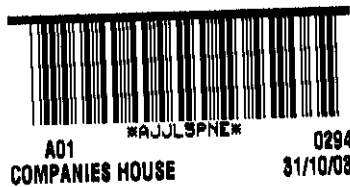


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ITN ARCHIVE LIMITED
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31ST DECEMBER 2002



ITN ARCHIVE LIMITED

ANNUAL REPORT AND ACCOUNTS

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COMPANY INFORMATION

Directors

J. H. Scorer
A. J. Whitaker
M. W. Wood

Company Secretary

J. H. Scorer

Registered Office

200 Gray's Inn Road
London
WC1X 8XZ

Registered Number

3807324

Auditors

Deloitte & Touche LLP

Bankers

Barclays Bank PLC

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the accounts and the report of the auditors for the year ended 31st December 2002.

Principal activities

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

Results and dividends

The company's results are set out on page 4. The directors do not recommend the payment of a dividend. (2001 £nil).

Directors and their interests

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

S. P. Purvis (resigned on 22nd July 2003)
J. H. Scorer
R. G. Tait (resigned on 31st July 2002)
A. J. Whitaker
M. W. Wood (appointed on 25th July 2003)

During the year to 31st December 2002 the directors had no interests in the shares of the company or any other group company.

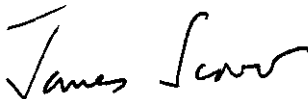
Auditors

On 1st August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1st August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Directors' responsibilities

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

By order of the Board



J. H. Scorer
Secretary

200 Gray's Inn Road
London
WC1X 8XZ

7th October 2003

INDEPENDENT AUDITORS' REPORT

To the Shareholders of ITN Archive Limited

We have audited the accounts for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the accounts in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 2002 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

7th October 2003

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2002**

	Notes	2002 £	2001 £
Turnover	(2)	716,771	611,520
Cost of sales		(696,009)	(603,353)
Gross profit		20,762	8,167
Other operating expenses		(183,243)	(163,181)
Operating loss on ordinary activities before taxation	(3)	(162,481)	(155,014)
Taxation	(5)	-	-
Loss on ordinary activities after taxation		(162,481)	(155,014)
Retained loss for the year	(9)	(162,481)	(155,014)

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

The accompanying notes are an integral part of these accounts.

ITN ARCHIVE LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2002

	Notes	2002 £	2001 £
Current assets			
Debtors	(6)	121,120	144,171
Cash at bank and in hand		204,352	120,168
		<hr/>	<hr/>
		325,472	264,339
Creditors: amounts falling due within one year	(7)	(788,398)	(564,784)
		<hr/>	<hr/>
Net liabilities		(462,926)	(300,445)
		<hr/>	<hr/>
Equity capital and reserves			
Called-up share capital	(8)	2	2
Profit and loss account	(9)	(462,928)	(300,447)
		<hr/>	<hr/>
Shareholders' funds	(10)	(462,926)	(300,445)
		<hr/>	<hr/>

The accounts on pages 4 to 9 were approved by the Board on 7th October 2003 and signed on behalf by:



M. W. Wood Director

The accompanying notes are an integral part of these accounts.

NOTES TO THE ACCOUNTS**1. Accounting Policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year with the exception of the policy for deferred taxation, is set out below:

(a) Basis of accounting

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

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

(b) Turnover

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

(c) Cash flow statement

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

(d) Related party transactions

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

(e) Foreign currency

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

(f) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The Group has adopted Financial Reporting Standard 19 "Deferred taxation". Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Leases

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

2. Turnover

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

NOTES TO THE ACCOUNTS

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

Loss on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Operating lease rentals		
- land and buildings	63,887	33,105
Auditors remuneration		
- Audit fees	5,000	5,000

4. **Staff costs**

The company has three employees during the year (2001 three) and the directors received no remuneration in respect of services provided to the company (2001 £nil).

	2002 £	2001 £
Wages and salaries	131,565	99,504
Employers' national insurance costs	3,431	10,787
Employers' pension costs	4,569	3,628
	139,565	113,919

5. **Analysis of tax charge on ordinary activities**

	2002 £	2001 £
Current tax	-	-
Deferred tax	-	-
	-	-

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2001:30%).

The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before taxation	(162,481)	(155,014)
Tax at 30% thereon:	(48,744)	(46,504)
Effects of:		
Group relief	48,744	46,504
Current tax charge for the year	-	-

The company has unutilised US tax losses of £256,535 carried forward at 31st December 2002 that have not been recognised.

NOTES TO THE ACCOUNTS

6. Debtors

	2002 £	2001 £
Trade debtors	118,999	138,405
Called up share capital not paid	2	2
Prepayments and accrued income	2,119	5,764
	<hr/>	<hr/>
	121,120	144,171
	<hr/>	<hr/>

7. Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to parent undertaking	624,603	404,187
Accruals and deferred income	163,795	160,597
	<hr/>	<hr/>
	788,398	564,784
	<hr/>	<hr/>

8. Called-up share capital

	2002 £	2001 £
Authorised: 100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called-up and not paid: 2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

9. Profit and loss account

	2002 £	2001 £
At 1st January	(300,447)	(145,433)
Loss for the period	(162,481)	(155,014)
	<hr/>	<hr/>
At 31st December	(462,928)	(300,447)
	<hr/>	<hr/>

10. Reconciliation of movement in shareholders' funds

	2002 £	2001 £
At 1st January	(300,445)	(145,431)
Retained loss for the period	(162,481)	(155,014)
	<hr/>	<hr/>
At 31st December	(462,926)	(300,445)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

11. **Operating lease commitments**

At 31st December 2002 the company had minimum annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	Land and buildings 2001 £
Operating leases which expire:		
- within one year	30,000	17,631

12. **Ultimate controlling party**

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

13. **Net liabilities**

The company has net liabilities as at 31st December 2002 and its ability to remain a going concern is dependent on the continued financial support of its parent company. The directors of Independent Television News Limited have confirmed that they will continue to provide financial support to the company for a period of at least 12 months from the date of signing these financial statements, such that the company can continue to settle third party liabilities as they fall due. Accordingly, these accounts have been prepared on a going concern basis.

14. **Related party transactions**

The company made payments of £159,743 (2001 £154,143) to Reuters Group Plc in respect of commissions payable.