

**CNN INTERNATIONAL SALES LIMITED**  
**(Registered Number 1927955)**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 1991**

# **CNN INTERNATIONAL SALES LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited accounts of the company for the year ended 31 December 1991.

### **REVIEW OF THE BUSINESS**

The group's principal activity is the licensing of a 24 hour news programme by satellite throughout the United Kingdom and Europe. Turner Broadcasting International Limited, a wholly owned subsidiary undertaking, continued its principal business of the supply of publicity services to its parent undertaking and other members of the Turner Broadcasting Inc group in the United Kingdom.

### **RESULTS AND DIVIDENDS**

The group's loss for the year was £2,627,014. The directors do not recommend the payment of a dividend.

### **DIRECTORS AND THEIR INTERESTS**

The directors during the year are given below:

RE Turner  
TF McGuirk  
RW Ross  
PD Beckham  
ML Rudolph  
RK Freedman

No director had any interest in the shares of the group companies at the beginning and end of the period.

### **EMPLOYEES**

The average number of employees during the year, including directors, was 59.

### **FIXED ASSETS**

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

### **FUTURE DEVELOPMENTS**

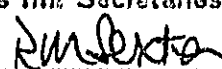
The directors are of the opinion that the turnover of the company will continue to expand in future years. It is believed that this expansion will lead to the creation of profits.

### **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 and on behalf of

Gray's Inn Secretaries Limited

  
..... DIRECTOR/  
Gray's Inn Secretaries Limited AUTHORIZED SIGNATORY  
Secretary

19th October

1992

The company registration number is 1927955.

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF  
CNN INTERNATIONAL SALES LIMITED**

We have audited the financial statements on pages 3 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1991 and of the loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditor

*19 October 1992*

**CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

**GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1991**

	<u>1991</u> £	<u>1990</u> £
<b>TURNOVER</b> (Note 2)	9,392,789	4,868,238
Cost of sales	(6,123,419)	(3,073,808)
Sales and administrative expenses	(5,682,315)	(5,123,331)
Foreign exchange (loss)/gain	<u>(214,069)</u>	<u>704,055</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 3)	(2,627,014)	(2,625,146)
Tax on loss on ordinary activities (Note 4)	—	—
<b>LOSS TRANSFERRED FROM RESERVES</b>	<u>(2,627,014)</u>	<u>(2,625,146)</u>

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

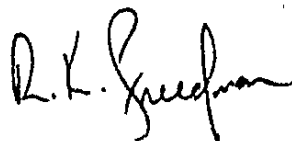
# CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY

## GROUP BALANCE SHEET - 31 DECEMBER 1991

	<u>1991</u> £	<u>1990</u> £
<b>FIXED ASSETS</b>		
Tangible assets (Note 5)	<u>266,047</u>	<u>247,873</u>
<b>CURRENT ASSETS</b>		
Debtors (Note 7)	6,816,969	3,613,892
Cash at bank and in hand	<u>481,908</u>	<u>256,030</u>
	7,298,877	3,869,922
<b>CREDITORS (amounts falling due within one year) (Note 8)</b>	<u>(18,852,539)</u>	<u>(12,778,396)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(11,553,662)</u>	<u>(8,908,474)</u>
	(11,287,615)	(8,660,601)
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 9)	100	100
Profit and loss account (Note 10)	<u>(11,287,715)</u>	<u>(8,660,701)</u>
	(11,287,615)	(8,660,601)

APPROVED BY THE BOARD ON  
10th October 1992

RK Freedman  
DIRECTOR



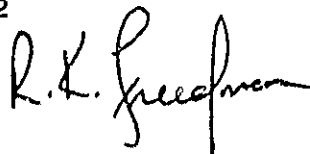
# **CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

## **COMPANY BALANCE SHEET - 31 DECEMBER 1991**

	<u>1991</u> £	<u>1990</u> £
<b>FIXED ASSETS</b>		
Tangible assets (Note 5)	258,444	247,873
Investments (Note 6)	<u>100</u>	<u>100</u>
	<u>258,544</u>	<u>247,973</u>
<b>CURRENT ASSETS</b>		
Debtors (Note 7)	6,733,600	3,684,869
Cash at bank and in hand	<u>481,908</u>	<u>256,030</u>
	7,215,508	3,940,899
<b>CREDITORS (amounts falling due within one year) (Note 8)</b>	<u>(18,862,530)</u>	<u>(12,893,291)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(11,647,022)</u>	<u>(8,952,392)</u>
	<u>(11,388,478)</u>	<u>(8,704,419)</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 9)	100	100
Profit and loss account (Note 10)	<u>(11,388,578)</u>	<u>(8,704,519)</u>
	<u>(11,388,478)</u>	<u>(8,704,419)</u>

APPROVED BY THE BOARD ON  
19th October 1992

RK Freedman  
DIRECTOR



**CHN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1991**

	<u>1991</u> £	<u>1990</u> £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b> (Note 12)	<u>561,969</u>	<u>(955,937)</u>
<b>INVESTING ACTIVITIES</b>		
Payments to acquire tangible fixed assets	(84,486)	(198,840)
Receipts from sales of tangible fixed assets	<u>-</u>	<u>30,000</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<u>(84,486)</u>	<u>(168,840)</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> (Note 13)	<u>477,483</u>	<u>(1,124,777)</u>

## **CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1991**

#### **1 ACCOUNTING POLICIES**

##### **(a) Accounting convention**

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

##### **(b) Turnover**

Turnover represents the value of services provided during the year net of value added tax.

##### **(c) Depreciation**

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

The rates of depreciation are:

Office equipment	12.5% per annum
Computer equipment	25% per annum
Leasehold improvements	Over the life of the lease

##### **(d) 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 differences arising on translation are recorded in the profit and loss account.

##### **(e) Operating leases**

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



# **CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)**

### **2 TURNOVER**

The geographical analysis of the group turnover is as follows:

	<u>1991</u> £	<u>1990</u> £
Europe	7,570,910	3,423,574
United Kingdom	<u>1,821,879</u>	<u>1,444,664</u>
	9,392,789	4,868,238

### **3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>1991</u> £	<u>1990</u> £
Loss on ordinary activities before taxation is stated after charging the following amounts:		
Staff costs		
Wages and salary costs	1,330,981	966,283
Social security costs	117,472	87,056
Depreciation	66,312	36,834
Directors' remuneration	273,071	346,975
Auditors' remuneration	13,000	11,950
Operating lease rentals		
Land and buildings	822,594	509,537
Other	87,793	85,116
Exchange movements		
Realised (gain)/loss	(37,536)	39,303
Unrealised loss/(gain)	251,605	(743,358)

### **4 TAX ON LOSS ON ORDINARY ACTIVITIES**

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

# **CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)**

**5**

### **TANGIBLE ASSETS**

<b>GROUP</b>	<u>Leasehold improvements</u> £	<u>Computer equipment</u> £	<u>Office equipment</u> £	<u>Total Group</u> £
<b>Cost</b>				
At 1 January 1991	126,922	97,486	107,682	332,090
Additions	<u>56,675</u>	<u>25,662</u>	<u>2,149</u>	<u>84,486</u>
At 31 December 1991	183,597	123,148	109,831	416,576
<b>Accumulated depreciation</b>				
At 1 January 1991	14,695	43,518	26,004	84,217
Provision for the year	<u>29,049</u>	<u>23,690</u>	<u>13,573</u>	<u>66,312</u>
At 31 December 1991	43,744	67,208	39,577	150,529
<b>Net book value</b>				
At 31 December 1991	139,853	55,940	70,254	266,047
At 31 December 1990	112,227	53,968	81,678	247,873
<b>COMPANY</b>	<u>Leasehold improvements</u> £	<u>Computer equipment</u> £	<u>Office equipment</u> £	<u>Total Group</u> £
<b>Cost</b>				
At 1 January 1991	126,922	97,486	107,682	332,090
Additions	<u>56,675</u>	<u>16,792</u>	<u>2,149</u>	<u>75,616</u>
At 31 December 1991	183,597	114,278	109,831	407,706
<b>Accumulated depreciation</b>				
At 1 January 1991	14,695	43,518	26,004	84,217
Provision for the year	<u>29,049</u>	<u>22,423</u>	<u>13,573</u>	<u>65,045</u>
At 31 December 1991	43,744	65,941	39,577	149,262
<b>Net book value</b>				
At 31 December 1991	139,853	48,337	70,254	258,444
At 31 December 1990	112,227	53,968	81,678	247,873

# CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

### 6 INVESTMENTS

	<u>Company</u>	
	<u>1991</u>	<u>1990</u>
	£	£
Shares in Turner Broadcasting International Limited	100	100

Turner Broadcasting International Limited is a wholly owned subsidiary of CNN International Sales Limited, a company incorporated in the United Kingdom. Its principal business is the supply of publicity services to its parent undertaking and other members of the Turner Broadcasting System Inc group in the United Kingdom.

### 7 DEBTORS

	<u>Group</u> <u>1991</u> £	<u>Group</u> <u>1990</u> £	<u>Company</u> <u>1991</u> £	<u>Company</u> <u>1990</u> £
Trade debtors	1,854,908	824,936	1,854,908	824,936
Amounts owed by group undertakings	4,232,514	2,156,996	4,150,445	2,229,273
Other debtors	40,979	59,987	39,679	58,687
Prepayments and accrued income	<u>688,568</u>	<u>571,973</u>	<u>688,568</u>	<u>571,973</u>
	<u>6,816,969</u>	<u>3,613,892</u>	<u>6,733,600</u>	<u>3,684,869</u>

### 8 CREDITORS (amounts falling due within one year)

	<u>Group</u> <u>1991</u> £	<u>Group</u> <u>1990</u> £	<u>Company</u> <u>1991</u> £	<u>Company</u> <u>1990</u> £
Amounts owed to group undertakings	18,385,390	12,535,997	18,396,381	12,650,892
Taxation and social security	46,845	39,855	46,845	39,855
Accruals	267,368	155,953	266,368	155,953
Deferred revenue	118,275	34,031	118,275	34,031
Other creditors	<u>34,661</u>	<u>12,560</u>	<u>34,661</u>	<u>12,560</u>
	<u>18,852,539</u>	<u>12,778,396</u>	<u>18,862,530</u>	<u>12,893,291</u>

# CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

### 9 CALLED UP SHARE CAPITAL

	<u>1991</u> Number	<u>1991</u> £	<u>1990</u> Number	<u>1990</u> £
Authorised, allotted and fully paid ordinary shares of £1 each	100	100	100	100

### 10

#### PROFIT AND LOSS ACCOUNT

	<u>1991</u> <u>Group</u> £	<u>1991</u> <u>Company</u>
At 1 January 1991	(8,660,701)	(8,704,519)
Loss for the year	<u>(2,627,014)</u>	<u>(2,684,059)</u>
At 31 December 1991	<u>(11,287,715)</u>	<u>(11,388,578)</u>

### 11 CNN INTERNATIONAL SALES LIMITED PROFIT AND LOSS ACCOUNT

CNN International Sales Limited has not presented its own profit and loss account as permitted by Section 230 (1) of the Companies Act 1985. The amount of the consolidated loss for the financial period dealt with in the accounts of the holding company is £2,684,059.

### 12 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1991</u> £	<u>1990</u> £
Operating loss	(2,627,014)	(2,625,146)
Depreciation charge	66,312	36,834
Loss on sale of tangible fixed assets	-	7,757
(Increase) in debtors	(3,203,077)	(1,609,481)
Increase in creditors	6,074,143	3,977,457
Unrealised exchange loss/(gain)	<u>251,605</u>	<u>(743,358)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<u>561,969</u>	<u>(955,937)</u>

# CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)

### 13 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£
Balance at 1 January 1991	256,030
Net cash outflow before the adjustment for the effect of foreign exchange rate changes	477,483
Effect of foreign exchange rate changes	(251,605)
Balance at 31 December 1991	481,908

### 14 ANALYSIS OF THE BALANCES OF CASH AND CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1991</u> £	<u>1990</u> £	<u>Change in year</u> £
Cash at bank and in hand	<u>481,908</u>	<u>256,030</u>	<u>225,878</u>
	481,908	256,030	225,878

### 15 ULTIMATE HOLDING UNDERTAKING AND FINANCIAL SUPPORT

The company's ultimate holding undertaking company 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 group to continue in business as a going concern.

### 16 DIRECTORS' EMOLUMENTS AND EMPLOYEES

The emoluments of the highest paid director were £208,771.

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

	<u>Directors</u>	
	1991	1990
£15,001 - £20,000	-	1
£25,001 - £30,000	-	1
£60,001 - £65,000	1	-
£135,001 - £140,000	-	1
£165,001 - £170,000	-	1
£205,001 - £210,000	1	-

The average number of employees during the year was 59 (1990: 53). All employees are primarily located in the United Kingdom.

# **CNN INTERNATIONAL SALES LIMITED AND SUBSIDIARY**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1991 (CONTINUED)**

### **17 OPERATING LEASE COMMITMENTS**

At 31 December 1991, the group was committed to making the following annual payments in respect of operating leases:

	<u>Land &amp; buildings</u> £	<u>Other</u> £
Leases which expire:		
Within one year	175,300	3,371
Within two to five years	-	135,096
After five years	<u>1,217,200</u>	<u>-</u>
	<u>1,392,500</u>	<u>138,467</u>