

Company Registration No. 548648

Independent Television News Limited

Report and Financial Statements

31 December 2010

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Independent Television News Limited

Report and financial statements 2010

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Independent Television News Limited

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 31 December 2010

Principal activities

The principal activity of the Group is to provide daily scheduled television programmes of international and national news to UK broadcasters. The Group also provides other programming, archive material and technical and production facilities as well as strategic and operational advice to domestic and foreign media companies.

Enhanced business review

2010 saw an improvement in the economic environment facing the media sector, with our core customers reporting a recovery in advertising revenues. Notwithstanding this backdrop ITN revenues of £96.2m were down 2% on 2009, with News revenues of £70.8m down 3% and revenues from other commercial businesses flat at £25.4m.

ITN News has built a strong reputation as the UK's leading independent provider of broadcast news, delivering powerful, authoritative, world-class coverage. 2010 was a spectacularly busy year for news: the year began and ended with weather stories from home, but these were eclipsed by natural disasters including the cataclysmic earthquake in Haiti and floods in Pakistan, a truly remarkable General Election, moving news from the Chilean miners rescue, two manhunts in the North of England, a Royal engagement, and not to mention a World Cup and Papal visit. ITN has received numerous plaudits for its coverage including six prestigious Royal Television Society awards including the coveted News Programme of the Year Award for News at Ten.

ITN News produces high-quality news programming for the country's two biggest commercial broadcasters, ITV1 and Channel 4. Although these long-term contracts have provided a degree of protection against the economic environment, revenues fell in 2010 driven by contract reductions agreed at the end of 2009 with our key customers as well as the closure of Setanta Sports News in mid 2009. This was mitigated by one off news programming for the 2010 General Election and other additional news and current affairs programming for ITV, including the production of a number of editions of the Tonight programme.

Revenues from ITN's other commercial businesses remained flat in 2010 at £25.4m, although profitability also benefited from certain one-off items including the non recurrence of costs in respect of reorganisation and restructuring of the commercial businesses into three units that occurred at the end of 2009: ITN Source, ITN Productions and ITN Consultancy.

ITN Source syndicates on-the-day and archive content to a global customer base which includes the TV, arts, entertainment and education sectors. On-the-day news content generated daily by ITN is syndicated to leading broadcasters and producers around the globe. ITN Source also represents archive footage from ITN, Reuters, ITV, Fox Movietone, ANI and Channel 9 News amongst others.

ITN Productions produces short and long-form programming as well as managed services for major global brands in the broadcast, online, mobile and corporate sectors. Its content spans multiple genres including news, entertainment, factual and corporate. The division offers a range of services encompassing news on-line, mobile devices, factual documentaries for major broadcasters, as well as production of corporate films for a wide variety of corporate and public sector clients.

ITN Consulting provides strategic and operational advice to businesses operating in the media and communications industries.

At the operating level, ITN achieved a small operating profit compared with losses of £2.9m in 2009. This significant improvement was achieved despite the downturn in contract revenues in

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Directors' report (continued)

Enhanced business review (continued)

ITN News compared to 2009. Factors driving the operating profit improvement included higher contributions from non contract News revenues, improved profitability in the commercial businesses and cost savings in administrative overheads. Profitability also benefited from the non recurrence of one off costs in respect of reorganisation and restructuring including the closure of the Setanta Sports News service in 2009.

Profit before tax of £0.4m has improved from losses of £4.2m in 2009. In addition to the improvement in operating profits, the major driver was a reduction of £1.5m in net finance costs attributable to the ITN Defined Benefit Pension Scheme (ITN Pension Scheme). The scheme, which is now closed to future accrual and is currently in deficit, is discussed in more detail in Note 18 to the accounts.

ITN has been in discussions with the Trustees of the ITN Pension Scheme throughout 2010 to agree the triennial valuation and recovery plan. During the work undertaken a discrepancy was identified in 2009 between the Scheme Rules and current administrative practice affecting the way in which certain benefits are calculated. This has the potential to increase the scheme liabilities by approximately £12m. The Trustees and ITN have decided together that the best course of action is for the Trustees to make an application to the courts for guidance, seeking a judgement to determine how the Scheme should be administered.

A recovery plan has been agreed in principle with the Scheme Trustees to fund the deficit at 31 December 2008 of £55.3m. The plan envisages payments over 15 years and balances the funding requirements of the Scheme and the Company's projected cash generation. In the event that the court determines that the liabilities are at the higher level and consequently the deficit is approximately £67m, ITN has agreed with the Trustees to extend the duration of the recovery plan by three years. Significant assets have been offered as security to the Pension Scheme in support of the plan.

Although 2010 was a challenging year, ITN has returned to profitability and now has a firm platform for longer term growth. ITN remains committed to delivering high-quality news programming and growth within its commercial businesses.

Results and dividends

The Group's results are set out on page 9. The directors do not recommend the payment of a dividend (2009: £nil).

Board of Directors

Executive Directors

J M Hardie
B R Martin

Non Executive Directors

M A M Carver (Chairman)
G W Linnebank
M D Stewart
S J Pitts
A S Garard
T M Betts (alternate to A S Garard appointed 14 January 2010)

The Board

The Board meets regularly throughout the year and currently consists of seven directors. To enable the Board to perform its duties, the directors have full access to all relevant information and to the services of the Company Secretary.

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Directors' report (continued)

The Audit Committee

The Audit Committee currently comprises all non-executive directors with M A M Carver as Chairman and meets at least once 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.

The Remuneration Committee

The Remuneration Committee currently comprises all non-executive directors with M D Stewart as chairman. 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, salary security and disability cover, 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 strategy and 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.

Principal risks and uncertainties

There are a number of potential risks and uncertainties (the most significant of which are described in more detail below), which could have a material impact on the Company's long-term performance and could cause actual results to differ materially from expected. The Company 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.

Going concern

After making enquiries and considering the uncertainties described in detail in note 1 in the financial statements, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

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 £25,500 (2009 £25,780). There were no political donations.

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Directors' report (continued)

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 news e-mails, an intranet and notice boards.

Supplier payment policy

The Group'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 31 December 2010 were 22 days (2009: 24 days), based on the ratio of company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

ITN pension scheme funding risk

As described on page 25, the ITN Pension Scheme has a significant funding deficit. The Company has agreed in principle a recovery plan with the Scheme Trustees in respect of the agreed deficit as at 31 December 2008. To further mitigate this risk the Company closed the scheme to future accrual with effect from 31 March 2010 with members transferring to a defined contribution scheme. In conjunction with the Trustees, the Company is also evaluating a number of options to further reduce risk.

Customer concentration risk

The Company generates a substantial portion of its revenue from its two key customers in the broadcasting sector. Damage to or loss of either of these relationships could have a direct and potentially material effect on the Company's results. The Company has long-term contracts with its key broadcasting customers which mitigate the risk. Board members regularly meet with the key customers and review the relationships to ensure that the Company continues to meet their respective needs.

Foreign exchange risk

The Group's activities currently do not significantly expose it to the financial risks of changes in foreign currency exchange rates and there is a degree of operational hedging with revenues and costs arising in foreign currencies through the operation of the ITN Source business overseas.

Credit risk

The Group's principal financial assets are bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables which are principally due from major broadcasters thereby reducing recovery risk. Liquid funds are held with financial institutions that are regularly reviewed by the Treasury function. Operational cash balances are held with the Group's principal bankers which is the Royal Bank of Scotland.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of cash and medium-term debt finance. There have been no instances of liquidity shortage in the period nor are there expected to be any in the foreseeable future.

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Directors' report (continued)

Auditors

Deloitte 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 unaware,
- 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, and
- this confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board and signed on its behalf by



J H Scorer
Secretary

200 Gray's Inn Road
London
WC1X 8XZ

30 March 2011

Independent Television News Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Independent Television News Limited

We have audited the financial statements of Independent Television News Limited for the year ended 31 December 2010 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Independent Television News Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

M. R. Lee-Amies.

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
30 March 2011

Independent Television News Limited

Consolidated profit and loss account Year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Turnover	3	96,249	98,474
Cost of Sales		(82,157)	(83,835)
Gross profit		14,092	14,639
Administrative expenses		(14,029)	(17,531)
Operating profit/(loss) on ordinary activities before interest and taxation		63	(2,892)
Income from other fixed assets investments	4	599	462
Interest receivable and similar income		50	141
Interest payable and similar charges	5	(252)	(310)
Other finance costs		(64)	(1,576)
Profit/(loss) on ordinary activities before taxation	6	396	(4,175)
Tax credit on ordinary activities	8	61	791
Profit/(loss) for the financial year	16	457	(3,384)

The movement on reserves is set out in note 16 to the accounts

A consolidated statement of total recognised gains and losses is set out on page 13

All activities are continuing The accompanying notes are an integral part of this consolidated profit and loss account

Independent Television News Limited

Consolidated balance sheet As at 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	12,278	13,113
Investments	10	2,128	2,128
		<u>14,406</u>	<u>15,241</u>
Current assets			
Debtors	11	18,771	15,250
Cash at bank and in hand		8,575	16,036
		<u>27,346</u>	<u>31,286</u>
Creditors amounts falling due within one year	12	<u>(28,146)</u>	<u>(30,675)</u>
Net current (liabilities)/ assets		<u>(800)</u>	<u>611</u>
Total assets less current liabilities		13,606	15,852
Creditors amounts falling due after more than one year	13	(468)	(1,517)
Provisions for liabilities	14	<u>(3,526)</u>	<u>(4,482)</u>
Net assets excluding pension liability		9,612	9,853
Pension liability	18	<u>(43,488)</u>	<u>(40,727)</u>
Net liabilities including pensions liability		<u><u>(33,876)</u></u>	<u><u>(30,874)</u></u>
Capital and reserves			
Called-up share capital	15	400	400
Profit and loss account	16	<u>(34,276)</u>	<u>(31,274)</u>
Shareholders' deficit	22	<u><u>(33,876)</u></u>	<u><u>(30,874)</u></u>

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

The financial statements of Independent Television News Limited registered number 548648 were approved by the Board of Directors on 30 March 2011

Signed on behalf of the Board of Directors



B R Martin
Director

30 March 2011

Independent Television News Limited

Company balance sheet As at 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	12,278	13,113
Investments	10	2,128	2,128
		<u>14,406</u>	<u>15,241</u>
Current assets			
Debtors	11	18,702	15,660
Cash at bank and in hand		8,032	15,085
		<u>26,734</u>	<u>30,745</u>
Creditors amounts falling due within one year	12	<u>(27,534)</u>	<u>(30,134)</u>
Net current (liabilities)/ assets		<u>(800)</u>	<u>611</u>
Total assets less current liabilities		<u>13,606</u>	<u>15,852</u>
Creditors amounts falling due after more than one year	13	(468)	(1,517)
Provisions for liabilities	14	<u>(3,526)</u>	<u>(4,482)</u>
Net assets excluding pension liability		9,612	9,853
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Net liabilities including pensions liability		<u>(33,876)</u>	<u>(30,874)</u>
Capital and reserves			
Called-up share capital	15	400	400
Profit and loss account	16	<u>(34,276)</u>	<u>(31,274)</u>
Shareholders' deficit	22	<u>(33,876)</u>	<u>(30,874)</u>

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

The financial statements of Independent Television News Limited registered number 548648 were approved by the Board of Directors on 30 March 2011

Signed on behalf of the Board of Directors



B R Martin
Director

30 March 2011

Independent Television News Limited

Consolidated cash flow statement Year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Net cash (outflow)/inflow from operating activities	20	(2,492)	1,943
Returns on investments and servicing of finance			
Income from fixed assets investments		599	462
Interest received		50	141
Interest element of finance lease and hire purchase rentals		(52)	(187)
Net cash inflow from returns on investments and servicing of finance		597	416
Taxation			
UK corporation tax received		309	-
Capital expenditure and financial investment			
Acquisition of tangible fixed assets		(4,210)	(3,583)
Sale of tangible fixed assets		90	128
Insurance claim		-	345
Net cash outflow from capital expenditure and financial investment		(4,120)	(3,110)
Cash outflow before financing		(5,706)	(751)
Financing			
Drawdown of loan	21	1,311	1,643
Repayment of loan	21	(3,066)	(3,529)
Capital element of lease payment relating to sale and leaseback assets	21	-	(91)
Net cash outflow from financing		(1,755)	(1,977)
Decrease in cash in the year	21	(7,461)	(2,728)

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 Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Group profit/(loss) for the financial year		457	(3,384)
Actuarial loss relating to the pensions scheme (including exceptional experience gain in 2009)	18	(3,979)	(18,266)
Related deferred tax on actuarial loss		1,114	5,114
Effect of decrease in tax rate on deferred tax asset on pension liability		(594)	-
Total recognised losses relating to the year		<u>(3,002)</u>	<u>(16,536)</u>

The profit/ (loss) for 2010 and 2009 are reported under the historical cost convention

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

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

1 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

Basis of consolidation

The group accounts consolidate the accounts of Independent Television News Limited and its subsidiary undertakings up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1, including the principal risks and uncertainties.

The Group made a profit after tax of £0.5m in the year to 31 December 2010. It had net current liabilities of £0.8m. The Group's activities are largely funded out of operating cash flows arising from its contracts with broadcasters. It has a loan facility from ITV Broadcasting Limited which has been provided as part of the ITV News Supply Contract and has been used to invest in equipment related to that contract. The amount outstanding on this loan at 31 December 2010 was £2.8m with a £4.8m undrawn facility. On 31 December 2010 the Group has available cash resources of £8.6m.

At 31 December 2010, the ITN Pension Scheme had a net deficit under Financial Reporting Standard 17 'Retirement Benefits' of £59.5 million (Note 18). The triennial actuarial valuation of the scheme at 31 December 2008 has been agreed with the Trustees of the ITN Pension Scheme at either £55.8 million or £67.1m subject to the court determination of how the Scheme should be administered. A funding plan has been agreed in principle with the Trustees which accommodates both deficits. The directors believe that the agreed funding plan enables the Company to make appropriate contributions to the Scheme to reduce the deficit whilst continuing to grow the business.

After making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the going concern basis continues to be adopted in preparing the annual report and accounts.

Basis of accounting

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

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 the contract value applicable to the activity in the period, ascertained by reference to the extent to which contractual obligations have been carried out. Programme and Archive material income is recognised once a licence agreement is concluded and the product delivered.

Investments

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

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

1 Statement of accounting policies (continued)

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

Under the news contracts ITN has with broadcasters, the broadcasters may contribute funds for the purchase of the necessary equipment. Such assets are capitalised and amortised over the expected useful life.

Capital contributions received from broadcasters to fund the expenditure are included in accruals and deferred income when received or receivable from the broadcaster and credited to the profit and loss account over the expected useful economic life of the relevant asset.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currencies at actual exchange rates as of the dates of the transactions. 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.

Taxation

Current tax, including UK corporation tax and foreign 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The deferred tax asset is recognised as the directors are of the opinion that it is more likely than not that there will be suitable taxable profits in the future from which the reversal of the underlying timing difference can be deducted. Taxable losses have been incurred by the Group and have been recognised as the directors are of the opinion that it is more likely than not these will be available for offset against future taxable profits of the Company or will be recoverable through consortium or group tax relief in the future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

1 Statement of accounting policies (continued)

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.

Pensions

With effect from 31 March 2010, the Group closed the ITN Pension Scheme to future accrual. Subsequently the Group provided pensions to all members of staff from 1 April 2010 through a defined contribution stakeholder scheme.

For the defined benefit scheme, 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 in the profit and loss statement. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit scheme is 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 contribution scheme are the contributions payable in the period.

Provisions

In accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", the Group's property provisions (see note 14) 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 Group's salary security provisions (see note 14) have been discounted to the present value of future estimated receipts from the insurance company for employees who are not expected to return to work and not give rise to any future economic benefits to the Company. The periodic unwinding of the discount is treated as an imputed interest charge and is disclosed under interest payable and similar charges. Management make an annual assessment of the appropriateness of the assumptions. Any resulting changes in assumptions are charged within administrative expenses in the profit and loss account.

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Notes to the accounts

Year ended 31 December 2010

2 Parent company profit and loss account

The Company has taken advantage of the exemption in the Companies Act 2006 S 408 not to present its own profit and loss account. The Company's profit after tax for the year was £457,000 (2009: loss £3,384,000).

3 Segmental information

The principal activity of the Group is to provide daily scheduled television programmes of international and national news to UK broadcasters. The Group also provides other programming, archive material and technical and production facilities as well as strategic and operational advice to domestic and foreign media companies. The Group turnover, by geographical destination, is as follows:

	2010 £'000	2009 £'000
Turnover by geographical destination		
United Kingdom	83,257	87,066
Rest of the world	12,992	11,408
	<u>96,249</u>	<u>98,474</u>

The directors consider all turnover to be derived from the activities above.

4 Income from other fixed asset investments

	2010 £'000	2009 £'000
Dividend received	<u>599</u>	<u>462</u>

5 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest on loan	52	187
Interest on finance leases and hire purchase contracts	-	11
Unwinding of discount on provisions (note 14)	200	112
	<u>252</u>	<u>310</u>

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

6 Profit/(loss) on ordinary activities before taxation

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

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets		
- owned	4,906	5,210
- held under finance licence	-	4
Loss/(profit) on disposal of fixed assets	48	(128)
Operating lease rentals		
- land and buildings	3,023	3,065
Audit and non-audit fees paid to Deloitte LLP		
- Fees payable to Deloitte LLP for the audit of the Company's annual accounts	98	144
- The audit of the Company's subsidiaries pursuant to legislation	9	9
- Other services relating to taxation	235	279
	342	432

Fees payable to Deloitte LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis

7 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

	2010 No	2009 No
Number of employees	640	729
	£'000	£'000
The costs incurred in respect of these employees were		
Wages and salaries	35,032	38,306
Employers' national insurance costs	3,579	3,937
Employers' pension costs		
- defined benefit scheme	532	2,486
- defined contribution stakeholder scheme	2,093	583
	41,236	45,312

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

7 Staff costs and directors' remuneration (continued)

Directors' remuneration

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

	2010	2010	2010	2010	2010	2009
	Salary/ Fees £'000	Bonus £'000	Benefits £'000	Pension £'000	Total £'000	Total £'000
Highest paid director	350	277	23	32	682	238
Aggregate other directors' emoluments	317	83	11	17	428	391
Total emoluments	667	360	34	49	1,110	629

8 Tax on profit/ (loss) on ordinary activities

	2010 £'000	2009 £'000
Current tax		
UK Corporation tax at 28% (2009 28.5%) for the year	387	665
Foreign tax	(73)	(78)
Adjustments in respect of prior years		
UK corporation tax	359	85
Total current tax credit	673	672
Deferred tax		
Origination and reversal of timing differences	(141)	729
Effect of change in the tax rate to 27% from 1 April 2011	(76)	-
Charge in respect of pension liability	(311)	(439)
Adjustments in respect of prior years	(84)	(171)
Total deferred tax	(612)	119
Total tax credit on profit/ (loss) on ordinary activities	61	791

The UK Government has recently announced that it will reduce the standard of rate of UK corporation tax, which will affect the current and total tax charges or credits in future periods. It is proposed that the rate will decrease in stages from the current rate of 28% to 23% with effect from 1 April 2014. The only change to the tax rate substantively enacted at the balance sheet date was the decrease from 28% to 27% with effect from 1 April 2011.

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

8 Tax on profit/ (loss) on ordinary activities (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28.5%). The current tax credit for the year was less than 28% (2009 was less than 28.5%) for the reasons set out in the following reconciliation

	2010 £'000	2009 £'000
Group profit/ (loss) on ordinary activities before tax	396	(4,175)
Tax on group profit/ (loss) on ordinary activities at standard tax rate	111	(1,169)
Effects of		
Expenses not deductible for tax purposes	373	410
Non-taxable income	(399)	(404)
Depreciation (less than)/ in excess of capital allowances	(90)	862
Other short term timing differences	(438)	(574)
Tax losses not recognised	77	232
Adjustments to tax charge in respect of previous periods	(360)	(85)
Foreign tax	53	56
Group current tax credit for the year	<u>(673)</u>	<u>(672)</u>

9 Tangible fixed assets

Group and Company	Fixed plant and equipment £'000	Office and technical equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost					
At 1 January 2010	7,989	56,232	1,068	942	66,231
Additions	491	3,147	113	459	4,210
Completed Assets	31	858	15	(904)	-
Disposals	(2,362)	(21,123)	(165)	-	(23,650)
At 31 December 2010	<u>6,149</u>	<u>39,114</u>	<u>1,031</u>	<u>497</u>	<u>46,791</u>
Depreciation					
At 1 January 2010	5,474	46,703	941	-	53,118
Charged in year	694	4,111	101	-	4,906
Disposals	(2,265)	(21,081)	(165)	-	(23,511)
At 31 December 2010	<u>3,903</u>	<u>29,733</u>	<u>877</u>	<u>-</u>	<u>34,513</u>
Net book value					
At 31 December 2010	<u>2,246</u>	<u>9,381</u>	<u>154</u>	<u>497</u>	<u>12,278</u>
At 31 December 2009	<u>2,515</u>	<u>9,529</u>	<u>127</u>	<u>942</u>	<u>13,113</u>

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

10 Fixed asset investments

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Subsidiary undertakings	-	-	-	-
Other investments	2,128	2,128	2,128	2,128

The Company and the Group have investments in the following subsidiary undertakings, associated undertakings and other investments

Subsidiary undertakings

ITN Radio Investments Limited which changed its name from ITN Radio Limited on 13 December 2010, a 100% subsidiary of the Company registered in England and Wales, held at the balance sheet date 19.7% of the ordinary share capital of Independent Radio News Limited (IRN). ITN Radio Investments Limited was represented on the board of IRN but 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 the Company is registered in England and Wales. The principal activity of ITN Archive Limited is to sell and market in certain territories the Company's television archive and any other archives that the Company has the right to sell.

Other investments

19.7% interest in Independent Radio News Limited (discussed above)

16.76% interest in Espresso Group Limited a company registered in England and Wales. The principal activity of this company was the production and distribution of digital educational programming.

25% interest in Education Digital 2 Limited a company registered in England and Wales.

50% interest in Diagonal View Limited a company registered in England and Wales.

50% interest in ITN Venture Consulting Pte Limited a company registered in Singapore acquired on 12 October 2010.

	Cost and net book value	
	2010	2009
	£'000	£'000
Group and Company		
At 1 January and 31 December	2,128	2,128

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

11. Debtors

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	10,451	6,952	10,063	6,493
Other debtors	724	317	498	269
Deferred tax	2,048	2,349	2,047	2,349
Amounts owed by subsidiary undertakings	-	-	693	1,065
Prepayments and accrued income	5,548	5,632	5,401	5,484
	<u>18,771</u>	<u>15,250</u>	<u>18,702</u>	<u>15,660</u>

All debtors other than deferred tax are recoverable within one year. A shareholder loan to Diagonal View Limited of £300,000 included in Other debtors has been fully provided for.

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 difference can be deducted or the tax losses offset against future taxable profits.

Deferred tax

	£'000
At 1 January 2010	2,349
Debited to profit and loss account	(301)
At 31 December 2010	<u>2,048</u>

Deferred taxation is analysed as follows

	2010	2009
	£'000	£'000
Depreciation in excess of capital allowances	1,578	1,981
Other short-term timing differences	243	368
Tax Losses	227	-
	<u>2,048</u>	<u>2,349</u>

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

12 Creditors amounts falling due within one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Other loans (note 13)	2,360	3,066	2,360	3,066
Trade creditors	1,679	1,133	1,679	1,133
Social security & other taxes	1,098	1,148	1,098	1,148
Other creditors	2,260	3,132	2,192	3,095
Accruals and deferred income	20,749	22,196	20,205	21,692
	<u>28,146</u>	<u>30,675</u>	<u>27,534</u>	<u>30,134</u>

13. Creditors amounts falling due after more than one year

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Other loans	<u>468</u>	<u>1,517</u>	<u>468</u>	<u>1,517</u>

Other loans represent a loan provided by ITV Broadcasting Limited (related party note 19). Interest accrues on a daily basis on the loan and is payable at a variable interest rate of LIBOR plus 1%.

Other loans are secured and are repayable as follows:

	2010 £'000	2009 £'000
Group and Company		
Within one year	2,360	3,066
Between two and five years	<u>468</u>	<u>1,517</u>
	<u>2,828</u>	<u>4,583</u>

14. Provisions for liabilities

	Property £'000	Salary security £'000	Total £'000
Group and Company			
At 1 January 2010	3,217	1,265	4,482
Utilised during the year	(671)	(133)	(804)
Unwinding of discount on provisions (note 5)	127	73	200
Released in the year	<u>(29)</u>	<u>(323)</u>	<u>(352)</u>
At 31 December 2010	<u>2,644</u>	<u>882</u>	<u>3,526</u>

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

15 Called-up share capital

At 31 December 2010 and 2009 the Company had 15,400,000 authorised ordinary shares of £1 each

	2010 £'000	2009 £'000
Group and Company		
Authorised, allotted, called-up and fully-paid 400,000 ordinary shares of £1 each	400	400

16 Reserves

	2010	
	Group £'000	Company £'000
Profit and loss account		
At 1 January 2010	(31,274)	(31,274)
Retained profit for the year	457	457
Net actuarial loss recognised in the pension scheme	(3,459)	(3,459)
At 31 December 2010	(34,276)	(34,276)

17 Guarantees and other financial commitments

(a) Capital Commitments

	2010 £'000	2009 £'000
Group and Company		
Contracted for but not provided for	268	1,416

(b) Operating lease commitments

At 31 December 2010 the Group and Company had minimum annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	Group £'000	Company £'000
2010		
Operating leases which expire		
Within one year	8	-
Between two and five years	695	648
After more than five years	3,256	3,256
	3,959	3,904
2009		
Operating leases which expire		
Within one year	412	358
Between two and five years	724	648
After more than five years	3,211	3,211
	4,347	4,217

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

17 Guarantees and other financial commitments (continued)

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 (2009 two contracts) where it has minimum guarantee commitments relating to the sale of their respective archive material

	Minimum guarantee commitments £'000
Expiring within one year	750
Expiring between two and five years	156

One of these contracts is with ITV Global Entertainment Limited totalling £750,000

18 Pensions

With effect from 31 March 2010, the Group closed the ITN Pension Scheme to future accrual. Subsequently the Group provided pensions to all members of staff from 1 April 2010 through a defined contribution stakeholder scheme.

The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary on a triennial basis. The latest actuarial valuation was as at 31 December 2008 and used the projected unit method.

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

	2010	2009	2008	2007	2006
Inflation	3.40%	3.40%	2.80%	3.30%	3.00%
Rate of increases in salaries	-	3.40%	2.80%	3.30%	3.00%
Rates of increase of pensions in payment	3.40%	3.40%	2.80%	3.30%	3.00%
Rate of increase for deferred pensioners	2.90%	3.40%	2.80%	3.30%	3.00%
Discount rate	5.40%	5.80%	6.40%	5.80%	5.10%
Expected return on scheme assets (1)	7.03%	6.80%	7.06%	6.86%	6.91%

For mortality rates the Company has used SAPS tables calculated by reference to each member's year of birth and adjusted for future improvements in line with the medium cohort with a 1% pa minimum annual improvement underpin rated down one year. Using these tables a male non-pensioner member currently aged 40 is expected to live for a further 49 years, while a male pensioner aged 60 is expected to live for a further 27 years. The tables above reflect published mortality investigations.

(1) Note: This refers to the expected rate of return on assets as at the beginning of each period presented. The overall expected rate of return on the Scheme assets has been based on the average expected return of each asset class, weighted by the amount of assets in each class.

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

18 Pensions (continued)

The employee benefit obligations of the scheme were:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of funded obligations	(341.9)	(321.0)	(279.2)	(319.7)	(313.9)
Present value of unfunded obligations	-	-	-	-	-
Fair value of scheme assets	282.4	264.4	239.3	296.9	288.0
Deficit in the scheme	(59.5)	(56.6)	(39.9)	(22.8)	(25.9)
Related deferred tax asset	16.1	15.9	11.2	6.4	7.8
Net Pension liability	(43.4)	(40.7)	(28.7)	(16.4)	(18.1)

The average company contribution rate for 2010 was 22.5% (2009 22.5%) of pensionable earnings to 31st March 2010

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

	2010	2009	2008	2007	2006
Equities	64%	63%	62%	64%	66%
Bonds	29%	30%	30%	27%	25%
Other	7%	7%	8%	9%	9%

Expected rate of return at the start of the period were

	2010	2009	2008	2007	2006
Equities	8.25%	7.50%	8.10%	8.10%	7.80%
Bonds	5.26%	5.70%	4.90%	4.90%	4.70%
Other	3.42%	5.40%	6.20%	6.20%	6.00%

Profit and loss impact

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Current service cost	1.7	2.5	3.7	4.2	5.5
Expected return on pension scheme assets	(18.1)	(15.9)	(20.8)	(19.5)	(18.1)
Interest on pension scheme liabilities	18.2	17.5	18.4	15.9	14.4
Past service cost	-	-	0.1	0.2	0.1
	1.8	4.1	1.4	0.8	1.9

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

18 Pensions (continued)

Amount recognised in the statement of total recognised gains and losses:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Net actuarial losses/(gains) recognised in year	4 0	18 2	19 8	(0 9)	(13 1)
Net cumulative actuarial losses/(gains)	47 6	43 6	25 4	5 6	6 5

Actual return on plan assets

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Actual return on plan assets	29 2	32 0	(53 2)	15 4	29 0

Reconciliation of present value of plan liabilities and assets

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Change in the present value of the defined benefit obligation					
Opening defined benefit obligation	321 0	279 2	319 7	313 9	304 0
Service cost	1 7	2 5	3 7	4 2	5 5
Interest cost	18 2	17 5	18 4	15 9	14 4
Contribution by plan participants	0 3	1 3	1 4	1 4	1 2
Past service benefits granted during the year	-	-	0 1	0 2	0 1
Actuarial losses/(gains)	15 0	34 3	(54 2)	(5 0)	(2 2)
Benefits paid	(14 3)	(13 8)	(9 9)	(10 9)	(9 1)
Closing defined benefit obligation	341 9	321 0	279 2	319 7	313 9

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Change in the fair value of plan assets					
Opening fair value of plan assets	264 4	239 3	296 9	288 0	263 9
Expected return	18 1	15 9	20 8	19 5	18 1
Actuarial gains/ (losses)	11 0	16 1	(74 0)	(4 1)	10 9
Contribution by employer	2 9	5 6	4 1	3 0	3 0
Contribution by plan participants	0 3	1 3	1 4	1 4	1 2
Benefits paid	(14 3)	(13 8)	(9 9)	(10 9)	(9 1)
Closing defined benefit obligation	282 4	264 4	239 3	296 9	288 0

Independent Television News Limited

Notes to the accounts Year ended 31 December 2010

18 Pensions (continued)

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
History of experience gains and losses					
Defined benefit obligation	(341.9)	(321.0)	(279.2)	(319.7)	(313.9)
Plan assets	282.4	264.4	239.3	296.9	288.0
Deficit	(59.5)	(56.6)	(39.9)	(22.8)	(25.9)
Experience adjustments on plan liabilities - gains/(losses)	-	4.9	(2.0)	(3.2)	(1.0)
Experience adjustments on plan assets - gains/(losses)	11.0	16.1	(74.0)	(4.1)	10.9

19 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 31 December 2010, the shareholders were (either directly or via subsidiaries)

ITV plc	40%
Daily Mail and General Trust plc	20%
Thomson Reuters Corporation	20%
United Business Media Limited	20%

The Group made sales of £47,021,000 (2009 £50,506,000) 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 £3,076,000 (2009 £3,488,000) 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

	2010 £'000	2009 £'000
Shareholder Balance Sheet Items		
Debtors	4,544	3,491
Other debtors	186	-
Creditors due within one year	5	75
Other loans	2,828	4,583
Other creditors	588	2,120

The Group made sales of £1,538,000 (2009 £1,398,000) to other investments (note 10) in respect of the supply of on the day and archive content, programming, rental income, management and support fees.

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

	2010 £'000	2009 £'000
Other Investments Balance Sheet Items		
Debtors	166	89
Other debtors	298	-

Independent Television News Limited

Notes to the accounts

Year ended 31 December 2010

20 Reconciliation of operating (loss) to net cash outflow from operating activities

	2010 £'000	2009 £'000
Operating profit/ (loss)	63	(2,892)
Depreciation charge	4,906	5,214
Loss/(profit) on disposal of tangible fixed assets	48	(128)
(Increase)/decrease in debtors	(3,386)	6,029
Decrease in creditors	(1,823)	(2,996)
Decrease in provisions	(1,156)	(100)
Incremental company pension contributions in excess of that charged to operating profit	(1,175)	(3,145)
Foreign exchange differences	31	(39)
Net cash (outflow)/inflow	(2 492)	1,943

All activities are continuing

21 Analysis of changes in net funds

	Notes	1 January 2010 £'000	Cash flows £'000	Other changes £'000	31 December 2010 £'000
Cash at bank and in hand		16,036	(7,461)	-	8,575
Loan due within one year	12	(3,066)	1,755	(1,049)	(2,360)
Loan due after more than one year	13	(1,517)	-	1,049	(468)
		(4,583)	1,755	-	(2 828)
Net cash		11,453	(5,706)	-	5,747

Reconciliation of movements in net funds

	2010 £'000	2009 £'000
Decrease in cash in the year	(7,461)	(2,728)
Cash inflow from issue of secured loan	(1,311)	(1,643)
Cash outflow from repayment of secured loan	3,066	3,529
Cash outflow from decrease in obligations under finance leases and hire purchase agreements	-	91
Change in net cash resulting from cash flows	(5,706)	(751)
Movement in net cash for the period	(5,706)	(751)
Net cash as at 1 January	11,453	12,204
Net cash as at 31 December	5,747	11,453

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Notes to the accounts

Year ended 31 December 2010

22 Reconciliation of movement in shareholders' deficit

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Shareholders' (deficit) at 1 January	(30,874)	(14,338)	(30,874)	(14,338)
Retained profit/ (loss) for the year	457	(3,384)	457	(3,384)
Actuarial loss recognised in the pension scheme	(3,459)	(13,152)	(3,458)	(13,152)
Shareholders' deficit at 31 December	<u>(33,876)</u>	<u>(30,874)</u>	<u>(33,875)</u>	<u>(30,874)</u>

Shareholders' deficit are all equity interests

23 Subsequent events

The Company has offered certain assets as security to the Trustees of the ITN Pension Scheme in support of the funding plan for the Scheme's deficit which has been agreed in principle with the Trustees. In order to undertake this change the following transactions have been effected

The Company sold 100% of the issued share capital of ITN Radio Limited (formerly known as Taliesin News Limited) to ITN Radio Investments Limited (formerly known as ITN Radio Limited) on 5 January 2011

ITN Radio Investments Limited (formerly known as ITN Radio Limited) sold its entire investment in Independent Radio News Limited to ITN Radio Limited on 26 January 2011

The Company sold its entire investment in Espresso Group Limited to its 100% owned subsidiary ITN Education Investments Limited on 26 January 2011