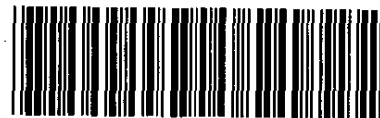


PARENT COMPANY ACCOUNTS FOR 03807324

Company Registration No. 00548648 (England and Wales)

**INDEPENDENT TELEVISION NEWS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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INDEPENDENT TELEVISION NEWS LIMITED

COMPANY INFORMATION

Directors	K L A Mullins (appointed on 24 July 2019) A C Mallett (appointed on 29 April 2019) D M Conway (appointed on 28 October 2019) G W Linnebank C R Cox A O Mullins M H Brooke (appointed on 30 January 2019)
Secretary	J H Scorer
Company number	00548648
Registered office	200 Grays Inn Road London WC1X 8XZ
Statutory Auditor	Deloitte LLP London EC4A 3BZ
Business address	200 Grays Inn Road London WC1X 8XZ

INDEPENDENT TELEVISION NEWS LIMITED

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INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present the strategic report for the year ended 31 December 2019.

The Companies Act 2006 requires the Company to set out in this report a fair review of the business of the Group during the year ended 31 December 2019, including an analysis of the Group's position at the end of the financial year. The information that fulfils these requirements in conjunction with this Strategic Report can be found in the Directors' Report.

Business review

The Group's revenues increased 7% to £135.9m in the year (2018: £126.9m) with News revenues increasing 3% to £91.6m (2018: £88.9m), due to contract inflation increases and special coverage of the General Election. Revenues from ITN Productions increased by 14% to £44.4m (2018: £38.0m) which was largely down to acting as host broadcaster for the Athletics World Championships in Doha.

Profit before tax increased 84% to £2.4m (2018: £1.3m) after the inclusion of profit on joint ventures and a saving versus the prior year in respect of a one-off past service pension charge to equalise Guaranteed Minimum Pensions (GMPs) between men and women.

Group operating profit decreased in the year by 7% to £6.2m (2019: £6.6m) mainly due to one-off central overhead costs such as increases to property provisions. News operating profit was broadly flat with a 1% negative variance versus last year (2018: growth of 5%). ITN Productions' operating profit grew by £0.1m or 2% (2018: 21% decline) with record breaking years for Sport and Television Production offsetting the impact of a more challenging year for Industry News (corporate promotional films) and the impact of the 2018 Royal Wedding revenues not repeating.

News

In 2019, ITV News once again delivered various examples of ground breaking journalism, illuminating investigations and exclusive content. Highlights included Tom Bradby's world exclusive interview with Prince Harry and Meghan Markle, gaining exclusive and intimate access to the world's most talked-about couple. The scoop contributed to three of ITV News's seven RTS nominations – for Interview of the Year, Network Presenter of the Year for Tom Bradby and Daily News Programme of the Year for ITV News at Ten.

Another key highlight from the year was ITV News's unflinching reporting of events in the Middle East. Our teams consistently broke new stories on the fate of the IS recruits looking to return home to the UK, including Shamima Begum. Security Editor Rohit Kachroo also investigated the impact of the Syrian conflict both in the region and for those living in the UK, exemplified by his work with Bethany Haines, the daughter of British aid worker David Haines who was executed by IS. Kachroo's work led to an RTS award for Specialist Journalist of the Year.

The climate crisis has been one of the biggest and most important stories of the year, leading to the creation of News at Ten's Earth on The Edge, a bespoke series which saw ITV News travel to corners of the Earth on the precipice of environmental catastrophe. These stories were told across multiple platforms, with blogs and bespoke content created for digital and social media.

September saw ITV News announce the launch of a new daily youth-focused news service, the Rundown, broadcast through Instagram and other social media platforms, to reach an audience aged between 14-17.

With Brexit dominating the year, ITV News worked hard to bring viewers the most comprehensive coverage of this complex story, cutting through jargon to clearly explain what was happening, what it meant and what would come next. Paul Brand's Acting Prime Minister podcast helped to further clarify what could often be a complex and dense narrative.

INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The year culminated in the snap General Election – which saw ITV News produce a live overnight special. The election also allowed for the launch of a new podcast 'Calling Peston'.

Channel 4 News had an exceptional year and strengthened its reputation as the only independent and authoritative hour-long news programme. On average, 7.8 million viewers watched Channel 4 News each month in 2019, an increase of 6% year-on-year. Our main weekday evening programme grew its viewing share significantly, rising by 22% year-on-year to 3.7% of viewing – its highest level since 2010.

The climate crisis was another dominant topic throughout the year and Channel 4 News hosted the UK's first-ever party leaders' climate debate. Our coverage was cited by David Attenborough as "leading the way".

Channel 4 News won 33 awards including an International Emmy for News, a Peabody, a BAFTA and seven RTS Journalism Awards, including Programme of the Year. In addition, the critically acclaimed feature documentary *For Sama*, co-produced by Channel 4 News and ITN Productions, won more than 60 awards, including the Prix L'Oeil d'Or for Best Documentary at the 2019 Cannes Film Festival and Best Documentary at the 2020 BAFTAs. *For Sama* was also nominated for an Academy Award.

The programme also continued to expand its digital presence in 2019 – growing video views by 65%, to 187 million, on YouTube; and by 64%, to 185 million, on Twitter. The total number of YouTube subscribers increased to more than one million. In total, some 1.4 billion minutes of Channel 4 News videos were watched across all social platforms in 2019.

5 News continues to lead with stories that are bold and distinctive from the other major terrestrial news outlets. The *Duty of Care* series examined the lives of the estimated 10,000 teenagers that leave state care each year, while Claudia-Liza Armah presented a special live programme *Breaking the Silence*, looking at the ongoing taboo around men discussing mental health issues. An exclusive investigation into the number of knives in Britain's schools made headlines in August. 5 News's ongoing success saw the Company agree a new multi-year production deal for the programme with Channel 5.

ITN Productions

Television production achieved a record-breaking year, delivering 664 hours of content and an increase in revenues of 20% to £18.2m. The slate benefitted from a move into adjacent genres and a growing client base. 2019 commissions were boosted by a number of political programmes around Brexit and the election, particularly on Channel 4. Royal related commissions continued to prove popular on Channel 5 and ITV including the collaboration with ITV News on *Harry and Meghan: An African Journey* which resulted in an unprecedented volume of secondary sales. Other notable commissions were *Inside the Supermarket*, providing access to Sainsbury's for the BBC, *World's Most Expensive Cruises* for Channel 5 and *History 101* for Netflix. *Jeremy Vine* continues to be one of ITN Productions' flagship shows and continued to achieve strong ratings in 2019, growing in all audience demographics and in so doing, gaining a 3-year re-commission from Channel 5.

Advertising production saw a 4% decline in revenues to £5.2m in what continues to be a highly competitive market but in which the Company boasts a number of distinctive capabilities. The Company continued to deliver successful campaigns and content for Camelot, Matalan and M&S foods. A live ad for O2 was recognised by Campaign Magazine as one of the Top 7 Digital innovations of 2019 – this was the first live television advertisement powered by 5G.

INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Sports production delivered its strongest year to date, despite the discontinuation of the EFL contract following the 18/19 football season, with revenue more than doubling. This reflected the successful delivery of various World Athletics (formerly IAAF) events including the World Championships in Doha, the World Indoor Tour events and the World Relays. The latter achieved record breaking audiences and was the Winner of "Best Use of Remote Production" at the Broadcast Technical Innovation Awards 2019.

Industry News, Education, News Production Services and Archive Service revenues decreased by 33% to £8.3m, driven by reduced revenues in Industry News, Education and News Production Services - the latter a result of very popular news stories such as the Royal Wedding in 2018. The Pearson output deal in Education did not continue in 2019. However, the unit received its first BBC commission and there was a material increase in orders from National Geographic. The Industry News business unit was unable to deliver the same volume of sales as in previous years with only 148 films sold in the year (2018: 280 films). In addition, a decision was taken to disband the US Industry News team as it was unsuccessful in establishing a strong foothold in the US market.

Cash management

At 31 December 2019, the Group had £7.3m of cash, down £1.6m on the prior year (2018: £8.9m) due to the timing of working capital receipts and payments.

Future prospects

The first two months of 2020 saw the Company deliver to budgetary targets according to unaudited management accounts but, as disclosed on page 4, the Company has now started to see an impact from the recent worldwide outbreak of Covid-19 in some parts of the business. It is therefore expected that market conditions within some of the industries which the Company services will prove challenging in 2020.

Whilst demand and prospects remain strong in respect of our core news contracts and the television production business, particularly in respect of archive based programming, we are seeing some decline in some of our smaller production businesses, namely Sport, Advertising and Industry News. We have put in place a number of cost-saving measures to help mitigate against the impact of this decline, but do expect to see a decrease in operating profit in 2020 versus 2019 due to these challenges.

Principal risks and uncertainties

Risk management

The Board has ultimate oversight for the Group's systems of internal control and risk management and for reviewing their effectiveness. The Executive Directors and management are responsible for implementing risk and control policies and providing assurance on compliance with these policies. The Group continues to take steps to embed internal controls and risk management in the operations of the business, as areas for improvement come to the attention of the Board and management.

Brexit

The Company continues to monitor the potential impact of the Brexit withdrawal arrangements across its businesses. It is envisaged that there may be a number of short-term practical implications to the extent the Company's employees travel and perform activities within Europe, but these are not considered to represent a major operational or financial risk at this stage. There is continued potential for client buying decisions to slow in the face of Brexit uncertainty and, depending on the outcome, there may be some impact on our reported financials from foreign exchange movements.

INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Covid-19 Coronavirus

The Group has already started to see the impact on the business of the recent worldwide outbreak of Covid-19. The UK Government advice and operational implications of Covid-19 are being constantly monitored and various measures have been put in place to safeguard both the Group's employees and operations. These range from non-critical staff working from home to remote production capabilities.

The Group notes that there are significant market factors which particularly impact the Sport, Advertising and Industry News divisions. The Group has also experienced additional technology costs in order to enable home working and is anticipating additional staff backfill costs due to sickness as the virus continues to spread. Additionally, current market conditions are expected to have a material negative impact on the Group's Pension Scheme deficit.

However, the Company is in a position to at least partially mitigate these impacts given its income structure, planned cost savings and ability to adapt to market demand; such as having already produced several factual television productions relating to Covid-19. It is noteworthy that over two thirds of the Group's revenue is derived from long-standing news contracts with major UK broadcasters and viewership of this programming has in fact increased significantly so far in 2020 as people turn to trusted news broadcasters for the latest updates.

Management has undertaken a sensitivity analysis on the Group's forecast to 31 December 2021, concluding that the Group is likely to face an operating profit decline in 2020. Mitigation measures are being put in place to at least partially offset this decline, such as freezing recruitment and discretionary spend, targeted restructuring and cost saving measures as well as drawing upon the Government's Coronavirus Job Retention Scheme.

The Directors continue to monitor the impact that any fall in profits would have on the Group's cash flow as part of the above mentioned sensitivity analysis. They have concluded that the Group has sufficient working capital and cash reserves to continue to meet agreed pension deficit reduction contributions and all other liabilities as they fall due. The Group continues to monitor the financial aid packages being made available by the UK Government; in particular, the Chancellor's announcement to allow the postponement of VAT payments between 17th April 2020 and 30th June 2020.

Current market conditions, in particular the fall in bond yields and stock indices, are expected to have an adverse impact on the Group's Pension Scheme deficit during 2020. Whilst it is impossible to meaningfully quantify this in an ever-changing landscape, discussions with the Pension Scheme Trustees have left the Directors satisfied that existing measures to hedge Scheme assets have reduced the potential impact of market volatility on the Scheme deficit as far as possible and that the Trustees will continue to take regard of the Group's financial health in relation to future discussions about deficit reduction contributions.

INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Risks

ITN Pension Scheme funding risk

The ITN Pension Scheme has a significant funding deficit as detailed in Note 19 of the Accounts. There is a risk of financial insolvency if the deficit cannot be managed over the long term. Accordingly, the Company has agreed a recovery plan with the Scheme Trustees as part of the 31 December 2017 Triennial Actuarial Valuation, which showed a deficit of £97.6m. In addition, the ITN Pension Scheme has been closed to future accrual since 31 March 2010. The Company, in conjunction with the Trustees, continues to evaluate options to reduce the risk further. The accounting deficit has increased by £16.6m to £142.3m at the reporting date (2018: £125.7m), which resulted from changes to actuarial assumptions and predominantly due to a fall in bond yields.

Reliance on key contracts

The Group generates a substantial portion of its revenue from a number of key customers notably ITV and Channel 4. Damage to or loss of any of these relationships could have a direct and potentially material effect on the Group's results. The Group endeavours to enter into long-term contracts with its key customers which help to mitigate the risk. The Executive Directors regularly meet with key customers and review the relationships to ensure that the Group continues to meet their respective needs.

Reputational risks

Damage to journalistic reputation

The Company's reputation for journalistic integrity could be damaged if there is a major editorial error or regulatory breach or ITN is perceived as failing to produce accurate and impartial news. The Company has strict internal compliance processes, with the aim of minimising and mitigating legal compliance exposure and reputational risk. The Company has an internal compliance team supported by external legal counsel. All employees and contract staff are briefed on and required to read the Company's Compliance Manual as part of their induction and this is periodically updated and reissued. Staff are provided with regular compliance training.

Failure or interruption of or denial of access to broadcast or information technology systems and infrastructure

The Group's ability to meet its requirements under its broadcast and production agreements is dependent on the Group's broadcast and information technology systems. Any system interruption due to incidents such as denial of service attacks, infrastructure failure or damage could seriously impact the Group's ability to meet these requirements. A cyber / viral attack or hijack of social media could also cause prolonged system denial, loss of intellectual property or substantial damage to the reputation of the Group. The Group has business continuity and disaster recovery plans in place and these are regularly reviewed. In addition, the Group regularly reviews the security of its systems and has security protocols and procedures in place.

INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

People risks

Loss of key personnel

The performance of the Group depends on its ability to continue to attract, motivate and retain key staff. The loss of key personnel could impact the Group's ability to operate effectively or result in a loss of knowledge and experience. The Executive Directors and Remuneration Committee monitor the levels and structure of remuneration for senior management and seek to ensure that they are designed to attract, retain and motivate talent. The Group aims to provide conditions for fulfilling careers for all employees through remuneration and benefits and career development opportunities.

Control risks

Financial controls

The Company has established a framework of internal financial control, the key elements of which are:

- The Board has responsibility for approving the overall Group and Company strategy, for approving revenue and capital budgets and determining plans for the financial structure of the Company and Group. Monthly results and variances from budgets and forecasts are reported to the Board.
- There is a comprehensive process for performing annual strategy reviews and budgeting and quarterly forecasting.
- There is an organisational structure with clearly defined lines of responsibility and approval controls identifying transactions requiring Board approval. The Chief Financial and Operations Officer has responsibility for leadership and development of the Group's finance activities.

Non-financial controls

The Group has established a wide range of non-financial controls covering areas such as legal and regulatory compliance, anti-bribery, health and safety, employment and business continuity. The effectiveness of these is reviewed by the Executive Team and the Board and through the quarterly senior management Compliance Meeting.

Section 172 (1) Statement

The Board of Directors consider that they have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard to the following matters.

Likely consequences of any decision in the long term

The most material long term consideration for the Group is its legacy defined benefit pension scheme. The Executive Directors regularly meet with the Trustees of the ITN Pension Scheme to ensure that the Company is fulfilling all of its duties to the members of the Scheme, particularly ensuring that the Company makes the agreed contributions to the Scheme's deficit and provides strategic input as required. Regular cashflow reviews and re-forecasts are performed to ensure that the Company is in a position to meet these contributions.

INDEPENDENT TELEVISION NEWS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Interests of Company's employees

The Company's staff and freelance workforce are fundamental to the success of the business. The Company has implemented a wide variety of measures to ensure that as an employer it communicates openly and regularly with this workforce, promotes fairness and diversity and ensures that feedback is received and acted upon. Details of some of these initiatives can be seen in the Directors' Report on page 10.

Business relationships

Relationships with key customers and suppliers are integral to the ongoing success of the Company. Management regularly meet with these customers and suppliers to promote a partnership-like relationship with them. This is particularly important with regards to the management of the news contracts given that editorial choices carry a reputational risk for both the client broadcaster and ITN.

Sustainability

The Company is committed to being socially and environmentally responsible. A number of measures have already been put in place to reduce the Company's carbon footprint and a sustainability forum was established in the year which will continue to monitor ways to reduce the environmental impact of the business. ITN contributes to a select number of charities with a skew towards promoting journalism, offers work experience to those wanting to enter the journalistic industry, and supports a number of staff members who volunteer for varied causes.

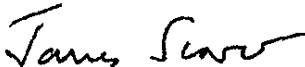
Maintaining a reputation for a high standard of business conduct

Reputable journalism is key to ensuring that ITN is trusted to tell the world's stories. The Company accordingly issues a Compliance Handbook to every staff member and freelance worker. The Board of Directors endeavours to ensure that the Group is conducting business to the highest standard, particularly in relation to key legislation such as the Human Rights, Modern Slavery, Anti-Corruption and Anti-Bribery Acts.

The need to act fairly as members of the Company

All of the Company's shareholders have the right to appoint a member to the Board of Directors. The Board meets at least six times a year and is regularly updated on the financial and non-financial progress of the Group. Further details about the Board can be seen on pages 8 and 9 of this report.

By order of the Board



J H Scorer
Secretary

21st April 2020

INDEPENDENT TELEVISION NEWS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activities of the Group are described as:

- Provision of daily scheduled news programmes for ITV, Channel 4 and Channel 5;
- Provision of television programmes across factual, entertainment and current affairs genres for both national and international broadcasters;
- Production of television commercials and branded content;
- Production of live sports coverage, clips and programmes;
- Corporate Production services including licensing on-the-day news, archive footage and short form content;
- Educational and Industry News Production services.

Directors

The Directors who held office during the year, except as noted, were as follows:

K L A Mullins (appointed on 24 July 2019)
A C Mallett (appointed on 29 April 2019)
D M Conway (appointed on 28 October 2019)
G W Linnebank
C R Cox
A O Mullins
M H Brooke (appointed on 30 January 2019)
B R Martin (resigned on 27 October 2019)
C J Swords (resigned on 24 July 2019)

The Board

The Board's primary tasks are the setting of the Group's overall strategy, the enhancement of shareholder interests, the approval of revenue and capital plans, the maintenance of controls to ensure effective operations, oversight of controls, audit and risk management, the approval of accounts and the review and approval of remuneration policies. The Board is committed to appropriate standards of corporate governance.

The Board meets for scheduled meetings regularly throughout the year and is chaired by K L A Mullins. To enable the Board to perform its duties, the Directors have full access to all relevant information and to the services of the Company Secretary.

The Audit Committee

The Audit Committee currently comprises all Non-Executive Directors with A O Mullins as Chair. The Executive Directors attend the Audit Committee as requested. The Committee reviews the Group's annual financial statements before submission to the Board for approval. The Committee also reviews reports from the external auditors on accounting and control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment and reviews the fees of the external auditors.

INDEPENDENT TELEVISION NEWS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The Remuneration Committee

The Remuneration Committee currently comprises all Non-Executive Directors with G W Linnebank as Chair. The Committee does not retain a firm of remuneration consultants, but may seek professional advice on an ad hoc basis.

In determining the remuneration packages of the Executive Directors, the Committee has regard to the importance of recruitment, motivation and retention of quality management. Base salary and benefits are determined on an annual basis by the Committee after a review of the individual's performance, market trends and the UK inflation rate and Group performance. For guidance, the Committee has regard to available research and published remuneration information on comparable companies. Benefits include the Company pension scheme; salary security and disability cover; health insurance and death in service cover. The value of such benefits is not pensionable.

The Executive Directors participate in a Long Term Incentive Plan to promote longer term performance and retention, which is contingent on aggregate profit exceeding certain targets. In 2019 there was a plan for the three years ended 31 December 2019, with the payment due to be made in 2020.

Results and dividends

The results for the year are set out on page 16.

No interim dividends were paid (2018: £nil). The Directors do not recommend payment of a final dividend (2018: £nil).

Financial risk management

Treasury management

The Group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Group's activities.

Credit, liquidity and foreign exchange risk and management

The Group's principal financial assets are bank balances, cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables which are principally due from major broadcasters thereby reducing recovery risk. Liquid funds are held with financial institutions that are regularly reviewed by the Treasury function. The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

There is a risk that there are insufficient funds available for ongoing operations and future developments. The Group manages its exposure by continuously monitoring short and long-term forecasts and actual cash flows to ensure sufficient funds are available.

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. There is a degree of operational hedging, with revenues and costs arising in foreign currencies through the operation of the overseas news bureaux and ITN Productions' operations.

INDEPENDENT TELEVISION NEWS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern

The Group made a profit after tax of £1,754,000 in the year to 31 December 2019. It had net current assets of £7,177,000 and, after accounting for the Pension Scheme deficit, net liabilities of £105,450,000. The Group's activities are funded out of operating cash flows.

At 31 December 2019, the ITN Pension Scheme had a deficit under Financial Reporting Standard 102 of £142,308,000 (Note 19). The triennial actuarial valuation of the scheme at 31 December 2017 and associated recovery plan were completed in 2018 showing a deficit of £97,600,000. They have been agreed with the Trustees of the ITN Pension Scheme and the Directors believe that the associated agreed funding plan enables the Company to make appropriate contributions to the Scheme to reduce the deficit whilst continuing to grow the business.

The impact of the worldwide outbreak of Covid-19 has been assessed in detail relating to the Group's and Company's ability to continue as a going concern. The impact of the virus gives rise to unprecedented levels of uncertainty and so, as a result of the size of the net pension deficit and the difficult market conditions affecting the Group and its core customers, the Directors highlight that a material uncertainty exists over the Group's and the Company's ability to continue as a going concern at the date of signing these Financial Statements in April 2020 (a time at which the country remains in a state of lockdown). Further detail is disclosed in note 1.3 of the financial statements.

Notwithstanding the above, although a profit decline is expected as a result of the impact of the virus in 2020, the Group's contracted news revenue streams, mitigating measures put in place and cash reserves result in the Directors having a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. For this reason, the going concern basis continues to be adopted in preparing the Annual Report and Financial Statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Group employed 706 employees at 31 December 2019, and also engages freelancers who are contracted on specific assignments and projects.

The Group's policy is to communicate openly with employees through regular meetings and briefings, and to consult on and discuss matters likely to affect employees' interests directly, and through employee representatives and unions. Information on matters of concern to employees is given through the intranet site, information bulletins, CEO emails, strategy sessions and reports which seek to achieve a common awareness on the part of all employees of the financial and market factors affecting the Group's performance.

A cross-company staff forum has also been established to give a voice to every part of ITN, and to generate ideas to improve employees' working lives.

INDEPENDENT TELEVISION NEWS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Business relationships

Relationships with key customers and suppliers are integral to the ongoing success of the Company. Further detail is included within the Strategic Report section 172 (1) statement.

Diversity and inclusion

ITN is proud to be a diverse and inclusive place to work and believes that attracting and retaining people from as wide a range of backgrounds as possible helps us to be at our most creative, innovative and distinct in what we do. The Group firmly believes in creating a working environment that is free from all kinds of discrimination and harassment and will not permit or tolerate discrimination in any form. The Group's Diversity and Inclusion Forum, which is made up of employees from each division who are passionate about diversity and inclusion, oversee a number of initiatives each year to ensure ITN is an inclusive and representative place to work.

The importance of employee training and development is recognised at all levels, with training programmes being focussed on giving staff the skills they need to effectively perform their roles and develop their careers, whilst ensuring there is a pipeline of talent within the Group.

Directors' indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

Auditor

A resolution to re-appoint the auditor of the Group will be proposed at the forthcoming Board and Audit Committee Meetings.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company and Group is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company and Group is aware of that information.

By order of the Board



J H Scorer
Secretary

21st April 2020

INDEPENDENT TELEVISION NEWS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Group and parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT TELEVISION NEWS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENT TELEVISION NEWS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Independent Television News Limited (the 'company') and its subsidiaries (the 'group');

- give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, regarding the Group's ability to continue as a going concern, which indicates that the Covid-19 pandemic has increased the size of the net pension deficit and created difficult market conditions affecting the Group and its customers. As stated in note 1.3, these events or conditions along with the other matters as set forth in note 1.3 to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT TELEVISION NEWS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENT TELEVISION NEWS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT TELEVISION NEWS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENT TELEVISION NEWS LIMITED (CONTINUED)

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

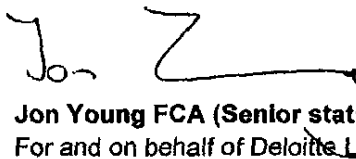
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Jon Young FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21st April 2020

INDEPENDENT TELEVISION NEWS LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Revenue	3	135,946	126,920
Cost of sales		(110,188)	(102,679)
Gross profit		25,758	24,241
Administrative expenses		(19,585)	(17,626)
Operating Profit	4	6,173	6,615
Income from other fixed asset investments	8	462	467
Other investment income	8	48	32
Other finance costs	9	(4,493)	(4,238)
Share of profits / (losses) of joint venture		211	(68)
Past service pension costs	19	-	(1,500)
Profit on ordinary activities before taxation		2,401	1,308
Taxation	10	(647)	(69)
Profit for the financial year		1,754	1,239

The income statement has been prepared on the basis that all operations are continuing operations.

INDEPENDENT TELEVISION NEWS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Profit for the year		1,754	1,239
Actuarial loss on defined benefit pension schemes		(19,248)	(3,218)
Tax relating to other comprehensive loss	10	3,271	445
Other comprehensive loss for the year		(15,977)	(2,773)
Total comprehensive loss for the year		(14,223)	(1,534)

INDEPENDENT TELEVISION NEWS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Property, plant and equipment	11	7,211	8,316
Investments	12	556	345
Deferred Tax	15	24,056	21,357
Total fixed assets		31,823	30,018
Current assets			
Inventories and work in progress	14	624	1,397
Trade and other receivables	15	26,797	28,432
Cash and cash equivalents		7,347	8,919
Total current assets		34,768	38,748
Current liabilities	16	(27,591)	(32,311)
Net current assets		7,177	6,437
Total assets less current liabilities		39,000	36,455
Provisions for liabilities	17	(2,142)	(2,010)
Defined benefit pension liability	19	(142,308)	(125,672)
Net liabilities		(105,450)	(91,227)
Equity			
Called-up share capital	20	400	400
Profit and loss account		(105,850)	(91,627)
Total equity		(105,450)	(91,227)

The financial statements were approved by the Board of Directors and authorised for issue on 21st April 2020 and are signed on its behalf by:



D M Conway
Director

21st April 2020

Company Registration No. 00548648

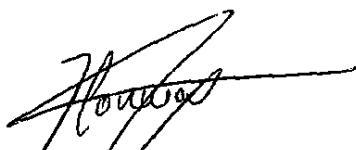
INDEPENDENT TELEVISION NEWS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Property, plant and equipment	11	7,211	8,316
Investments	12	-	-
Deferred Tax	15	24,056	21,357
Total fixed assets		31,267	29,673
Current assets			
Inventories and work in progress	14	624	1,397
Trade and other receivables	15	26,997	28,852
Cash and cash equivalents		7,215	8,567
Total current assets		34,836	38,816
Current liabilities	16	(27,591)	(32,311)
Net current assets		7,245	6,505
Total assets less current liabilities		38,512	36,178
Provisions for liabilities	17	(2,142)	(2,010)
Defined benefit pension liability	19	(142,308)	(125,672)
Net liabilities		(105,938)	(91,504)
Equity			
Called-up share capital	20	400	400
Profit and loss account		(106,338)	(91,904)
Total equity		(105,938)	(91,504)

The Directors of the Company have elected not to include a copy of the profit and loss account within the financial statements. The Company profit for the year was £1,543,000 (2018: £1,279,000).

The financial statements were approved by the Board of Directors and authorised for issue on 21st April 2020 and are signed on its behalf by:



D M Conway
Director

21st April 2020

Company Registration No. 00548648

INDEPENDENT TELEVISION NEWS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2018		400	(90,093)	(89,693)
Year ended 31 December 2018:				
Profit for the year		-	1,239	1,239
Other comprehensive income:				
Actuarial losses on defined benefit plans	19	-	(3,218)	(3,218)
Tax relating to other comprehensive loss	10	-	445	445
Total comprehensive loss for the year		-	(1,534)	(1,534)
Balance at 31 December 2018		400	(91,627)	(91,227)
Year ended 31 December 2019:				
Profit for the year		-	1,754	1,754
Other comprehensive income:				
Actuarial losses on defined benefit plans	19	-	(19,248)	(19,248)
Tax relating to other comprehensive loss	10	-	3,271	3,271
Total comprehensive loss for the year		-	(14,223)	(14,223)
Balance at 31 December 2019		400	(105,850)	(105,450)

INDEPENDENT TELEVISION NEWS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2018		400	(90,410)	(90,010)
Year ended 31 December 2018:				
Profit for the year		-	1,279	1,279
Other comprehensive income:				
Actuarial losses on defined benefit plans	19	-	(3,218)	(3,218)
Tax relating to other comprehensive loss	10	-	445	445
Total comprehensive loss for the year		-	(1,494)	(1,494)
Balance at 31 December 2018		400	(91,904)	(91,504)
Year ended 31 December 2019:				
Profit for the year		-	1,543	1,543
Other comprehensive income:				
Actuarial losses on defined benefit plans	19	-	(19,248)	(19,248)
Tax relating to other comprehensive loss	10	-	3,271	3,271
Total comprehensive loss for the year		-	(14,434)	(14,434)
Balance at 31 December 2019		400	(106,338)	(105,938)

INDEPENDENT TELEVISION NEWS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations before pension scheme cash movements	27	6,835	9,699
Pension scheme contributions		(7,050)	(6,565)
Cash generated from operations		(215)	3,134
Consortium relief received		-	143
Income taxes recovered		119	-
Income taxes paid		(13)	(131)
Net cash inflow/(outflow) from operating activities		(109)	3,146
Investing activities			
Purchase of property, plant and equipment		(2,080)	(3,065)
Proceeds on disposal of property, plant and equipment		107	1
Interest received		48	32
Other investment income received		462	492
Net cash used in investing activities		(1,463)	(2,540)
Net increase/(decrease) in cash and cash equivalents		(1,572)	606
Cash and cash equivalents at beginning of year		8,919	8,313
Cash and cash equivalents at end of year		7,347	8,919

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Company information

Independent Television News Limited ("the Company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is 200 Grays Inn Road, London, WC1X 8XZ.

The Group consists of Independent Television News Limited and all of its subsidiaries.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 1-7.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000, unless otherwise stated.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's profit for the year is disclosed below the Company Statement of Financial Position.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments and presentation of a cash flow statement.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of Independent Television News Limited and its subsidiary undertakings up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

The Group's investment in associates and joint ventures is accounted for by recognising the Group's share of the post-acquisition profit and losses. If the Group's share of losses in an associate or a joint venture equals its investment, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture, in which case a provision is recognised.

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. Particular regard has been given to the impact of the Covid-19 Coronavirus global pandemic in the Strategic Report on page 4 and in Note 29.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

The Group made a profit after tax of £1,754,000 in the year to 31 December 2019. It had net current assets of £7,177,000. The Group's activities are funded out of operating cash flows.

At 31 December 2019, the ITN Pension Scheme had a deficit under Financial Reporting Standard 102 of £140,680,000 (Note 19). The triennial actuarial valuation of the scheme at 31 December 2017 and associated recovery plan were completed in 2018 showing a deficit of £97,600,000. They have been agreed with the Trustees of the ITN Pension Scheme and the associated agreed funding plan was expected to enable the Company to make appropriate contributions to the Scheme to reduce the deficit whilst continuing to grow the business.

However, the impact of the worldwide outbreak of Covid-19 and its impact on current market conditions, in particular the fall in bond yields and stock indices, are expected to have an adverse impact on the Group's Pension Scheme deficit. This is discussed further in note 29.

The Directors have assessed in detail the impact of the virus relating to the Group's and the Company's ability to continue as a going concern. A profit decline is expected in 2020, and there are currently difficult market conditions affecting the Group and Company and its core customers. Management have therefore undertaken a sensitivity exercise on the Group's forecast to 2021 and the Directors have concluded that the Group has sufficient cash reserves to continue to meet agreed pension deficit reduction contributions and all other liabilities as they fall due.

However, the impact of the virus has created unprecedented levels of uncertainty and these are inherent within the forecast. Given the above, at the date of signing these Financial Statements in April 2020 (a time when the country is in a state of lockdown), the Directors consider that there is a material uncertainty which may cast significant doubt as to the group's and Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are monitoring cash levels and have put in place mitigating actions with respect to the size of the pension deficit and the working capital of the business, as disclosed on page 4 of the Strategic Report and note 29 of the Financial Statements.

Considering all the above, although a profit decline is expected as a result of the impact of the virus in 2020, the Group's contracted news revenue streams, mitigating measures put in place and cash reserves result in the Directors having a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least 12 months from the date of approval of the Financial Statements. For this reason, the going concern basis continues to be adopted in preparing the Annual Report and Financial Statements.

1.4 Revenue

Group revenue comprises the value of sales and services (excluding VAT and similar taxes and intra Group transactions).

Revenue from the sale of services is recognised when the significant risks and rewards of ownership have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue represents, in the case of long term contracts, the proportion of the contract value applicable to the activity in the period, ascertained by reference to the extent to which contractual obligations have been carried out. Programme revenue is recognised in line with the specific licence agreement or on delivery or broadcast of the product.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment:	Lower of useful economic life (between 5 and 10 years) or lease term
Fixtures and fittings:	Lower of useful economic life (between 1 and 10 years) or lease term
Motor vehicles:	4-5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

Under the news provision contracts, the broadcasters may contribute funds for the purchase of necessary equipment. Such assets are capitalised and amortised over the expected useful economic life. Capital contributions received from broadcasters to fund the expenditure are included in accruals and deferred income when received or receivable from the broadcaster and credited to the income statement over the expected useful economic life of the relevant asset.

Assets under construction will be held at cost less any impairment losses and will be added to the relevant pool and depreciated once the asset is available for use.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. These are accounted for under the equity method in the Group balance sheet and the lower of cost and net realisable value in the Company balance sheet.

1.7 Inventory and work in progress

Production related work in progress comprises the costs incurred in producing a programme or series of programmes, where the programme or series is part way through the productions process and not yet available for delivery to a customer. The work in progress is recognised within current assets as production cost incurred and is recognised on delivery. Inventories and work in progress are recognised at the lower of cost and net realisable value.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1.9 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

1.10 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

The Group's property provisions have been discounted to the present value of future lease obligations net of estimated sub-lease income and related costs of leasehold property where the space is vacant or currently not planned to be used for ongoing operations.

Under the terms of a number of property leases, the Group is required to re-instate certain aspects of the property on lease expiry. The Group has estimated the expected present value costs of these dilapidations and charges these costs to the Income Statement with the associated unwinding also going to the Income Statement.

The Group's Salary Security provision has been discounted to the present value of net payments to staff less any applicable receipts from insurance companies.

The periodic unwinding of the discount is treated as an imputed interest charge and is disclosed under interest payable and similar charges. Management make an annual assessment of the appropriateness of the assumptions. Any resulting changes in assumptions are charged within the income statement.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

With effect from 31 March 2010, the Group closed the ITN Defined Benefit Pension Scheme to future service accrual.

The defined benefit scheme assets are held separately from those of the Group, in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the statement of financial position.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing in the finance system at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the year.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

There are no critical accounting judgements for consideration, but the key sources of estimation uncertainty are detailed below.

Valuation of the pension scheme liability

Measurement of the defined benefit pension liability requires estimation of a suitable discount rate, expected rate of inflation and future benefit payments along with assumptions about mortality rates. The most significant of these are the discount rate and inflation assumptions. The net pension liability as at the balance sheet date was £142.3 million (2018: £125.7 million) as set out in Note 19.

Deferred tax assets

Recoverability of deferred tax assets requires estimation of the future profitability of the Group and in particular the ability of the Company to generate profits in excess of pension contributions. Management's assessment of future profitability provides the expectation that profits will be sufficient to cover pension funding, and hence utilise the deferred tax asset. The deferred tax asset at the balance sheet date was £25.4 million (2018: £22.7 million) as set out in Note 18.

3 Revenue

An analysis of the Group's revenue is as follows:

	2019 £'000	2018 £'000
News	91,589	88,935
Productions	44,357	37,985
Total revenue	135,946	126,920

Revenue analysed by geographical market:

	2019 £'000	2018 £'000
United Kingdom	128,883	118,593
Rest of the World	7,063	8,327
Total revenue	135,946	126,920

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains) / losses	136	(20)
Depreciation of owned property, plant and equipment	3,036	2,897
Loss / (profit) on disposal of property, plant and equipment	39	2
Operating lease charges	5,188	4,586
Salary security insurance receipts	(320)	(311)

5 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and its associates:		
For audit services		
Audit of the financial statements of the Group and Company	90	71
For other services		
Taxation compliance services	35	83
Other taxation services	10	80
	45	163

For the year ended 31 December 2019, the Company has taken the exemption under section 479C of the Companies Act 2006 relating to the audit of its subsidiary accounts.

6 Employees

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

	2019 Number	2018 Number
Editorial and Technical	552	544
Sales, Administration and Management	168	172
Total employees	720	716

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	46,130	46,450
Social security costs	5,035	4,926
Pension costs	3,362	3,257
Total staff costs	54,527	54,633

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	973	1,360
Payment in lieu of notice	-	177
Amounts receivable under long term incentive schemes	33	179
Company pension contributions to defined contribution schemes	24	5
Total directors' remuneration	1,030	1,721

Remuneration for qualifying services includes amounts accrued for bonus purposes.

We consider our Executive Directors to be key management personnel.

There are 2 directors for whom retirement benefits are accruing under defined contribution schemes (2018: 0).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £'000	2018 £'000
Remuneration for qualifying services	545	726
Payment in lieu of notice	-	177
Amounts receivable under long term incentive schemes	33	118
Company pension contributions to defined contribution schemes	-	5
Total remuneration of highest paid director	578	1,025

The Remuneration Committee, which includes representatives of all the shareholders, put in place a three-year Long-Term Incentive Plan beginning for the year 2017. The plan is based on aggregate operating profit reaching certain thresholds over the three-year period, with the payment being made in 2020. The costs of this plan are recognised in current liabilities.

8 Investment income

	2019 £'000	2018 £'000
Income from other fixed asset investments	462	467
Other investment income	48	32
Total investment income	510	499

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Finance costs

	2019 £'000	2018 £'000
Other finance costs:		
Interest on the net defined benefit pension liability	4,438	4,180
Unwinding of discount on provisions	55	58
Total finance costs	4,493	4,238

10 Taxation

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on profits for the current year	1,178	1,058
UK corporation tax adjustments in respect of prior years	7	10
Total UK current tax	1,185	1,068
Foreign current tax on profits for the current year	13	13
Total current tax	1,198	1,081
Deferred tax		
Origination and reversal of timing differences	(25)	105
Effect of change in rate on deferred tax balance	85	11
Adjustment in respect of prior periods	71	(220)
Recognition of previously un-recognised deferred tax assets	-	(19)
Adjustment in respect of pension-related timing differences	(682)	(889)
Total deferred tax	(551)	(1,012)
Total tax charge	647	69

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	2,401	1,308
Expected UK Corporation tax charge using a rate of 19.00% (2018: 19.00%)	456	248
Tax effect of expenses that are not deductible in determining taxable profit	305	248
Tax effect of income not taxable in determining taxable profit	(288)	(224)
Adjustments in respect of prior years	79	(228)
Foreign tax	11	2
Effect of change in rate on deferred tax balance	84	11
Current year losses carried forward to future periods	-	12
Tax expense for the year	647	69

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £'000	2018 £'000
Current tax arising on:		
Actuarial differences recognised as other comprehensive income	(1,178)	(1,058)
Deferred tax arising on:		
Effect of change in rate on deferred tax balance	386	169
Actuarial differences recognised as other comprehensive income	(2,479)	444
Total tax relating to other comprehensive income	(3,271)	(445)

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Property, plant and equipment

Group and Company:

	Fixed Plant and Equipment	Office and Technical Equipment	Motor Vehicles	Assets Under Construction	Total
Cost					
As at 1st January 2019	11,686	41,016	339	220	53,261
Adjustments in respect of fixed asset register review	(621)	-	14	-	(607)
Additions	776	545	-	759	2,080
Completed Assets	95	125	-	(220)	-
Disposals	(79)	(23,386)	-	-	(23,465)
At 31st December 2019	11,857	18,300	353	759	31,269
Depreciation					
As at 1st January 2019	7,457	37,357	131	-	44,945
Adjustments in respect of fixed asset register review	-	(532)	20	-	(512)
Depreciation provided in year	868	2,099	69	-	3,036
Disposals	(65)	(23,346)	-	-	(23,411)
At 31st December 2019	8,260	15,578	220	-	24,058
Carrying amount					
At 31st December 2018	4,229	3,659	208	220	8,316
At 31st December 2019	3,597	2,722	133	759	7,211

Following a comprehensive review of the Company's Fixed Asset Register in the year, a number of obsolete assets were identified which have been recorded as disposals in the period.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Fixed asset investments

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Investments in subsidiaries	345	345	-	-
Investments in joint ventures	211	-	-	-
Total fixed asset investments	556	345	-	-

Movements in fixed asset investments

Group	Investments in subsidiaries £'000	Investments in joint ventures	Total £'000
Cost or valuation			
At 1 January 2019	345	-	345
Share of profits of joint venture	-	211	211
At 31 December 2019	345	211	556
Impairment			
At 1 January 2019	-	-	-
At 31 December 2019	-	-	-
Carrying amount			
At 31 December 2018	345	-	345
At 31 December 2019	345	211	556

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Financial instruments

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	29,882	22,225	29,950	21,874
Equity instruments measured at cost less impairment	556	345	-	-
Total financial assets	30,438	22,570	29,950	21,874
Carrying amount of financial liabilities				
Measured at amortised cost	14,939	28,140	14,939	28,140

Financial assets consist of trade and other receivables, equity investments and cash. These have been classified as financial assets to the extent that they represent liquid cash deposits, investments in non-derivative equity investments or contractual rights to receive cash or another financial asset from another entity.

Financial liabilities consist of trade payables and other payables, accruals and deferred income. These have been classified as financial liabilities to the extent that they represent contractual obligations to deliver cash or another financial asset to another entity.

14 Inventories

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Contract work in progress	624	1,397	624	1,397

The work in progress above relates wholly to production costs where the programme or series of programmes is not yet ready for delivery.

Inventories recognised as an expense in the period were £1,397,000 (2018: £761,000) for both the Group and the Company.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

15 Trade and other receivables

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Amounts falling due within one year:				
Trade receivables	8,431	12,255	8,431	12,255
Doubtful debt provision	(57)	(44)	(57)	(44)
Amounts due from entities with a shareholding interest in the Company	5,480	5,073	6,316	5,223
Amounts due from subsidiaries and joint ventures	1,013	327	377	420
Other receivables	1,180	1,036	1,180	1,213
Prepayments and accrued income	9,450	8,430	9,450	8,430
	25,497	27,077	25,697	27,497
Deferred tax asset (note 18)	1,300	1,355	1,300	1,355
Total Current Debtors	26,797	28,432	26,997	28,852
Amounts falling due after one year:				
Deferred tax asset (note 18)	24,056	21,357	24,056	21,357
Total non-current debtors	24,056	21,357	24,056	21,357

16 Current Liabilities

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Trade payables	541	1,550	541	1,550
Amounts due to entities with a shareholding interest in the Company	1,093	951	1,093	951
Other taxation and social security	2,724	3,220	2,724	3,220
Other payables	2,392	2,280	2,392	2,280
Accruals and deferred income	20,841	24,310	20,841	24,310
Total current liabilities	27,591	32,311	27,591	32,311

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

17 Provisions for liabilities

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Property	1,750	1,606	1,750	1,606
Salary related	392	404	392	404
Total provisions for liabilities	2,142	2,010	2,142	2,010

Provisions are classified as follows:

Property provision

A provision is recognised for expected dilapidation claims and an onerous lease. The dilapidation costs are not expected to be incurred until 2023 and 2025 when the leases end. The onerous lease provision reflects the difference between expected future rental costs and rental income until the end of a lease in 2023. The onerous lease provision is utilised annually to offset rental costs in excess of rental income.

Salary related provisions

A provision is recognised for a Salary Security scheme and also the Long Term Incentive Plan (LTIP) offered to senior management.

ITN staff are offered an insured Salary Security benefit that covers their salary for a specified period of time should they be deemed as unable to work. A provision is in place to recognise the future uninsured expenses on those staff that we are currently aware of requiring this benefit.

	Property	Salary related	Total
Group and company	£'000	£'000	£'000
At 1 January 2019	1,606	404	2,010
Additional provisions in the year	278	156	434
Utilisation of provision	(176)	(149)	(325)
Unwinding of discount	42	13	55
Other movements (1)	-	(32)	(32)
At 31 December 2019	1,750	392	2,142

(1) Other movements reflect updated assumptions based on current available information.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

18 Deferred taxation

Deferred tax assets and liabilities are offset where the Company or Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets	Assets
	2019	2018
Group and Company	£'000	£'000
Accelerated capital allowances	849	904
Other short-term timing differences	159	178
Tax losses	124	110
Retirement benefit obligations	24,224	21,520
Total deferred taxation	25,356	22,712

	2019
Movements in the year:	£'000
Asset at 1 January 2019	22,712
Charge to the income statement	551
Credit / (charge) to other comprehensive income	2,479
Effect of change in rate on deferred tax balance charged to other comprehensive income	(386)
Asset at 31 December 2019	25,356

During the year ending 31 December 2020, the reversal of deferred tax assets above is expected to decrease the corporation tax charge for the year by £1.3m. This is due to utilisation of timing differences and cash pension contributions.

FRS 102 requires deferred tax assets to be measured at the tax rates that are expected to apply in the period that the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The Finance (No.2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 8 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the reporting date.

However, in the Government's Budget on 11 March 2020, it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax asset would have been £2,942,000 higher.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Retirement benefit schemes

	2019	2018
	£'000	£'000
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	3,362	3,257

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Defined benefit schemes

The Group closed the ITN Defined Benefit Pension Scheme to future accrual, with effect from 31 March 2010. Subsequently, the Group provided pensions to all members of staff from 1 April 2010 through a defined contribution stakeholder scheme.

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary on a triennial basis. The latest actuarial valuation was as at 31 December 2017 and used the projected unit method. For 2020, the Group is expected to make a maximum contribution as part of the 2018 Pension Recovery Plan of £7.3m (2019: £7.1m) which includes Scheme expenses and Pension Protection Fund Levy.

Key assumptions

The major financial assumptions used to calculate the present value of scheme liabilities under FRS 102 are:

	2019	2018	2017	2016	2015
	%	%	%	%	%
Discount rate	2.0%	2.8%	2.6%	2.7%	3.9%
Expected rate of increase of pensions in payment	2.7%	2.9%	2.9%	3.0%	2.7%
Rate of increase for deferred pensioners	1.9%	1.9%	1.9%	2.1%	1.7%
Inflation	2.9%	3.1%	3.1%	3.2%	2.8%

For IAS19 purposes, the Company has used the SAPS S2 mortality tables, with probabilities of death reduced by 15% for males and by 10% for females. Allowance for future improvements is made using the CMI 2018 core model with a long term improvement rate of 1% p.a.

The employee benefit obligations of the scheme were:

	2019	2018	2017	2016	2015
	£m	£m	£m	£m	£m
Present value of funded obligations	(523.9)	(483.9)	(498.5)	(520.3)	(422.5)
Fair value of scheme assets	381.6	358.2	375.2	360.9	316.3
Deficit in the scheme	(142.3)	(125.7)	(123.3)	(159.4)	(106.2)
Related deferred tax asset	24.2	21.4	21.2	27.6	19.4
Net pension liability	(118.1)	(104.3)	(102.1)	(131.8)	(86.8)

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Assets in the plan as a percentage of total plan assets:

	2019	2018	2017	2016	2015
Equities	54%	55%	54%	55%	56%
Bonds and gilts	42%	37%	37%	40%	36%
Cash, property and other	4%	8%	9%	5%	8%

Income statement impact:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Interest on pension scheme assets	(9.9)	(9.6)	(9.5)	(12.1)	(11.8)
Administration expenses	1.0	1.0	0.9	0.7	1.0
Interest on pension scheme liabilities	13.3	12.8	13.8	16.1	15.3
Total finance costs	4.4	4.2	5.2	4.7	4.5
Past service cost (I)	-	1.5	-	-	-
Charge to income statement	4.4	5.7	5.2	4.7	4.5

- (I) A Pension past service cost of £1.5m was recognised in the prior year to equalise Guaranteed Minimum Pensions (GMP) between men and women based on benefits earned between 17 May 1990 and 5 April 1997. Any future changes in accounting estimates will be reflected through the Consolidate Statement of Other Comprehensive Income.

Amount recognised in the statement of total recognised gains and losses:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Net actuarial losses/(gains) recognised in year	19.2	3.2	(34.8)	54.8	9.4
Net cumulative actuarial losses	152.1	132.9	129.7	164.5	109.7

Actual return on plan assets:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Actual return on plan assets	35.1	(3.6)	27.4	56.1	2.5

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Reconciliation of present value of present liabilities and assets:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Change in the present value of the defined benefit obligation					
Opening defined benefit obligation	483.9	498.5	520.3	422.5	421.8
Past service cost	-	1.5	-	-	-
Interest cost	13.3	12.7	13.8	16.1	15.3
Benefits paid	(17.8)	(18.1)	(18.6)	(17.1)	(14.8)
Actuarial losses / (gains)	(1.7)	5.1	(5.3)	(1.9)	4.2
Changes to demographic assumptions	(5.0)	(2.0)	(10.9)	(10.7)	10.0
Changes to financial assumptions	51.2	(14.0)	(0.8)	111.4	(14.0)
Closing defined benefit obligation	523.9	483.9	498.5	520.3	422.5

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Change in the fair value of plan assets					
Opening fair value of plan assets	358.2	375.2	360.9	316.3	323.3
Interest on assets	9.9	9.6	9.6	12.1	11.8
Return on plan assets less interest	25.2	(14.1)	17.8	44.0	(9.2)
Contribution by employer	7.1	6.6	6.4	6.3	6.2
Benefits paid	(17.8)	(18.1)	(18.6)	(17.1)	(14.8)
Administration costs	(1.0)	(1.0)	(0.9)	(0.7)	(1.0)
Closing fair value of plan assets	381.6	358.2	375.2	360.9	316.3

20 Called up share capital

At 31 December 2019 and 2018 the Company had 15,400,000 authorised ordinary shares of £1 each

	2019 £'000	2018 £'000
Ordinary share capital		
Authorised, allotted, called up and fully paid		
400,000 ordinary shares of £1 each	400	400

21 Pension fund security

The Group has provided certain rights relating to its shareholding in Independent Radio News Limited and The Company has provided certain rights relating to its rights in the ITN news archive as security to the ITN Pension Scheme in support of the recovery plan agreed with the Trustees to address the funding deficit.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

22 Operating lease commitments

Lessee

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within one year	5,190	5,088	5,190	5,088
Between two and five years	16,334	17,455	16,334	17,455
In over five years	831	4,515	831	4,515
Total operating lease commitments	22,355	27,058	22,355	27,058

23 Financial commitments, guarantees and contingent liabilities

The Company has guaranteed the liabilities of certain subsidiaries as detailed in Note 26.

The Company has guaranteed to IAAF Properties Limited the obligations of the Company's subsidiary, ITN Productions Athletics Limited, to provide certain loans to World Athletics Productions Limited (formerly IAAF Productions Limited), the joint venture company established by the Company and World Athletics (formerly IAAF).

24 Capital commitments

At 31 December 2019 the Group had capital commitments as follows:

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Contracted for but not provided for:				
Acquisition of property, plant and equipment	738	504	738	504

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

25 Related party transactions

Transactions with related parties

During the year the Group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Group				
Entities with a shareholding interest in the Company	57,069	56,035	1,318	960
Entities in which the Company had a shareholding interest	9,092	358	-	-
Total transactions	66,161	56,393	1,318	960

Transactions with Key Management Personnel

Transactions with the Group's key management personnel have been disclosed in Note 7.

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	2019	2018
	£'000	£'000
Group		
Entities with a shareholding interest in the Company	1,093	951

Amounts owed by related parties	2019	2018
	£'000	£'000
Group		
Entities with a shareholding interest in the Company	5,480	5,073
Entities in which the Company had a shareholding interest	1,013	327
Total amounts owed by related parties	6,493	5,400

A settlement agreement is currently being agreed for past use of a shareholder's material. This is accrued in the current year accounts.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

26 Investments

Investments	Company Number	ITN Group Immediate Parent	Type of shares held	Ownership %	Registered office	Country of Incorporation	Nature of Business	Categorisation
ITN Archive Limited	3807324	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant	Subsidiary
ITN Radio Investments Limited	02417313	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Holding Company	Subsidiary
ITN Radio Limited	07108867	ITN Radio Investments Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Holding Company	Subsidiary
ITN Education Investments Limited	07126826	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant	Subsidiary
Independent Radio News Limited	1112963	ITN Radio Limited	Ordinary	19.7%	Academic House, 24-28 Oval Road, London	UK	Production of radio news	Investment
ITN DLS Limited	10811632	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Television programming and broadcasting activities	Subsidiary
ITN Productions Athletics Limited	11105084	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Holding Company	Subsidiary
World Athletics Productions Limited	11159888	ITN Productions Athletics Limited	Ordinary	50%	200 Grays Inn Road, London	UK	Television programming and broadcasting activities	Joint venture
Connolly Systems Limited	01343708	Timms (1992) Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ECL Limited	06604712	ITN Archive Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ITN Arabia Limited	06854068	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ITN Group Limited	05675533	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ITN International Limited	02409274	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ITN News Channel (Finance) Limited	04214822	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ITN Productions Limited	05836887	ITN Group Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ITN Source Limited	06836903	ITN Group Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
Jemanj Limited	02205449	Timms (1992) Limited	Ordinary	99%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
Visual Voodoo Films Limited	03864639	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
ViewPoint News Ltd	9172614	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary
Timms (1992) Limited	01678244	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company	Subsidiary

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Investments, associates and joint ventures are not publicly listed and are held at cost less impairment as fair value cannot be reliably determined. Independent Television News Limited has guaranteed liabilities of its subsidiaries ITN Archive Limited, ITN Education Investments Limited, ITN Radio Investments Limited, ITN Radio Limited and ITN DLS Limited under section 479A and C of the Companies Act 2006 (as amended). As such, ITN Archive Limited, ITN Education Investments Limited, ITN Radio Investments Limited, ITN Radio Limited and ITN DLS Limited will take advantage of the audit exemption set out within section 479A for the year ended 31 December 2019.

27 Cash generated from operations

	2019 £'000	2018 £'000
Profit for the year	1,754	1,239
Adjustments for:		
Income tax expense recognised in profit or loss	647	69
Finance costs recognised in profit or loss	4,493	4,238
Past service pension costs	-	1,500
Share of profits of joint venture	(211)	-
Investment income recognised in profit or loss	(510)	(499)
Loss on disposal of property, plant and equipment	39	2
Depreciation and impairment of property, plant and equipment	3,036	2,897
Increase / (Decrease) in provisions	77	(483)
Movements in working capital:		
Decrease / (Increase) in work in progress	773	(635)
Decrease / (Increase) in trade and other receivables	1,465	(2,500)
(Decrease) / Increase in trade and other payables	(4,728)	3,871
Cash generated from operations before pension scheme cash movements	6,835	9,699
Pension scheme contributions	(7,050)	(8,565)
Cash (used) / generated from operations	(215)	3,134

28 Ultimate controlling party

There is no ultimate controlling party.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

29 Post-balance sheet event

After the Reporting Date, the Covid-19 Coronavirus became a global pandemic. The effect of this on stock markets and the global economy is likely to adversely affect the Group's ability to maintain recent levels of profit in 2020. Accordingly, management have undertaken a sensitivity analysis exercise on the Group's 2020 and 2021 forecast and have concluded that it is likely that the Group's operating profit will decline in 2020.

Current market conditions, in particular the fall in bond yields and stock indices, are expected to have an adverse impact on the Group's Pension Scheme deficit. Whilst it is not currently possible to quantify the impact, discussions with the Pension Scheme Trustees have left the Directors satisfied that existing measures to hedge Scheme assets have reduced the potential impact of market volatility on the Scheme deficit as far as possible and that the Trustees will continue to take regard of the Group's financial health in relation to future discussions about deficit reduction contributions.

Recoverability of deferred tax assets requires estimation of the future profitability of the Group and in particular the ability of the Company to generate profit in excess of pension contributions. This will require revisiting in 2020 in light of the impact of Covid-19.

The Directors conclude that the Group has sufficient cash reserves to continue to meet agreed pension deficit reduction contributions and all other liabilities as they fall due in this scenario, particularly in light of the Chancellor's announcement to allow the postponement of VAT payments between 17th April 2020 and 30th June 2020 and other mitigation measures such as freezing recruitment and discretionary spend, targeted restructuring and drawing upon the Government's Coronavirus Job Retention Scheme. The Directors have therefore concluded that the going concern assertion has been appropriately applied in these Financial Statements. The Directors' evaluation on the impact of Covid-19 on Going Concern is discussed in note 1.3.