

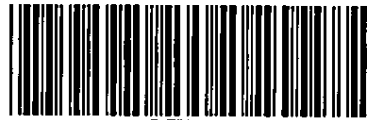
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INDEPENDENT TELEVISION NEWS LIMITED

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 2006

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ANNUAL REPORT AND ACCOUNTS

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COMPANY INFORMATION

Chairman and Chief Executive

M W Wood

Executive Director

A J Whitaker

Non-Executive Directors

M A Green

R J Kerr

G W Linnebank

M D Stewart

J B Tibbitts

Company Secretary

J H Scorer

Registered Office

200 Gray s Inn Road

London

WC1X 8XZ

Registered Number

548648

Auditors

Deloitte & Touche LLP

Bankers

Barclays Bank PLC

Solicitors

Pinsent Curtis Biddle

Macfarlanes

Olswang

Charles Russell

INDEPENDENT TELEVISION NEWS LIMITED

BOARD OF DIRECTORS

Mark Wood - Chairman and Chief Executive

Age 55 Joined the Board on 31st March 1993
Chairman from 1998,
Chief Executive since 22nd July 2003,
Editor-in-Chief, Reuters 1998

Andrew Whitaker - Finance Director

Age 43 Joined the Board on 4th December 2000
Joined ITN in 1990, Finance Director since 2000

Mike Green - non-executive

Age 50 Joined the Board on 15th July 2004
Deputy Group Finance Director - ITV plc

Richard Kerr - non-executive

Age 33 Joined the Board on 30th January 2007
Head of Group Development - UBM plc

Geert Linnebank - non-executive

Age 51 Joined the Board on 30th January 2007
Chairman, The Reuters Foundation

Dr Mike Stewart - non-executive

Age 55 Joined the Board on 23rd November 1999
Managing Director, Teletext Limited

James Tibbitts - non-executive

Age 55 Joined the Board on 13th April 2006
Company Secretary, ITV plc

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group together with the accounts and the auditors report for the year ended 31st December 2006

Principal activities

The principal activity of the group is to provide news content for broadcast and other multi-media companies. The group also sells its own archive content as well as that of partners to both broadcast and non-broadcast clients.

Enhanced Business review

ITN's business model is based upon its television news contract with ITV and Channel 4. Whilst in themselves these relationships generate limited margin they do offer the opportunity for secondary exploitation of news footage obtained initially for news programming.

In 2006 this news contract revenue represented 75% of total business revenue (2005: 75%). Our ambition is to grow the proportion of revenue from secondary exploitation.

ITN has three businesses based on this secondary exploitation. Firstly, ITN International provides syndication of news packages to international broadcasters and Reuters Television News Agency; secondly, ITN Source sells archive material to programme makers, advertising and other corporate users. This business also represents other archives and sells on a commission basis. These partners include Reuters, Granada, British Pathe, Channel 4 and Fox. Thirdly, the multimedia unit, ITN On, uses pre-existing material but also creates additional content for mobile and broadband customers.

Since the beginning of 2006 ITN has secured new news contracts to provide news programming and related multimedia services to both ITV and Channel 4. The Channel 4 agreement extends to 2010 and the ITV Contract, agreed in March 2007 (which includes both Network news and London regional news) runs until the end of 2012. Non-retention of these contracts is a key risk to the company and securing them both brings security up to Digital Switch Over.

In 2006 our news programming won eight RTS awards (2005: eight) - four for ITV News (2005: three), three for Channel 4 News (2005: five) and one for London Tonight (2005: nil). These are the flagship industry standard awards and showed us outperforming our competitors. The awards are an indicator of the quality and high standards of our output, which our customers expect and appreciate.

ITN's financial results in 2006 saw the Company achieve a Profit before Tax of £5.0 million (2005: £7.2 million). Part of the reduction is due to investment in the archive business, ITN Source.

The investments in ITN Source included the building and implementation of a digital asset management system to enable footage to be held digitally as opposed to on tape. All newly acquired material is immediately digitised and we are also digitising back-catalogue material on the basis of expected sales. Secondly, a new customer website has been created benefiting from the digitised content. This enables the customer to access and view content directly as opposed to having to request material on tape. Finally, new offices were opened in Germany and Australia and those in Paris, New York and Los Angeles expanded. Sales in the UK to programme makers in 2006 were 80% of total UK sales (2005: 82%). Our goal for 2007 is to retain this level and grow sales in other areas notably to Corporate customers.

ITN goes into 2007 keen to grow the business in the knowledge that it has long term security in its core news contracts.

Results and dividends

The group's results are set out on page 8. The directors do not recommend the payment of a dividend (2005: - £nil).

Directors and their interests

The following directors served in 2006:

Board Directors

M. W. Wood	(Chairman and Chief Executive)
M. A. Green	
C. H. Gregson	(resigned from the Board 30th January 2007)
R. J. Kerr	(appointed to the Board 30th January 2007)
G. W. Linnebank	(appointed to the Board 30th January 2007)
H. E. Staunton	(resigned from the Board 29th March 2006)
M. D. Stewart	
J. B. Tibbitts	(appointed to the Board 13th April 2006)
D. G. Ure	(resigned from the Board 30th January 2007)
A. J. Whitaker	

Alternates

J. P. Williams	(resigned from the Board 8th February 2007)
----------------	---

During the year to 31st December 2006 the directors had no interests in any of the shares of Independent Television News Limited or its subsidiary undertakings.

DIRECTORS' REPORT**The Board**

The Board meets regularly throughout the year and currently consists of two executive and five non-executive directors. Mark Wood is the Chairman and Chief Executive. To enable the Board to perform its duties, all directors have full access to all relevant information and to the services of the Company Secretary.

The Audit Committee

The Audit Committee comprises Mike Green as Chairman and Richard Kerr and Geert Linnebank and meets at least twice a year. The Committee reviews the Company's annual financial statements before submission to the Board for approval. The Committee also reviews reports from the external auditors on accounting and internal 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.

Remuneration Committee

The 2006 remuneration committee ("the committee") comprised Mike Stewart and James Tibbitts. 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, company performance, market trends and the UK inflation rate. For guidance, the committee has regard to available research and published remuneration information on comparable companies. Benefits include the Company pension scheme, life disability, health insurance and death in service cover. The value of benefits is not pensionable.

Strategy and financial reporting

The Group performs a comprehensive annual strategy and budgeting process. The executive directors review budgets and strategies and the Board approves the overall Group budget as part of its normal responsibilities. The results of the company are reported monthly, compared with individual budgets and forecasts and updated regularly during the financial year.

Organisational structure and authorisation procedures

The Group has an established organisational structure with clearly stated lines of responsibility and reporting.

Charitable and political contributions

During the year the group made charitable donations of £29,000 (2005 £33,000). There were no political donations.

Employees

The group does not discriminate between employees or potential employees on the grounds of gender, marital status, race, ethnic or national origin, religious beliefs, disability, age, sexual orientation or gender reassignment. The importance of staff training is recognised at all levels. ITN is an active member of the Cultural Diversity Network. The company holds regular meetings with employees, as well as providing information on a regular basis through staff newsletters, an intranet and notice boards.

As part of its staff benefit structure ITN operates a defined benefit (DB) Pension Scheme. Whilst the Scheme was closed to new members in 2002 the company recognises its importance for those longer serving staff. In 2006, following the latest valuation the Company agreed with Scheme members a revised benefit structure and increased member contribution which will allow the Scheme to continue at no additional cash cost to the Company. ITN is pleased to have been able to work with the active members to enable the Scheme to continue.

Supplier payment policy

The company's policy is to arrange terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditor days of the company for the year ended 31st December 2006 were 22 days (2005 27 days), based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

Financial Risk management

A significant part of the Company's business involves the acceptance and management of risk. It is exposed to credit, liquidity and operational risks and therefore operates a formal risk management process to ensure that all significant risks are identified, managed and contained. These risks are regularly reviewed by the company's senior management.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as the company's auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:
 . so far as the director is aware, there is no relevant audit information of which the company's auditors are aware, and
 the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

DIRECTORS' REPORT

Directors' responsibilities

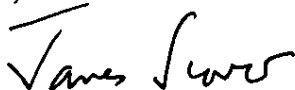
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J H Scorer
Secretary

200 Gray's Inn Road
London
WC1X 8XZ

25th September 2007

INDEPENDENT TELEVISION NEWS LIMITED
INDEPENDENT AUDITORS' REPORT

To the Shareholders of Independent Television News Limited

We have audited the group and individual company financial statements (the "financial statements") of Independent Television News Limited for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the statement of accounting policies and the related notes 1 to 21. These financial statements 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 is not disclosed.

We read the other information contained in the Annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and company's circumstances, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group's and the individual company's affairs as at 31 December 2006 and of the group's profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

London

25th September 2007

INDEPENDENT TELEVISION NEWS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	2006 £ 000	2005 £ 000
Turnover	(2)	98,678	103,478
Cost of sales		(82 261)	(83,996)
Gross profit		16,417	19,482
Administrative expenses		(15,995)	(15,857)
Operating profit on ordinary activities before interest and taxation		422	3,625
Income from other fixed asset investments	(3)	373	443
Interest receivable and similar income		699	764
Interest payable and similar charges	(4)	(208)	(354)
Other finance income	(17)	3,700	2,700
Profit on ordinary activities before taxation	(5)	4,986	7,178
Tax on profit on ordinary activities	(7)	(1,701)	(1,899)
Profit on ordinary activities after taxation		3 285	5,279
Profit for the financial year	(15)	3,285	5,279

The movement on reserves is set out in note 15 to the accounts

A consolidated statement of total recognised gains and losses is set out on page 11

All activities are continuing

The notes are an integral part of this consolidated profit and loss account

INDEPENDENT TELEVISION NEWS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2006**

	Notes	2006 £ 000	2005 £ 000
Fixed assets			
Tangible assets	(8)	16,902	16,143
Investments	(9)	2,128	1,670
		<hr/> 19,030	<hr/> 17,813
Current assets			
Debtors	(10)	11,672	13,806
Cash at bank and in hand		11,944	17,664
		<hr/> 23,616	<hr/> 31,470
Creditors: amounts falling due within one year	(11)	(23,451)	(31,606)
Net current assets/(liabilities)		<hr/> 165	<hr/> (136)
Total assets less current liabilities		<hr/> 19,195	<hr/> 17,677
Creditors: amounts falling due after more than one year	(12)	-	(611)
Provisions for liabilities	(13)	(2,602)	(2,988)
Net assets excluding pension liability		<hr/> 16,593	<hr/> 14,078
Pension liability	(17)	(18,130)	(28,070)
Net liability including pension liability		<hr/> (1,537)	<hr/> (13,992)
Capital and reserves			
Called-up share capital	(14)	400	400
Profit and loss account	(15)	(1,937)	(14,392)
Equity shareholders' deficit	(21)	<hr/> (1,537)	<hr/> (13,992)

The accounts on pages 8 to 24 were approved by the Board on 25th September 2007 and signed on its behalf by



M W Wood

Director



A J Whitaker

Director

The accompanying notes are an integral part of this consolidated balance sheet

INDEPENDENT TELEVISION NEWS LIMITED

COMPANY BALANCE SHEET
AS AT 31ST DECEMBER 2006

	Notes	2006 £ 000	2005 £ 000
Fixed assets			
Tangible assets	(8)	16,902	16,143
Investments	(9)	2,128	1,670
		<hr/> 19,030	<hr/> 17,813
Current assets			
Debtors	(10)	14,327	15,206
Cash at bank and in hand		10,811	16,935
		<hr/> 25,138	<hr/> 32,141
Creditors: amounts falling due within one year	(11)	(22,810)	(30,931)
		<hr/> 2,328	<hr/> 1,210
Net current assets			
Total assets less current liabilities		<hr/> 21,358	<hr/> 19,023
Creditors: amounts falling due after more than one year	(12)	-	(611)
Provisions for liabilities	(13)	(2,602)	(2,988)
		<hr/> 18,756	<hr/> 15,424
Net assets excluding pension liability			
Pension liability	(17)	(18,130)	(28,070)
		<hr/> 626	<hr/> (12,646)
Net asset/(liability) including pension liability			
Capital and reserves			
Called-up share capital	(14)	400	400
Profit and loss account	(15)	226	(13,046)
		<hr/> 626	<hr/> (12,646)
Equity shareholders' funds/(deficit)	(21)		

The accounts on pages 8 to 24 were approved by the Board on 25th September 2007 and signed on its behalf by



M W Wood

Director



A J Whitaker

Director

The accompanying notes are an integral part of this balance sheet

INDEPENDENT TELEVISION NEWS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Notes	2006 £ 000	2005 £ 000
Operating activities			
Net cash inflow from operating activities	(19)	3,103	10,445
Returns on investments and servicing of finance			
Income from fixed asset investments		373	443
Interest received		699	779
Interest element of finance lease and hire purchase rentals		(133)	(282)
Net cash inflow from returns on investments and servicing of finance		939	940
Taxation			
UK corporation tax paid		(1,615)	(890)
Capital expenditure and financial investment			
Acquisition of tangible fixed assets		(6,627)	(3,936)
Sale of tangible fixed assets		96	179
Investment in Espresso Broadband Limited		(458)	(1,325)
Net cash outflow from capital expenditure and financial investment		(6,989)	(5,082)
Equity dividends paid		-	-
Cash (outflow)/inflow before management of liquid resources and financing		(4,562)	5,413
Management of liquid resources			
Transfers from deposit to cash		-	3,000
Financing			
Capital element of lease payment relating to sale and leaseback assets	(20)	(1,158)	(2,595)
Net cash outflow from financing		(1,158)	(2,595)
(Decrease)/increase in cash in the year	(20)	(5,720)	5,818

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

INDEPENDENT TELEVISION NEWS LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006 £ 000	2005 £ 000
Profit for the financial year Group	3,285	5,279
Actuarial gain/(loss) relating to the pension schemes	13,100	(19,600)
Related deferred tax	(3,930)	5,880
Total recognised gains and losses relating to the year	<u>12,455</u>	<u>(8,441)</u>

The profits/(losses) for 2006 and 2005 are reported under the historical cost convention

The notes are an integral part of this consolidated statement of recognised gains and losses

INDEPENDENT TELEVISION NEWS LIMITED
STATEMENT OF ACCOUNTING POLICIES

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

(a) Basis of accounting

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

(b) Basis of preparation

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

(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 and management fees for services to any of the group's associated undertakings.

Turnover 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.

(d) Investments

Fixed asset investments are stated at cost less any provision for impairment.

(e) Tangible fixed assets

Tangible fixed assets are stated at cost, net of any depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write-off the cost of tangible fixed assets over their expected useful lives in equal annual instalments. The expected useful lives are as follows:

Fixed plant and equipment	between 5 and 25 years
Office and technical equipment	between 1 and 10 years
Motor vehicles	4 years

Contributions received from third parties to fund the expenditure are included in other creditors when due from the third party and credited to the profit and loss account over the expected useful economic life of the relevant asset.

(f) Foreign currency

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.

(g) 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.

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.

(h) Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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.

INDEPENDENT TELEVISION NEWS LIMITED
STATEMENT OF ACCOUNTING POLICIES

(i) Pension costs

The group provides pensions to employees through two pension schemes. The company provides pensions to new members of staff from 1st October 2002 through a defined contribution scheme and for the remaining employees the company operates a defined benefit pension scheme (The ITN Pension Scheme)

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate 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 actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

The amounts charged to the profit and loss account for the defined benefit contribution scheme are the contributions payable in the period.

(j) Property provisions

In accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", the Group's property provisions (see note 16) have been discounted to the present value of future lease obligations net of estimated sublease income and related costs of leasehold property where the space is vacant or currently not planned to be used for ongoing operations. 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 relating to the estimated sublease income and related property costs. Any resulting discounted changes in assumption are charged within administrative expenses in the profit and loss account.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

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 profit for the year was £4,102,000 (2005 £5,776,000)

2 Segmental information

The principal activity of the group is to provide daily scheduled programmes of international and national news for all broadcast media. The group also provides other programming, archive material and technical and production facilities for domestic and foreign broadcasting companies. The group turnover, by geographical destination, is as follows

	2006 £ 000	2005 £ 000
Turnover by geographical destination		
United Kingdom	92,898	97,446
Rest of the World	5,780	6,032
	<hr/> 98,678	<hr/> 103,478

All turnover for the year originated in the UK
The directors consider all turnover to be derived from the activities above

3 Income from other fixed asset investments

	2006 £ 000	2005 £ 000
Dividend received	373	443
	<hr/>	<hr/>

4 Interest payable and similar charges

	2006 £ 000	2005 £ 000
Interest on finance leases and hire purchase contracts	61	214
Unwinding of discount on onerous property provisions (note 13)	147	140
	<hr/> 208	<hr/> 354

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2006 £ 000	2005 £ 000
Depreciation of tangible fixed assets		
- owned	5,167	4,007
- held under finance leases	250	803
(Profit)/loss on disposal of fixed assets	(89)	23
Changes in assumptions of property provision	(103)	48
Receipts receivable in respect of fixed assets	(48)	-
Operating lease rentals		
- land and buildings	3,242	3,161
Audit and non-audit fees paid to Deloitte & Touche		
Fees payable to Deloitte & Touche for the audit of the company's annual accounts	89	86
Fees payable to Deloitte & Touche and its associates for other services to the group		
The audit of the company's subsidiaries pursuant to legislation	11	11
Other services pursuant to legislation	7	7
Other services relating to taxation	144	159
All other services	10	166
	<hr/> 261	<hr/> 429

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

6 Staff costs and directors' remuneration**Staff costs**

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

	2006 Number	2005 Number
News services, technical, production facilities and administration	771	785

The costs incurred in respect of these employees were

	2006 £ 000	2005 £ 000
Wages and salaries	36,009	36,399
Employers' national insurance costs	3,633	3,682
Employers' pension costs		
- main scheme (defined benefit)	1,987	2,100
- other scheme	339	277
	41,968	42,458

Directors' remuneration

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

	2006 Salary £ 000	2006 Bonus £ 000	2006 Benefits £ 000	2006 Total £'000	2005 Total £ 000
Highest paid director	229	17	1	247	380
Aggregate directors' emoluments	260	40	18	318	328
Total emoluments	489	57	19	565	708

At the year end, one director (2005 one) was a member of the ITN Pension Scheme, for which the normal retirement age is 60 (revised to 63 in April 2007), the spouse's fraction is 50% and pension payment increases are in line with price inflation with a limit of 5% each year

7 Tax on profit on ordinary activities

	2006 £ 000	2005 £ 000
Current tax		
UK corporation tax at 30% (2005 30%) for the year	(835)	(1,429)
Amounts payable for consortium relief	(556)	(357)
Adjustments in respect of prior years		
UK corporation tax	(24)	153
Total current tax	(1,415)	(1,633)
Deferred tax		
Origination and reversal of timing differences (note 10)	44	123
Charge in respect of pension	(330)	(389)
Total deferred tax	(286)	(266)
Total tax on profit on ordinary activities	(1,701)	(1,899)

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

7 Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 30% to the profit before tax is as follows

	2006 £ 000	2005 £ 000
Profit on ordinary activities before tax	4,986	7,178
less share of associated undertakings' loss before tax	-	-
Group profit on ordinary activities before tax	4,986	7,178
Tax on group profit on ordinary activities at standard UK corporation tax rate of 30% (2005 30%)	1,496	2,153
Effects of		
Expenses not deductible for tax purposes	192	233
Non-taxable (income)/expenses	(112)	(133)
Depreciation in excess of capital allowances	100	(67)
Other short term timing differences	(285)	(400)
Adjustments to tax charge in respect of previous periods	24	(153)
Group current tax charge for the period	1,415	1,633

8 Tangible fixed assets

Group and Company	Fixed plant and equipment £ 000	Office & technical equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost				
At 1st January 2006	28,057	76,481	1,448	105,986
Additions	325	5,382	476	6,183
Disposals	-	(77)	(572)	(649)
At 31st December 2006	28,382	81,786	1,352	111,520
Depreciation				
At 1st January 2006	20,303	68,530	1,010	89,843
Provided in year	961	4,234	222	5,417
Disposals	-	(77)	(565)	(642)
At 31st December 2006	21,264	72,687	667	94,618
Net book value				
At 31st December 2006	7,118	9,099	685	16,902
At 31st December 2005	7,754	7,951	438	16,143

Technical equipment held under finance leases had a net book value at 31st December 2006 of £88,000 (2005 £337,000). The depreciation charged in the year on this equipment was £250,000 (2005 £803,000)

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

9	Fixed asset investments	Group 2006 £ 000	Group 2005 £ 000	Company 2006 £ 000	Company 2005 £ 000
	Subsidiary undertakings	-	-	-	-
	Other investments	2,128	1,670	2,128	1,670
		<hr/> 2,128	<hr/> 1,670	<hr/> 2,128	<hr/> 1,670

The company and the group have investments in the following subsidiary undertakings, associated undertakings and other investments

Subsidiary undertakings

ITN Radio Limited, a 100% subsidiary of Independent Television News Limited registered in England & Wales, 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 operations of IRN and consequently it has been treated as an investment in the accounts.

ITN Archive Limited, a 100% subsidiary of Independent Television News Limited is registered in England and Wales. The principal activity of this company is to sell and market the television archive of Independent Television News Limited and any other archives that Independent Television News Limited has the right to sell.

Visual Voodoo Films Limited, a 100% subsidiary of Independent Television News Limited is registered in England and Wales. The principal activity of this company is to make factual programmes for UK and international broadcasters.

Other investments

Other investments include a 19.7% interest in Independent Radio News Limited (discussed above) and a 19.05% stake in Espresso Broadband Limited acquired on 24th February 2005 by way of £1.325 million in cash and a rights issue on 23rd February 2006 by way of £0.458m in cash.

	Cost and net book value 2006 £ 000	Cost and net book value 2005 £ 000
Group and Company		
At 1st January	1,670	1,670
Additions	458	-
	<hr/>	<hr/>
At 31st December	2,128	1,670

10 Debtors

The following are included in the net book value of debtors

	Group 2006 £ 000	Group 2005 £ 000	Company 2006 £ 000	Company 2005 £ 000
Trade debtors	6,495	9,123	6,154	8,482
Amounts owed by subsidiary undertakings	-	-	3,142	2,448
UK corporation tax receivable	23	-	23	-
Deferred tax	256	212	256	212
Other debtors	288	298	288	298
Prepayments and accrued income	4,610	4,173	4,464	3,766
	<hr/> 11,672	<hr/> 13,806	<hr/> 14,327	<hr/> 15,206

All debtors other than deferred tax are recoverable within one year.

The deferred tax asset is recognised as the directors are of the opinion that it is more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

10 Debtors (continued)**Deferred tax**

Deferred tax		£ 000
At 1st January 2006		212
Credit to profit and loss account		44
		<hr/>
At 31st December 2006		256
		<hr/>
Deferred taxation is analysed as follows		
	2006	2005
	£ 000	£ 000
Depreciation in excess of capital allowances	167	37
Other short term timing differences	89	175
	<hr/>	<hr/>
	256	212

11 Creditors: amounts falling due within one year

	Group 2006 £ 000	Group 2005 £ 000	Company 2006 £ 000	Company 2005 £ 000
Obligations under finance leases and hire purchase agreements (note 12)	1,301	1,946	1,301	1,946
Trade creditors	668	1,171	668	1,171
UK corporation tax payable	-	612	-	612
Social security and other taxes	1,140	1,245	1,140	1,245
Other creditors	3,683	2,800	3,633	2,800
Accruals and deferred income	16,659	23,832	16,068	23,157
	<hr/>	<hr/>	<hr/>	<hr/>
	23,451	31,606	22,810	30,931
	<hr/>	<hr/>	<hr/>	<hr/>

12 Creditors: amounts falling due after more than one year

	Group 2006 £'000	Group 2005 £ 000	Company 2006 £ 000	Company 2005 £ 000
Obligations under finance leases and hire purchase agreements	-	611	-	611
	<hr/>	<hr/>	<hr/>	<hr/>
	-	611	-	611
	<hr/>	<hr/>	<hr/>	<hr/>

Obligations under finance leases and hire purchase agreements are repayable as follows:

	2006 £ 000	2005 £ 000
Group and company		
Within one year	1,301	1,946
Between one and two years	-	611
	<hr/>	<hr/>
	1,301	2,557
	<hr/>	<hr/>

Interest on these leases is payable at LIBOR-related rates

INDEPENDENT TELEVISION NEWS LIMITED

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

13 Provisions for liabilities

	Group and Company Total
Property	£ 000
At 1st January	2,988
Utilised during the year	(430)
Credit for change in assumptions during the year	(103)
Unwinding of discount on provisions (note 4)	147
At 31st December	2 602

14 Called-up share capital

At 31 December 2006 and 2005 the company had 15,400,000 authorised ordinary shares of £1 each

	2006 £ 000	2005 £ 000
Group and company		
Authorised, allotted, called-up and fully-paid 400,000 ordinary shares of £1 each	400	400

15 Reserves

	Group 2006 £ 000	Company 2005 £ 000
Profit and loss account		
At 1st January	(14,392)	(13,046)
Retained profit for the year	3,285	4,102
Net actuarial gain recognised in the pension schemes	9,170	9,170
At 31st December	(1,937)	226

INDEPENDENT TELEVISION NEWS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

16 Guarantees and other financial commitments

(a) Capital commitments

	2006 £ 000	2005 £ 000
Group and company		
Contracted for but not provided for	1,128	1,250

(b) Operating lease commitments

At 31st December 2006 the group and company had minimum annual commitments under non-cancellable operating leases as follows

2006

	Group Land and buildings £ 000	Company Land and buildings £ 000
Operating leases which expire		
- within one year	92	-
- between two and five years	462	422
- after more than five years	3,311	3,311
	3 865	3,733

2005

	Group Land and buildings £ 000	Company Land and buildings £ 000
Operating leases which expire		
- within one year	49	-
- between two and five years	422	358
- after more than five years	3 307	3,307
	3,778	3,665

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

(c) Minimum guarantee commitments

The group has two contracts where it has minimum guarantee commitments. These total £5,650,000 and cover the period to February 2009. Both these arrangements are with related parties. No further minimum guarantees have been entered into during 2006.

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

17 Pensions

The group provides pensions to employees through two pension schemes. The company provides pensions to new members of staff from 1st October 2002 through a defined contribution scheme. For the remaining employees, the company operates a defined benefit pension scheme (The ITN Pension 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 2005 and used the projected unit method.

The major financial assumptions used to calculate the present value of scheme liabilities under FRS 17 are

	2006	2005	2004
Inflation	3.00%	2.70%	2.70%
Rate of increases in salaries	3.00%	2.70%	2.70%
Rate of increase of pensions in payment	3.00%	2.70%	2.70%
Rate of increase for deferred pensioners	3.00%	2.70%	2.70%
Discount rate	5.10%	4.75%	5.30%

For mortality rates the Company has used PMA92 and PFA92 tables with mortality projected to 2010 for pensioner members and to 2020 for non-pensioner members. Using these tables a male non-pensioner member currently aged 40 is expected to live a further 44 years, while a male pensioner aged 60 is expected to live a further 23 years. The tables above reflect published mortality investigation data.

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were

	2006	2006	2005	2005	2004	2004
		£m		£m		£m
Equities	7.80%	189.0	8.00%	174.8	8.10%	143.7
Bonds	4.70%	71.3	4.25%	65.1	4.80%	58.4
Other	6.00%	27.7	6.20%	24.0	6.40%	20.5
Total fair value of assets	6.90%	288.0	6.90%	263.9	7.10%	222.6
Present value of scheme liabilities		(313.9)		(304.0)		(244.4)
Deficit in the scheme		(25.9)		(40.1)		(21.8)
Related deferred tax asset		7.8		12.0		6.5
Net pension liability		(18.1)		(28.1)		(15.3)

The contribution rate for 2006 was 14.8% (2005 14.8%) of pensionable earnings.

Analysis of the amount charged to operating profit

	2006	2005	2004
	£m	£m	£m
Current service cost	5.5	4.6	7.2
Past service cost	0.1	0.2	-
Gain/(loss) on settlements and curtailments	-	-	-
	<u>5.6</u>	<u>4.8</u>	<u>7.2</u>

Analysis of the amount credited to net finance income

	2006	2005	2004
	£m	£m	£m
Expected return on pension scheme assets	(18.1)	(15.6)	(15.0)
Interest on pension scheme liabilities	14.4	12.9	13.6
	<u>(3.7)</u>	<u>(2.7)</u>	<u>(1.4)</u>

Analysis of the actuarial loss in the statement of total recognised gains and losses

	2006	2005	2004
	£m	£m	£m
Actual return less expected return on pension scheme assets	(10.9)	(27.8)	(5.9)
Experience gains and losses arising on the scheme liabilities	1.0	(0.4)	(6.4)
Changes in assumptions underlying the present value of the scheme liabilities	(3.2)	47.8	(15.1)
	<u>(13.1)</u>	<u>19.6</u>	<u>(27.4)</u>

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

17 Pensions (continued)

History of experience gains and losses

	2006	2005	2004
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Difference between the expected and actual return on scheme assets:

Amount (£m)	(10.9)	(27.8)	(5.9)
Percentage of scheme assets	4%	11%	3%

Experience gains and losses on scheme liabilities.

Amount (£m)	1.0	(0.4)	(6.4)
Percentage of the present value of scheme liabilities	0%	0%	3%

Total actuarial gain recognised in the statement of total recognised gains and losses:

Amount (£m)	(13.1)	19.6	(27.4)
Percentage of the present value of scheme liabilities	4%	6%	11%

Movement in scheme deficit during the year

	£m	£m	£m
At 1st January	(40.1)	(21.8)	(47.1)
Contributions	3.0	3.4	3.7
Current service cost	(5.5)	(4.6)	(7.2)
Past service costs	(0.1)	(0.2)	-
Net finance income	3.7	2.7	1.4
Actuarial (loss)/gain	13.1	(19.6)	27.4
	<u>(25.9)</u>	<u>(40.1)</u>	<u>(21.8)</u>

18 Related party transactions

The group enters into a number of transactions in the ordinary course of business with its shareholders, associated undertakings and other investments

At 31st December 2006, the shareholders were (either directly or via subsidiaries)

ITV plc	40%
Daily Mail and General Trust plc	20%
Reuters Group plc	20%
United Business Media plc	20%

The group made sales of £49,562,000 (2005 £54,320,000) to shareholders or entities controlled by shareholders in respect of the supply of news programming, facility sales, rental income and other programming

The group made purchases of £3,354,000 (2005 £3,978,000) from shareholders in respect of the supply of news agency and other services

The following amounts are included within the balance sheet in respect of trade with shareholders

Debtors £2,074,000 (2005 £5,307,000),
 Creditors due within one year £20,000 (2005 £22,000).

Within other creditors is an amount due to shareholders for the purchase of tax losses for £1,049,000 (2005 £680,000)

19 Reconciliation of operating profit to net cash inflow from operating activities:

	2006 £ 000	2005 £ 000
Operating profit	422	3,625
Depreciation charge	5,417	4,810
(Profit)/loss on disposal of tangible fixed assets	(89)	23
Decrease/(Increase) in debtors	2,174	(43)
(Decrease)/increase in creditors	(7,201)	1,296
Increase in provisions	2,353	778
Foreign exchange differences	27	(44)
Net cash inflow	<u>3,103</u>	<u>10,445</u>
All activities are continuing		

NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 2006

20 Analysis of changes in net funds

	At 1st Jan 2006 £ 000	Cash flows £ 000	Other changes £ 000	At 31st Dec 2006 £ 000
Cash at bank and in hand	17,664	[5,720]	-	11,944
Obligation under finance leases and hire purchase agreements due within one year	[1,946]	1,158	[513]	[1,301]
Obligation under finance leases and hire purchase agreements due after more than one year	[611]	-	611	-
	[2,557]	1,158	98	[1,301]
Net cash	15,107	[4,562]	98	10,643

Reconciliation of movement in net funds

	2006 £ 000	2005 £ 000
(Decrease)/increase in cash in the year	[5,720]	5,818
Cash outflow from decrease in obligations under finance leases and hire purchase agreements	1,158	2,595
Cash outflow from decrease in liquid resources	-	[3,000]
Change in net cash resulting from cashflows	[4,562]	5,413
Decrease in obligations under finance leases and hire purchase agreements	98	68
Movement in net cash for the period	[4,464]	5,481
Net cash as at 1st January	15,107	9,626
Net cash as at 31st December	10,643	15,107

21 Reconciliation of movements in shareholders' funds

	Group 2006 £ 000	Group 2005 £ 000	Company 2006 £ 000	Company 2005 £ 000
Shareholders' funds at 1st January	[13,992]	[5,551]	[12,646]	[4,702]
Retained profit for the year	3,285	5,279	4,102	5,776
Actuarial gain/(loss) recognised in the pension schemes	9,170	[13,720]	9,170	[13,720]
Shareholders' funds at 31st December	[1,537]	[13,992]	626	[12,646]
Shareholders' funds are all equity interests				