Note 8)	<u>(22,779,155)</u>	<u>(18,240,531)</u>
NET CURRENT LIABILITIES	<u>(17,274,777)</u>	<u>(14,091,184)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(16,430,679)</u>	<u>(13,685,841)</u>
CAPITAL AND RESERVES		
Called up share capital (Note 9)	100	100
Profit and loss account (Note 10)	<u>(16,430,779)</u>	<u>(13,685,941)</u>
	<u>(16,430,679)</u>	<u>(13,685,841)</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>1993</u> £	<u>1992</u> £
Loss for the year	(2,744,838)	(2,297,363)
Shareholders' funds at 1 January	<u>(13,685,841)</u>	<u>(11,388,478)</u>
Shareholders' funds at 31 December	<u>(16,430,679)</u>	<u>(13,685,841)</u>

APPROVED BY THE BOARD ON 30 September 1994

DIRECTOR

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

TURNER INTERNATIONAL NETWORK SALES LIMITED

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:

Leasehold 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.

TURNER INTERNATIONAL NETWORK SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

2 TURNOVER

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

	<u>1993</u> £	<u>1992</u> £
Europe	11,348,789	9,024,156
United Kingdom	3,595,219	2,561,231
Africa	2,167,115	-
Middle East	1,437,219	-
South East Asia	145,252	-
USA	<u>1,264</u>	<u>-</u>
	<u>18,694,858</u>	<u>11,585,387</u>

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1993</u> £	<u>1992</u> £
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	30,000	20,000
Operating lease rentals:		
Land and buildings	1,476,040	807,640
Other	18,873	18,386
Exchange movements:		
Realised loss/(gain)	13,546	(61,550)
Unrealised loss	<u>319,926</u>	<u>195,789</u>

4 TAX ON LOSS ON ORDINARY ACTIVITIES

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

TURNER INTERNATIONAL NETWORK SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

5 TANGIBLE ASSETS

	<u>Leasehold improvements</u> £	<u>Computer equipment</u> £	<u>Office equipment</u> £	<u>Total Company</u> £
Cost -				
At 1 January 1993	345,784	138,336	123,346	607,466
Additions	<u>437,093</u>	<u>57,078</u>	<u>49,166</u>	<u>543,337</u>
At 31 December 1993	<u>782,877</u>	<u>195,414</u>	<u>172,512</u>	<u>1,150,803</u>
Accumulated depreciation				
At 1 January 1993	67,854	85,354	49,015	202,223
Charge for the year	<u>69,768</u>	<u>23,599</u>	<u>11,215</u>	<u>104,582</u>
At 31 December 1993	<u>137,622</u>	<u>108,953</u>	<u>60,230</u>	<u>306,805</u>
Net book value				
At 31 December 1993	<u>645,255</u>	<u>86,461</u>	<u>112,282</u>	<u>843,998</u>
At 31 December 1992	<u>277,930</u>	<u>52,982</u>	<u>74,331</u>	<u>405,243</u>

6 INVESTMENT

	<u>1993</u> £	<u>1992</u> £
Shares in Turner Broadcasting International Limited	<u>100</u>	<u>100</u>

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).

TURNER INTERNATIONAL NETWORK SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1993 (CONTINUED)

7 DEBTORS

	<u>1993</u> £	<u>1992</u> £
Trade debtors		
Amounts owed by parent undertaking	1,932,916	1,784,427
Amounts owed by subsidiary undertaking	415,310	-
Other debtors	-	1,019,813
Prepayments and accrued income	41,927	53,753
	<u>1,400,040</u>	<u>655,254</u>
	<u>3,790,193</u>	<u>3,513,247</u>

8 CREDITORS - amounts falling due within one year

	<u>1993</u> £	<u>1992</u> £
Amounts owed to ultimate parent undertaking	20,533,508	17,260,987
Amounts owed to fellow subsidiary undertaking	148,134	-
Taxation and social security	334,184	63,553
Accruals	731,533	505,950
Deferred revenue	671,313	328,457
Other creditors	<u>360,483</u>	<u>81,584</u>
	<u>22,779,155</u>	<u>18,240,531</u>

9 CALLED UP SHARE CAPITAL

	<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

	£
At 1 January 1993	
Loss for the year	(13,685,941)
	<u>(2,744,838)</u>
At 31 December 1993	<u>(16,430,779)</u>

TURNER INTERNATIONAL NETWORK SALES LIMITED

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:

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

13 CASH FLOW STATEMENT

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

TURNER INTERNATIONAL NETWORK SALES LIMITED

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's 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.