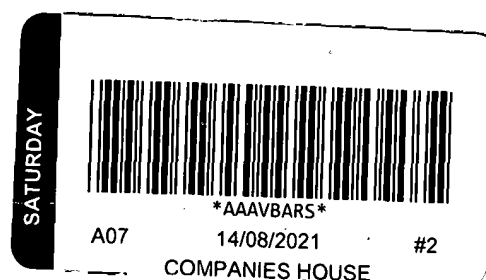


PARENT COMPANY ACCOUNTS FOR  
03807324 (ITN ARCHIVE LIMITED)

Company Registration No. 00548648 (England and Wales)

**INDEPENDENT TELEVISION NEWS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# INDEPENDENT TELEVISION NEWS LIMITED

## COMPANY INFORMATION

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|--------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | K L A Mullins<br>A C Mallett<br>D M Conway<br>G W Linnebank<br>C R Cox<br>A O Mullins<br>M H Brooke |
| <b>Secretary</b>         | J H Scorer                                                                                          |
| <b>Company number</b>    | 00548648                                                                                            |
| <b>Registered office</b> | 200 Grays Inn Road<br>London<br>WC1X 8XZ                                                            |
| <b>Statutory Auditor</b> | Deloitte LLP<br>London<br>EC4A 3BZ                                                                  |
| <b>Business address</b>  | 200 Grays Inn Road<br>London<br>WC1X 8XZ                                                            |

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **CONTENTS**

---

|                                                | <b>Page</b> |
|------------------------------------------------|-------------|
| Strategic report                               | 1 - 7       |
| Directors' report                              | 8 - 12      |
| Directors' responsibilities statement          | 13          |
| Independent auditor's report                   | 14 - 17     |
| Consolidated Income statement                  | 18          |
| Consolidated statement of comprehensive income | 19          |
| Consolidated statement of financial position   | 20          |
| Company statement of financial position        | 21          |
| Consolidated statement of changes in equity    | 22          |
| Company statement of changes in equity         | 23          |
| Consolidated statement of cash flows           | 24          |
| Notes to the financial statements              | 25 – 46     |

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# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present the strategic report for the year ended 31 December 2020.

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 2020, 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**

During 2020, ITN proved its resilience in the face of the Covid-19 Coronavirus (Covid-19) pandemic, continuing to deliver a range of output to its client base and audiences at home, with news broadcasts reaching recent highs in terms of viewing numbers and the Television Production division delivering record business volumes for the year.

In line with many companies, the Group also experienced a level of financial impact as a result of Covid-19, in terms of both revenue pressures and increased costs. Nevertheless, the Group fared well due to the majority of its revenues already being contracted, and its ability to maintain production even in the most challenging of circumstances. Indeed, revenues even grew year-on-year in some business areas as clients recognised the Group's resilience and ability to deliver.

The impact of the Covid-19 pandemic meant that the Group's revenues decreased by 11% to £121.0m in the year (2019: £135.9m). News revenues remained flat at £91.5m (2019: £91.6m) whilst revenues from ITN Productions reduced by 34% to £29.5m (2019: £44.4m) due to the pandemic trading conditions. ITN Productions was particularly impacted by the cancellation of major sporting events and corporate conferences as well as reduced marketing expenditure by advertisers on TV advertising.

Group operating profit decreased in the year by 39% to £3.8m (2019: £6.2m) as a result of Covid-19 impacts, as well as the enhanced revenues experienced in 2019 as a result of the World Athletics Championships event which was held in that year (the next championships are in 2022). Notwithstanding this year-on-year profit decline, it is noteworthy that more than 75% of the Group's profit held up in a year which could be viewed as the most unprecedented negative economic event in recent history. This result underlines ITN's resilience and agility in adversity and ability to ride out very difficult trading and operating conditions.

For similar reasons, profit before tax decreased 54% to £1.1m (2019: £2.4m) in 2020 reflecting these unprecedented economic challenges as well as additional Covid-19 related property provisions in respect of an onerous lease. This was alongside a moderate decrease of interest on the pension liability.

### **News**

ITV News continued to showcase outstanding journalism and saw the confirmation of the interim Editor as a permanent appointment.

Major reports included a survey into care homes during the pandemic, an investigation into alleged abuse within British gymnastics, and an expose of allegations surrounding the former deputy head teacher from the now-closed dance school, Ballet West.

A number of ITV News reports were featured in the Press Gazette's Journalism Matters: Excellence in Reporting Coronavirus survey, including Daniel Hewitt's work on hospices and people with learning disabilities, Rohit Kachroo's close up on Birmingham, and Emily Morgan's reports from inside a hospital intensive care unit.

In 2020, ITV News had two wins at the Royal Television Society Awards. One was for Security Editor, Rohit Kachroo, who took home the award for 'specialist reporter of the year' and the politics team was honoured amongst the other national political teams in recognition of their hard work last year. This was in addition to our seven nominations, including Presenter of the Year for Tom Bradby, Interview of the Year for Harry and Meghan, Programme of the Year for News at Ten and a nod in the regional category

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

for ITV London News. ITV News was also shortlisted for two Baftas: for the general election programme and the post-election News at Ten.

In other awards Paul Brand and Dominique Heckels won for their coverage of care homes during the pandemic and Ria Chatterjee won best regional reporter at the Asian Media Awards. On Assignment: The Ghazipur Landfill was shortlisted in the One World Media Awards: Environmental Impact Category. The ITV News digital team also took home two awards at The Drum's online digital media awards: Stephen Hull for Editor of the Year and The Rundown for Best Launch/Relaunch of the Year – this is the second year in a row that ITV News has taken this win, winning last year for Young, British and Muslim.

Early November 2020 was dominated by the US Elections, with ITV News featuring a live overnight results programme fronted by Tom Bradby in Washington DC. As attentions turned to the handover of power, Washington Correspondent Robert Moore's eyewitness reporting from the storming of the Capitol building prompted huge international interest and praise.

Channel 4 News also rose to the challenge of increased demand as the world was gripped by the pandemic, providing critical news services with fast-turnaround and longer programming – resulting in record numbers of people tuning in and watching online.

As the biggest news programme on social media in the UK, Channel 4 News used its specialist journalism to chart the devastating toll of the pandemic - delivering world class original journalism, hard-hitting investigations, and compelling exclusive news stories - in which Covid-19 dominated all aspects of news coverage.

Authoritative reports from across the UK exposed Scotland's care home failings, the scandal of the PPE stockpile, to revealing the emerging disproportionality of the impact on ethnic minorities – 2020 was an outstanding year for Channel 4 News journalism – all produced in the most challenging of circumstances.

International coverage included a series of shocking special reports from inside Syria, to the tear-gassed streets of Hong Kong, with live broadcasts from across the United States, where the Black Lives Matter protest movement and presidential election revealed the divisive politics of race and retribution.

Channel 4 News increased its online reach with 1.5 billion minutes viewed on YouTube in 2020 (+28% YoY) - with half of this audience under 35. With over 750 million views and 1 million new followers added across social media, the programme put reaching young audiences at the heart of its digital strategy, using social networks to deliver news content to audiences.

Channel 4 News won numerous awards in 2020, including International Emmy Awards for the feature documentary For Sama (which also won a Peabody) and coverage of the Hong Kong riots, and a BAFTA Cymru award for reporting on flooding in South Wales.

5 News continued to produce bold stories that distinguished it from other terrestrial news outlets. The team had to respond quickly to the pandemic, with a temporary home studio set up for presenter Sian Williams and Covid-safe working practices rapidly put in place across the newsroom. Health correspondent Catherine Jones led the programme's coverage of the crisis, reporting on the unfolding emergency in the NHS and the fallout engulfing the country.

The Everyday Racism special, broadcast in the wake of the killing of George Floyd in the United States, was hosted by Claudia-Liza Armah and looked at the lived experience of Black, Asian and minority ethnic people in Britain today, and published the results of an exclusive survey commissioned for the programme which showed how racism is felt in every area of life in the UK.

'How did we get here?' a new podcast fronted by political editor Andy Bell explained the world's biggest news through interviews with politicians, experts and analysts, while correspondent Peter Lane

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

anchored live from Leeds once a week as part of a longer-term plan to broadcast the programme from different locations across the country.

### **ITN Productions**

Television Production achieved another record-breaking year, with 741 hours of content commissioned or transmitted and revenues increasing by around 10%, even despite some programmes in the pipeline being delayed to 2021. This result included output from our new regional base in Leeds.

With the country facing pandemic related restrictions for most of the year, the demand for content from broadcasters remained unabated with multi genre commissions from the UK and overseas and including work for global streaming providers. Factual programming, particularly true crime, proved popular with commissions from Discovery ID, Oxygen and Channel 5, which included *Manhunt*; a series focused on four prolific crimes that took place in the UK. Other notable commissions included *Morecambe and Wise: The Lost Tape* commissioned by ITV, *Chatsworth House* for Channel 4 and *Fast Justice* for UKTV. The demand for Royal related content continued with more than 20 commissions in the year. *FYI Daily* continued its success resulting in a further commission from ITV for *FYI Extra* in 2021.

Advertising Production delivered reduced revenues for the year as a result of the reduced marketing budgets of clients in the pandemic environment, and reduced opportunities for new business. This trend was felt across the industry. Nevertheless, the likes of Camelot remained a valued and contracted client for the year, and various new business opportunities did arise including projects for clients such as Lloyds Banking Group.

The Sports production business was impacted by some World Athletics sporting events scheduled to take place in 2020 being cancelled or postponed to future years, such as the Nanjing World Indoor Championships and the World Under 20s Championships. However, some sporting events were still held including cricket and rugby events and the World Half Marathon. Whilst 2020 was impacted by numerous postponements, this has resulted in a strong pipeline of events for forthcoming years.

Industry News, Education, News Production Services and Archive Services witnessed a mix of trends for the year. Despite some difficulties due to association event postponements, Industry News capitalised on the changing environment by offering new services such as providing live conference events. Virtual events were hosted and managed on behalf of numerous organisations at ITN's head office. This proved highly successful with notable clients including the Confederation of British Industry and Ofcom, and with new and repeat clients confirmed for future events in 2021.

Education continued to deliver high quality content for the likes of Pearson and National Geographic, with this partnership expanding during the year. Oxford University Press also affirmed its relationship with Education, making ITN a preferred supplier with several projects delivered in 2020 and further projects scheduled for 2021.

News Production Services and Archive Services remain strong with several long standing contracts renewed or in place. You Tube revenues were strong partly attributable to increased interest in ITN's Royal Family YouTube channel.

### **Cash management**

At 31 December 2020, the Group had £21.8m of cash, representing an increase of £14.5m on the prior year's balance (2019: £7.3m) due to a number of factors including deferred VAT payments linked to the government's Covid-19 VAT scheme, Newsroom underspends deferred to 2021, advance payments from clients, an agreed pension deficit contribution holiday for part of the year and most significantly a concentrated effort on effective working capital management.

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Future prospects**

As outlined above, like many businesses, Covid-19 had a financial impact on the Group during 2020, albeit the Group was partially shielded from its impacts due to the high proportion of contracted income and its ability to continue to deliver during the pandemic. These factors meant that the Group fared better than many in the sector.

Moving into 2021, the UK continues to be impacted by the pandemic with some restrictions still in place at the time of signing these accounts. It is anticipated that these restrictions will lift over the coming months, with markets already showing signs of recovery and many clients starting to trade at near normal levels to the benefit of the Group. The Group is budgeting to return an improved result for 2021 versus 2020 but not a full return to 2019 levels due to the ongoing pandemic conditions affecting areas such as Sport and Advertising revenues. A fuller rebound is expected from 2022 onwards.

### **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.

#### **Operating Environment Risks**

##### **Covid-19 Pandemic**

Moving into 2021, Covid-19 has continued to have an impact on the operations and finances of many sectors (if not the majority), including those which ITN operates in. Nevertheless, we have already seen some of these challenges gradually easing in the early months of 2021 and it is anticipated that this trend will continue during the course of 2021 with infection rates declining and restrictions lifting due to measures such as the Covid-19 vaccination programme. As experienced in 2020, these challenges can include limitations on travel (with a corresponding on-screen impact, but with a reduction in travel costs), increased costs of production, staff sickness, event cancellation, impact on advertising revenue and quarantines and new investment requirements.

As outlined above, due its resilience, the Group coped well during 2020 despite the challenges of Covid-19, delivering the majority of its budgeted profit. This provides a level of reassurance that the Group can fare well during 2021 and indeed exhibit a level of growth in a year in which trading is expected to be less difficult than 2020.

As ever, during 2021 the Group will continue to maintain its stringent Covid-19 operating model and risk assessment regime to minimise any impact to the Group of the virus. Moreover, where viable, the Group will seek out new business opportunities which have been enabled by the pandemic such as the new live conferencing work which was secured during 2020.

##### **Brexit**

The Group continues to monitor and review the impact of Brexit across its businesses, albeit the expected impact is viewed as limited and manageable. The biggest cost and complexity to ITN in relation to Brexit is anticipated to be linked to people and equipment movements as well as equipment purchases. This includes visa costs when individuals are sent on foreign assignments and projects.

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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There are also considerations around the operational and financial risk of any potential EU talent shortage as a result of Brexit, but this risk is deemed to be low.

### **Financial Risks**

#### **ITN Pension Scheme funding risk**

The ITN Pension Scheme has a significant funding deficit as detailed in Note 19 of the Accounts. Correspondingly, there is ultimately a risk of financial insolvency if the deficit cannot be managed over the long term. The Company therefore 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, noting that contributions made in 2020 were reduced due to an agreed pension deficit scheme contribution holiday linked to the pandemic. The next Triennial Actuarial Valuation is due to be completed in summer 2021 which will include a revised schedule of contributions with the aim to protect the Company's ability to fund the deficit in the long term. 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 £22.3m to £164.6m at the reporting date (2019: £142.3m), which resulted from changes to actuarial assumptions, predominantly due to a fall in bond yields. This movement offset the positive performance of the Scheme's assets over the course of the year.

#### **Reliance on key contracts**

In the interests of assisting business certainty and mitigating risk, where possible, the Group endeavours to enter into long-term contracts with its key customers. In this regard, the Group generates a substantial portion of its revenue from a number of high value contracts, most notably with 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 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

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

regularly reviewed. In addition, the Group regularly reviews the security of its systems and has security protocols and procedures in place.

### **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.

During the course of 2021, a new CEO will join the Group with a handover process already underway at the time of filing this report.

### **Control risks**

#### **Financial controls**

The Group 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 with the Chief Financial and Operations Officer holding responsibility for leadership and the 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, the Board and through the Operations and Risk Group (comprising relevant senior management representatives).

### **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

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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required. Regular cashflow reviews and re-forecasts are performed to ensure that the Company is in a position to meet these contributions.

### **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.

### **Business relationships**

Relationships with key customers and suppliers are integral to the ongoing success of the Group. 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 Group is committed to being socially and environmentally responsible. A number of measures have already been put in place to reduce the Group's carbon footprint and a sustainability forum was established in 2019 which continues to monitor ways to reduce the environmental impact of the business. ITN is a founder member of the Albert News initiative (Albert is the body encouraging environmental sustainability for the TV and film industry), with ITV News attaining Albert accreditation in early 2021 and with more areas of the Group to follow. The Group has also launched a set of ambitious sustainability targets for 2021 including a pathway to being carbon neutral in the medium term and net zero in the longer term. ITN's Streamlined Energy & Carbon Reporting data for 2020 can be found on page 9.

### **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  
31<sup>st</sup> March 2021

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their Annual Report and audited financial statements for the year ended 31 December 2020.

#### **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 corporate programming, educational, live events and Industry News production services;
- Licensing on-the-day news, archive footage and short form content.

#### **Directors**

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

K L A Mullins  
A C Mallett  
D M Conway  
G W Linnebank  
C R Cox  
A O Mullins  
M H Brooke

#### **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 2020

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### 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 2020 there was a plan for the three years ended 31 December 2022, with the payment due to be made in 2023. A similar three year scheme is planned to be launched in 2021.

### Results and dividends

The results for the year are set out on page 18.

No interim dividends were paid (2019: £nil). The Directors do not recommend payment of a final dividend (2019: £nil).

### Streamlined Energy & Carbon Reporting

As of 2020, UK law requires the Group to report certain greenhouse gas emissions from UK operations under the SECR (see table below). This table has been compiled based on detailed emissions data (see section 172(1) statement).

|                                                                                                                                                          | 2020         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Emissions from combustion of gas (Scope 1 - tonnes of CO2e)                                                                                              | 2            |
| Emissions from combustion of fuel for transport purposes (Scope 1 - tonnes of CO2e)                                                                      | 1,728        |
| Emissions from electricity purchased for own use (Scope 2 - tonnes of CO2e)                                                                              | 2,638        |
| Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO2e) | 214          |
| <b>Total gross CO2e based on above</b>                                                                                                                   | <b>4,582</b> |
| <i>Tonnes of CO2e per £m revenue</i>                                                                                                                     | <i>37.9</i>  |

### 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

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# **INDEPENDENT TELEVISION NEWS LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

### **Going concern**

The Group made a profit after tax of £2,027,000 in the year to 31 December 2020. It had net current assets of £11,673,000 and, after accounting for the Pension Scheme deficit, net liabilities of £119,092,000. The Group's activities are funded out of operating cash flows. At 31 December 2020, the Group had a cash balance of £21.8m.

The ITN Pension Scheme had a deficit under Financial Reporting Standard 102 of £164,579,000 (Note 19) at 31 December 2020 with £3.1m of pension contributions made during the year. 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. During 2021, the subsequent triennial valuation will be completed and a new contribution schedule will be agreed with the Trustees. Similar to past exercises, it is expected that the schedule agreed with the Trustees will ensure appropriate contributions to the Scheme in order to reduce the deficit, whilst ensuring that the contributions are affordable thereby allowing the Company/Group to continue to grow the business.

As outlined in the sections below, similar to the majority of businesses and sectors, the Covid-19 pandemic has had a level of detrimental financial impact on the Group's performance during 2020. However, the nature of the pandemic has also opened up new opportunities such as the launch of our live conferencing business. Our proven resilience in adversity has also seen business volumes and profit grow in areas such as our Television Production arm.

This resilience and the fact that the majority of the Group's revenue is linked to long term contracts has meant that the Group delivered over two thirds of its budgeted profit for the year. This is in a year which could be viewed as having unprecedented levels of downside risk and where the Group's financial standing has truly been 'stress-tested'. This financial strength provides reasonable confidence to the Directors that the Group remains able to continue as a going concern at the date of signing these Financial Statements, and current forecasts show the Group is able to fund its pension deficit contributions.

Whilst the virus continues to give rise to a level of business uncertainty into 2021, this uncertainty is reducing gradually and this trend is expected to continue as measures such as Covid-19 vaccinations reduce the level of societal sickness. In the early months of 2021, the Group has witnessed markets starting to recover to pre-pandemic levels of trading with a positive impact being felt in a number of business units.

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

Economic indicators suggest that the business environment will continue to improve during 2021, with a corresponding impact on the Group's financial performance, meaning that the Group is expected to outperform against 2020, with further growth anticipated in 2022. The Group will also continue to benefit from structural factors such as a high proportion of contracted revenue, meaning that it is better placed than many other organisations in the unlikely event that we have a repeat of the 2020 business environment.

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 711 employees at 31 December 2020, 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.

### **Business relationships**

Relationships with key customers and suppliers are integral to the ongoing success of the Group. 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**

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

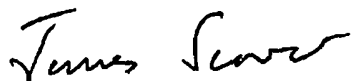
### **Auditor**

The approach to appointing an auditor for 2021 will be discussed 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.

Approved for issue by the Board of Directors



**J H Scorer**  
Secretary

31<sup>st</sup> March 2021

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **DIRECTORS' RESPONSIBILITY STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 Generally Accepted Accounting Practice ((United Kingdom Accounting Standards and applicable law), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland". 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**

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### **Report on the audit of the financial statements**

#### **Opinion**

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's 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 28.

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 group and the parent 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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# **INDEPENDENT TELEVISION NEWS LIMITED**

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

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

### **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 group's and the parent 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 group or the parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**  
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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# **INDEPENDENT TELEVISION NEWS LIMITED**

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

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We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Ofcom legislation.

We discussed among the audit engagement team including relevant internal specialists, the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations was related to the estimation involvement in assessing the cut-off of production revenue at year-end. The procedures performed to address this risk of fraud included:

- Understanding the relevant controls around the recognition of production revenue;
- Performing substantive tests of details to support existence of productions and that revenue was recognised in the appropriate accounting period; and
- Performing substantive tests of details to evaluate the cut-off, completeness and accuracy of associated production costs.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **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

## **INDEPENDENT TELEVISION NEWS LIMITED**

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

- 
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

31 March 2021

# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                      | Notes | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------------------------------|-------|---------------|---------------|
| Revenue                                              | 3     | 120,980       | 135,946       |
| Cost of sales                                        |       | (95,539)      | (110,188)     |
| <b>Gross profit</b>                                  |       | <b>25,441</b> | <b>25,758</b> |
| Administrative expenses                              |       | (21,634)      | (19,585)      |
| <b>Operating Profit</b>                              | 4     | <b>3,807</b>  | <b>6,173</b>  |
| Income from other fixed asset investments            | 8     | 449           | 462           |
| Other income                                         | 8     | 669           | 48            |
| Other finance costs                                  | 9     | (3,875)       | (4,493)       |
| Share of profits of joint venture                    | 12    | 93            | 211           |
| <b>Profit on ordinary activities before taxation</b> |       | <b>1,143</b>  | <b>2,401</b>  |
| Taxation                                             | 10    | 884           | (647)         |
| <b>Profit for the financial year</b>                 |       | <b>2,027</b>  | <b>1,754</b>  |

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 2020**

|                                                   | Notes | 2020<br>£'000   | 2019<br>£'000   |
|---------------------------------------------------|-------|-----------------|-----------------|
| Profit for the year                               |       | 2,027           | 1,754           |
| Actuarial loss on defined benefit pension schemes |       | (21,505)        | (19,248)        |
| Tax relating to other comprehensive income        | 10    | 5,836           | 3,271           |
| Other comprehensive loss for the year             |       | (15,669)        | (15,977)        |
| <b>Total comprehensive loss for the year</b>      |       | <b>(13,642)</b> | <b>(14,223)</b> |

# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

|                                              | Notes | 2020<br>£'000    | 2019<br>£'000    |
|----------------------------------------------|-------|------------------|------------------|
| <b>Fixed Assets</b>                          |       |                  |                  |
| Property, plant and equipment                | 11    | 6,022            | 7,211            |
| Investments                                  | 12    | 649              | 556              |
| Deferred Tax                                 | 15    | 30,833           | 24,056           |
| <b>Total fixed assets</b>                    |       | <b>37,504</b>    | <b>31,823</b>    |
| <b>Current assets</b>                        |       |                  |                  |
| Inventories and work in progress             | 14    | 1,531            | 624              |
| Trade and other receivables                  | 15    | 21,832           | 26,797           |
| Cash and cash equivalents                    |       | 21,774           | 7,347            |
| <b>Total current assets</b>                  |       | <b>45,137</b>    | <b>34,768</b>    |
| <b>Current liabilities</b>                   | 16    | <b>(33,464)</b>  | <b>(27,591)</b>  |
| <b>Net current assets</b>                    |       | <b>11,673</b>    | <b>7,177</b>     |
| <b>Total assets less current liabilities</b> |       | <b>49,177</b>    | <b>39,000</b>    |
| <b>Provisions for liabilities</b>            | 17    | <b>(3,690)</b>   | <b>(2,142)</b>   |
| <b>Defined benefit pension liability</b>     | 19    | <b>(164,579)</b> | <b>(142,308)</b> |
| <b>Net liabilities</b>                       |       | <b>(119,092)</b> | <b>(105,450)</b> |
| <b>Equity</b>                                |       |                  |                  |
| Called-up share capital                      | 20    | 400              | 400              |
| Profit and loss account                      |       | (119,492)        | (105,850)        |
| <b>Total equity</b>                          |       | <b>(119,092)</b> | <b>(105,450)</b> |

The financial statements were approved by the Board of Directors and authorised for issue on 31<sup>st</sup> March 2021 and are signed on its behalf by:



**D M Conway**  
Director

31<sup>st</sup> March 2021

Company Registration No. 00548648

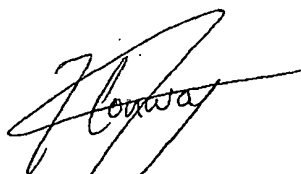
# INDEPENDENT TELEVISION NEWS LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

|                                              | Notes | 2020<br>£'000    | 2019<br>£'000    |
|----------------------------------------------|-------|------------------|------------------|
| <b>Fixed Assets</b>                          |       |                  |                  |
| Property, plant and equipment                | 11    | 6,022            | 7,211            |
| Investments                                  | 12    | -                | -                |
| Deferred Tax                                 | 15    | 30,833           | 24,056           |
| <b>Total fixed assets</b>                    |       | <b>36,855</b>    | <b>31,267</b>    |
| <b>Current assets</b>                        |       |                  |                  |
| Inventories and work in progress             | 14    | 1,531            | 624              |
| Trade and other receivables                  | 15    | 22,050           | 26,997           |
| Cash and cash equivalents                    |       | 21,623           | 7,215            |
| <b>Total current assets</b>                  |       | <b>45,204</b>    | <b>34,836</b>    |
| Current liabilities                          | 16    | (33,464)         | (27,591)         |
| <b>Net current assets</b>                    |       | <b>11,740</b>    | <b>7,245</b>     |
| <b>Total assets less current liabilities</b> |       | <b>48,595</b>    | <b>38,512</b>    |
| Provisions for liabilities                   | 17    | (3,690)          | (2,142)          |
| Defined benefit pension liability            | 19    | (164,579)        | (142,308)        |
| <b>Net liabilities</b>                       |       | <b>(119,674)</b> | <b>(105,938)</b> |
| <b>Equity</b>                                |       |                  |                  |
| Called-up share capital                      | 20    | 400              | 400              |
| <b>Profit and loss account</b>               |       | <b>(120,074)</b> | <b>(106,338)</b> |
| <b>Total equity</b>                          |       | <b>(119,674)</b> | <b>(105,938)</b> |

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 £1,933,000 (2019: £1,543,000).

The financial statements were approved by the Board of Directors and authorised for issue on 31<sup>st</sup> March 2021 and are signed on its behalf by:



**D M Conway**  
Director

31<sup>st</sup> March 2021

Company Registration No. 00548648

# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

|                                              | Notes | Called-up share capital<br>£'000 | Profit and loss account<br>£'000 | Total<br>£'000 |
|----------------------------------------------|-------|----------------------------------|----------------------------------|----------------|
| <b>Balance at 1 January 2019</b>             |       | 400                              | (91,627)                         | (91,227)       |
| <b>Year ended 31 December 2019:</b>          |       |                                  |                                  |                |
| 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 income   | 10    | -                                | 3,271                            | 3,271          |
| <b>Total comprehensive loss for the year</b> |       | -                                | (14,223)                         | (14,223)       |
| <b>Balance at 31 December 2019</b>           |       | 400                              | (105,850)                        | (105,450)      |
| <b>Year ended 31 December 2020:</b>          |       |                                  |                                  |                |
| Profit for the year                          |       | -                                | 2,027                            | 2,027          |
| Other comprehensive income:                  |       |                                  |                                  |                |
| Actuarial losses on defined benefit plans    | 19    | -                                | (21,505)                         | (21,505)       |
| Tax relating to other comprehensive income   | 10    | -                                | 5,836                            | 5,836          |
| <b>Total comprehensive loss for the year</b> |       | -                                | (13,642)                         | (13,642)       |
| <b>Balance at 31 December 2020</b>           |       | 400                              | (119,492)                        | (119,092)      |

# INDEPENDENT TELEVISION NEWS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

|                                              | Notes | Called-up share capital<br>£'000 | Profit and loss account<br>£'000 | Total<br>£'000   |
|----------------------------------------------|-------|----------------------------------|----------------------------------|------------------|
| <b>Balance at 1 January 2019</b>             |       | <b>400</b>                       | <b>(91,904)</b>                  | <b>(91,504)</b>  |
| <b>Year ended 31 December 2019:</b>          |       |                                  |                                  |                  |
| 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 income   | 10    | -                                | 3,271                            | 3,271            |
| <b>Total comprehensive loss for the year</b> |       | <b>-</b>                         | <b>(14,434)</b>                  | <b>(14,434)</b>  |
| <b>Balance at 31 December 2019</b>           |       | <b>400</b>                       | <b>(106,338)</b>                 | <b>(105,938)</b> |
| <b>Year ended 31 December 2020:</b>          |       |                                  |                                  |                  |
| Profit for the year                          |       | -                                | 1,933                            | 1,933            |
| Other comprehensive income:                  |       |                                  |                                  |                  |
| Actuarial losses on defined benefit plans    | 19    | -                                | (21,505)                         | (21,505)         |
| Tax relating to other comprehensive income   | 10    | -                                | 5,836                            | 5,836            |
| <b>Total comprehensive loss for the year</b> |       | <b>-</b>                         | <b>(13,736)</b>                  | <b>(13,736)</b>  |
| <b>Balance at 31 December 2020</b>           |       | <b>400</b>                       | <b>(120,074)</b>                 | <b>(119,674)</b> |

# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                                     | Notes | 2020<br>£'000  | 2019<br>£'000  |
|---------------------------------------------------------------------|-------|----------------|----------------|
| <b>Cash flows from operation activities</b>                         |       |                |                |
| Cash generated from operations before pension scheme cash movements | 27    | 18,659         | 6,835          |
| Pension scheme contributions                                        |       | (3,062)        | (7,050)        |
| Cash generated from operations                                      |       | 15,597         | (215)          |
| Income taxes recovered                                              |       |                | 119            |
| Income taxes paid                                                   |       | (17)           | (13)           |
| <b>Net cash inflow/(outflow) from operating activities</b>          |       | <b>15,580</b>  | <b>(109)</b>   |
| <b>Investing activities</b>                                         |       |                |                |
| Purchase of property, plant and equipment                           |       | (1,610)        | (2,080)        |
| Proceeds on disposal of property, plant and equipment               |       | -              | 107            |
| Interest received                                                   |       | 8              | 48             |
| Other investment income received                                    |       | 449            | 462            |
| <b>Net cash used in investing activities</b>                        |       | <b>(1,153)</b> | <b>(1,463)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |       | <b>14,427</b>  | <b>(1,572)</b> |
| Cash and cash equivalents at beginning of year                      |       | 7,347          | 8,919          |
| <b>Cash and cash equivalents at end of year</b>                     |       | <b>21,774</b>  | <b>7,347</b>   |

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **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 disclosure of the Company income statement, 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 global pandemic in these sections.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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As outlined above, similar to the majority of businesses and sectors, the Covid-19 pandemic has had a level of detrimental financial impact on the Group's performance during 2020. Nevertheless, the fact that over half of the Group's revenues are contracted and that the Group was able to continue to deliver content to customers even in midst of the pandemic has meant that the Group still delivered around two thirds of its budgeted profit for the year.

This result is in a year which could be viewed as having unprecedented levels of downside risk and where the Group's financial standing has truly been 'stress-tested'. This financial strength provides reasonable confidence to the Directors that the Group remains able to continue as a going concern at the date of signing these Financial Statements.

Economic indicators suggest that the business environment will continue to improve during 2021, with a corresponding impact on the Group's financial performance, meaning that the Group is expected to outperform against 2020, with further growth anticipated in 2022.

For this reason, and as outlined in the sections above, 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.

### 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.

# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

|                                                                     | Notes | 2020<br>£'000  | 2019<br>£'000  |
|---------------------------------------------------------------------|-------|----------------|----------------|
| <b>Cash flows from operating activities</b>                         |       |                |                |
| Cash generated from operations before pension scheme cash movements | 27    | 18,659         | 6,835          |
| Pension scheme contributions                                        |       | (3,062)        | (7,050)        |
| Cash generated from operations                                      |       | 15,597         | (215)          |
| Income taxes recovered                                              |       |                | 119            |
| Income taxes paid                                                   |       | (17)           | (13)           |
| <b>Net cash inflow/(outflow) from operating activities</b>          |       | <b>15,580</b>  | <b>(109)</b>   |
| <b>Investing activities</b>                                         |       |                |                |
| Purchase of property, plant and equipment                           |       | (1,610)        | (2,080)        |
| Proceeds on disposal of property, plant and equipment               |       | -              | 107            |
| Interest received                                                   |       | 8              | 48             |
| Other investment income received                                    |       | 449            | 462            |
| <b>Net cash used in investing activities</b>                        |       | <b>(1,153)</b> | <b>(1,463)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |       | <b>14,427</b>  | <b>(1,572)</b> |
| Cash and cash equivalents at beginning of year                      |       | 7,347          | 8,919          |
| <b>Cash and cash equivalents at end of year</b>                     |       | <b>21,774</b>  | <b>7,347</b>   |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### ***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.

### **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,

# **INDEPENDENT TELEVISION NEWS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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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.

### **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.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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.

### 1.17 Government Grants

Furlough income received from the Coronavirus Job Retention Scheme is recognised in the income statement as other income under the performance model over the period of furlough.

## 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 £164.6 million (2019: £142.3 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 £32.4 million (2019: £25.4 million) as set out in Note 18.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Revenue

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

|                      | 2020<br>£'000  | 2019<br>£'000  |
|----------------------|----------------|----------------|
| News                 | 91,464         | 91,589         |
| Productions          | 29,516         | 44,357         |
| <b>Total revenue</b> | <b>120,980</b> | <b>135,946</b> |

Revenue analysed by geographical market:

|                      | 2020<br>£'000  | 2019<br>£'000  |
|----------------------|----------------|----------------|
| United Kingdom       | 115,259        | 128,883        |
| Rest of the World    | 5,721          | 7,063          |
| <b>Total revenue</b> | <b>120,980</b> | <b>135,946</b> |

### 4 Operating profit

|                                                                     | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------------------------------------|---------------|---------------|
| Operating profit for the year is stated after charging/(crediting): |               |               |
| Exchange (gains) / losses                                           | 82            | 136           |
| Depreciation of owned property, plant and equipment                 | 2,799         | 3,036         |
| Loss / (profit) on disposal of property, plant and equipment        | -             | 39            |
| Operating lease charges                                             | 5,171         | 5,188         |
| Salary security insurance receipts                                  | (371)         | (320)         |

### 5 Auditor's remuneration

|                                                            | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------------------------------------|---------------|---------------|
| Fees payable to the Company's auditor and its associates:  |               |               |
| <b>For audit services</b>                                  |               |               |
| Audit of the financial statements of the Group and Company | 95            | 90            |
| <b>For other services</b>                                  |               |               |
| Taxation compliance services                               | -             | 35            |
| Other taxation services                                    | 34            | 10            |
|                                                            | <b>34</b>     | <b>45</b>     |

For the year ended 31 December 2020, the Company has taken the exemption under section 479C of the Companies Act 2006 relating to the audit of its subsidiary accounts.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Employees

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

|                                      | 2020<br>Number | 2019<br>Number |
|--------------------------------------|----------------|----------------|
| Editorial and Technical              | 550            | 552            |
| Sales, Administration and Management | 169            | 168            |
| <b>Total employees</b>               | <b>719</b>     | <b>720</b>     |

Their aggregate remuneration comprised:

|                          | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------|---------------|---------------|
| Wages and salaries       | 45,602        | 46,130        |
| Social security costs    | 5,062         | 5,035         |
| Pension costs            | 3,396         | 3,362         |
| <b>Total staff costs</b> | <b>54,060</b> | <b>54,527</b> |

### 7 Directors' remuneration

|                                                               | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------------------------------|---------------|---------------|
| Remuneration for qualifying services                          | 736           | 973           |
| Amounts receivable under long term incentive schemes          | -             | 33            |
| Company pension contributions to defined contribution schemes | 49            | 24            |
| <b>Total directors' remuneration</b>                          | <b>785</b>    | <b>1,030</b>  |

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 (2019: 2).

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

|                                                               | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------------------------------|---------------|---------------|
| Remuneration for qualifying services                          | 363           | 545           |
| Amounts receivable under long term incentive schemes          | -             | 33            |
| Company pension contributions to defined contribution schemes | 28            | -             |
| <b>Total remuneration of highest paid director</b>            | <b>391</b>    | <b>578</b>    |

The Remuneration Committee, which includes representatives of all the shareholders, put in place a three-year Long-Term Incentive Plan beginning for the year 2020. The plan is based on aggregate operating profit reaching certain thresholds over the three-year period, with the payment being made in 2023. The costs of this plan are recognised in current liabilities.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Other income

|                                             | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------------|---------------|---------------|
| Income from other fixed asset investments   | 449           | 462           |
| Other investment income                     | 8             | 48            |
| Furlough income                             | 370           | -             |
| Research and Development expenditure credit | 291           | -             |
| <b>Total investment income</b>              | <b>1,118</b>  | <b>510</b>    |

### 9 Finance costs

|                                                       | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------------------------|---------------|---------------|
| <b>Other finance costs:</b>                           |               |               |
| Interest on the net defined benefit pension liability | 3,827         | 4,438         |
| Unwinding of discount on provisions                   | 48            | 55            |
| <b>Total finance costs</b>                            | <b>3,875</b>  | <b>4,493</b>  |

### 10 Taxation

|                                                             | 2020<br>£'000  | 2019<br>£'000 |
|-------------------------------------------------------------|----------------|---------------|
| <b>Current tax</b>                                          |                |               |
| UK corporation tax on profits for the current year          | 669            | 1,178         |
| UK corporation tax adjustments in respect of prior years    | (2)            | 7             |
| <b>Total UK current tax</b>                                 | <b>667</b>     | <b>1,185</b>  |
| Foreign current tax on profits for the current year         | 17             | 13            |
| <b>Total current tax</b>                                    | <b>684</b>     | <b>1,198</b>  |
| <b>Deferred tax</b>                                         |                |               |
| Origination and reversal of timing differences              | 120            | (25)          |
| Effect of change in rate on deferred tax balance            | (1,182)        | 85            |
| Adjustment in respect of prior periods                      | 41             | 71            |
| Adjustment in respect of pension-related timing differences | (547)          | (682)         |
| <b>Total deferred tax</b>                                   | <b>(1,568)</b> | <b>(551)</b>  |
| <b>Total tax charge</b>                                     | <b>(884)</b>   | <b>647</b>    |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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

|                                                                                 | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------------------------------------------------|---------------|---------------|
| Profit on ordinary activities before taxation                                   | 1,143         | 2,401         |
| Expected UK Corporation tax charge using a rate of 19.00%<br>(2019: 19.00%)     | 217           | 456           |
| Tax effect of expenses that are not deductible in determining<br>taxable profit | 303           | 305           |
| Tax effect of income not taxable in determining taxable profit                  | (219)         | (288)         |
| Adjustments in respect of prior years                                           | (18)          | 79            |
| Foreign tax                                                                     | 15            | 11            |
| Effect of change in rate on deferred tax balance                                | (1,182)       | 84            |
| <b>Tax expense for the year</b>                                                 | <b>(884)</b>  | <b>647</b>    |

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

|                                                                   | 2020<br>£'000  | 2019<br>£'000  |
|-------------------------------------------------------------------|----------------|----------------|
| <b>Current tax arising on:</b>                                    |                |                |
| Actuarial differences recognised as other comprehensive<br>income | (402)          | (1,178)        |
| <b>Deferred tax arising on:</b>                                   |                |                |
| Effect of change in rate on deferred tax balance                  | (1,750)        | 386            |
| Actuarial differences recognised as other comprehensive<br>income | (3,684)        | (2,479)        |
| <b>Total tax relating to other comprehensive income</b>           | <b>(5,836)</b> | <b>(3,271)</b> |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Property, plant and equipment

Group and Company:

|                               | Fixed Plant<br>and<br>Equipment | Office and<br>Technical<br>Equipment | Motor<br>Vehicles | Assets<br>Under<br>Construction | Total         |
|-------------------------------|---------------------------------|--------------------------------------|-------------------|---------------------------------|---------------|
| <b>Cost</b>                   |                                 |                                      |                   |                                 |               |
| As at 1st January 2020        | 11,857                          | 18,300                               | 353               | 759                             | 31,269        |
| Additions                     | 227                             | 812                                  | -                 | 571                             | 1,610         |
| Completed Assets              | 300                             | 313                                  | -                 | (613)                           | -             |
| Disposals                     | -                               | (202)                                | -                 | -                               | (202)         |
| <b>At 31st December 2020</b>  | <b>12,384</b>                   | <b>19,223</b>                        | <b>353</b>        | <b>717</b>                      | <b>32,677</b> |
| <b>Depreciation</b>           |                                 |                                      |                   |                                 |               |
| As at 1st January 2020        | 8,260                           | 15,578                               | 220               | -                               | 24,058        |
| Depreciation provided in year | 1,015                           | 1,728                                | 56                | -                               | 2,799         |
| Disposals                     | -                               | (202)                                | -                 | -                               | (202)         |
| <b>At 31st December 2020</b>  | <b>9,275</b>                    | <b>17,104</b>                        | <b>276</b>        | <b>-</b>                        | <b>26,655</b> |
| <b>Carrying amount</b>        |                                 |                                      |                   |                                 |               |
| <b>At 31st December 2019</b>  | <b>3,597</b>                    | <b>2,722</b>                         | <b>133</b>        | <b>759</b>                      | <b>7,211</b>  |
| <b>At 31st December 2020</b>  | <b>3,109</b>                    | <b>2,119</b>                         | <b>77</b>         | <b>717</b>                      | <b>6,022</b>  |

### 12 Fixed asset investments

|                                      | Group<br>2020<br>£'000 | 2019<br>£'000 | Company<br>2020<br>£'000 | 2019<br>£'000 |
|--------------------------------------|------------------------|---------------|--------------------------|---------------|
| Investments in subsidiaries          | 345                    | 345           | -                        | -             |
| Investments in joint ventures        | 304                    | 211           | -                        | -             |
| <b>Total fixed asset investments</b> | <b>649</b>             | <b>556</b>    | <b>-</b>                 | <b>-</b>      |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### Movements in fixed asset investments

| Group                             | Investments<br>in<br>subsidiaries<br>£'000 | Investments<br>in joint<br>ventures<br>£'000 | Total<br>£'000 |
|-----------------------------------|--------------------------------------------|----------------------------------------------|----------------|
| <b>Cost or valuation</b>          |                                            |                                              |                |
| At 1 January 2020                 | 345                                        | 211                                          | 556            |
| Share of profits of joint venture | -                                          | 93                                           | 93             |
| At 31 December 2020               | 345                                        | 304                                          | 649            |
| <b>Impairment</b>                 |                                            |                                              |                |
| At 1 January 2020                 | -                                          | -                                            | -              |
| At 31 December 2020               | -                                          | -                                            | -              |
| <b>Carrying amount</b>            |                                            |                                              |                |
| At 31 December 2019               | 345                                        | 211                                          | 556            |
| At 31 December 2020               | 345                                        | 304                                          | 649            |

### 13 Financial instruments

|                                                     | Group<br>2020<br>£'000 | 2019<br>£'000 | Company<br>2020<br>£'000 | 2019<br>£'000 |
|-----------------------------------------------------|------------------------|---------------|--------------------------|---------------|
| <b>Carrying amount of financial assets</b>          |                        |               |                          |               |
| Debt instruments measured at amortised cost         | 38,568                 | 29,882        | 38,636                   | 29,950        |
| Equity instruments measured at cost less impairment | 649                    | 556           | -                        | -             |
| <b>Total financial assets</b>                       | <b>39,217</b>          | <b>30,438</b> | <b>38,636</b>            | <b>29,950</b> |
| <b>Carrying amount of financial liabilities</b>     |                        |               |                          |               |
| Measured at amortised cost                          | 14,435                 | 14,939        | 14,435                   | 14,939        |

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.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Inventories

|                           | Group |       | Company |       |
|---------------------------|-------|-------|---------|-------|
|                           | 2020  | 2019  | 2020    | 2019  |
|                           | £'000 | £'000 | £'000   | £'000 |
| Contract work in progress | 1,531 | 624   | 1,531   | 624   |

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 £624,000 (2019: £1,397,000) for both the Group and the Company.

### 15 Trade and other receivables

|                                                                       | Group         |               | Company       |               |
|-----------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                       | 2020          | 2019          | 2020          | 2019          |
|                                                                       | £'000         | £'000         | £'000         | £'000         |
| Amounts falling due within one year:                                  |               |               |               |               |
| Trade receivables                                                     | 4,410         | 8,431         | 4,410         | 8,431         |
| Doubtful debt provision                                               | (20)          | (57)          | (20)          | (57)          |
| Amounts due from entities with a shareholding interest in the Company | 5,905         | 5,480         | 6,441         | 6,316         |
| Amounts due from subsidiaries and joint ventures                      | 535           | 1,013         | 218           | 377           |
| Other receivables                                                     | 1,059         | 1,180         | 1,058         | 1,180         |
| Prepayments and accrued income                                        | 8,418         | 9,450         | 8,418         | 9,450         |
|                                                                       | 20,307        | 25,497        | 20,525        | 25,697        |
| Deferred tax asset (note 18)                                          | 1,525         | 1,300         | 1,525         | 1,300         |
| <b>Total Current Debtors</b>                                          | <b>21,832</b> | <b>26,797</b> | <b>22,050</b> | <b>26,997</b> |

#### Amounts falling due after one year:

|                                  |               |               |               |               |
|----------------------------------|---------------|---------------|---------------|---------------|
| Deferred tax asset (note 18)     | 30,833        | 24,056        | 30,833        | 24,056        |
| <b>Total non-current debtors</b> | <b>30,833</b> | <b>24,056</b> | <b>30,833</b> | <b>24,056</b> |

### 16 Current Liabilities

|                                                                     | Group         |               | Company       |               |
|---------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                     | 2020          | 2019          | 2020          | 2019          |
|                                                                     | £'000         | £'000         | £'000         | £'000         |
| Trade payables                                                      | 158           | 541           | 158           | 541           |
| Amounts due to entities with a shareholding interest in the Company | 1,881         | 1,093         | 1,881         | 1,093         |
| Other taxation and social security                                  | 6,408         | 2,724         | 6,408         | 2,724         |
| Other payables                                                      | 2,842         | 2,392         | 2,842         | 2,392         |
| Accruals and deferred income                                        | 22,175        | 20,841        | 22,175        | 20,841        |
| <b>Total current liabilities</b>                                    | <b>33,464</b> | <b>27,591</b> | <b>33,464</b> | <b>27,591</b> |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Provisions for liabilities

|                                         | Group<br>2020<br>£'000 | 2019<br>£'000 | Company<br>2020<br>£'000 | 2019<br>£'000 |
|-----------------------------------------|------------------------|---------------|--------------------------|---------------|
| Property                                | 2,626                  | 1,750         | 2,626                    | 1,750         |
| Salary related                          | 1,064                  | 392           | 1,064                    | 392           |
| <b>Total provisions for liabilities</b> | <b>3,690</b>           | <b>2,142</b>  | <b>3,690</b>             | <b>2,142</b>  |

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 and other salary matters.

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<br>£'000 | Salary related<br>£'000 | Total<br>£'000 |
|-----------------------------------|-------------------|-------------------------|----------------|
| <b>Group and Company</b>          |                   |                         |                |
| At 1 January 2020                 | 1,750             | 392                     | 2,142          |
| Additional provisions in the year | 1,177             | 932                     | 2,109          |
| Utilisation of provision          | (341)             | (125)                   | (466)          |
| Unwinding of discount             | 40                | 8                       | 48             |
| Other movements (I)               | -                 | (143)                   | (143)          |
| <b>At 31 December 2020</b>        | <b>2,626</b>      | <b>1,064</b>            | <b>3,690</b>   |

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

### 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:

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

|                                     | Assets<br>2020<br>£'000 | Assets<br>2019<br>£'000 |
|-------------------------------------|-------------------------|-------------------------|
| <b>Group and Company</b>            |                         |                         |
| Accelerated capital allowances      | 835                     | 849                     |
| Other short-term timing differences | 253                     | 159                     |
| Tax losses                          | -                       | 124                     |
| Retirement benefit obligations      | 31,270                  | 24,224                  |
| <b>Total deferred taxation</b>      | <b>32,358</b>           | <b>25,356</b>           |

|                                                                                        | 2020<br>£'000 |
|----------------------------------------------------------------------------------------|---------------|
| <b>Movements in the year:</b>                                                          |               |
| Asset at 1 January 2020                                                                | 25,356        |
| Charge to the income statement                                                         | 1,568         |
| Credit / (charge) to other comprehensive income                                        | 3,684         |
| Effect of change in rate on deferred tax balance charged to other comprehensive income | 1,750         |
| <b>Asset at 31 December 2020</b>                                                       | <b>32,358</b> |

During the year ending 31 December 2021, the reversal of deferred tax assets above is expected to decrease the corporation tax charge for the year by £1.5m. 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. 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%. Deferred tax balances as at 31 December 2020 are measured at a rate of 19%.

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. The Company is in the process of assessing the full impact of this announcement, but if the amended tax rate had been used, it is possible that the deferred tax asset would be materially higher.

### 19 Retirement benefit schemes

|                                                                      | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------------------------------------|---------------|---------------|
| <b>Defined contribution schemes</b>                                  |               |               |
| Charge to profit and loss in respect of defined contribution schemes | 3,396         | 3,362         |

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.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 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. The Defined Benefit Obligation at 31 December 2020 has also been calculated using the projected unit method by rolling forward the results of the 31 December 2017 triennial valuation, allowing for the passage of time, actual benefit payments, and actual inflationary experience. The rolled-forward results have then been adjusted to reflect the FRS102 financial and demographic assumptions at 31 December 2020.

The Group's maximum contribution per the 2018 Pension Recovery Plan is £7.2m (2020: £3.1m) which includes Scheme expenses and Pension Protection Fund Levy. The next triennial valuation of the pension scheme is due to be completed in 2021. This means that pension deficit recovery contributions for 2021 will be a mix of payments linked to the 2018 Pension Recovery Plan and the new plan developed as part of the 2021 valuation exercise.

### Key assumptions

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

|                                                  | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------------------------------------|------|------|------|------|------|
|                                                  | %    | %    | %    | %    | %    |
| Discount rate                                    | 1.3% | 2.0% | 2.8% | 2.6% | 2.7% |
| Expected rate of increase of pensions in payment | 2.7% | 2.7% | 2.9% | 2.9% | 3.0% |
| Rate of increase for deferred pensioners         | 2.0% | 1.9% | 1.9% | 1.9% | 2.1% |
| Inflation                                        | 2.8% | 2.9% | 3.1% | 3.1% | 3.2% |

For IAS19 purposes, the Company has used the SAPS S2 mortality tables, with probabilities of death increased by 15% for males and by 10% for females. Allowance for future improvements is made using the CMI 2019 core model with a long term improvement rate of 1% p.a.

The employee benefit obligations of the scheme were:

|                                     | 2020           | 2019           | 2018           | 2017           | 2016           |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                     | £m             | £m             | £m             | £m             | £m             |
| Present value of funded obligations | (571.3)        | (523.9)        | (483.9)        | (498.5)        | (520.3)        |
| Fair value of scheme assets         | 406.7          | 381.6          | 358.2          | 375.2          | 360.9          |
| <b>Deficit in the scheme</b>        | <b>(164.6)</b> | <b>(142.3)</b> | <b>(125.7)</b> | <b>(123.3)</b> | <b>(159.4)</b> |
| Related deferred tax asset          | 31.3           | 24.2           | 21.4           | 21.2           | 27.6           |
| <b>Net pension liability</b>        | <b>(133.3)</b> | <b>(118.1)</b> | <b>(104.3)</b> | <b>(102.1)</b> | <b>(131.8)</b> |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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

|                          | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------------|------|------|------|------|------|
| Equities                 | 54%  | 54%  | 55%  | 54%  | 55%  |
| Bonds and gilts          | 43%  | 42%  | 37%  | 37%  | 40%  |
| Cash, property and other | 3%   | 4%   | 8%   | 9%   | 5%   |

### Income statement impact:

|                                        | 2020<br>£m | 2019<br>£m | 2018<br>£m | 2017<br>£m | 2016<br>£m |
|----------------------------------------|------------|------------|------------|------------|------------|
| Interest on pension scheme assets      | (7.5)      | (9.9)      | (9.6)      | (9.5)      | (12.1)     |
| Administration expenses                | 1.0        | 1.0        | 1.0        | 0.9        | 0.7        |
| Interest on pension scheme liabilities | 10.3       | 13.3       | 12.8       | 13.8       | 16.1       |
| Total finance costs                    | 3.8        | 4.4        | 4.2        | 5.2        | 4.7        |
| Past service cost (I)                  | -          | -          | 1.5        | -          | -          |
| <b>Charge to income statement</b>      | <b>3.8</b> | <b>4.4</b> | <b>5.7</b> | <b>5.2</b> | <b>4.7</b> |

- (I) A Pension past service cost of £1.5m was recognised in 2018 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:

|                                                 | 2020<br>£m | 2019<br>£m | 2018<br>£m | 2017<br>£m | 2016<br>£m |
|-------------------------------------------------|------------|------------|------------|------------|------------|
| Net actuarial losses/(gains) recognised in year | 21.5       | 19.2       | 3.2        | (34.8)     | 54.8       |
| Net cumulative actuarial losses                 | 173.6      | 152.1      | 132.9      | 129.7      | 164.5      |

### Actual return on plan assets:

|                              | 2020<br>£m | 2019<br>£m | 2018<br>£m | 2017<br>£m | 2016<br>£m |
|------------------------------|------------|------------|------------|------------|------------|
| Actual return on plan assets | 43.4       | 35.1       | (3.6)      | 27.4       | 56.1       |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### Reconciliation of present value of present liabilities and assets:

|                                                               | 2020<br>£m   | 2019<br>£m   | 2018<br>£m   | 2017<br>£m   | 2016<br>£m   |
|---------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Change in the present value of the defined benefit obligation |              |              |              |              |              |
| <b>Opening defined benefit obligation</b>                     | <b>523.9</b> | <b>483.9</b> | <b>498.5</b> | <b>520.3</b> | <b>422.5</b> |
| Past service cost                                             | -            | -            | 1.5          | -            | -            |
| Interest cost                                                 | 10.3         | 13.3         | 12.7         | 13.8         | 16.1         |
| Benefits paid                                                 | (20.4)       | (17.8)       | (18.1)       | (18.6)       | (17.1)       |
| Actuarial losses / (gains)                                    | (8.4)        | (1.7)        | 5.1          | (5.3)        | (1.9)        |
| Changes to demographic assumptions                            | 2.2          | (5.0)        | (2.0)        | (10.9)       | (10.7)       |
| Changes to financial assumptions                              | 63.7         | 51.2         | (14.0)       | (0.8)        | 111.4        |
| <b>Closing defined benefit obligation</b>                     | <b>571.3</b> | <b>523.9</b> | <b>483.9</b> | <b>498.5</b> | <b>520.3</b> |

|                                          | 2020<br>£m   | 2019<br>£m   | 2018<br>£m   | 2017<br>£m   | 2016<br>£m   |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Change in the fair value of plan assets  |              |              |              |              |              |
| <b>Opening fair value of plan assets</b> | <b>381.6</b> | <b>358.2</b> | <b>375.2</b> | <b>360.9</b> | <b>316.3</b> |
| Interest on assets                       | 7.5          | 9.9          | 9.6          | 9.6          | 12.1         |
| Return on plan assets less interest      | 35.9         | 25.2         | (14.1)       | 17.8         | 44.0         |
| Contribution by employer                 | 3.1          | 7.1          | 6.6          | 6.4          | 6.3          |
| Benefits paid                            | (20.4)       | (17.8)       | (18.1)       | (18.6)       | (17.1)       |
| Administration costs                     | (1.0)        | (1.0)        | (1.0)        | (0.9)        | (0.7)        |
| <b>Closing fair value of plan assets</b> | <b>406.7</b> | <b>381.6</b> | <b>358.2</b> | <b>375.2</b> | <b>360.9</b> |

## 20 Called up share capital

At 31 December 2020 and 2019 the Company had 15,400,000 authorised ordinary shares of £1 each

|                                                       | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------------------------|---------------|---------------|
| <b>Ordinary share capital</b>                         |               |               |
| <b>Authorised, allotted, called up and fully paid</b> |               |               |
| 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 2020

### 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       |               |
|------------------------------------------|---------------|---------------|---------------|---------------|
|                                          | 2020          | 2019          | 2020          | 2019          |
|                                          | £'000         | £'000         | £'000         | £'000         |
| Within one year                          | 5,190         | 5,190         | 5,190         | 5,190         |
| Between two and five years               | 11,961        | 16,334        | 11,961        | 16,334        |
| In over five years                       | -             | 831           | -             | 831           |
| <b>Total operating lease commitments</b> | <b>17,151</b> | <b>22,355</b> | <b>17,151</b> | <b>22,355</b> |

### 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 2020 the Group had capital commitments as follows:

|                                              | Group |       | Company |       |
|----------------------------------------------|-------|-------|---------|-------|
|                                              | 2020  | 2019  | 2020    | 2019  |
|                                              | £'000 | £'000 | £'000   | £'000 |
| Contracted for but not provided for:         |       |       |         |       |
| Acquisition of property, plant and equipment | 204   | 738   | 204     | 738   |

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 25 Related party transactions

#### Transactions with related parties

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

|                                                           | Sale of<br>goods |               | Purchase<br>of goods |              |
|-----------------------------------------------------------|------------------|---------------|----------------------|--------------|
|                                                           | 2020             | 2019          | 2020                 | 2019         |
|                                                           | £'000            | £'000         | £'000                | £'000        |
| <b>Group</b>                                              |                  |               |                      |              |
| Entities with a shareholding interest in the Company      | 54,535           | 57,069        | 1,036                | 1,318        |
| Entities in which the Company had a shareholding interest | 1,171            | 9,092         | -                    | -            |
| <b>Total transactions</b>                                 | <b>55,706</b>    | <b>66,161</b> | <b>1,036</b>         | <b>1,318</b> |

#### 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                      | 2020  | 2019  |
|------------------------------------------------------|-------|-------|
|                                                      | £'000 | £'000 |
| <b>Group</b>                                         |       |       |
| Entities with a shareholding interest in the Company | 1,881 | 1,093 |

| Amounts owed by related parties                           | 2020         | 2019         |
|-----------------------------------------------------------|--------------|--------------|
|                                                           | £'000        | £'000        |
| <b>Group</b>                                              |              |              |
| Entities with a shareholding interest in the Company      | 5,905        | 5,480        |
| Entities in which the Company had a shareholding interest | 535          | 1,013        |
| <b>Total amounts owed by related parties</b>              | <b>6,440</b> | <b>6,493</b> |

A settlement agreement was 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 2020

### 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                     | 10611632       | 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            | 01343709       | 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                   | 05875533       | 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                  | 05836903       | ITN Group Limited                   | Ordinary            | 100%        | 200 Grays Inn Road, London              | UK                       | Dormant Company                                    | Subsidiary     |
| Jemani 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 2020

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 2020.

### 27 Cash generated from operations

|                                                                            | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------------------------------------------|---------------|---------------|
| Profit for the year                                                        | 2,027         | 1,754         |
| Adjustments for:                                                           |               |               |
| Income tax expense recognised in profit or loss                            | (884)         | 647           |
| Finance costs recognised in profit or loss                                 | 3,875         | 4,493         |
| Share of profits of joint venture                                          | (93)          | (211)         |
| Investment income recognised in profit or loss                             | (457)         | (510)         |
| Loss on disposal of property, plant and equipment                          | -             | 39            |
| Depreciation and impairment of property, plant and equipment               | 2,799         | 3,036         |
| Increase / (Decrease) in provisions                                        | 1,501         | 77            |
| <b>Movements in working capital:</b>                                       |               |               |
| Decrease / (Increase) in work in progress                                  | (907)         | 773           |
| Decrease / (Increase) in trade and other receivables                       | 5,190         | 1,465         |
| (Decrease) / Increase in trade and other payables                          | 5,608         | (4,728)       |
| <b>Cash generated from operations before pension scheme cash movements</b> | <b>18,659</b> | <b>6,835</b>  |
| Pension scheme contributions                                               | (3,062)       | (7,050)       |
| <b>Cash (used) / generated from operations</b>                             | <b>15,597</b> | <b>(215)</b>  |

### 28 Ultimate controlling party

There is no ultimate controlling party.