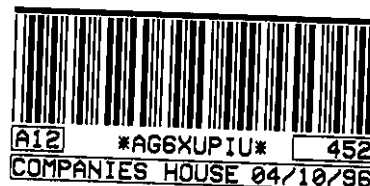


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INDEPENDENT TELEVISION NEWS LIMITED

ANNUAL REPORT AND ACCOUNTS

31ST DECEMBER 1995



ANNUAL REPORT AND ACCOUNTS

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INDEPENDENT TELEVISION NEWS LIMITED

COMPANY INFORMATION

Chairman

G. J. Robinson

Chief Executive

S. P. Purvis

Executive Directors

R. G. Tait

J. M. Wheatley

Non-Executive Directors

M. P. Green

D. S. McCall

J. F. de Moller

H. E. Staunton

M. W. Wood

Company Secretary

J. M. Wheatley

Registered Office

200 Gray's Inn Road

London

WC1X 8XZ

Registered Number

548648

Auditors

Arthur Andersen

Bankers

Barclays Bank PLC

Solicitors

Biddles

Clifford Chance

Macfarlanes

CHAIRMAN'S STATEMENT

Results

1995 was a year which saw a marked increase in ITN's profitability. Having established ourselves as the primary supplier of news to Britain's commercial television and radio broadcasters, operating profit in the year improved by £3.5 million from £14.8 million in 1994 to £18.3 million in 1995, an increase of 24%. Turnover for continuing businesses improved by £5.0 million from £83.7 million in 1994 to £88.7 million in 1995.

Operating profit included rental income relating to 200 Gray's Inn Road (of which ITN holds the freehold) which increased by £0.5 million to £3.4 million in 1995. At the time of writing, the remaining space in the building has now been occupied and consequently the building, first occupied in 1990 and purchased in 1993, is full.

The News business

ITN's core business of making news programmes for broadcasters is based on contracts with ITV and Channel 4 in the UK. ITN also has a news contract with Independent Radio News, supplies the news to Planet 24 for the Big Breakfast programme on Channel 4 and to NBC Super Channel in Europe.

During the year Channel 4 exercised its option of extending its contract with ITN until the end of 1998. In January 1996 a further three-year contract to supply news to IRN was agreed. The Big Breakfast contract was also extended for a further two years.

Cost control remains a priority, but not so as to compromise our flexibility and ability to produce a quality news service as required by our customers. ITN is currently reorganising its newsrooms to reap the benefits of the centralising of its resource teams. This will ensure that the most effective and efficient use is made of the skilled staff employed in the technical areas.

The ITV News contract

ITN was nominated as the news provider to ITV from 1st January 1993 for a period of ten years. The ITC announced at the time of nomination that it would review ITN's performance after three years. This review was published in December 1995. It noted that ITN "has supplied a high quality service dealing with national and international matters" and confirmed the company's position as nominated news provider for Channel 3.

In March 1996 the Government accepted an Amendment to the Broadcasting Bill that there should be a single news contractor to ITV. It was proposed that the ITC may nominate as many news providers as it wished, but that ITV should choose a single contractor.

The existing contract with ITV expires at the end of 1997. Negotiations for a future contract will begin later this year.

Future business

ITN will be the supplier of the news for the Channel 5 service starting in 1997. The consortium awarded the licence, Channel 5 Broadcasting, noted that its contract with ITN was the best possible guarantee of authoritative, independent and impartial domestic and international news.

Our reputation as one of the world's top quality news organisations provides us with a solid base to broaden our core activity into four specific growing businesses: the international sale of news programmes and news package sales (including CNN, NBC and Channel Nine Australia), ITN Productions (which in 1995 included The Selina Scott Show for NBC Super Channel and programming for ITV to cover the VE Day Celebrations), ITN Archive and ITN joint ventures.

CHAIRMAN'S STATEMENT

In 1995 the Corporate Television News (CTN) joint venture with Burstons Marsteller continued to improve its financial performance and attracted an impressive client base (including ICI, BT and British Airways). During the year CTN merged its operations and moved all its staff to 200 Gray's Inn Road. We are confident that this business will continue to show growth in 1996 and beyond.

During 1995 ITN set up Travel News Limited with Trafficmaster plc to provide live traffic and travel news bulletins to independent radio and television stations, in partnership with the RAC, from April 1996.

In February 1996 ITN took a 29% stake in London News Radio, the holders of the two radio licences once held by LBC. The other shareholders in the joint venture company are GWR, with 31%, and Reuters and Daily Mail & General Trust (DMGT) each with 20%. London News Radio will be based at 200 Gray's Inn Road.

Awards

The critical acclaim for ITN's work for ITV and Channel 4 and its consistently strong ratings performance are clear evidence of our success. ITN has won a host of awards for its work in 1995, including a BATFA for its Rwanda coverage, four Royal Television Society awards, a Grand Award and 8 medals at the International Film & Television Festival of New York, a Gold Nymph at the Television Festival of Monte Carlo and a British Environment & Media Award.

Ownership issues

The 1990 Broadcasting Act restricted shareholdings in ITN to a maximum of 20 per cent. The ITC deadline for shareholders to reduce their holdings was 31st December 1995, the date having been postponed from one year earlier. Carlton and Granada, both of whom had held a shareholding of 36% reduced this level to the permitted 20% by transferring the balance into deadlocked companies, prior to any future disposals.

Board and management

Finally, on behalf of Directors and shareholders I would like to thank everyone at ITN for their hard work over the past year. There have been several changes in the senior management of the Company during the year. Stewart Purvis took up his role of Chief Executive from David Gordon on 3rd April 1995. Richard Tait became Editor-in-Chief and a member of the Board. All three news departments had new editors appointed in the year; Nigel Dacre (ITV), Sara Nathan (Channel 4) and Nicholas Wheeler (IRN) and the programming they are responsible for has continued to reflect ITN's high quality news service and standards.

We all remain very conscious of the risks that are taken on a daily basis by people in the front line as they gather and report the news: their dedication and bravery has brought them well earned respect. We should not forget the premature and violent death of BBC reporter John Schofield in Bosnia. John worked at ITN for eight years and will be remembered by all for his professionalism, his kindness and cheerfulness.

1995 saw ITN celebrate its 40th anniversary. We are confident that the prospects for the future remain encouraging and that the news business and related businesses offer good opportunities for growth.

G. J. Robinson
Chairman

19th April 1996

REPORT OF THE DIRECTORS

The directors present their report on the affairs of the group together with the accounts and the report of the auditors for the year ended 31st December 1995.

Principal activities

The principal activities of the group are to provide daily scheduled programmes of international and national news for television and radio. The group also provides other programmes for the Independent Television network and Channel 4 and the programming, technical and production facilities for domestic and foreign broadcasting companies.

Business review

The Chairman's Statement on pages 2 and 3 forms part of this report. This refers to business activity in the year and areas for future development.

Results and dividends

The group's results are set out on page 8. The directors do not recommend the payment of a dividend (1994 £nil).

Directors and their interests

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

G. J. Robinson (appointed Chairman 3rd April 1995)
S. P. Purvis (appointed Chief Executive 3rd April 1995)
D. S. Gordon (resigned 31st March 1995)
M. P. Green
L. F. Hill (resigned 22nd January 1996)
D. S. McCall
J. F. de Moller (appointed 20th March 1996)
H. E. Staunton
R. G. Tait (appointed 1st June 1995)
J. M. Wheatley
M. W. Wood

During the year to 31st December 1995 the directors had no interests in any of the shares of Independent Television News Limited or its subsidiary undertakings.

Directors' and officers' liability insurance

The company maintains insurance to cover directors' and officers' liability as permitted by the Companies Act 1985 s.310.

REPORT OF THE DIRECTORS

Charitable contributions

During the year the group made charitable donations of £16,000. There were no political donations.

Employees

The group does not discriminate between employees or potential employees on the grounds of colour, race, ethnic or national origin, sex, marital status or religious beliefs. Full consideration is given to applications for employment from disabled persons who are able to demonstrate that they have the necessary abilities. The importance of staff training is recognised at all levels. In addition to meetings with employees, information is provided on a regular basis through staff newsletters and notice boards.

Fixed assets

The movement in tangible fixed assets during the year is given in note 11 to the accounts.

Auditors

A resolution to reappoint Arthur Andersen as auditors in the ensuing year will be proposed at the Annual General Meeting.

Directors' responsibilities

Directors are required by the Companies Act 1985 to ensure that accounts for each financial year are prepared which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the group profit or loss for that period. In preparing the financial statements, the directors confirm that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements have been made and that the financial statements have been drawn up on a going concern basis. Applicable accounting standards have been followed. It is also the directors' responsibility to ensure that adequate accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the company and group 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 the group and to take reasonable steps to prevent and detect fraud and other irregularities.

By order of the Board

J. M. Wheatley, ACA
Secretary

200 Gray's Inn Road
London
WC1X 8XZ

19th April 1996

INDEPENDENT TELEVISION NEWS LIMITED
STATEMENT OF ACCOUNTING POLICIES

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

(a) **Basis of preparation**

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

(b) **Basis of consolidation**

The group accounts consolidate the accounts of Independent Television News Limited and its subsidiary undertakings up to 31st December 1995.

The acquisition method of accounting has been adopted. Goodwill, whether purchased or arising on consolidation, is written off against reserves in the year it is incurred, and on disposal, such goodwill is included in determining the gain or loss arising on the disposal of the business or subsidiary undertaking.

Associated undertakings are entities in which a consolidated member of the group has a participating interest and over whose operating and financial policy, it exercises a significant influence. These investments are dealt with by the equity method of accounting based on accounts which are coterminous with the parent undertaking.

(c) **Turnover**

Group turnover comprises the value of sales (excluding VAT and similar taxes and intra group transactions) of services in the normal course of business.

Turnover represents, in the case of long term contracts, the proportion of contract value applicable to the activity in the period, ascertained by reference to the extent to which contractual obligations have been carried out.

(d) **Investments**

Fixed asset investments are stated at cost less any provision for permanent diminution in value.

(e) **Tangible fixed assets**

Tangible fixed assets are stated at cost. Depreciation is calculated to amortise the cost of tangible fixed assets over their expected useful lives by equal annual instalments. The expected useful lives are noted below:

Freehold buildings	50 years
Fixed plant and equipment	between 10 and 35 years
Office and technical equipment	between 3 and 10 years
Motor vehicles	4 years

Profile films and the film library are stated at historical nominal cost which was determined by the directors in prior periods in recognition of the assets on hand. No valuation has been conducted since the directors consider that the cost of such an exercise would significantly outweigh the benefits obtained.

INDEPENDENT TELEVISION NEWS LIMITED
STATEMENT OF ACCOUNTING POLICIES

(f) **Foreign currency**

In the accounts of individual undertakings, transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Differences arising on the retranslation of the opening group net assets and the results for the year are dealt with as a movement on reserves.

(g) **Taxation**

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

Provision is made for deferred taxation (which arises from differences in the timing of the recognition of items in the accounts and by the tax authorities) using the liability method, except to the extent that the directors consider that a liability will not arise in the foreseeable future.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient undertakings.

(h) **Leases**

Assets held under finance leases have been capitalised at fair value together with their related lease obligations and are disclosed within tangible fixed assets and creditors respectively. Finance charges are allocated to accounting periods over the period of the lease term to provide a constant rate of return on the outstanding balance.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

(i) **Pension costs**

The group provides pensions to employees through two pension schemes. The company provides pensions to individuals employed to service the Independent Radio News Limited contract through a defined contribution scheme. For the remaining employees, the company operates a defined benefit pension scheme (The ITN Pension Scheme).

The amounts charged to the profit and loss account for the defined contribution scheme are the contributions payable in the period. The amount charged to the profit and loss account for the ITN Pension Scheme is the estimated regular cost to the company of providing benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated to the profit and loss account over the remaining service lives of current employees on the basis of a constant percentage of current and future pensionable earnings. Further information on pension costs is provided in note 20(c).

INDEPENDENT TELEVISION NEWS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995**

	Notes	1995 £'000	1995 £'000	1994 £'000	1994 £'000
Turnover	(2)				
- continuing operations			88,713		83,684
- discontinued operations			-		1,440
			<hr/>		<hr/>
			88,713		85,124
Cost of sales			(56,113)		(53,426)
			<hr/>		<hr/>
Gross profit			32,600		31,698
			<hr/>		<hr/>
Other operating expenses			(18,064)		(20,191)
Rental income relating to 200 Gray's Inn Road			3,372		2,851
Exceptional items	(4)		369		399
			<hr/>		<hr/>
Total other operating expenses			(14,323)		(16,941)
			<hr/>		<hr/>
Operating profit	(3)				
- continuing operations		18,277		14,657	
- discontinued operations		-		100	
		<hr/>		<hr/>	
Total operating profit			18,277		14,757
Profit on sale of subsidiary undertakings	(4)		249		878
			<hr/>		<hr/>
Profit on ordinary activities before interest			18,526		15,635
			<hr/>		<hr/>
Income from associated undertakings	(5)		79		54
Income from other fixed asset investments	(6)		147		110
Interest receivable			613		819
Amounts written back on investments	(12)		1,873		-
Interest payable and similar charges	(7)		(5,932)		(7,262)
			<hr/>		<hr/>
Profit on ordinary activities before taxation	(8)		15,306		9,356
Tax on profit on ordinary activities	(10)		(4,084)		1,631
			<hr/>		<hr/>
Profit on ordinary activities after taxation			11,222		10,987
Minority interests	(19)		-		(5)
			<hr/>		<hr/>
Retained profit for the year	(18)		11,222		10,982
			<hr/>		<hr/>

The movement on reserves is set out in note 18 to the accounts.

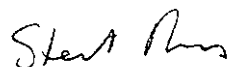
The accompanying notes are an integral part of these accounts.

INDEPENDENT TELEVISION NEWS LIMITED


CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1995

	Notes	1995 £'000	1995 £'000	1994 £'000
Fixed assets				
Tangible assets	(11)		98,824	104,659
Investments	(12)		2,809	959
			<hr/>	<hr/>
			101,633	105,618
Current assets				
Debtors	(13)	6,678		5,808
Cash at bank and in hand		8,802		7,001
		<hr/>		<hr/>
		15,480		12,809
Creditors: amounts falling due within one year	(14)	(33,749)		(30,883)
Net current liabilities		<hr/>	(18,269)	(18,074)
			<hr/>	<hr/>
Total assets less current liabilities			83,364	87,544
Creditors: amounts falling due after more than one year	(15)		(45,456)	(59,630)
Provisions for liabilities and charges	(16)		(14,721)	(15,950)
			<hr/>	<hr/>
Net assets			23,187	11,964
			<hr/>	<hr/>
Equity capital and reserves				
Called-up share capital	(17)		400	400
Profit and loss account	(18)		22,787	11,564
			<hr/>	<hr/>
Shareholders' funds			23,187	11,964
Equity minority interests	(19)		-	-
			<hr/>	<hr/>
			23,187	11,964
			<hr/>	<hr/>

Approved by the Board on 19th April 1996



S. P. Purvis Director



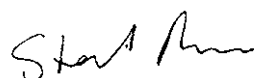
J. M. Wheatley, ACA Director

The accompanying notes are an integral part of these accounts.

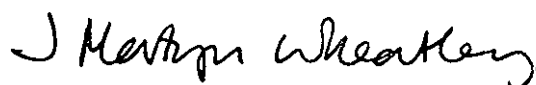
INDEPENDENT TELEVISION NEWS LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1995

	Notes	1995 £'000	1995 £'000	1994 £'000
Fixed assets				
Tangible assets	(11)		98,824	104,659
Investments	(12)		2,766	912
			<hr/>	<hr/>
			101,590	105,571
Current assets				
Debtors	(13)	6,746		5,487
Cash at bank and in hand		7,791		6,501
		<hr/>		<hr/>
		14,537		11,988
Creditors: amounts falling due within one year	(14)	(32,757)		(30,117)
Net current liabilities		<hr/>	(18,220)	(18,129)
			<hr/>	<hr/>
Total assets less current liabilities			83,370	87,442
			<hr/>	<hr/>
Creditors: amounts falling due after more than one year	(15)		(45,456)	(59,630)
Provisions for liabilities and charges	(16)		(14,721)	(15,950)
			<hr/>	<hr/>
Net assets			23,193	11,862
			<hr/>	<hr/>
Equity capital and reserves				
Called-up share capital	(17)		400	400
Profit and loss account	(18)		22,793	11,462
			<hr/>	<hr/>
			23,193	11,862
			<hr/>	<hr/>

Approved by the Board on 19th April 1996



S. P. Purvis *Director*



J. M. Wheatley, ACA *Director*

The accompanying notes are an integral part of these accounts.

INDEPENDENT TELEVISION NEWS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1995**

	1995 £'000	1994 £'000
Profit for the year attributable to shareholders	11,222	10,982
Exchange differences on foreign currency net investments	1	3
	<hr/>	<hr/>
Total recognised gain for the year	11,223	10,985
	<hr/>	<hr/>

The profits for 1995 and 1994 are reported under the historical cost convention.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Shareholders' funds at 1st January	11,964	994	11,862	896
Retained profit for the year	11,222	10,982	11,331	10,966
Exchange differences on foreign currency net investments	1	3	-	-
Negative goodwill written back on disposal	-	(15)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds at 31st December	23,187	11,964	23,193	11,862
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS**1. Parent company profit and loss account**

The company has taken advantage of the exemption in the Companies Act 1985 s.230 not to present its own profit and loss account. The company's retained profit for the year was £11,331,000 (1994 £10,966,000).

2. Divisional and geographical information

The predominant activity of the group is the provision of news services, technical and production facilities from a UK base. The revenue generated from the marketing of computing systems in discontinued operations amounted to £nil (1994 £1,440,000). The profit before taxation of this activity included in the group results was £nil (1994 £100,000). The group turnover, by geographical destination, is as follows:

	1995 Turnover £'000	1994 Turnover £'000
By geographical destination:		
United Kingdom	87,095	82,698
Rest of the World	1,618	986
	<hr/>	<hr/>
	88,713	83,684
Discontinued operations	-	1,440
	<hr/>	<hr/>
	88,713	85,124
	<hr/>	<hr/>

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE ACCOUNTS

3. Operating profit

1995

	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Turnover	88,713	-	88,713
Cost of sales	(56,113)	-	(56,113)
Gross profit	32,600	-	32,600
Other operating expenses	(18,064)	-	(18,064)
Rental income relating to 200 Gray's Inn Road	3,372	-	3,372
Exceptional items:			
Rates rebate in respect of prior years	369	-	369
Operating profit	18,277	-	18,277

1994

	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Turnover	83,684	1,440	85,124
Cost of sales	(52,168)	(1,258)	(53,426)
Gross profit	31,516	182	31,698
Other operating expenses	(20,109)	(82)	(20,191)
Rental income relating to 200 Gray's Inn Road	2,851	-	2,851
Exceptional items:			
Rates rebate in respect of prior years	399	-	399
Operating profit	14,657	100	14,757

Further information on exceptional items included above is provided in note 4.

NOTES TO THE ACCOUNTS

4. **Exceptional items**

	1995 £'000	1994 £'000
Continuing operations:		
Rates rebate in respect of prior years	369	399
	<hr/>	<hr/>
	1995 £'000	1994 £'000
Sale of subsidiary undertakings:		
Release of provision on sale of subsidiary undertakings	249	899
Loss on sale of Signal Computing Limited	-	(21)
	<hr/>	<hr/>
	249	878
	<hr/>	<hr/>

There is no tax effect due to the release of the provision in the current year.

Provisions made in prior years in respect of the sale of subsidiary undertakings which were not required have been released in 1995.

5. **Income from associated undertakings**

	1995 £'000	1994 £'000
Share of profit before taxation of investment in Corporate Television Networks Limited	127	54
Share of loss before taxation of investment in Travel News Limited	(48)	-
	<hr/>	<hr/>
	79	54
	<hr/>	<hr/>

6. **Income from other fixed asset investments**

	1995 £'000	1994 £'000
Dividend income	147	110
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

7. Interest payable and similar charges

	1995 £'000	1994 £'000
Interest on bank loans and overdrafts		
- repayable within five years, by instalments	3,475	4,931
Interest on finance leases		
- repayable within five years, by instalments	220	339
Interest on convertible loan stock,		
- repayable within five years, not by instalments	2,237	1,991
Other	-	1
	<hr/> 5,932	<hr/> 7,262

8. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	1995 £'000	1994 £'000
Depreciation on tangible fixed assets:		
- owned	6,041	7,194
- held under finance leases	1,940	1,942
Amounts written off fixed assets	-	261
Profit on disposal of fixed assets	(75)	(2)
Operating lease rentals		
- plant and equipment	74	95
- land and buildings	589	639
- motor vehicles	211	362
Auditors' remuneration		
- auditors	65	62
- auditors' non-audit fees	185	257
Staff costs (note 9)	30,639	29,737
	<hr/> 30,639	<hr/> 29,737

NOTES TO THE ACCOUNTS

9. Staff costs

The average weekly number of persons (including executive directors) employed by the group during the year was as follows:

	1995 Number	1994 Number
News services, technical and production facilities	674	653
Marketing of computer systems	-	14
	<hr/> 674	<hr/> 667

	1995 £'000	1994 £'000
The costs incurred in respect of these employees were:		
Wages and salaries	25,294	24,739
Employers' national insurance costs	2,085	2,046
Employers' pension costs (see also note 20c)	3,260	2,952
	<hr/> 30,639	<hr/> 29,737

Directors' remuneration

Directors' remuneration was paid in respect of directors of the company as follows:

	1995 £'000	1994 £'000
Fees as directors	471	511
Compensation for loss of office	350	-
Other emoluments (including pension contributions)	77	84
	<hr/> 898	<hr/> 595

NOTES TO THE ACCOUNTS

9. Staff costs (continued)

The directors' remuneration shown above (excluding pension contributions) included:

	1995 £'000	1994 £'000
Chairman	nil	nil

G.J. Robinson was appointed as chairman on 3rd April 1995. M. P. Green served as chairman until 2nd April 1995.

Highest paid director :

Fees as director	46	271
Compensation for loss of office	350	-
Other emoluments (including pension contributions)	9	33
	<hr/> 405	<hr/> 304

The number of directors (including the chairmen and highest paid director) who received fees and other emoluments (excluding pension contributions and compensation for loss of office) in the following ranges was:

	1995 Number	1994 Number
£nil	6	7
£45,001 - £50,000	1	-
£80,001 - £85,000	-	1
£95,001 - £100,000	1	-
£100,001 - £105,000	1	-
£175,001 - £180,000	-	1
£240,001 - £245,000	1	-
£270,001 - £275,000	-	1

10. Tax on profit on ordinary activities

	1995 £'000	1994 £'000
UK corporation tax at 33% (1994 33%)	(4,413)	(3,183)
Tax credit on UK dividends received	(51)	-
UK corporation tax of associated undertakings	(32)	(14)
Deferred taxation (note 16)	412	457
	<hr/> (4,084)	<hr/> (2,740)
Adjustment in respect of prior years:		
Deferred taxation (note 16)	(652)	1,865
UK corporation tax	652	2,506
	<hr/> (4,084)	<hr/> 1,631

The effective rate of tax of 26.7% is partly due to the release of the provision on sale of subsidiary undertakings and the writeback of WTN 'C' preference shares provision.

NOTES TO THE ACCOUNTS

11. Tangible fixed assets

(a) Group	Freehold land and buildings	Fixed plant and equipment	Office & technical equipment	Motor vehicles	Profile & film library	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1st January 1995	77,967	24,103	43,298	767	120	146,255
Additions	-	236	1,640	341	-	2,217
Disposals	-	-	(126)	(78)	-	(204)
At 31st December 1995	77,967	24,339	44,812	1,030	120	148,268
Depreciation						
At 1st January 1995	2,096	6,761	32,472	267	-	41,596
Provided in year	1,360	1,516	4,908	197	-	7,981
Disposals	-	-	(105)	(28)	-	(133)
At 31st December 1995	3,456	8,277	37,275	436	-	49,444
Net book value						
At 31st December 1995	74,511	16,062	7,537	594	120	98,824
At 31st December 1994	75,871	17,342	10,826	500	120	104,659

Technical equipment held under finance leases had a net book value at 31st December 1995 of £2,573,000 (1994 £4,513,000). The depreciation charge in the year on this equipment was £1,940,000 (1994 £1,942,000).

NOTES TO THE ACCOUNTS

(b) Company	Freehold land and buildings	Fixed plant and equipment	Office & technical equipment	Motor vehicles	Profile & film library	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1st January 1995	77,967	24,103	43,298	767	120	146,255
Additions	-	236	1,640	341	-	2,217
Disposals	-	-	(126)	(78)	-	(204)
At 31st December 1995	77,967	24,339	44,812	1,030	120	148,268
Depreciation						
At 1st January 1995	2,096	6,761	32,472	267	-	41,596
Provided in year	1,360	1,516	4,908	197	-	7,981
Disposals	-	-	(105)	(28)	-	(133)
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Technical equipment held under finance leases had a net book value at 31st December 1995 of £2,573,000 (1994 £4,513,000). The depreciation charge in the year on this equipment was £1,940,000 (1994 £1,940,000).

(c) **Group and Company**

Freehold land amounting to £10,000,000 (1994 £10,000,000) has not been depreciated.

NOTES TO THE ACCOUNTS

12. Fixed asset investments	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Associated undertakings	119	48	76	1
Other undertakings	2,690	911	2,690	911
	<hr/>	<hr/>	<hr/>	<hr/>
	2,809	959	2,766	912
	<hr/>	<hr/>	<hr/>	<hr/>

The parent undertaking and the group have investments in the following subsidiary undertakings, associated undertakings and other undertakings.

Trading subsidiaries

The group holds 100% of the equity shares of 200 Gray's Inn Road Management Limited. The principal activity of this company which is registered in England and Wales is property management.

ITN Radio Limited, a 100% subsidiary of ITN Limited, holds 19.7% of the ordinary share capital of Independent Radio News Limited (IRN). During the year, ITN supplied news programming to IRN and has one representative on the board. The company does not have a significant influence over the operation of IRN and consequently it has been treated as an investment in the accounts.

Associated undertakings

In April 1995, ITN and Trafficmaster Plc set up a joint venture company, Travel News Limited, of which ITN owns 50%. The company's principal activity is to provide travel news bulletins on local and national radio stations.

In June 1992, ITN and Corporate Vision Limited set up a new company, Corporate Television Networks Limited (CTN), of which ITN owns 50%. The company's principal activity is to provide business television services.

In the consolidated accounts these investments are shown at cost plus the group's share of post-acquisition retained profits.

Other undertakings

	Cost and net book value
Group and company	£'000
At 1st January 1995	911
Redemption of preference shares	(131)
Writeback of WTN 'C' preference shares provision	1,873
Foreign exchange differences	37
	<hr/>
At 31st December 1995	2,690
	<hr/>

The net book value of other undertakings at 31st December 1995 comprised an investment in WTN of £2,345,000 (1994 £566,000) and an investment in IRN of £345,000 (1994 £345,000).

NOTES TO THE ACCOUNTS

12. **Fixed asset investments (continued)**

Worldwide Television News Corporation is a television news agency incorporated in the United States of America in which ITN had the following investment at 31st December 1995:

- (i) 10% of the ordinary voting shares;
- (ii) 100% of the 'B' preference shares, redeemable at par value in ten annual instalments commencing 30th April 1989; and
- (iii) 100% of the 'C' preference shares, redeemable at par value on 1st June 2013.

The directors have decided to write back a provision of £1,873,000 made in a prior year in respect of the investment in WTN 'C' preference shares, redeemable at par value on 1st June 2013.

13. **Debtors**

The following are included in the net book value of debtors:

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Trade debtors	3,489	2,700	3,485	2,379
Other debtors	670	895	667	895
Prepayments and accrued income	2,519	2,213	2,594	2,213
	<hr/>	<hr/>	<hr/>	<hr/>
	6,678	5,808	6,746	5,487
	<hr/>	<hr/>	<hr/>	<hr/>

All debtors are recoverable within one year.

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

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Obligations under finance leases (note 15)	1,703	2,808	1,703	2,808
Bank loan (note 15)	11,908	10,000	11,908	10,000
Trade creditors	970	1,307	647	645
Amounts owed to subsidiary undertakings	-	-	-	60
UK corporation tax payable	4,353	3,152	4,353	3,152
Social security and other taxes	1,022	924	1,022	924
Other creditors	688	1,067	649	903
Accruals and deferred income	13,105	11,625	12,475	11,625
	<hr/>	<hr/>	<hr/>	<hr/>
	33,749	30,883	32,757	30,117
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

15. Creditors: amounts falling due after more than one year

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
12% convertible loan stock	15,000	15,000	15,000	15,000
Interest on convertible loan stock	5,337	3,100	5,337	3,100
Obligations under finance leases	27	1,730	27	1,730
Bank loan	25,092	39,800	25,092	39,800
	<hr/>	<hr/>	<hr/>	<hr/>
	45,456	59,630	45,456	59,630
	<hr/>	<hr/>	<hr/>	<hr/>

The convertible loan stock is unsecured and subject to interest at 12% p.a. Interest on the convertible loan stock will be paid at the earlier of 31st December 1998 or that time when the loan is less than £10 million. The stock is repayable after five years not by instalments. From 30th June 2001, the loan stock holders can require the company to convert all or part of the stock into £1 ordinary shares at par at regular intervals. The loan stock must be repaid in 2003 if it has not been converted. The company may convert all or part of the loan stock from 30th June 1996 at regular intervals.

Bank loans are secured and are repayable as follows:

	1995 £'000	1994 £'000
Group and company		
Within one year	11,908	10,000
Between one and two years	10,000	5,000
Between two and five years	15,092	34,800
	<hr/>	<hr/>
	37,000	49,800
	<hr/>	<hr/>

The bank loan at 31st December 1995 is secured on freehold property and is payable at LIBOR-related rates. The company has entered into interest rate swaps which fix the interest at 7.8925%.

Obligations under finance leases are repayable as follows:

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
Within one year	1,703	2,808	1,703	2,808
Between one and two years	27	1,703	27	1,703
Between two and five years	-	27	-	27
	<hr/>	<hr/>	<hr/>	<hr/>
	1,730	4,538	1,730	4,538
	<hr/>	<hr/>	<hr/>	<hr/>

Interest on these leases is payable at LIBOR-related rates.

NOTES TO THE ACCOUNTS

16. Provisions for liabilities and charges

	1995 £'000	1994 £'000
Group and company		
Provisions for liabilities and charges comprise:		
Deferred taxation (note 16a)	240	-
Provision for pensions (note 20c)	8,291	8,237
Provisions following sale of subsidiary undertakings (note 16b)	-	250
Provision on space available for letting (note 16c)	5,549	6,822
Deferred consideration in respect of freehold	641	641
	<hr/>	<hr/>
	14,721	15,950

(a) Deferred Taxation:

The provision for deferred tax is analysed as follows:

	1995 £'000	1994 £'000
Group and company		
Excess of tax allowances over book depreciation	4,930	3,991
Short term timing differences	(4,690)	(3,991)
	<hr/>	<hr/>
	240	-

The movement on deferred taxation comprises:

	1995 £'000	1994 £'000
Group and company		
At 1st January	-	2,322
Credited to profit and loss account	(412)	(457)
Adjustment in respect of prior years	652	(1,865)
	<hr/>	<hr/>
At 31st December	240	-

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE ACCOUNTS

16. Provisions for liabilities and charges (continued)

(b) Provisions following sale of subsidiary undertakings:

	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
At 1st January	250	3,300	250	3,300
Credited to profit and loss account	(249)	(899)	(249)	(899)
Utilised during the year	(1)	(2,151)	(1)	(2,151)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December	-	250	-	250
	<hr/>	<hr/>	<hr/>	<hr/>

(c) Provision on space available for letting:

	1995 £'000	1994 £'000
Group and company		
At 1st January	6,822	8,601
Utilised during the year	(1,273)	(1,779)
	<hr/>	<hr/>
At 31st December	5,549	6,822
	<hr/>	<hr/>

The utilisation of provision relates to losses incurred during the year on space available for letting.

The directors believe that the remaining provision of £5,549,000 is sufficient to cover the maximum liability likely to arise as a result of the future deficit on the remaining space available for letting. This provision will be reviewed annually in the light of developments in the property market and any additional letting achieved. The provision has been calculated by reference to projected rental income and all relevant costs relating to letting.

17. Called-up share capital

In 1995 the Group had 15,400,000 authorised ordinary shares of £1 each (1994 15,400,000 ordinary shares).

	1995 £'000	1994 £'000
Group and company		
Allotted, called-up and fully-paid: 400,000 ordinary shares of £1 each	400	400
	<hr/>	<hr/>

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE ACCOUNTS

18. Reserves

Profit and loss account:	Group 1995 £'000	Group 1994 £'000	Company 1995 £'000	Company 1994 £'000
At 1st January	11,564	594	11,462	496
Profit for the year	11,222	10,982	11,331	10,966
Foreign exchange differences	1	3	-	-
Negative goodwill written back on disposal	-	(15)	-	-
At 31st December	22,787	11,564	22,793	11,462

The cumulative amount of goodwill written off against the group's reserves, net of goodwill relating to undertakings disposed of, is £nil (1994 - £nil).

19. Equity minority interests

	Group 1995 £'000	Group 1994 £'000
At 1st January	-	7
Retained profit for the year	-	5
Disposal of subsidiary	-	(12)
At 31st December	-	-

NOTES TO THE ACCOUNTS

20. **Guarantees and other financial commitments**(a) **Capital commitments**

	1995 £'000	1994 £'000
Group and company		
Contracted for but not provided for	369	135
Authorised but not contracted for	263	767
	<hr/> 632	<hr/> 902

(b) **Operating lease commitments**

At 31st December 1995 the group and company had minimum annual commitments under non-cancellable operating leases as follows:

1995	Group Land and buildings £'000	Group Other £'000	Company Land and buildings £'000	Company Other £'000
Operating leases which expire:				
- within one year	-	116	-	116
- between two and five years	296	6	296	6
- after more than five years	940	-	940	-
	<hr/> 1,236	<hr/> 122	<hr/> 1,236	<hr/> 122
1994	Group Land and buildings £'000	Group Other £'000	Company Land and buildings £'000	Company Other £'000
Operating leases which expire:				
- within one year	-	36	-	36
- between two and five years	-	222	-	222
- after more than five years	1,327	-	1,327	-
	<hr/> 1,327	<hr/> 258	<hr/> 1,327	<hr/> 258

The lease commitments in respect of land and buildings are subject to upwards only rent reviews at various intervals specified in the leases.

NOTES TO THE ACCOUNTS

20. Guarantees and other financial commitments (continued)

(c) Pension arrangements

The group provides pensions to employees through two pension schemes. The company provides pensions to individuals employed to service the Independent Radio News Limited contract through a defined contribution scheme. For the remaining employees, the company operates a defined benefit pension scheme (the main scheme).

The assets of these funded schemes are held independently of the group by trustees and invested with independent financial institutions.

The total pension cost charge for the year was £3,260,000 (1994 £2,952,000) of which £3,249,000 (1994 £2,917,000) relates to the ITN Pension Scheme. The cost attributable to the main scheme was made up of a regular pension cost of £3,196,000 (1994 £3,024,000) less variations from regular cost of £647,000 (1994 £603,000) plus interest on the pension provision of £700,000 (1994 £496,000). The cash contributions made to the pension fund amounted to £3,197,000 (1994 £524,000). As at 31st December 1995, the pension provision in the consolidated accounts was £8,291,000 (1994 £8,237,000), which relates to the excess of the accumulated pension cost over the amount funded for the main 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 31st December 1993 and used the projected unit method. The main actuarial assumptions were that (a) salaries would increase by 6.0% p.a., (b) pensions in payment by 4.0% p.a., (c) dividends by 4.0% p.a., and (d) the return on investments would be 8.5% p.a. The actuarial valuation as at 31st December 1993 showed that the market value of the main scheme's assets was £116.8 million and that the actuarial value of those assets represented 105% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This actuarial surplus of £4,276,000 was utilised as follows: 12% was carried forward as a contingency reserve, 28% to improve scheme benefits and the remaining 60% was applied as an abatement to future cash contributions by the company which ended in October 1994. The pension provision, actuarial surplus, together with interest on the surplus is being spread over seventeen years (the average remaining service lives of employees).

(d) Contingent liabilities

The company had a contingent liability at 31st December 1995 in respect of a property occupied by a former subsidiary. There is currently no indication that this liability will crystallise in the foreseeable future.

INDEPENDENT TELEVISION NEWS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	1995 £'000	1994 £'000
Operating activities			
Net cash inflow from operating activities	(a)	24,984	24,288
Returns on investments and servicing of finance			
Income from other investments		161	44
Dividends received from associated undertakings		50	-
Interest received		620	825
Interest paid		(3,520)	(4,991)
Interest element of finance lease rentals		(285)	(368)
Net cash outflow from returns on investments and servicing of finance		(2,974)	(4,490)
Taxation			
UK corporation tax (paid)/refunded		(2,529)	1,363
Net cash inflow before investing activities		19,481	21,161
Investing activities			
Acquisition of other tangible fixed assets		(2,274)	(3,153)
Sale of tangible fixed assets		146	24
Redemption of WTN investments		131	135
Purchase of investments		-	(20)
Purchase of associated undertaking		(75)	-
Disposal of subsidiary undertaking	(d)	-	(330)
Net cash outflow from investing activities		(2,072)	(3,344)
Net cash inflow before financing		17,409	17,817
Financing			
Repayment of bank loan		12,800	18,200
Capital element of finance lease repayments		2,808	2,642
Net cash outflow from financing	(c)	15,608	20,842
Increase/(decrease) in cash and cash equivalents	(b)	1,801	(3,025)
		17,409	17,817

The accompanying notes are an integral part of this consolidated cash flow statement.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	1995 £'000	1994 £'000
Operating profit	18,277	14,757
Depreciation charge	7,981	9,126
Other tangible fixed assets written off	-	261
Profit on disposal of tangible fixed assets	(75)	(2)
(Increase) in stock	-	(21)
(Increase)/decrease in debtors	(1,122)	1,949
Increase in creditors	1,179	2,068
Decrease in provisions	(1,220)	(3,888)
Foreign exchange differences	(36)	38
Net cash inflow from operating activities	24,984	24,288

(b) Analysis of the balances of cash and cash equivalents as shown in the balance sheet:

	1995 £'000	1994 £'000	1993 £'000
Cash at bank and in hand	8,802	7,001	11,375
Bank overdrafts	-	-	(1,349)
	8,802	7,001	10,026
Increase/(decrease) in cash and cash equivalents	1,801	(3,025)	

(c) Analysis of changes in financing during the year:

	Bank loans £'000	Finance leases £'000	Convertible loan stock £'000	Total £'000
At 31st December 1993	68,000	7,180	15,000	90,180
Cash outflow from financing	(18,200)	(2,642)	-	(20,842)
At 31st December 1994 (note 15)	49,800	4,538	15,000	69,338
Cash outflow from financing	(12,800)	(2,808)	-	(15,608)
At 31st December 1995 (note 15)	37,000	1,730	15,000	53,730

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(d) **Sale of assets and liabilities of subsidiary undertaking**

	1995 £'000	1994 £'000
Net assets disposed of :		
Fixed assets	-	58
Stocks	-	115
Debtors	-	521
Cash	-	330
Creditors	-	(976)
	<hr/>	<hr/>
	-	48
Negative goodwill written back on disposal	-	(15)
Share attributable to minority interest	-	(12)
	<hr/>	<hr/>
Loss on disposal	-	21
	<hr/>	<hr/>

REPORT OF THE AUDITORS

We have audited the financial statements on pages 8 to 30 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31st December 1995 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS
19th April 1996