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ITN ARCHIVE LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31ST DECEMBER 2001



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ITN ARCHIVE LIMITED
ANNUAL REPORT AND ACCOUNTS
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ITN ARCHIVE LIMITED

COMPANY INFORMATION

Directors

S. P. Purvis
J. H. Scorer
A. J. Whitaker

Registered Office

200 Gray's Inn Road
London
WC1X 8XZ

Registered Number

3807324

Auditors

Deloitte & Touche

Bankers

Barclays Bank PLC

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the accounts and the report of the auditors for the year ended 31st December 2001.

Principal activities

The principal activities of the company are to sell and market the television archive of Independent Television News Limited in the United States, Canada, Mexico along with any other archives that Independent Television News Limited has the right to sell.

Results and dividends

The company's results are set out on page 4. The directors do not recommend the payment of a dividend. (2000 £nil).

Prior year comparatives relate to the 15 month period ended 31 December 2000.

Directors and their interests

The directors who served during the year are as shown below:

S. P. Purvis

J. H. Scorer (appointed to the Board 17th October 2001)

R. G. Tait (resigned on 31st July 2002)

A. J. Whitaker (appointed to the Board 17th October 2001)

During the year to 31st December 2001 the directors had no interests in the shares of the company or any other group company.

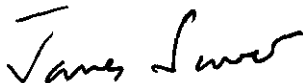
Auditors

Arthur Andersen resigned as the Company's auditors following the agreement it reached with Deloitte & Touche under which partners and staff from Arthur Andersen joined Deloitte & Touche from 1 August 2002. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created by Arthur Andersen's resignation. A resolution to re-appoint Deloitte & Touche as auditors will be put to the Annual General Meeting.

Directors' responsibilities

Directors are required by the Companies Act 1985 to ensure that accounts for each financial period are prepared which give a true and fair view of the state of affairs of the company as at the end of the financial period and profit or loss for that period. The Directors are responsible for ensuring that in preparing the accounts, the company has used suitable accounting policies and applied them consistently, that reasonable and prudent judgements have been made where appropriate, that the accounts have been drawn up on a going concern basis, and that applicable accounting standards have been followed. It is also the directors' responsibility to ensure that proper accounting records are maintained 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 as well as to safeguard the assets of the company and to take reasonable steps to prevent and detect fraud and other irregularities.

By order of the Board



J. H. Scorer
Secretary

200 Gray's Inn Road
London
WC1X 8XZ

29th October 2002

INDEPENDENT AUDITORS' REPORT

To the Shareholders of ITN Archive Limited

We have audited the accounts of ITN Archive Limited for the year ended 31 December 2001 which comprise the Profit and loss account and Balance sheet and the related notes numbered 1 to 13. These accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United 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 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.

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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors

London

29th October 2002

ITN ARCHIVE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Notes	2001 £	2000 £
Turnover	(2)	611,520	599,594
Cost of sales		(603,353)	(577,278)
Gross profit		8,167	22,316
Other operating expenses		(163,181)	(167,749)
Loss on ordinary activities before taxation	(3)	(155,014)	(145,433)
Taxation	(5)	-	-
Loss on ordinary activities after taxation		(155,014)	(145,433)
Retained loss for the year	(9)	(155,014)	(145,433)

There are no recognised gains and losses in the current period other than those included in arriving at the result for the year. All activities are continuing.

The accompanying notes are an integral part of these accounts.

ITN ARCHIVE LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Current assets			
Debtors	(6)	144,171	84,269
Cash at bank and in hand		120,168	69,257
		<hr/>	<hr/>
		264,339	153,526
Creditors: amounts falling due within one year	(7)	(564,784)	(298,957)
		<hr/>	<hr/>
Net liabilities		(300,445)	(145,431)
		<hr/>	<hr/>
Equity capital and reserves			
Called-up share capital	(8)	2	2
Profit and loss account	(9)	(300,447)	(145,433)
		<hr/>	<hr/>
Shareholders' funds	(10)	(300,445)	(145,431)
		<hr/>	<hr/>

The accounts on pages 4 to 9 were approved by the Board on 29th October 2002 and signed on behalf by:



S. P. Purvis Director

The accompanying notes are an integral part of these accounts.

NOTES TO THE ACCOUNTS

1. **Accounting Policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

(a) **Basis of preparation**

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

The directors have prepared the accounts on a going concern basis for the reason described in note 13.

(b) **Turnover**

Turnover comprises the value of sales (excluding VAT and similar taxes) of services in the normal course of business.

(c) **Cash flow statement**

A cash flow statement has not been prepared because the company is a wholly owned subsidiary of a company incorporated in Great Britain which prepares a consolidated cash flow statement.

(d) **Related party transactions**

The company has taken advantage of exemption under the rules of Financial Reporting Standard No. 8 not to disclose related party transactions as over 90% of the voting rights of the company are controlled by the ultimate parent company, Independent Television News Limited.

(e) **Foreign currency**

Transactions denominated in foreign currencies are initially recorded at actual exchange rates as of the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

(f) **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced.

(g) **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2. **Turnover**

All turnover relates to revenue from licence fees from the USA, Canada and Mexico. Turnover is shown gross of commissions to third parties.

NOTES TO THE ACCOUNTS

3. **Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

	2001 £	2000 £
Operating lease rentals		
- land and buildings	33,105	29,919
Auditors remuneration		
- Audit Fees	5,000	1,000
	<hr/>	<hr/>

4. **Staff costs**

The company has two employees during the period and the directors received no remuneration in respect of services provided to the company.

	2001 £	2000 £
Wages and salaries	99,504	-
Employers' national insurance costs	10,787	-
Employers' pension costs	3,628	-
	<hr/>	<hr/>
	113,919	-
	<hr/>	<hr/>

5. **Taxation**

There is no charge for the period as the company has incurred tax losses which will be available either for surrender or to relieve future profits.

6. **Debtors**

	2001 £	2000 £
Trade debtors	138,405	79,442
Called up share capital not paid	2	2
Prepayments and accrued income	5,764	4,825
	<hr/>	<hr/>
	144,171	84,269
	<hr/>	<hr/>

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

	2001 £	2000 £
Amounts owed to parent undertaking	404,187	182,821
Accruals and deferred income	160,597	116,136
	<hr/>	<hr/>
	564,784	298,957
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

8. Called-up share capital

	2001 £	2000 £
Authorised: 100 ordinary shares of £1 each	100	100
Allotted and called-up: 2 ordinary shares of £1 each	2	2

9. Profit and loss account

	2001 £	2000 £
At 1st January/ Balance at beginning of the period	(145,433)	-
Loss for the period	(155,014)	(145,433)
At 31st December	(300,447)	(145,433)

10. Reconciliation of movement in shareholders' funds

	2001 £	2000 £
At 1st January/ Balance at beginning of the period	(145,431)	-
Issue of ordinary share capital	-	2
Retained loss for the period	(155,014)	(145,433)
At 31st December	(300,445)	(145,431)

11. Operating lease commitments

At 31st December 2000 the company had minimum annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2001 £	Land and buildings 2000 £
Operating leases which expire:		
- within one year	17,631	17,631

NOTES TO THE ACCOUNTS

12. **Ultimate controlling party**

The directors regard Independent Television News Limited, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party. Independent Television News Limited is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from the Secretary, 200 Gray's Inn Road, London WC1X 8XZ.

As a subsidiary undertaking of Independent Television News Limited, the company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Independent Television News Limited.

13. **Net Liabilities**

The company has net liabilities as at 31st December 2001 and its ability to remain a going concern is dependent on the continued financial support of its parent company. The directors of Independent Television News Limited have confirmed that they will continue to provide financial support to the company for a period of at least 12 months from the date of signing these financial statements, such that the company can continue to settle third party liabilities as they fall due. Accordingly, these accounts have been prepared on a going concern basis.