

115

REPORT OF THE DIRECTORS

The Directors submit their Report together with the Audited Accounts of the Company for the year ended 29th July 1981.

DIRECTORS

The Directors of the Company are:

Lord Buxton	(Appointed Chairman 16.3.81)
N Collins	
F H Copplestone	
G.B. Cowgill	
Sir Denis Forman	(Resigned 16.2.81)
Rt. Hon. John Freeman	(Resigned 16.3.81)
P.L. Fox	
W.D.J. Hodgson	
A. Mair	
D. McCall	
D.E. Moloney	
D. Nicholas	
D. Plowright	(Appointed 16.2.81)
B. Tesler	

ACCOUNTS

The results for the year to 29th July 1981 show a net profit before taxation of £131,000 (1980 - £102,543).

ACTIVITIES OF THE COMPANY

The major activity of the Company is to provide international and national news programmes for the Independent Television Network. Technical and production facilities are also provided for domestic and foreign broadcasting organisations.

TEMPORARY INVESTMENT

In June 1979, for the sum of \$1,400,000, ITN acquired (for particular reasons which were non-commercial) 50% of the equity of UPITN Corporation. The Directors regarded this as a temporary investment which would be disposed of in whole or in part, in due course, to a suitable purchaser.

On 24 November 1981, 30% of the voting equity was sold to ABC News Intercontinental Inc, a Delaware (USA) Corporation, which is a wholly-owned subsidiary of American Broadcasting Companies Inc.

TURNOVER AND EXPORTS

The turnover of the Company amounted to £21,464,917 (1980 - £15,229,816) of which £378,156 (1980 - £462,919) related to overseas customers.



EMPLOYEES

There was an average of 603 (1980 - 573) employees during the year whose aggregate remuneration for the period was £9,128,870 (1980 - £5,933,692 including the dispute with the technical unions).

DIRECTORS' INTERESTS

During the year to 29th July 1981 the Directors had no interest in any of the shares of the Company.

AUDITORS

In accordance with Section 14 of the Companies Act 1976, a resolution proposing the re-appointment of Deloitte, Haskins & Sells as auditors to the Company will be put to the Annual General Meeting.

ASSET VALUATION

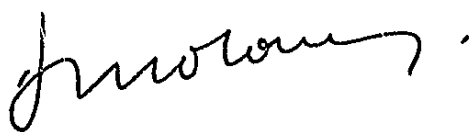
Technical equipment has been revalued as from July 29th 1974 on to a Current Replacement Cost basis and attention is drawn to Note 2 to the Accounts.

GENERAL

The Company is not a close company as defined in Schedule 18 to the Finance Act 1965.

The Accounts for the year to 29 July 1981 were approved by the Directors at a Board Meeting held on Monday 21 December 1981.

BY ORDER OF THE BOARD

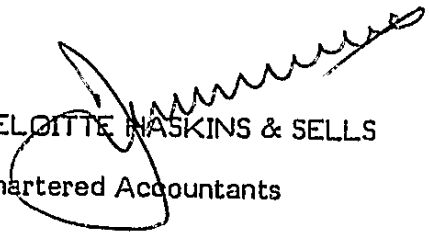


D.E. Moloney
SECRETARY

REPORT OF THE AUDITORS
TO THE MEMBERS OF INDEPENDENT TELEVISION NEWS LIMITED

We have examined the accounts set out on pages 4 to 10, in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 29th July 1981 and of its profit and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 to 1980.



DELOITTE HASKINS & SELLS
Chartered Accountants

London
DATE: 21st December 1981

INDEPENDENT TELEVISION NEWS LIMITED

BALANCE SHEET AS AT 29th JULY 1981

	Notes	1981 £	1980 £
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	2	12,437,178	10,352,967
Cost or replacement cost		7,450,819	6,674,369
Depreciation			
		4,986,359	3,678,598
ASSOCIATED COMPANY	4	332,227	371,181
PROFILE FILMS at cost less amounts written off		100,000	100,000
FILM LIBRARY at valuation		20,000	20,000
		5,438,586	4,169,779
CURRENT ASSETS			
Stocks	1(d)	163,080	265,495
Debtors including supplementary charges and payments in advance		1,550,114	3,148,826
Corporation Tax Recoverable		2,950	2,950
Cash in Hand		21,851	20,029
		1,737,995	3,437,300
Less: CURRENT LIABILITIES			
Sundry creditors & accrued charges payable within one year		3,463,167	2,600,113
Corporation Tax payable beyond one year		131,000	-
Bank Overdraft (UK)		1,790,395	1,846,803
		5,384,562	4,446,916
NET CURRENT (LIABILITIES)/ASSETS		(3,646,567)	(1,009,616)
Temporary Investment UPITN	3	603,058	603,058
Bank Loan (USA)	3	-	(603,058)
		2,395,077	3,160,163
CAPITAL EMPLOYED			
SHARE CAPITAL Authorised, issued & fully paid 400,000 shares of £1 each		400,000	400,000
PROFIT AND LOSS ACCOUNT		(1,696,400)	(810,863)
SHAREHOLDERS LOANS	7	400,000	400,000
CAPITAL RESERVE		3,291,477	3,171,026
		2,395,077	3,160,163

A. Nicholas

B. Burton

INDEPENDENT TELEVISION NEWS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29th JULY 1981

	<u>1981</u>	<u>1980</u>
	£	£
TURNOVER - being amounts invoiced to customers	21,464,917	15,229,816
PROFIT ON TRADING after charging & crediting the following items:	131,000	93,838
CHARGES		
Depreciation less profit on disposals of £8,369(1980 - £6,091)	1,036,058	1,189,461
Director's Remuneration	79,250	69,250
Audit Fee	6,300	5,750
Bank Interest	248,615	267,746
CREDITS		
Net Rent Receivable	16,293	12,678
TAXATION		
Corporation Tax Provision	131,000	104,300
Corporation Tax Provision on Disallowables	-	(93,838)
Corporation Tax Underprovision Previous Years	-	(1,757)
	131,000	8,705
Profit on Trading after Taxation	-	102,543
Provision for Losses - UPITN	(885,537)	(109,888)
Adverse Balance Brought Forward	(810,863)	(803,518)
Adverse Balance Carried Forward	(1,696,400)	(810,863)

INDEPENDENT TELEVISION NEWS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR YEAR ENDED 29th JULY 1981

	<u>1981</u> £	<u>1980</u> £
SOURCE OF FUNDS		
Profit before tax	131,000	93,838
Adjustment for items not involving the movement of funds:		
Depreciation after revaluation	1,036,058	1,189,461
	<u>1,167,058</u>	<u>1,283,299</u>
 FUNDS FROM OTHER SOURCES		
Sale of Fixed Assets	30,646	16,831
	<u>1,197,704</u>	<u>1,300,130</u>
 APPLICATION OF FUNDS		
Purchase of Fixed Assets	2,254,014	1,670,985
Taxation Paid	-	105,563
Repayment of Bank Loan	603,058	-
	<u>(1,659,368)</u>	<u>(476,418)</u>
 INCREASE/(DECREASE) IN WORKING CAPITAL		
(Decrease)/Increase in Stocks	(102,415)	21,684
(Decrease)/Increase in Debtors (including associated company)	(752,129)	224,043
(Increase) in creditors (excluding current year taxation provision)	(863,054)	(199,383)
 Movement in net liquid funds:		
Increase/(Decrease) in cash balance	1,822	3,726
Decrease/(Increase) in Bank Overdrafts	56,408	(526,488)
	<u>(1,659,368)</u>	<u>(476,418)</u>

INDEPENDENT TELEVISION NEWS LIMITED

NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

(a) INVESTMENT

Investment in associated company is shown at cost less provision for losses attributable to this company's interest.

(b) FIXED ASSETS

Fixed assets* have been stated at cost except for technical equipment which has been revalued by reference to Index 1260 in 'Price Indices For Current Cost Accounting' published by the Central Statistical Office.

(c) DEPRECIATION

Depreciation is calculated to amortise the cost of the following fixed assets over their useful lives by equal annual instalments as follows:

Improvements to leasehold premises - $8\frac{3}{4}\%$ - $12\frac{1}{2}\%$
Motor vehicles - 20%

Depreciation on technical equipment is calculated to amortise the replacement cost of the assets over their useful lives. The annual charge to profit and loss account is calculated as follows:

10% - 20% p.a. of the replacement cost as at 29th July plus any backlog arising from changes in the replacement cost of the assets from the previous year.

Where assets continue to be used beyond their expected life, depreciation is calculated on the basis that assets will continue in use for one further year from the date of the balance sheet.

(d) STOCKS

Stocks are valued at the lower cost and net realisable value after writing-off for obsolescence and usage.

(e) FOREIGN CURRENCY

Foreign currency items are converted at rates of exchange ruling on the balance sheet date.

(f) DEFERRED TAXATION

Provision for deferred taxation has not been made as no such liability is expected to materialise in the foreseeable future. No provision has been made on the increased book values as a result of the revaluation.

(g) GROUP ACCOUNTS

Group Accounts have not been prepared because the group relationship is temporary and they therefore would be misleading.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 29th JULY 1981 (continued)

2. FIXED ASSETS

	Total £	Improvements To Leasehold Premises £	Technical Equipment £	Motor Vehicles £
COST or REPLACEMENT COST				
As at 30th July 1980	10,352,967	1,415,702	8,688,373	248,892
Additions	2,254,014	280,747	1,881,144	92,123
Disposals	(290,244)	-	(248,246)	(41,998)
Revaluation	120,441	-	120,441	-
As at 29th July 1981	12,437,178	1,696,449	10,441,712	299,017
DEPRECIATION				
As at 30th July 1980	6,674,369	749,002	5,824,565	100,802
Provided this year	1,036,058	100,596	877,536	57,926
Applied on disposals	(259,608)	-	(239,887)	(19,721)
As at 29th July 1981	7,450,819	849,598	6,462,214	139,007
NET BOOK VALUE				
1981	4,986,359	846,851	3,979,498	160,010
1980	3,678,598	666,700	2,863,808	148,090

The revaluation surplus for the year £120,441 (1980 - £635,643) has been transferred to capital reserves.

The net book value of the fixed assets on the historical cost basis is £4,238,436 (1980 - £2,993,988)

INDEPENDENT TELEVISION NEWS LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 29th JULY 1981 (continued)

3. TEMPORARY INVESTMENT IN UPITN CORPORATION AT COST

In June 1979 ITN acquired for \$1,400,000 50% of the equity of UPITN. This equity comprised 50% of the voting stock represented by 4,000 shares Class 'C' Common Stock of \$100,000 face value and promissory notes of \$1,854,718 face value repayable by instalments and repayable in full by 1st June 2013.

As noted in the Report of the Directors, on 24 November 1981, ITN sold 30% of the voting stock of UPITN to ABC News Intercontinental Inc. As a further disposition may be made, if it is in the best interests of UPITN, its Accounts have not been consolidated with ITN's Accounts. The last audited consolidated financial statements for UPITN were for the year ended 30th April 1981 and in view of the temporary nature of the investment the Directors have not required UPITN to change its financial year.

4. ASSOCIATED COMPANY (UNQUOTED) - UPITN CORPORATION, INCORPORATED IN USA

	<u>1981</u> £	<u>1980</u> £
500 Shares Common Stock Class 'B' of face value of \$50,000 at cost	23,181	23,181
Amount receivable within one year	1,357,385	510,802
Amount receivable beyond one year (a)	596,003	468,656
	<hr/>	<hr/>
	1,976,569	1,002,639
LESS: Provision for losses (b)	1,644,342	631,458
	<hr/>	<hr/>
NET attributable underlying assets	332,227	371,181
	<hr/>	<hr/>

(a) This comprises an interest-free loan of \$1,110,949 (£596,003) (1980 - £468,656) repayable by instalments and repayable in full by 1st June 2013.

(b) ITN's share (45%) of the sterling equivalent of the accumulated losses of UPITN Corporation based on unaudited Management Accounts for the year ended 31st July 1981, amounted to £1,644,342 (1980 (25%) - £631,458). ITN's share of the loss for the year was £1,012,884 (£1980 (25%) - £98,134).

The increase in the provision of £1,012,884 reflects the full 45% share (1980 - 25%) of accumulated losses together with an increase of £170,137 in the sterling equivalent of the amount provided for at 29 July 1980.

INDEPENDENT TELEVISION NEWS LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 29th JULY 1981 (continued)

5. CAPITAL COMMITMENTS

Contracts for Capital Expenditure at 29th July 1981 not provided in these Accounts amounted to approximately £759,600 (£1980 - £1,396,000).

Expenditure authorised by the Board of Directors but not contracted for at 29th July 1981 was £256,000 (1980 - £443,000).

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	Year to 29.7.81	Year to 29.7.80
Chairman's Remuneration	NIL	NIL
Highest paid Director	28,500	25,000
Other Directors':		
NIL	11	9
Under £20,000	-	-
£20,001 - £25,000	-	2
£25,001-£30,000	2	-
Other Employees:		
£20,001-£25,000	84	7
£25,001-£30,000	20	1
£30,001-£35,000	3	-

7. SHAREHOLDERS' LOANS

The interest-free loans have been contributed by the shareholders in their shareholding ratios. These loans have no fixed redemption period.

8. DEFERRED TAXATION

If full provision had been made for deferred taxation on Fixed Assets, the amount of tax deferred would have been £1,710,000 (1980 - £1,195,000).