

548648

INDEPENDENT TELEVISION  
NEWS LIMITED

ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS

29TH JULY 1991

## INDEPENDENT TELEVISION NEWS LIMITED

### REPORT OF THE DIRECTORS

The directors of the Company submit their Report together with the audited financial statements of the group for the year ended 29th July 1991 which were approved by the directors at a Board Meeting held on 16th December 1991.

#### DIRECTORS

The directors of the Company are:

R. Dunn (Deputy Chairman)  
R.W. Phillis (Chief Executive) (Appointed 18th February 1991)  
A.D. Brook (Appointed 15th April 1991)  
G. Dyke  
M. Grade  
L. Hill  
C. Leach  
P.L. Mathews  
S.P. Purvis  
A. Quinn  
R. Emery (Appointed 1st October 1991)  
H. Turner  
D. McCall (Appointed 15th July 1991)  
  
D.W. Reay (Resigned 15th July 1991)  
Sir David Nicholas (Resigned 18th October 1991)  
A. J. Gatward (Resigned 11th February 1991)  
D.E. Moloney (Resigned 15th April 1991)

The directors are covered by a directors and officers insurance policy.

#### RESULTS & DIVIDENDS

The group profit and loss account on page 5 shows an operating profit of £2,907,000 (1990 - loss of £1,560,000) before interest, exceptional items and the cost of space available for letting, and a loss before taxation of £12,178,000 (1990 - loss of £2,260,000). The directors do not recommend the payment of a dividend (1990 - Nil).

#### PRINCIPAL ACTIVITIES

The principal activities of the Company are to provide daily scheduled programmes of international and national news, together with special programmes for the Independent Television Network and Channel Four, the provision of programming, technical and production facilities for domestic and foreign broadcasting corporations. The principal activities of the subsidiary companies are the development and marketing of computer systems for use in the production of television and radio programmes.

# INDEPENDENT TELEVISION NEWS LIMITED

## REPORT OF THE DIRECTORS (Continued)

### BUSINESS DEVELOPMENT

On 31st January 1991 the Company was nominated under section 32 of the Broadcasting Act 1990 by the Independent Television Commission as news provider to Channel 3 regional services with effect from 1st January 1993.

In May 1991 the Company acquired 20% of the equity of Daybreak Television Holdings Limited, a company formed principally to bid for the National Channel Three Breakfast Time Franchise. All the costs incurred by the Company in this bid have been charged to the profit and loss account for the year. The bid was unsuccessful.

### EMPLOYEES

It is group policy to

- (a) give fair consideration to the employment needs of disabled people;
- (b) ensure that health and safety matters are given proper attention;
- (c) offer equal opportunities for employment on the basis of objective criteria and merit; and
- (d) provide its employees and their representatives with regular information on matters of concern to them. In addition to regular meetings with employee representatives, information is provided through an internal teletext service and notice boards. The staff are also represented as Trustees of the ITN Pension Scheme.

### DIRECTORS' INTERESTS

During the year to 29th July 1991 the directors had no interests in any of the shares of ITN or its subsidiaries.

### FIXED ASSETS

Under the terms of the development and lease agreement between the Company and Stanhope Properties plc a new headquarters building has been constructed for use by the Company and the Company has agreed to lease the whole of the property at market rents for 35 years. The agreement provides that the Company will receive a £13.5 million development gain from Stanhope Properties plc when particular conditions have been fulfilled. The Company expects to receive £9 million before the end of December 1991 and £4.5 million as space in the building is sub-let. The Company intends to account for this income on receipt.

INDEPENDENT TELEVISION NEWS LIMITED

REPORT OF THE DIRECTORS (Continued)

FIXED ASSETS (continued)

In August 1989 the Board approved expenditure of approximately £40,000,000 on the fit-out of the new headquarters building, the purchase and installation of new technical equipment and the transfer and re-installation of existing equipment in the new building. All this work was completed by 24th December 1990 and all costs previously shown under assets in the course of construction were reclassified on that date.

Attention is drawn to Notes 7 and 8 to the financial statements which shows the changes to fixed assets during the year.

AUDITORS

A resolution proposing the appointment of Arthur Andersen & Co. as auditors to the Company will be put to the next Annual General Meeting.

BY ORDER OF THE BOARD

A handwritten signature, likely of the Secretary, is written over a horizontal line.

SECRETARY  
16th December 1991

INDEPENDENT TELEVISION NEWS LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF INDEPENDENT TELEVISION NEWS LIMITED

We have audited the financial statements set out on pages 5 to 27 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the group at 29th July 1991 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers Rhysand Selwatt*  
Chartered Accountants  
London

23/12/91

**INDEPENDENT TELEVISION NEWS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 29TH JULY 1991**

	<u>1991</u>	<u>1990</u>
	£'000	£'000
<b>TURNOVER</b> (note 2)	112,665	101,260
Cost of sales	(80,662)	(70,679)
<b>GROSS PROFIT</b>	<u>32,003</u>	<u>30,581</u>
Administrative expenses	(29,096)	(32,141)
<b>OPERATING PROFIT/(LOSS)</b> (note 3b)	<u>2,907</u>	<u>(1,560)</u>
Cost of space available for letting	(3,229)	-
	<u>(322)</u>	<u>(1,560)</u>
Interest payable (note 5)	(3,234)	(1,404)
Interest receivable	141	1,193
	<u>(3,093)</u>	<u>(211)</u>
Exceptional items (note 3c)	(8,763)	(696)
Adjustment of provision for associated company (note 9)	-	207
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (note 3a)	<u>(12,178)</u>	<u>(2,260)</u>
Tax on loss on ordinary activities (note 6)	1,576	482
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<u>(10,602)</u>	<u>(1,778)</u>
Minority Interest	(7)	(8)
<b>LOSS FOR YEAR</b> (note 19)	<u>(10,609)</u>	<u>(1,786)</u>

# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED BALANCE SHEET AT 29TH JULY 1991

	1991		1990
	£'000	£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets (note 7)		1,292	1,134
Profile films at nominal valuation		100	100
Film library at nominal valuation		20	20
Tangible assets (note 8)		47,841	30,411
Investment in associated company (note 9)		-	701
Investments - other (note 9)		1,027	-
		<hr/> 50,280	<hr/> 32,366
<b>CURRENT ASSETS</b>			
Stocks (note 10)	1,921		2,127
Debtors (note 11)	21,001		25,453
Cash at bank and in hand	788		715
	<hr/> 23,710		<hr/> 28,295
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (note 12)</b>	<hr/> (53,339)		<hr/> (35,258)
<b>NET CURRENT LIABILITIES</b>		(29,629)	(6,963)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 20,651	<hr/> 25,403
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (note 13)</b>		(12,091)	(4,754)
<b>PROVISION FOR LIABILITIES AND CHARGES (note 16)</b>		(3,839)	(4,232)
		<hr/> 4,721	<hr/> 16,417
<b>CAPITAL AND RESERVES</b>			
Called up share capital (note 18)		400	400
Revaluation reserve (note 19)		-	93
Profit and loss account (note 19)		4,301	15,911
Minority interest		20	13
		<hr/> 4,721	<hr/> 16,417

# INDEPENDENT TELEVISION NEWS LIMITED

## COMPANY BALANCE SHEET AS AT 29TH JULY 1991

	1991	1990
	£'000	£'000
<b>FIXED ASSETS</b>		
Profile films at nominal valuation	100	100
Film library at nominal valuation	20	20
Tangible assets (note 8)	45,771	28,300
Investments		
Subsidiary companies (note 17)	1,927	1,927
Associated company (note 9)	-	701
Other (note 9)	1,027	-
	<u>48,845</u>	<u>31,048</u>
<b>CURRENT ASSETS</b>		
Stocks (note 10)	455	455
Debtors (note 11)	15,242	20,097
Cash at bank and in hand	364	216
	<u>16,061</u>	<u>20,768</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (note 12)</b>	<u>(43,714)</u>	<u>(26,745)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(27,653)</u>	<u>(5,977)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>21,192</u>	<u>25,071</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (note 13)</b>	<u>(11,755)</u>	<u>(4,371)</u>
<b>PROVISION FOR LIABILITIES AND CHARGES (note 16)</b>	<u>(3,980)</u>	<u>(4,302)</u>
	<u>5,457</u>	<u>16,398</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (note 18)	400	400
Revaluation reserve (note 19)	-	93
Profit and loss account (note 19)	5,057	15,905
	<u>5,457</u>	<u>16,398</u>

The financial statements on pages 5 to 27 were approved by the Board of Directors on 16th December 1991 and signed on their behalf by:-

*R. J. P. Kelly*



# INDEPENDENT TELEVISION NEWS LIMITED

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 29TH JULY 1991

	1991		1990
	£'000	£'000	£'000
<b>SOURCE OF FUNDS</b>			
Loss on ordinary activities before taxation		(12,178)	(2,260)
Adjustment for items not involving the movement of funds:			
Exchange adjustment for restatement of balances forward	139		54
Depreciation (adjusted for loss on disposals and asset write-offs)	6,952		5,121
Amounts written off intangible assets	803		453
Adjustment of provision for investment	(53)		(207)
Translation adjustment	(248)		55
Profit on disposal of shares in WTN	(223)		-
	7,370		5,476
Total generated from operations	(4,808)		3,216
<b>FUNDS FROM OTHER SOURCES</b>			
Sales of tangible fixed assets	230		24,597
Tax refund	199		-
Redemption of investments	129		119
Sale of shares in investment company	253		-
Loan from bank	9,000		669
Lease financing	10,275		-
	20,086		25,385
	15,278		28,601
<b>APPLICATION OF FUNDS</b>			
Purchase of tangible fixed assets	24,519		23,765
Corporation tax paid	-		822
Acquisition of subsidiaries (note 17)	458		1
Acquisition of investments	265		-
Development expenditure	961		608
Loan repayment	-		121
Repayment of obligations under finance leases	1,371		-
	(27,574)		(25,317)
	(12,296)		3,284
<b>MOVEMENTS IN WORKING CAPITAL</b>			
(Decrease)/increase in stocks		(653)	658
(Decrease)/increase in debtors		(5,119)	12,735
increase in creditors		(4,915)	(11,260)
		(10,687)	2,133
Movement in net liquid funds:			
Increase in cash balance	70		372
(Increase)/decrease in amounts owed to bank	(1,679)		779
	(1,609)		1,151
	(12,296)		3,284

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991

### 1. ACCOUNTING POLICIES

The principal accounting policies of the group are as follows:

#### (a) ACCOUNTING CONVENTION

The Company and its subsidiaries prepare their financial statements on the historical cost basis of accounting in accordance with Accounting Standards.

#### (b) BASIS OF CONSOLIDATION

The group financial statements are a consolidation of the financial statements of the Company and all its subsidiaries. The results of subsidiaries acquired are included from the dates of their acquisition. As permitted by Section 230 of the Companies Act 1985 no profit and loss account has been presented for the holding company.

Subsidiaries are accounted for by the acquisition accounting method.

#### (c) INVESTMENTS

Investments are stated at cost, less any provision for permanent diminution in value.

#### (d) TANGIBLE FIXED ASSETS

Tangible fixed assets have been stated at cost. Depreciation is calculated to amortise the cost of tangible fixed assets over their expected useful lives by equal annual instalments as follows.

Expected useful life:

Improvements to premises	- Between 10 and 35 years
Motor vehicles	- 4 years
Office and technical equipment	- Between 3 and 10 years

#### (e) GOODWILL

Goodwill is the excess of the purchase consideration over the fair value of the net assets acquired.

Goodwill arising in respect of each relevant purchase transaction is capitalised and amortised over its expected useful life not exceeding 10 years. (This policy has not been adopted in respect of the acquisition of Basys LaKart Inc. where the goodwill on acquisition has been written off directly to reserves following a decision to rationalise the operations of the company.)

#### (f) DEVELOPMENT EXPENDITURE

Development expenditure within the Basys group, attributable to certain major projects whose technical feasibility and commercial viability are reasonably assured is capitalised and amortised over a maximum of three years, commencing from the month of the first sales contract relating to each project being signed.

#### (g) STOCK AND WORK IN PROGRESS

Stocks are valued at the lower of cost and net realisable value. Work in progress is valued at cost and is stated net of provisions for future losses. Costs include all direct expenditure and attributable overheads.

**INDEPENDENT TELEVISION NEWS LIMITED**

**NOTES ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29TH JULY 1991 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**(h) FOREIGN CURRENCY**

Assets and liabilities in foreign currencies together with the trading results of the Company's overseas subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date.

Exchange differences arising on the retranslation of opening net assets of the subsidiary are taken to the retained profit and loss account. All other exchange differences are dealt with in arriving at the trading profit.

**(i) DEFERRED TAXATION**

Provision is made for deferred taxation using the liability method, to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability will not arise in the foreseeable future.

**(j) LEASES**

Assets held under finance leases have been capitalised together with their related lease obligation and are disclosed within tangible fixed assets and creditors respectively.

Depreciation is provided at rates designed to write off the cost in equal annual amounts over the estimated useful lives of the assets. Expenditure on operating leases is charged to the profit and loss account over the life of the lease.

**(k) PENSION CONTRIBUTIONS**

In arriving at the loss before taxation, the costs of providing pensions are assessed and charged on a regular basis in accordance with the advice of independent, professionally qualified actuaries.

**(l) HARDWARE AND SOFTWARE SALES REVENUE RECOGNITION**

Income from software sales is recognised as to 90% when the contract is signed and 10% when there is customer acceptance. Income is recognised on hardware sales when the system is installed.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 2. TURNOVER

Turnover, which represents amounts invoiced to customers and is exclusive of sales and other taxes, is attributable to the group's activities as follows:

	<u>1991</u> £'000	<u>1990</u> £'000
Scheduled news programmes for the ITV Network	61,152	59,838
Scheduled news programmes for Channel Four Television	22,996	18,936
Sale of other programmes, library material, technical facilities, publishing and video services	6,714	6,547
Services to Oracle Teletext Limited	1,065	1,080
Marketing of computer systems by subsidiary companies	20,738	14,859
	<hr/> 112,665	<hr/> 101,260

Analysis of turnover by geographical market supplied is as follows:

United Kingdom	98,509	90,924
Rest of Europe	5,474	4,823
North America	7,194	5,027
Rest of the World	1,488	486
	<hr/> 112,665	<hr/> 101,260

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) This may be analysed as follows:

	<u>1991</u> £'000	<u>1990</u> £'000
<b>News services:</b>		
Operating profit	3,109	(1,722)
Exceptional redundancy costs	(5,840)	-
Interest	(2,635)	135
	<hr/>	<hr/>
	(5,366)	(1,587)
	<hr/>	<hr/>
<b>Marketing of computer systems:</b>		
Operating profit		
Held at 29th July 1990	302	115
Acquired during the year	(504)	47
	<hr/>	<hr/>
	(202)	162
Exceptional write off	(404)	-
Interest	(458)	(346)
	<hr/>	<hr/>
	(1,064)	(184)
	<hr/>	<hr/>
Cost of space available for letting	(3,229)	-
Exceptional costs incurred in move to Gray's Inn Road	(2,742)	-
Exceptional profit on disposal of shares in associated company	223	-
Exceptional profit on sale of revalued property	-	180
Exceptional depreciation charge	-	(876)
Adjustment of provision for associated company	-	207
	<hr/>	<hr/>
	(12,178)	(2,260)
	<hr/>	<hr/>

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

(b) The operating loss is stated after taking account of the following items:	<u>1991</u> £'000	<u>1990</u> £'000
Depreciation (note 8)	6,060	4,888
Amounts written off intangible assets (note 7)	803	453
Loss on disposal of fixed assets	892	233
Auditors' remuneration	159	91
Operating lease rentals - plant & equipment	549	152
Operating lease rentals - other	8,547	2,364
Research and development costs (Basys group)	1,876	1,171
(c) Exceptional items include the following income/(charges):		
Expenditure incurred in move to Gray's Inn Road*	(2,742)	-
Redundancy costs (of holding company)* *	(5,840)	-
Profit on disposal of shares in associated company	223	-
Provision for write off of deficiency of assets and severance pay of subsidiary company	(404)	-
Profit on sale of revalued freehold property	-	180
Accelerated depreciation charge on assets planned for disposal on move to new headquarters	-	(876)
	<u>(8,763)</u>	<u>(696)</u>

\* shown net of £5,003,000 contribution from customers.

\*\* shown net of £1,426,000 contribution from customers.

### 4. EMPLOYEES AND STAFF COSTS

The average weekly number employed by the group within each category of activity was:

	No.	No.
News services, technical and production facilities	1,026	1,047
Marketing of computer systems	241	172
	<u>1,267</u>	<u>1,219</u>

The costs incurred in respect of these employees were:

	£'000	£'000
Wages and salaries	40,353	35,003
Social security costs	3,781	3,308
Company pension and associated costs	4,763	4,803
	<u>48,897</u>	<u>43,114</u>

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 4. EMPLOYEES AND STAFF COSTS (Continued)

#### DIRECTORS

The total remuneration paid to the directors of the Company including pension arrangements for the year was £850,000 (1990 - £453,000).

Included in this figure is compensation for loss of executive office to two former directors which amounted to £272,000 (1990 -nil)

	<u>1991</u> £'000	<u>1990</u> £'000
Chairman's Remuneration (excluding pension contribution)	109	105
Highest paid director (including payments in lieu of company pension contributions and an initial payment necessary to secure the services of the chief executive)	224	-

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

	No.	No.
£Nil	11	11
£45,001 - £50,000	1	-
£60,001 - £65,000	-	1
£70,001 - £75,000	-	1
£75,001 - £80,000	1	1
£85,001 - £90,000	1	1
£105,001 - £110,000	1	1
£220,001-£225,000	1	-

### 5. INTEREST PAYABLE

	<u>1991</u> £'000	<u>1990</u> £'000
Interest on bank loans & overdrafts		
Repayable within 5 years, not by instalments	1,405	505
Repayable within 5 years, by instalments	61	104
Interest on finance leases	1,674	819
Bank loan interest capitalised	(17)	(45)
Other	111	21
	<u>3,234</u>	<u>1,404</u>

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1991</u> £'000	<u>1990</u> £'000
UK Corporation Tax at 33.67% (1990 - 34.67%)	(1,109)	1,338
Overseas taxation	3	23
Deferred taxation (note 16)	(469)	(1,289)
Adjustment in respect of prior years	(1)	(626)
	<u>(1,576)</u>	<u>(554)</u>
Associated company	-	72
	<u>(1,576)</u>	<u>(482)</u>

### 7. INTANGIBLE ASSETS

The Group	<u>Goodwill</u> £'000	<u>Development Expenditure</u> £'000	<u>Total</u> £'000
<b>Cost</b>			
As at 30th July 1990	892	977	1,869
Additions	-	961	961
	<u>892</u>	<u>1,938</u>	<u>2,830</u>
As at 29th July 1991	892	1,938	2,830
<b>Amortisation</b>			
As at 30th July 1990	486	249	735
Amortised during the year	324	479	803
	<u>810</u>	<u>728</u>	<u>1,538</u>
As at 29th July 1991	810	728	1,538
<b>Net Book Value</b>			
At 29th July 1991	82	1,210	1,292
At 29th July 1990	406	728	1,134

Development expenditure additions in the year includes £17,000 (1990 - £45,000) of capitalised interest.



# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 8. TANGIBLE FIXED ASSETS

#### (a) The Group

	Short Assets in the Office and Leasehold Premises £'000	Course of Construction £'000	Technical Equipment £'000	Motor Vehicles £'000	Total £'000
<b>COST</b>					
As at 30th July 1990	997	17,713	41,456	826	60,992
Exchange difference	6	-	162	6	194
Additions	10,757	-	13,665	149	24,571
Reclassification	11,466	(17,713)	6,247	-	-
Disposals	-	-	(6,762)	(96)	(6,858)
Write-offs	-	-	(52)	-	(52)
As at 29th July 1991	23,226	-	54,736	885	78,847
<b>DEPRECIATION</b>					
As at 30th July 1990	603	-	29,496	482	30,581
Exchange difference	6	-	93	2	101
Provided this year	1,035	-	4,838	137	6,060
Applied on disposals	-	-	(5,673)	(63)	(5,736)
As at 29th July 1991	1,694	-	28,754	558	31,006
<b>NET BOOK VALUE</b>					
At at 29th July 1991	21,532	-	25,982	327	47,841
As at 29th July 1990	394	17,713	11,960	344	30,411

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 8. TANGIBLE FIXED ASSETS (Continued)

#### (b) The Company

	Short Assets in the Office and Leasehold Premises £'000	Course of Construction £'000	Technical Equipment £'000	Motor Vehicles £'000	Total £'000
<b>COST</b>					
As at 30th July 1990	795	17,713	37,883	534	56,925
Additions	10,734	-	12,755	109	23,598
Reclassification	11,466	(17,713)	6,247	-	-
Disposals	-	-	(6,637)	(59)	(6,696)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	22,995	-	50,248	584	73,827
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>					
As at 30th July 1990	533	-	27,727	365	28,625
Provided this year	1,010	-	3,990	75	5,075
Applied on disposals	-	-	(5,611)	(33)	(5,644)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,543	-	26,106	407	28,056
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
As at 29th July 1991	21,452	-	24,142	177	45,771
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 29th July 1990	262	17,713	10,156	169	28,300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 8. TANGIBLE FIXED ASSETS (Continued)

Amounts included in respect of assets held under finance leases are:

	Technical Equipment £'000	Motor Vehicles £'000	Group Total £'000	Company Technical Equipment £'000
<b>NET BOOK VALUE</b>				
At 29th July 1991	12,687	130	12,817	12,345
At 29th July 1990	4,276	88	4,364	3,883
Depreciation charge for the year	2,014	47	2,061	1,898

### 9. FIXED ASSET INVESTMENTS

On 21st November 1990 the group reduced its interest in Worldwide Television News Corporation ordinary voting stock from 45% to 10%. This investment was previously treated as an associated company.

Worldwide Television News Corporation is a television news agency incorporated in United States of America in which the Group had the following investment at 29th July 1991:

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

During the year, the Company acquired 20% of the equity of Daybreak Television Holdings Limited and 15% of the equity of Evolutions Television Limited. Provisions have been included so that both these investments are stated at a book value of £ nil.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 9. FIXED ASSET INVESTMENTS (continued)

Group & Company	Associated undertaking £'000	Other Investment £'000
<b>COST</b>		
At 30th July 1990	2,634	-
Disposal of ordinary stock	(30)	-
Reclassification	(2,604)	2,604
Redemption of preferred stock	-	(129)
Additions	-	265
Exchange difference	-	323
	<hr/>	<hr/>
At 29th July 1991	-	3,063
	<hr/>	<hr/>
<b>AMOUNTS WRITTEN OFF</b>		
At 30th July 1990	1,933	-
Reclassification	(1,933)	1,933
Amounts written off in prior years written back	-	(318)
Amounts written off in year	-	265
Exchange difference	-	156
	<hr/>	<hr/>
At 29th July 1991	-	2,036
	<hr/>	<hr/>
<b>NET BOOK VALUE</b>		
At 29th July 1991	-	1,027
	<hr/>	<hr/>
At 29th July 1990	701	-
	<hr/>	<hr/>

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

10. STOCKS	1991 £'000	1990 £'000
(a) The Group		
Raw materials and consumables	688	710
Work in progress	663	744
Finished goods	570	673
	<hr/>	<hr/>
	1,921	2,127
	<hr/>	<hr/>
(b) The Company		
Raw materials and consumables	455	455
	<hr/>	<hr/>
11. DEBTORS		
(a) The Group		
Trade debtors	14,975	18,722
Corporation tax	54	-
Other debtors	3,134	5,692
Amounts due from associated company	-	56
Prepayments	2,833	983
	<hr/>	<hr/>
	21,001	25,453
	<hr/>	<hr/>
(b) The Company		
Trade debtors	11,221	14,649
Corporation tax	264	-
Other debtors	1,214	4,097
Amounts due from subsidiary companies	-	573
Amounts due from associated company	-	56
Prepayments	2,543	722
	<hr/>	<hr/>
	15,242	20,097
	<hr/>	<hr/>

None of the trade debtors of the group or of the Company fall due after more than one year (1990 - £5,732,000).

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(a) The Group	<u>1991</u> £'000	<u>1990</u> £'000
Bank loans and overdraft	15,857	5,030
Trade creditors	6,309	6,322
Corporation tax	-	930
Social security and other taxes	1,768	1,721
Other creditors	9,123	6,632
Accruals	17,644	13,416
Obligations under finance leases (note 14)	2,638	1,207
	<hr/>	<hr/>
	£ 3,339	35,258
	<hr/>	<hr/>
(b) The Company		
Bank loans and overdraft	12,753	2,397
Trade creditors	3,415	3,650
Corporation tax	-	651
Social security and other taxes	1,536	1,489
Other creditors	8,253	6,660
Accruals	15,295	10,804
Obligations under finance leases (note 14)	2,462	1,094
	<hr/>	<hr/>
	43,714	26,745
	<hr/>	<hr/>

The bank overdrafts of certain subsidiaries, totalling £3,104,000 at 29th July 1991 (1990 - £1,626,000), are secured by fixed and floating charges over their assets.

### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(a) The Group		
Bank loans (note 15)	299	447
Amounts owed to members	1,150	1,150
Obligations under finance leases (note 14)	10,642	3,157
	<hr/>	<hr/>
	12,091	4,754
	<hr/>	<hr/>

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

(b) The Company	<u>1991</u> £'000	<u>1990</u> £'000
Bank loans (note 15)	299	432
Amounts owed to members	1,150	1,150
Obligations under finance leases (note 14)	10,306	2,789
	<hr/>	<hr/>
	11,755	4,371
	<hr/>	<hr/>

The amounts owed to members represent interest free loans contributed in their shareholding ratios. These loans are unsecured and carry no fixed terms of repayment.

### 14. OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are repayable as follows:

	Group		Company	
	<u>1991</u> £'000	<u>1990</u> £'000	<u>1991</u> £'000	<u>1990</u> £'000
Within one year	2,638	1,207	2,462	1,094
	<hr/>	<hr/>	<hr/>	<hr/>
Between one and two years	2,753	1,052	2,593	998
Between two and five years	7,889	2,105	7,713	1,791
	<hr/>	<hr/>	<hr/>	<hr/>
	10,642	3,157	10,306	2,789
	<hr/>	<hr/>	<hr/>	<hr/>
Total	13,280	4,364	12,768	3,883
	<hr/>	<hr/>	<hr/>	<hr/>

Interest on these leases is payable at LIBOR related rates.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 15. BANK LOANS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loans are secured and are repayable as follows:-

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Within one year	9,798	-	9,798	-
Between one and two years	133	148	133	133
Between two and five years	166	299	166	299
	<u>10,097</u>	<u>447</u>	<u>10,097</u>	<u>432</u>

Of the bank loans of £10,097,000 (1990 - £447,000), £299,000 (1990 - £432,000) is secured by a mortgage over the Company's helicopter and £9,665,000 (1990 - £ nil) is secured by a charge over the development agreement with Stanhope Properties plc.

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

#### Deferred Tax

	Group £'000	Company £'000
Balance at 30th July 1990	4,232	4,302
Transfer to profit and loss account	(469)	(381)
Prior year adjustment	76	59
	<u>3,839</u>	<u>3,980</u>

The provision for deferred tax is set out below:

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Excess tax allowances over depreciation	2,168	1,111	2,168	1,107
Short term timing differences	(3,222)	(1,772)	(3,081)	(1,698)
Arising on property disposal	4,893	4,893	4,893	4,893
	<u>3,839</u>	<u>4,232</u>	<u>3,980</u>	<u>4,302</u>

The amount provided for deferred taxation represents the full potential liability as far as the Company and its subsidiary companies are concerned.



# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 17. SUBSIDIARY COMPANIES

The Company's investment in subsidiary companies is as follows:

	<u>1991</u> £'000	<u>1990</u> £'000
Cost of Shares	1,327	1,927

The Company's principal operating subsidiaries, which are engaged in the marketing of computer systems, are as follows:

	Country of incorporation or registration	Percentage of equity shares held
Basys Automation Systems Inc. (formerly Basys Inc.)	USA	100%
Basys Automation Systems Limited (formerly Basys International Limited)	England	100%
Connolly Systems Limited	England	100%*
Basys LaKart Incorporated	USA	100%*
Jamani Limited	England	75%*
Signal Computing Limited	England	75%*

\* Shares held through subsidiary companies

### ACQUISITION

A company, Basys LaKart Inc., was formed on 8th August 1990 to acquire certain assets and liabilities from various parties at a cost and fair value of £450,000. The following assets and liabilities were acquired:

	£'000
Cash	3
Accounts receivable	543
Stock	447
Other assets	70
Liabilities	(1,838)
	<hr/>
	(775)
Goodwill	1,233
	<hr/>
Purchase consideration	458

Management have decided to rationalise the operations in the USA and accordingly further provisions have been made in the accounts of Basys LaKart Inc. and in the consolidated accounts in order to reflect the realisable value of the assets of the company at 29th July 1991. (Disclosed as exceptional items - note 3c.)

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 18. CALLED UP SHARE CAPITAL

	1991 £'000	1990 £'000
Authorised, allotted, called up and fully paid 400,000 Ordinary Shares of £1 each	400	400

### 19. RESERVES

#### (a) The Group

	Revaluation Reserve £'000	Profit and Loss Account £'000
Balance at 30th July 1990	93	15,911
Exchange difference	-	139
Loss for the financial year	-	(10,609)
Goodwill on acquisition	-	(1,233)
Transfer to Profit and Loss Account	(93)	93
	<hr/>	<hr/>
Balance at 29th July 1991	-	4,301

#### (b) The Company

Balance at 30th July 1990	93	15,905
Loss for the financial year	-	(10,941)
Transfer to Profit and Loss Account	(93)	93
	<hr/>	<hr/>
Balance at 29th July 1991	-	5,057

### 20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

#### (a) Group and Company

Contracts for capital expenditure at 29th July 1991 not provided for in these financial statements amounted to £729,000 (1990 - £12,908,000).

There is no expenditure which has been authorised by the Board of Directors but not contracted for at 30th July 1991 (1990 - £6,488,000).

A subsidiary company may become involved in a legal action in the United States brought by a former supplier. The directors of the subsidiary do not believe any liability exists.

# INDEPENDENT TELEVISION NEWS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

### 20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

#### (b) The Company

The Company has a contingent liability in respect of a guarantee of £3 million (1990: £ nil) to a bank relating to the borrowings of subsidiary companies.

The Company also has a contingent liability in respect of a financial guarantee given to a major supplier of a subsidiary company. On 29th July 1991 the amount owed by the subsidiary to the supplier was £928,000 (£1990: £ nil).

### 21. OPERATING LEASE COMMITMENTS

At 29th July 1991, the group and the Company had annual commitments under non-cancellable operating leases as follows:

	<u>1991</u>		<u>1990</u>	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
(a) The Group				
Expiring within one year	48	11	714	61
Expiring between two and five years inclusive	1,058	762	920	668
Expiring after more than five years	9,487	-	9,145	-
	<hr/>	<hr/>	<hr/>	<hr/>
	10,593	773	10,779	729
	<hr/>	<hr/>	<hr/>	<hr/>
(b) The Company				
Expiring within one year	-	-	707	45
Expiring between two and five years inclusive	273	663	480	574
Expiring after more than five years	8,997	-	8,655	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,270	663	9,842	619
	<hr/>	<hr/>	<hr/>	<hr/>

## INDEPENDENT TELEVISION NEWS LIMITED

### NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29TH JULY 1991 (Continued)

#### 22. POST BALANCE SHEET EVENTS

Under the terms of the development and lease agreements between the Company and Stanhope Properties plc in respect of the new headquarters building now occupied, the Company will receive a £13.5 million development gain from Stanhope Properties plc when particular conditions have been fulfilled. The Company expects to receive £9 million before the end of December 1991 and £4.5 million as space in the building is sub-let. The Company intends to account for this income on receipt.

On 5th November 1991 the Company sold £2.75 million of its existing assets and leased them back under a finance lease agreement.

#### 23. PENSION FUND

The Company operates a funded defined benefit pension scheme for staff in the principal UK companies providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the Company, being mainly invested with insurance companies. Contributions to the Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The pension costs are determined by a qualified actuary on the basis of triennial formal actuarial valuations using the projected unit method. Variations from the regular cost are allocated over the average remaining service lives of current employees.

The actuarial valuation assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salaries, pensions and dividends. It was assumed at the most recent completed actuarial valuation, as at 31st March 1989, that the investment returns would be 9% per annum, that salary increases would average 7% per annum, that present and future pensions would increase at the rate of 4% per annum and that dividends would increase at 4.5% per annum.

The pensions charge for the year was £4,763,000 (1990 : £4,803,000) and was calculated on the basis of the results of the actuarial valuation as at 31st March 1989. As at 29th July 1991, the pension accrual in the consolidated balance sheet was £3,113,000 (1990 : £4,523,000).

The actuarial valuation as at 31st March 1989 showed that the market value of the Scheme's assets was £70,431,000 and that the actuarial value of those assets represented 114% (excluding annuities purchased from insurance companies) of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuarial surplus of 14% of the accrued liabilities of the Scheme is to be applied as an abatement to future contributions by the Company and to improve Scheme benefits.