

# 2013 ANNUAL REPORT



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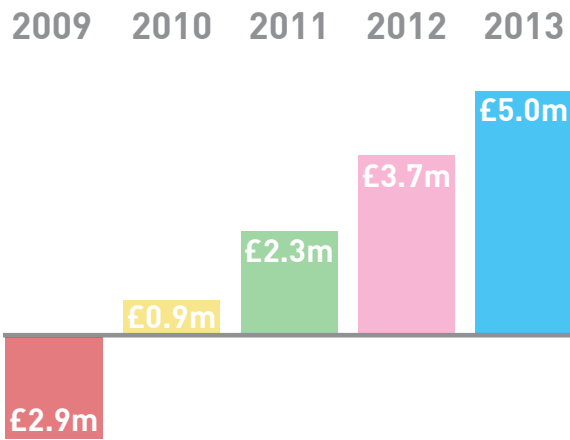
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# THE HEADLINES

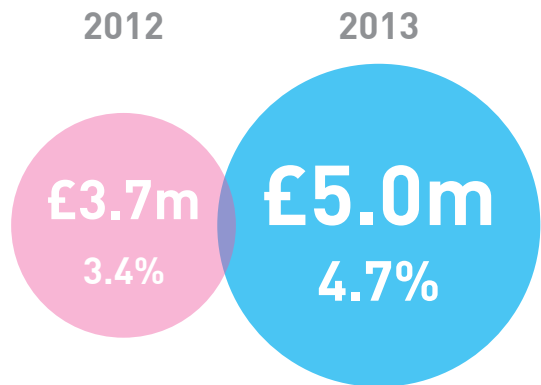
# THE HEADLINES



## £7.9m swing in operating profit\*

ITN's annual operating profit\* rises to £5m in 2013, a £7.9m upwards swing since 2009.

\* Operating profit on ordinary activities before exceptional items



## Operating profit margin\* rises

ITN's operating profit margin\* increased from 3.4% to 4.7%.

\* Operating profit margin before exceptional items



## ITN sweeps the board

ITN won 43 significant industry awards across its divisions in 2013, including prestigious honours from the Royal Television Society and the Foreign Press Association.



## ITN Productions growth continues

ITN Productions continued to grow, producing 134 broadcast hours, including seven new series and 23 advertising campaigns.

# THE HEADLINES



### ITV News gets a new look

ITV News launched a new look studio and branding as part of ITV's brand refresh.



### Channel 5 News revamps 6.30pm programme

Channel 5 News launched NewsTalk Live, the UK's only daily primetime current affairs debate show.



### Channel 4 News wins an Emmy

Channel 4 News took home the coveted International Emmy Award as well as being named Royal Television Society Programme of the Year for the second year running.



### ITN Source secures Qatar deal

ITN Source won a multi-million pound licensing contract with the Qatar Foundation.



“ITV News always puts people at the heart of every story; informing the public, challenging decision-makers and generating debate through our award-winning journalism. Operating to the very highest standards, our team of expert correspondents and presenters consistently push boundaries to produce quality reports and exclusive content on a broad range of news stories, both within the UK and across the globe.”

Geoff Hill  
Editor

**Day in day out, ITV News delivers the big exclusives, distinctive reporting and in-depth analysis from a team of expert journalists, to eight million viewers around the UK.**

ITN has made news bulletins for ITV since its inception in 1955, first as ITN News and from 1999, as ITV News. Every day of the year, ITV News airs national news programmes at 1.30pm, 6.30pm and ITV News at Ten, informing public opinion and generating debate through news exclusives, investigative journalism and unique, accessible reporting on the latest news agenda.

Daily news bulletins are presented by Alastair Stewart and Mary Nightingale at 6.30pm and Mark Austin and Julie

Etchingham on News at Ten, from a state-of-the-art Chroma key virtual reality studio at Gray’s Inn Road. Under the leadership of Editor Geoff Hill, each programme is bolstered with ITV News’ range of specialists including Rageh Omaar, Tom Bradby, Lucy Manning, Penny Marshall, James Mates, Richard Edgar, John Irvine and Lawrence McGinty. International bureaux in Johannesburg, Tel Aviv, Washington, Brussels, Dubai, Beijing and Rio De Janeiro ensure that coverage of news at home is reinforced by extensive first-hand reporting around the world.

The award-winning regional offering, ITV News London, is also produced in the newsroom, providing a ground-breaking regional news





ITV News launched a brand new look in January 2013

operation that continues to innovate to be the authoritative news outlet for the Capital. Looking to longer-form coverage, ITV News is responsible for ITN-produced Tonight documentaries, the recently announced On Assignment monthly current affairs strand

and a number of one-off documentaries and live special programmes for ITV. ITV News presenters and correspondents played a crucial role in ITV's critically acclaimed special live coverage of the Royal Wedding, Diamond Jubilee and the most recent US Election.

awards along the way, including the Broadcast Digital award and an On-line Media award. Users can access a live stream of news, multimedia stories, video clips, original content and blogs from ITV News' top team of specialist journalists.



ITV News political editor Tom Bradby

Together, the team have won numerous awards for their outstanding journalism in recent years including three consecutive BAFTAs, an International Emmy, numerous Royal Television Society Journalism awards and for coverage of humanitarian issues, the prestigious Amnesty International and One World Media awards. In the words of one RTS judge, "ITV News is the programme which consistently gets Britain right". Innovative, speedy and using the very latest in cutting-edge livestream technology, [itv.com/news](http://itv.com/news) is the digital news hub for ITV News viewers. Since launch two years ago, it has steadily broken stories ahead of the competition and won a spate of industry



Africa correspondent Rohit Kachroo reporting on illegal elephant poaching in Tanzania

# Channel 4 News



Jackie Long joined the presenting line-up



“Channel 4 News continues to push new boundaries delivering clarity, robustness and powerful storytelling from our team of award-winning specialists who hold people to account and make compelling television.”

Ben de Pear  
Editor

**Channel 4 News is committed to challenging expectations with stories that reveal and inspire, innovatively produced - with just a touch of mischief.**

Made by ITN since its launch in 1982, Channel 4 News' hour-long bulletin is on at 7pm every week-night, with shorter programmes at varying times over the weekend. With an audience of over 20 million viewers each month, Channel 4 News also has a

higher proportion of viewers aged 16-34 than any other terrestrial evening news programme.

Led by Editor Ben de Pear, Channel 4 News' award-winning team of journalists scrutinise the day's domestic and foreign stories. The daily programme is presented by Jon Snow, Krishnan Guru-Murthy, Cathy Newman, Matt Frei and Jackie Long, with analysis provided by a roster of experts including Alex Thomson, Lindsey Hilsum, Kylie Morris, Faisal







**The Governor**  
Jon Snow meets  
Bank of England  
boss Mark Carney

Islam, Paul Mason, Victoria Macdonald, Michael Crick, and Gary Gibbon. Channel 4 News is produced in a custom built studio in ITN's Gray's Inn Road headquarters. The programme is a consistent critical success, recently described by one broadsheet journalist as "the must-see show for opinion formers."

Since its launch, the programme has been regularly awarded by the Royal Television Society, BAFTA, Broadcast, Amnesty International and One World Media for its home news stories, extensive foreign coverage and team of experienced journalists. In 2013 Channel 4 News was awarded the prestigious International Emmy Award and an unprecedented eight Royal Television Society awards, including Programme of the Year and presenter of the year for Jon Snow. Depth and attitude is the mantra for Channel 4 News online. Channel 4.com/news is the home of the day's most important news, bolstered and enhanced by specialist insight and expert commentary.

Live analysis on key events is provided through live blogs, special reports on the UK's and the world's most significant news, all supported by blogs from key editors and correspondents. During 2013 Channel 4 News launched #DataBaby, an innovative multimedia special report examining the huge online footprint we all leave



Channel 4 News International Editor,  
Lindsey Hilsum

in the modern age. Cathy Newman's FactCheck seeks the truth behind claims made by those in public office. FactCheck has been commended for its statistical integrity and is frequently cited in the House of Commons. Jon Snow's daily Snowblog tackles everything from global crises to events he encounters on his morning cycle. The long running SnowMail email round-up is Jon Snow's unique take on the day's news, delivered directly to the in-boxes of viewers. Channel 4 News won all five of the top awards at 2013's Online Media Awards, including best website and outstanding digital team of the year.

No news programme in the UK commissions more independent filmmakers than Channel 4 News. In line with Channel 4's commitment to supporting the independent sector, both lone film-makers and larger production companies have an opportunity to showcase their work on the evening bulletin and at Channel 4 News Online.



“Channel 5 News is produced by a passionate, talented and enthusiastic team, and that shines through on-screen. Not afraid to lead on different stories to other news programmes, we are in-tune with our viewers and proud to be a distinctive but totally credible news service.”

Cristina Nicolotti Squires  
Editor

**Channel 5 News has broken the mould of television news ever since it was launched by ITN in 1997.**

Making headlines for a new style of informative news, Channel 5 News challenged the status quo upon launch and continues to be a key part of the TV news landscape 17 years later. Led by Editor Cristina Nicolotti Squires, the Channel 5 News team produces distinctive news programmes every weekday at 5pm and 6.30pm. Its flagship show at 5pm is the first terrestrial tea time news programme and regularly attracts audiences in excess of 600,000.

The 6.30pm programme was revamped by ITN in 2013 as

NewsTalk Live, a debate-focused news programme where expert guests and news-makers discuss the most talked about stories of the day. Both programmes are presented by Emma Crosby supported by on-screen talent including highly-experienced Political Editor Andy Bell and Chief Correspondent Tessa Chapman.

ITN produced Channel 5 News from 1997 until 2005, and took up production of the service again in 2012. Since then ITN has built a new state-of-the-art newsroom and virtual reality studio at Channel 5 headquarters and has delivered editorial excellence on-screen. A combination of powerful home and foreign coverage in 2013 led to Channel 5 News being short-listed for the prestigious Programme of the Year category at the Royal Television Society Journalism Awards, whilst an agenda-setting series on online abuse made the shortlist in the Home News category.

As well as producing daily news output, the Channel 5 News team also collaborates with ITN Productions to deliver long form programming on key stories such as the Philpott trial in Derby, the Cleveland kidnapping, and topical debates.

**Channel 5 News is presented by Emma Crosby**







“ITN Productions takes ITN’s brand firepower and focuses it into a single commercially driven business delivering a wide range of high-quality, fast-turnaround content – from RTS-winning television programmes to cutting edge digital sports production.”

Mark Browning  
Managing Director

## ITN Productions is the creative and commercial hub of ITN.

Since the division was formed in 2010, it has become an important part of ITN’s profit and integral to its future growth plans, winning new contracts and commissions and diversifying into a wide range of content production.

In television, ITN Productions has won a host of awards for ground-breaking programmes and been shortlisted as the UK’s Independent Production

Company of the Year in 2013 and 2014. With a 2013 production slate of 134 hours, the breadth of programming from ITN Productions has expanded to include powerful one-off documentaries such as Sri Lanka’s Killing Fields, long-running current affairs contracts such as Dispatches and The Agenda to popular factual series including Harrow – A Very British School. As well as a client base across all major UK broadcasters, ITN Productions has grown a strong international presence making programmes direct for the international market and airing in over 200 countries.

Digital production and syndication spans major newspaper websites as well as some of the world’s largest video portals. In addition, ITN’s own consumer-facing brand on YouTube, the hit original channel Truthloader, has garnered award nominations and over 500,000 subscribers for its unique brand of citizen journalism.

Fly-on-the-wall documentary **Harrow - A Very British School** tripled the average ratings for its slot on Sky1





**The Agenda with Tom Bradby** returned to ITV for its fourth series. The show was re-commissioned for 2014

A burgeoning TV commercials business has seen ITN Productions take the lead in live and fast-turnaround advertising – from live in Afghanistan for the award-winning TA Live recruitment campaign to the stars of *The Hobbit: The Desolation of Smaug* from the red-carpet for Warner Bros. High-profile idents and bumpers have also been produced for brands sponsoring some of the biggest shows



The TA: Live adverts were broadcast live from Helmand Province, Afghanistan

on TV as well as advertiser funded programming. Digital solutions are also delivered for corporate and commercial clients that want multimedia viral content to be viewed and shared across online, mobile and social platforms.

In sport, ITN Productions won a major new multi-year contract with News UK to deliver in-match clips and highlights packages of all Barclays Premier League football matches for *The Sun*, *The Times* and the *Sunday Times*. The division is now also producing coverage of Scottish Premier League and FA Cup matches alongside longstanding contracts with sports rights holders such as SNTV and MP & Silva. ITN Productions is now a major new player in the sports production business.

For corporate clients, ITN Productions produces innovative creative solutions for internal and external communications strategies, producing content for brands such as Virgin

Active and Morrisons. The division also has major public sector contracts with organisations including the Department of Health. Hundreds of hours of bespoke programming for business sectors including banking, transport and health have been produced by ITN's Industry News team fronted by Natasha Kaplinsky and the business is currently expanding in to the United States.



Broadcaster Jon Champion provided the commentary for Premier League clips.



ITN Source represents partner archives, including ITV



“ITN Source is an innovative, digital content licensing business. We syndicate ITN’s award winning on-the-day news footage and license high quality video archive to clients around the world on a daily basis.”

Andy Williams  
Managing Director

**ITN Source is the content licensing division of ITN, syndicating on-the-day news and licensing archive footage to clients around the world.**

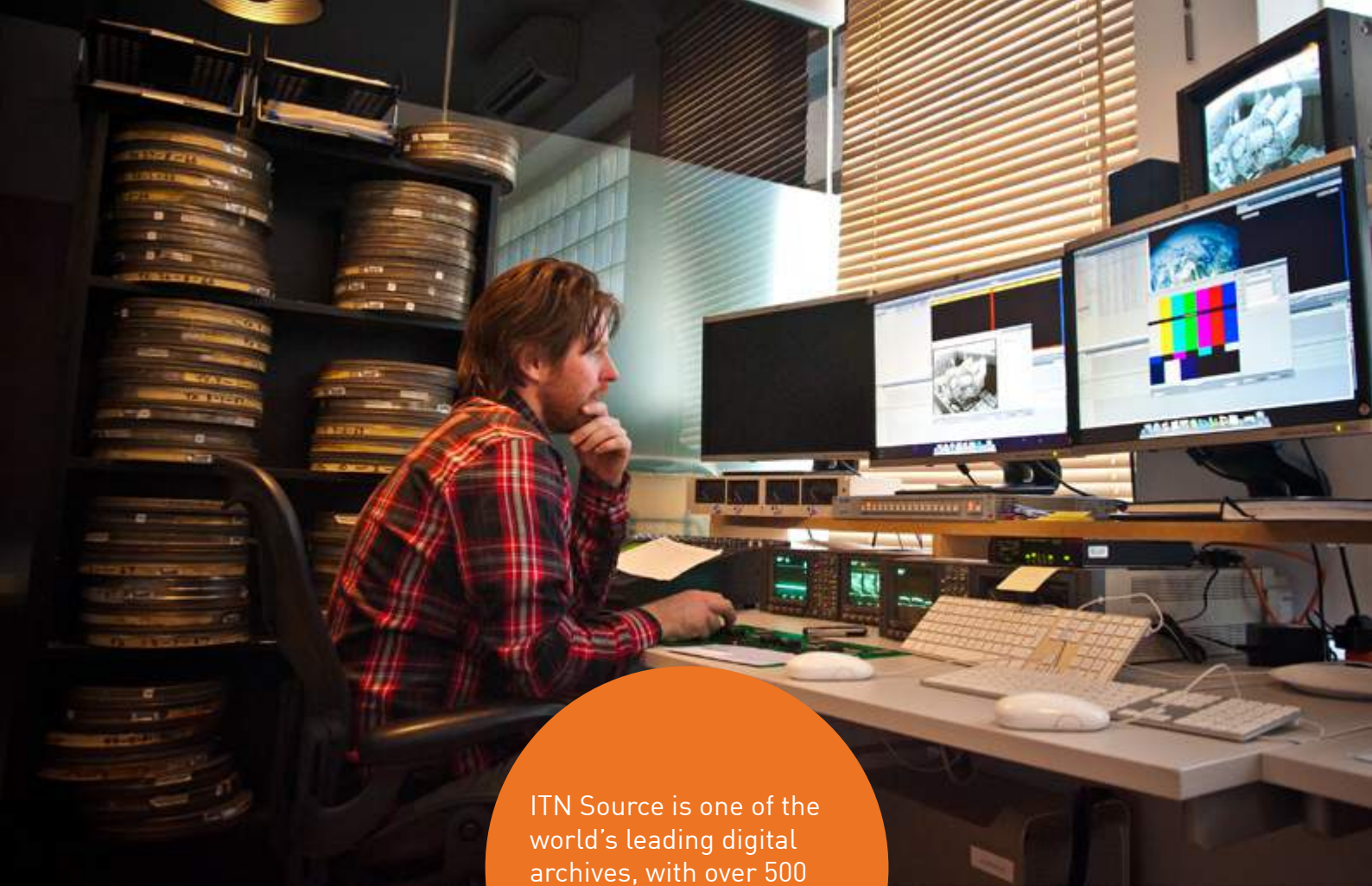
In addition to ITN’s own archive of distinctive news footage dating back to 1955, ITN Source represents a number of archive partners including Reuters, ITV, ANI, Fox News and Fox Movietone. This vast collection makes ITN Source the gateway to an extensive library of footage covering international news and events, entertainment, music, wildlife, natural history and newsreels dating back to 1896, with 500 hours of digitised

content added every month.

The archive contains footage of many award-winning exclusives from ITN and other media organisations. Footage licensed by ITN Source features in Oscar-winning films including The King’s Speech, documentaries, educational products, advertisements, mobile apps, art installations, corporate productions and music videos. One sector which has seen significant growth is the licensing of archive content to heritage projects around the world.

While ITN Source is headquartered in London, it is a truly international





ITN Source is one of the world's leading digital archives, with over 500 hours of digitised footage added every month.

business with sales offices in New York, Paris, Sydney, Johannesburg and Tokyo, and a number of sales agents that serve clients in numerous other territories and markets.

International operations are underpinned by the sophisticated e-commerce portal ITNSource.com. Customers in the UK and worldwide use this portal to search, preview and download content from ITN Source. This means that clients from all over

the world can search and access ITN Source content at any time regardless of time zone and can be delivered footage within hours of requesting it.

ITN Source is leading the industry in content digitisation and preservation of archive video material. The completion of Project Digital Archive gave ITN the UK's first fully digitised major news archive. This goldmine of iconic content is now even easier for customers to search and download, with the facility for clients to download broadcast quality footage straight to their edit suites from ITNSource.com

In addition to licensing archive material, ITN's award-winning on-the-day news footage is syndicated to clients around the world by ITN Source News. Clients can choose to receive a highlights package featuring selected footage from the key stories of the

day or a more comprehensive service including complete reporter packages, enabling them to fully integrate ITN's content into their own news programmes around the world.

ITN Source News also provides international broadcasters with facilities and services including a fleet of SNG trucks, studio hire, plug in and play wallboxes at key locations in London and use of our newsroom camera for live-spots 24/7.



# OUR PEOPLE

ITN



# BOARD OF DIRECTORS



**John Hardie**  
Chief Executive Officer, ITN

John Hardie joined ITN in June 2009 as CEO. Prior to joining ITN, John was EVP at Walt Disney Television EMEA from 2001 to 2009 where he ran the region's Disney Channels portfolio, and was Chairman of German broadcaster Super RTL and CEO of Jetix N.V. (formerly Fox Kids). Between 1997 and 2001 John was Marketing and Commercial Director of ITV Network Ltd. He started his career with 14 years at Procter & Gamble. John is currently Chairman of the Royal Television Society.



**Maggie Carver**  
Chairman, ITN

Maggie Carver is Chairman of ITN and ITN's Audit Committee. She is also UBM's representative on the Board and has a background in investment banking followed by a career mainly in the media sector. Previously she was Managing Director of Channel Four Racing and Global Broadcast as well as being Chairman of SDN Ltd. Maggie has been non-executive director of Channel Five and programme producer RDF Media. She is MD of Carvercare Mobility Group, Chairman of Racetech and a non-executive director on the boards of the Service, Sound and Vision Corporation and the British Board of Film Classification.



**Simon Pitts**

Simon Pitts is Director of Strategy and Transformation at ITV. Simon joined ITV in 2000 and has held roles in ITV's public affairs, regulatory and new media departments before joining the strategy team in 2007. He was promoted into his current role in January 2011, the main focus of which is to manage ITV's Five Year Transformation Plan. Simon also runs SDN, ITV's digital multiplex business, and sits on the board of Digital UK. Before ITV Simon worked in the European Parliament in Brussels, where he specialised in media issues.



**Geert Linnebank**

Geert Linnebank is Thomson Reuters's representative on the ITN Board and Chair of ITN's Remuneration Committee. Geert was Editor-in-Chief of Reuters from 2000 to 2006 and Reuters Global Head of Content from 2002 to 2006. He joined the company in Brussels in 1983 as a correspondent covering European Union affairs.

# BOARD OF DIRECTORS



**Mike Stewart**

Mike Stewart joined the ITN Board in November 1999. Pre-January 2010 he was Managing Director of Teletext Limited. He also chaired Rental Systems Limited, an on-line travel retailer, and co-chaired Inview Interactive Limited, a television data services company. Prior to Teletext he was Director of Corporate Development at Philips Electronics UK Limited and Managing Director of Philips Defence.



**Andrew Garard**

Andrew joined ITV as Group Legal Director and General Counsel in November 2007. Previously, Andrew was a Partner in the corporate department of LeBoeuf, Lamb, Greene & Macrae, focusing on mergers and acquisitions and projects primarily in the telecoms & media sectors in Europe, Asia and the US. Prior to that, Andrew was Group General Counsel & Company Secretary at Cable & Wireless PLC, responsible for global legal, regulatory, compliance & insurance affairs. He has also held positions at Reuters Group PLC and in the corporate departments of both Freshfields and Clifford Chance.



**Bryan Martin**

Chief Financial Officer, ITN

Bryan was appointed Chief Financial Officer of ITN in 2009. Having initially trained and qualified with PwC, Bryan spent the next 16 years working at Reuters, progressing to Global Head of Finance. Bryan is an alumni of the London School of Economics.



**James Scorer**

Director of Business Affairs & Company Secretary

Solicitor James Scorer joined ITN in 1996 in the dual roles of Director of Business Affairs and Company Secretary. As such he is involved in all aspects of ITN's business. Previously James was a partner at media lawyers, Olswang.

# MANAGEMENT TEAM



**Geoff Hill**  
Editor, ITV News

Geoff Hill was appointed Editor of ITV News in September 2013. Prior to that Geoff was Editor of Channel Five News. He had rejoined ITN from CNN International, where he was Director of Coverage. Before this Geoff worked for ITN for nearly a decade from 2000 until 2009 where he held senior input and output positions at ITV News, rising to Programme Editor, with responsibility for the flagship News at Ten. He went on to launch and run the 24-hour sports news channel Setanta Sports News as Editor-in-Chief.



**Ben de Pear**  
Editor, Channel 4 News

Ben de Pear is the Editor of Channel 4 News, produced by ITN for Channel 4. Ben was appointed to the role in July 2012, having joined Channel 4 News in 2005 as a senior foreign producer, later becoming head of foreign news, where he led the programme's investigation into the end of Sri Lanka's civil war which prompted a UN investigation and global calls for a war crimes tribunal. This formed the basis of 2011's award-winning Sri Lanka's Killing Fields-produced by ITN for Channel 4.



**Cristina Nicolotti Squires**  
Editor, Channel 5 News

Cristina was appointed in October 2013 after almost 20 years at ITV News. Joining ITN in 1994, Cristina soon became a national News Editor for ITV News, rising to Head of Home News. She then moved into production rising to Head of Output and Assistant Editor. Cristina has worked on coverage of every British and US election since 1994 and travelled extensively round the world with ITV News correspondents. In her time at ITN, she's been part of teams winning RTS Programme of the Year for News at Ten in 2011 and the BAFTA for coverage of the Haiti earthquake.



**Mark Browning**  
Managing Director, ITN Productions

Mark joined ITN in 2009 as Commercial Director of ITN's digital division before launching ITN Productions in 2010. Since then he has overseen its growth by expanding the business into television, sport, commercials, corporate, and digital production. Prior to ITN, Mark had an extensive career in radio, culminating in becoming Programme Director at Heart 106.2.

# MANAGEMENT TEAM



**Andy Williams**  
Managing Director, ITN Source

Andy was appointed MD of ITN Source in 2012 following a successful period as acting Managing Director. With a strong commercial track record, Andy manages the day-to-day operations of ITN Source which includes overseeing content, sales, marketing and international teams.



**Melanie Tansey**  
Director of Human Resources

Melanie Tansey joined ITN in 2010 and is responsible for providing strategic and operational leadership to the HR department, ensuring that it actively contributes to business goals. She has previously held a succession of senior HR roles at IT giant Hewlett Packard, which she joined in 2001.



**Sarah Vaughan-Brown**  
Director of Corporate Communications

Sarah joined ITN in November 2008 and is responsible for driving the company's PR strategy and corporate profile, as well as internal communications and public affairs. She previously spent more than a decade at Trinity Mirror plc, latterly as Head of Public Relations, where she oversaw communications across the group's portfolio of media brands.



**Keith Cass**  
Director of Technology

Keith's role is to ensure ITN remains at the cutting edge of technology, evaluating new systems that come on the market and overseeing any technology development in-house. Keith joined ITN in 1980 and has been part of ITN's senior management team since 1989. He became Director of Technology in 2002.

In March 2014 Keith will step down from his role, bringing an end to his ITN career after 34 years.

# OUR PERFORMANCE



# CHIEF EXECUTIVE'S REVIEW



**“We look ahead to the next stage of ITN’s evolution with a renewed confidence and ambition.”**

John Hardie  
Chief Executive

**2013 was a year of continued progress for ITN, with improved financial performance right across the business in the fourth consecutive year of sustained profit growth.**

Amid the sharp losses of 2009, we re-focused the company on a clear strategic mission, streamlining our operations to deliver excellence in TV news while exploiting commercial opportunities arising naturally from our core capabilities.

Four years on, ITN is a far stronger and more enterprising company than it was before, securing a raft of profitable new business, turning around loss-making activities and building a

growing client portfolio. Our output has simply never been better, with 43 coveted industry awards during the period as testament to this success. Most significantly, every part of ITN is now profitable for the first time in ITN’s recent history.

**“World-class, distinctive journalism”**

World-class, distinctive, independent journalism is the DNA of ITN and remains the foundation of what we do – with broadcast news provision representing 75% of revenue in 2013. We are pleased to have continued to



YouTube recommissioned digital journalism channel Truthloader



Channel 4 News shone a spotlight on the agony of civil war in Syria

grow our strong core business with profitability up in absolute terms, reflecting the winning back of the Channel 5 News contract and improving margins. Moreover, our newsroom activities are now increasingly supported by the growing profitability of our commercial divisions - a result of smart diversification within the wider business, evolving from our roots in TV news.

### “ITN Productions continues to make great strides”

Our fastest growing division ITN Productions continues to make great strides - with its broadcast production slate up to 134 hours from seven in 2009, major new digital contracts, and 23 TV ad campaigns produced during 2013. All this amounted to the division being short-listed for the second year in a row for Independent Production Company of the Year - a significant achievement by any measure, only three years since its inception.

With seven major series airing in 2013 including ITV's flagship show, The Agenda, ITN Productions' flourishing broadcast client base includes all the major UK broadcasters - ITV, Channel 4, Channel 5 and Sky 1 with upcoming commissions announced with the BBC - as well as Discovery and the History Channel among others. Our Dispatches contract was renewed again with

programmes such as The Police's Dirty Secrets making the headlines. And while we continue to lead the market in special one-offs and fast turnaround content, popular factual series such as Harrow for Sky1, Motor Morphers for Channel 5 and Antiques House for Sky Arts demonstrates that ITN is about much more than news and current affairs. Ground-breaking citizen journalism channel Truthloader was one of very few to be re-commissioned by YouTube after racking up almost half a million subscribers and over 22m hits. But the biggest digital win came with the News UK deal to produce in-game Premiership football clips and highlights for The Sun, The Times and The Sunday Times online and mobile platforms, reinforcing ITN



Cristina Nicolotti Squires was appointed as Editor of Channel 5 News

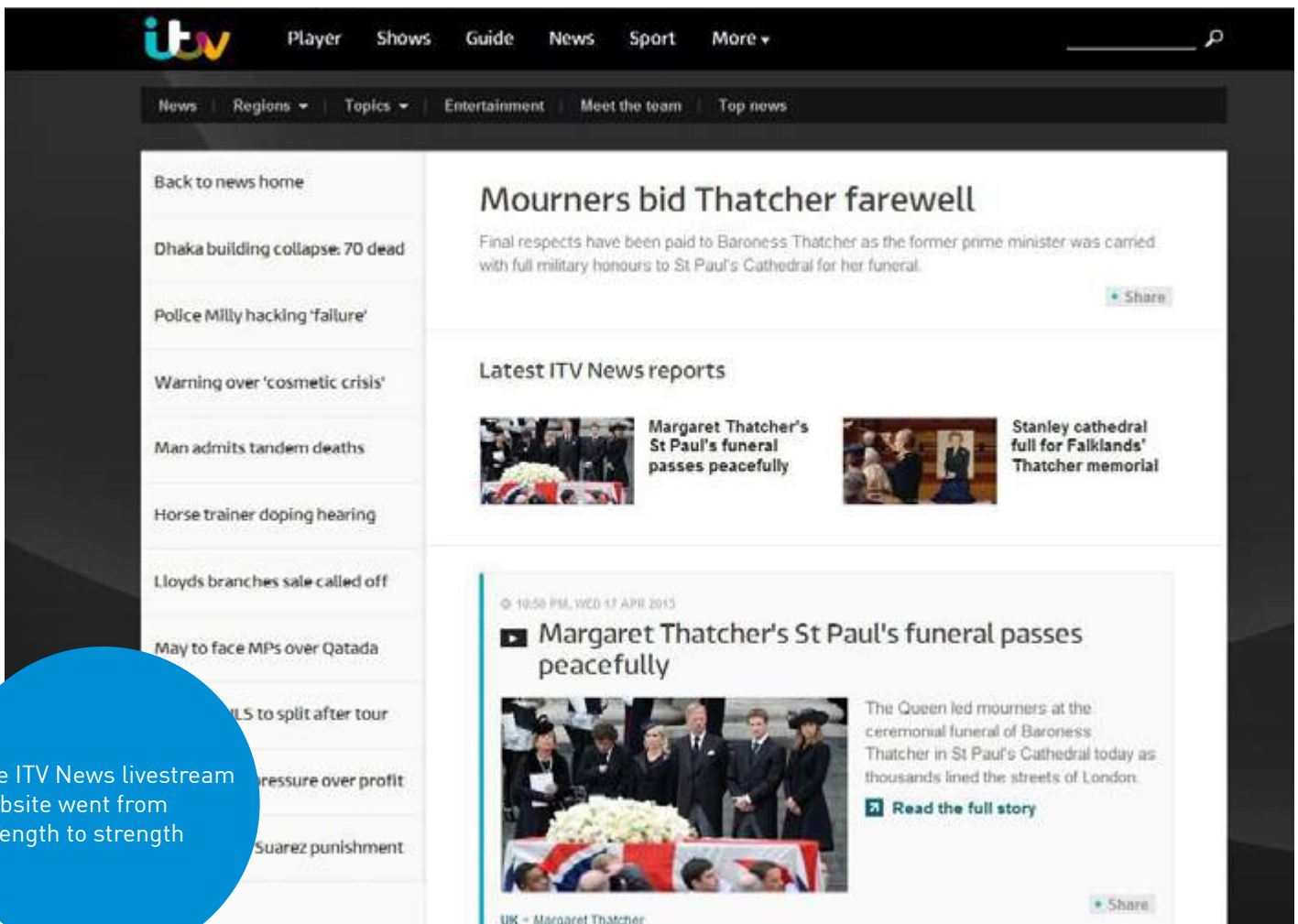
Productions' credentials as a serious player in digital sports production.

We have turned around the previous conference TV business by replacing it with Industry News, providing high-quality corporate programming for companies in major trade associations across sectors such as banking, health and transport. Another big growth area is in TV commercials, with campaigns spanning some huge brands advertising around the biggest shows on TV such as Continental, Barclays and Churchill Insurance. We were hailed across ad-land too for the multi award-winning TA Live ads from Helmand Province in Afghanistan - something never done before.

While our news operations remain central, much of our profit growth will come from ITN Productions - in the three distinct categories of Broadcast Production, Corporate Production and Digital News Supply. In 2014, we plan to expand those and make first significant steps in tapping into the large international markets.

### “The largest ever archive deal in ITN's history”

It was a landmark year for ITN Source with the largest ever archive deal in ITN's history, signed with the Qatar Foundation. This multi-million pound contract for 110 hours of footage sees 3, 000 clips from the ITN and Reuters



The ITV News livestream website went from strength to strength

archives now forming a new historic news film collection hosted in the Qatar National Library. Other notable highlights include new deals to manage and represent the Reuters archive, as well as to represent NBC News content in a number of territories.

Archive sales are now profitable, with efficient digital sales and distribution as a result of Project Digital Archive. We continued to build on this success by rolling out a new 'broadcast quality' digital delivery service during the year. With ITN's unique position as supplier to all three commercial Public Service Broadcasters restored in 2012, the second year of Channel 5 News back in the fold delivered its full complement of profit.

**“a new format “**

The programme led the agenda on on-line abuse with an exclusive interview with the parents of April Jones calling for the PM to act on abuse images online. Indeed, 2013 saw a focus on

topical news strands to connect with its heartland viewers - ranging from series about the high street to immigration.

For the first time since 1997, the Channel 5 News presenter went back behind the desk in a new set and indeed a new format for its distinctive 6.30pm bulletin. It was all change at the top too, as Cristina Nicolotti-Squires took the helm - the only woman now editing UK network news.

The team also delivered above and beyond its news commitments producing news specials and working with ITN Productions to co-produce fast turnaround documentaries on the Philpott case and Ohio slave girls – a great example of cross-ITN collaboration.

Another twelve months of feisty, passionate, brave journalism exemplified why Channel 4 News retained its crown as RTS Programme of the Year for the second consecutive year.

From shining a spotlight on human rights abuses in Sri Lanka, charting Syria's descent from a British Jihadi fighter, the agony of Aleppo's children

to the unreported massacre in al-Bayda, Channel 4 News was there. Exposing racism in Greece, highlighting the plight of thousands of displaced Rohingya in Thailand to shocking reports from the Central African Republic.

**“RTS Programme of the Year”**

Closer to home, agenda-setting exclusives such as the dogged pursuit for truth about 'Plebgate', the Rupert Murdoch tape and investigation into Lord Rennard dominated the front pages.

Thriving under Ben de Pear's editorship, the programme earned rightful praise as "the must-see show for opinion formers". The award-winning online team also continued to innovate, echoing Channel 4 News' robust and cheeky personality to a growing digital audience.

The bedrock of ITN is ITV News. With a redesigned studio and set, on air graphics and theme tune, the pro-





Sky1 commissioned  
Harrow: A Very British School  
from ITN Productions

gramme enjoyed a year of industry plaudits with audience share up across all bulletins.

**“the biggest breaking story this year”**

The RTS award-winning UK bureau set the pace on the biggest breaking story this year – the violent and unprovoked attack on Drummer Lee Rigby, broadcasting the defining images of that day and arguably the defining image of the current phase of “lone wolf” terrorism.

Whether it was the eye-opening series from Bangladesh, live anchoring and reporting on Typhoon Haiyan, a run of sought-after interviews on the Stuart Hall case, critically acclaimed live special coverage of the election of the Pope and the birth of Prince George, and the team’s ongoing dedication to covering the conflict in Syria - all made for consistently outstanding coverage. The ITV News livestream celebrated its first anniversary with news it had

increased traffic six fold making it a brand leader in online news provision. Breaking major stories ahead of the competition, it went on to win both an Online Media Award and a prestigious Broadcast Digital Award.

**“a brand leader in online news provision”**

It was a period of change behind the scenes as we welcomed new leadership to the newsroom. Editor Geoff Hill joined from Channel 5 News as the year drew to a close, following the departure of Deborah Turness to take over as President of NBC News.

Most poignantly, generations of the ITN family were reunited as we marked the 10th anniversary of the tragic losses of Terry Lloyd, Fred Nerac, Hussein Osman and Gaby Rado - a timely reminder of the dangers our people face day in and day out to bear witness in some of the world’s most hostile places. Because of course the driving force behind ITN is our people

– passionate, driven, entrepreneurial, creative, inspiring individuals who underpin our success.

2013 was a year of significant achievement as we continued to build the financial strength of the underlying business with a solid platform for future growth. We look ahead to the next stage of ITN’s evolution with a renewed confidence and ambition.



John Hardie,  
Chief Executive

# CHAIRMAN'S STATEMENT



**“The Company has built the right platform for long-term sustainable growth”**

Maggie Carver  
Chairman



**In another year of achievement for ITN, I am pleased to report that the Company has again delivered a strong set of financial results.**

The fourth successive year of profit growth saw good progress against our strategic objectives, as a result of the successful re-engineering of the business following the losses of 2009. Operating profit before exceptional items grew by £1.3m to £5m, despite a 3% reduction in turnover. Also, after payment to the pension recovery plan, cash balances of £8.6m were up £0.6m on 2012.

An impressive leadership team alongside a highly committed and skilled workforce continued to build and broaden our activities so ITN is now a fundamentally stronger company, both financially and operationally.

With a clear strategy in place, this improved performance has been achieved by driving margins in our core activities, winning profitable new contracts in our commercial divisions

and innovating across the business, while implementing tighter cost controls within the Group.

Our management team continues to be incentivised to deliver growth, with a new Long Term Incentive Plan put in place by the Board, based on the delivery of challenging profit targets and due to be paid out in 2016.

ITN takes its obligations to its pensioners - both existing and future - very seriously. We continue to fund the pension deficit in accordance with a manageable funding schedule agreed with the Trustees.

In 2013, cash flow exceeded payments under the agreed recovery plan for the first time since the deficit emerged. The pension deficit also benefitted from the positive impact of the pension increase exchange exercise completed during the year. In addition, proceeds from the sale of Espresso funded a one-off contribution to the scheme.

We are also proud of the work ITN has

done within the wider media sector to effect positive change, using its position as supplier to all three commercial Public Service Broadcasters to lead a number of important industry campaigns. Most notably, our efforts saw the introduction of filming in the Court of Appeal for the very first time in 2013, overturning a near 100-year ban on cameras in court.

The Board remains confident that the Company has built the right platform for long-term sustainable growth and is well placed - strategically, managerially and financially - to capitalise on new opportunities.

For the future we are confident in our strategy of building new products and business on the foundation of core news contracts.

We would like to thank all of our talented colleagues at ITN for their hard work, drive and determination in getting us to where we are today.

We look forward to reporting on further progress in 2014 and beyond.

# ACCOUNTS



# STRATEGIC REPORT

The principal activity of Independent Television News Limited (the "Company") and its subsidiaries is to provide high quality national and international daily scheduled television news programming to UK broadcasters. ITN also provides short and long form programming, on-the-day and archive material, digital production services, commercial video production and provision of technical and production facilities to third parties.

The Companies Act 2006, requires the Company to set out in this report a fair review of the business of Independent Television News Limited and its subsidiaries ("the Group" or "ITN") during the year ended 31 December 2013, including an analysis of the Group's position at the end of the financial year. The information that fulfils these requirements in conjunction with this Strategic Report, can be found in the Chairman's Statement and the Chief Executive's Review of the Annual Report and Accounts.

## Business review

The Group has achieved another year of strong profit growth. Operating profit before exceptional items increased 33% to £5.0 million (2012: £3.7 million). Profit before tax increased by £5.0 million to £6.6 million (2012: £1.6 million) largely due to a number of significant non-operating items.

## Operating businesses

ITN revenues decreased by 3% to £105.8 million (2012: £108.7 million). News revenues decreased 3% to £79.8 million (2012: £82.0 million) due to reduced one off programming and cost reductions which in turn have led to margin improvements. Revenues from other businesses decreased by 2% to £26.0 million (2012: £26.7 million). In the prior year, other business revenue included ITN Consulting, which closed in 2012. On a comparable basis, other business revenue decreased £0.1m primarily due to non-recurring revenue in ITN Source from major events in 2012 such as the Olympics and the Diamond Jubilee.

Operating profit before exceptional items increased by £1.3 million, primarily due to the improved margin on the news provision contracts, improved margins in non-news businesses, the closing of the loss-making ITN Consulting in 2012 and continued careful cost management.

ITN News has built a strong reputation as the UK's leading commercial supplier of independent broadcast news, delivering powerful, authoritative, world-class coverage, reaching more than eight million people every day. From Syria's civil war to the Woolwich terrorist attack, deadly Typhoon Haiyan to Superstorm St Jude, the passing of Nelson Mandela to the birth of a new Prince, our teams across ITV News, Channel 4 News and Channel 5 News consistently shone with award-winning, agenda-setting journalism and trusted analysis. Enterprising and revelatory reporting included investigations into "Plebgate", the plight of Bangladesh factory workers and the Lord Rennard exposé.

The ITN Productions business has built on its 2012 performance, generating profit growth and margin improvement, with new business wins and innovative product offerings. In Broadcast, The Agenda and Dispatches continue to go from strength to strength, whilst new series such as Harrow: A Very British School for Sky1 were produced in the year. Our Digital business won a significant contract with News UK to produce Premier League football clips and highlights for The Sun, Times and Sunday Times, whilst our corporate conference programming business ("Industry News") continues to grow. The TV Commercials business has also expanded with 23 ad campaigns in 2013, including the multi-award-winning Territorial Army live ads from Helmand Province.

ITN Source results were impacted by the non-recurrence of the major events of 2012 which impacted on the day and archive clip sales. However, new business continues to be generated and in the year a contract was won to produce a historical news and film collection for the Qatar Foundation, with the first phase being delivered by year end and the remainder to be delivered in 2014. The Reuters Archive management contract was also renewed in the year.

## Other items

Exceptional operating items of £2.3 million (2012: nil) have been recognised in the year. An exceptional net settlement gain of £2.8 million was recognised in relation to a Pension Increase Exchange exercise which occurred during the year. Further information is provided in Note 6 and Note 17 of the Accounts. This was offset by an exceptional onerous lease provision of £0.5 million (2012: nil) in relation to vacant property. Further information is provided in Note 6 of the

# STRATEGIC REPORT

Accounts. Due to their material nature on the results of the business they have been highlighted as exceptional items.

The Group sold its investment in Espresso Group Limited for £2.5 million in cash, generating a profit on disposal of £0.7 million. Further information is provided in Note 7 of the Accounts. As a result of this disposal, ITN made an additional contribution of £2.3 million to the ITN Defined Benefit Pension Scheme (the "ITN Pension Scheme") in excess of the funding agreement with the Trustees.

Other finance costs reduced by £1.2 million to £1.3 million (2012: £2.5 million) during the year. The finance costs relate to the ITN Pension Scheme which is closed to future accrual. The accounting deficit on the ITN Pension Scheme at 31 December 2013 reduced to £80.4 million (2012: £88.8 million) and further information is provided at Note 17. The deficit has decreased due to the exceptional settlement gain, funding contributions and the actuarial gain on assets more than offsetting the actuarial loss on liabilities caused by increased inflation rate assumptions.

## Cash management

At 31 December 2013, ITN had £8.6 million of cash, up £0.6 million on the prior year. Increased operating profitability and continued focus on working capital management has enabled ITN to generate cash in excess of its funding obligations to the ITN Pension Scheme.

## Risk management and internal controls

The Board has overall responsibility for the Group's systems of internal control and risk management and for reviewing their effectiveness. The Executive Directors and management are responsible for implementing risk and control policies and providing assurance on compliance with these policies. The Group continues to take steps to embed internal control and risk management in the operations of the business, as areas for improvement come to the attention of the Board and management.

During 2013, senior management reviewed and updated the Business Risk Register which was subsequently reviewed and approved by the Board. This review included collating all relevant risks for all parts of the business; assessing the likely impact and likelihood of each risk; ranking the risks in order of potential effect on the Group and identifying current mitigating activities being undertaken and additional mitigating actions that should be undertaken.

## Principal risks and uncertainties

### a) Financial Risks

#### ITN Pension Scheme funding risk

The ITN Pension Scheme has a significant funding deficit as detailed in Note 17 of the Accounts. There is a risk of financial insolvency if the deficit cannot be managed. The Company has agreed a recovery plan with the Scheme Trustees as part of the 31 December 2011 Triennial Actuarial Valuation. In addition, the ITN Pension Scheme has been closed to future accrual since 31 March 2010 and a Pension Increase Exchange was offered to pensioners during the year ended 31 December 2013. The Company, in conjunction with the Trustees, continues to evaluate options to reduce the risk further.

#### Reliance on key contracts

The Company generates a substantial portion of its revenue from a number of key customers. Damage to or loss of any of these relationships could have a direct and potentially material effect on the Company's results. The Company enters into long-term contracts with its key customers which mitigate the risk. At the time of the 2013 Annual Report and Accounts being signed, there is no long term contract in place with one of the Company's key customers, ITV. However, the Board has every expectation of a new multi-year contract being formally agreed in the very near future. Board members and the Executive Team regularly meet with key customers and review the relationships to ensure that the Company continues to meet their respective needs.

# STRATEGIC REPORT

## Exposure to credit, liquidity and foreign exchange risk

The Group's principal financial assets are bank balances, cash, 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.

There is a risk that there are insufficient funds available for ongoing operations and future developments. The Group manages its exposure by continuously monitoring short and long-term forecasts and actual cash flows to ensure sufficient funds are available.

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 and overseas news bureaux.

## b) Reputational Risks

### Damage to journalistic reputation

ITN's reputation for journalistic integrity could be damaged if news sources are not correctly vetted, there is a major editorial error or regulatory breach or ITN is perceived as failing to produce accurate and impartial news. ITN has a strict internal compliance process, with the aim of minimising and mitigating legal compliance exposure and reputational risk. The Group has an internal compliance team supported by external legal counsel. All employees and contract staff are briefed on and required to read the Group's Compliance Manual as part of their induction and this is periodically updated and reissued. Staff are provided with regular compliance training.

### Failure or interruption of or denial of access to broadcast or information technology systems and infrastructure

The Group's ability to meet its requirements under its broadcast, production and archive supply agreements is dependent on the Group's broadcast and information technology systems. Any system interruption due to incidents such as denial of access attacks, infrastructure failure or damage could seriously impact the Group's ability to meet these requirements. A cyber / viral attack or hijack of social media could also cause prolonged system denial, loss of intellectual property or substantial damage to the reputation of ITN. The Group has business continuity and disaster recovery plans in place and these are regularly reviewed. In addition, the Group regularly reviews the security of its systems and has security protocols and procedures in place.

## c) People Risks

### Loss of key personnel

The performance of the Group depends on its ability to continue to attract, motivate and retain key staff. The loss of key personnel could impact the Group's ability to operate effectively or result in a loss of knowledge and experience. The Executive Management and Remuneration Committee monitor the levels and structure of remuneration for senior management and seek to ensure that they are designed to attract, retain and motivate talent. The Group aims to provide conditions for fulfilling careers for all employees through remuneration and benefits and career development opportunities.

## Financial controls

The Company has established a framework of internal financial control, the key elements of which are:

- The Board has responsibility for approving the overall Group and Company strategy, for approving revenue and capital budgets and quarterly forecasts and determining plans for the financial structure of the Company and Group. Monthly results and variances from budgets and forecasts are reported to the Board monthly.
- There is a comprehensive process for performing annual strategy reviews and budgeting and quarterly forecasting.

# STRATEGIC REPORT

There is an organisational structure with clearly defined lines of responsibility and approval controls identifying transactions requiring Board approval. The CFO has responsibility for functional leadership and development of the Company's finance activities.

## Non-financial controls

The Company has established a wide range of non-financial controls covering areas such as legal and regulatory compliance, anti-bribery, health and safety, employment and business continuity. The effectiveness of these is reviewed by the Management Team and the Board and through the quarterly senior management Compliance Meeting.

## Employees

The Group employs 704 people, in addition to freelance staff who are contracted on specific projects. These individuals are key to the Group's success. The Group firmly believes in creating a working environment that is free from all kinds of discrimination and harassment and will not permit or tolerate discrimination in any form. ITN is an active member of the Creative Diversity Network.

The importance of staff training is recognised at all levels, with training programmes being focussed on giving staff the skills they need to effectively perform their roles and develop their careers, whilst ensuring there is a pipeline of talent within the Group

The Group regularly communicates with its staff through news e-mails, an intranet site, noticeboards and a quarterly magazine. In addition, regular meetings are held within departments as well as ad hoc Group wide 'town hall' meetings.

Approved by the Board and signed on its behalf by

J H Scorer  
Secretary

3 April 2014

200 Gray's Inn Road  
London  
WC1X 8XZ

# DIRECTORS' REPORT

The directors of Independent Television News Limited (the "Company") present their Annual Report together with the audited accounts of Independent Television News Limited and its subsidiaries (the "Group" or "ITN") for the year ended 31 December 2013. The Strategic Report contains disclosures in relation to principle risks and uncertainties and employees.

## Board of Directors

The Board consists of two Executive Directors and five Non-Executive Directors who are detailed below, with biographical details provided on pages 17 and 18. All the Directors served throughout the period.

## 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)

## The Board

The Board's primary tasks are the setting of the Group's overall strategy, the enhancement of shareholder interests, the approval of revenue and capital plans, the maintenance of controls to ensure effective operations, oversight of controls, audit and risk management, the approval of accounts and the review and approval of remuneration policies. The Board is committed to appropriate standards of corporate governance.

The Board meets for scheduled meetings regularly throughout the year. 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.

## 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 Group'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 G W Linnebank 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, Group 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 such benefits is not pensionable.



# DIRECTORS' REPORT

The Executive Directors participate in a Long Term Incentive Plan to promote longer term performance and retention, which is contingent on aggregate profit exceeding certain targets for the three years ended 31 December 2015. This is consistent with the previous Long Term Incentive Plan. Further information is provided in Note 5 of the Accounts, Staff Costs and Directors' Remuneration.

## Supplier payment policy

It is the Company's policy to agree terms of payment prior to commencing trade with any supplier and to abide by those terms based on the timely submission of satisfactory invoices. Trade creditor days of the Company for the year ended 31 December 2013 were seven days (2012: nine days), based on the ratio of Company trade creditors at the year end to the amounts invoiced during the year by trade creditors.

## Charitable and political contributions

During the year the Group made charitable donations of £25,000 (2012: £25,000) relating to charities associated with journalism. There were no political donations.

## Dividends

The directors do not recommend the payment of a dividend (2012: £nil).

## Going concern

After making enquiries and considering the uncertainties described in detail in Note 1 in the Accounts, 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 Accounts.

## Statement on disclosure of information to auditors

Having made the requisite enquiries, as far as each of the directors is aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each of the directors has taken all steps they should have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

## Auditors

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

Approved by the Board and signed on its behalf by

J H Scorer  
Secretary

3 April 2014

200 Gray's Inn Road  
London  
WC1X 8XZ

# ACCOUNTS

## Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under 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 judgements 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.

# ACCOUNTS

## Independent auditor's 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 2013 which comprise 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 24. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# ACCOUNTS

## 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

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

4 April 2014

# ACCOUNTS

## Consolidated profit and loss account Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	3	105,829	108,739
Cost of sales		(86,639)	(90,774)
Gross profit		19,190	17,965
Administrative expenses		(11,950)	(14,230)
Other administrative expenses		(14,232)	(14,230)
Exceptional administrative items		2,282	-
Operating profit on ordinary activities before interest and taxation	4	7,240	3,735
Operating profit on ordinary activities before interest, taxation and exceptional items		4,958	3,735
Exceptional Items	6	2,282	-
Profit on disposal of fixed asset investments	7	681	-
Income from other fixed assets investments	8	452	435
Share of losses in joint venture and associate undertakings		(336)	-
Interest receivable and similar income		13	31
Interest payable and similar charges	9	(132)	(155)
Other finance costs	9	(1,314)	(2,494)
<b>Profit on ordinary activities before taxation</b>		6,604	1,552
Tax charge on ordinary activities	10	(1,839)	(464)
<b>Profit for the financial year</b>		4,765	1,088

The movement on reserves is set out in Note 19 to the accounts.

A consolidated statement of total recognised gains and losses is set out on page 41.

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

# ACCOUNTS

## Consolidated balance sheet As at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	11	8,580	9,692
Investments	12	500	2,418
		9,080	12,110
<b>Current assets</b>			
Debtors	13	21,800	19,425
Cash at bank and in hand		8,609	8,041
		30,409	27,466
Creditors: amounts falling due within one year	14	(29,086)	(28,429)
<b>Net current assets / (liabilities)</b>		1,323	(963)
<b>Total assets less current liabilities</b>		10,403	11,147
Creditors: amounts falling due after more than one year	15	(118)	(352)
Provisions for liabilities	16	(3,629)	(2,732)
<b>Net assets excluding pension liability</b>		6,656	8,063
Pension liability	17	(64,306)	(68,420)
<b>Net liabilities including pension liability</b>		(57,650)	(60,357)
<b>Capital and reserves</b>			
Called-up share capital	18	400	400
Profit and loss account	19	(58,050)	(60,757)
<b>Shareholders' deficit</b>	20	(57,650)	(60,357)

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 3 April 2014.

Signed on behalf of the Board of Directors

B R Martin  
Director  
3 April 2014

# ACCOUNTS

## Company balance sheet As at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	11	8,580	9,692
Investments	12	490	2,072
		9,070	11,764
<b>Current assets</b>			
Debtors	13	21,765	20,003
Cash at bank and in hand		7,967	7,520
		29,732	27,523
Creditors: amounts falling due within one year	14	(28,255)	(28,140)
<b>Net current assets / (liabilities)</b>		1,477	(617)
<b>Total assets less current liabilities</b>		10,547	11,147
Creditors: amounts falling due after more than one year	15	(118)	(352)
Provisions for liabilities	16	(3,629)	(2,732)
<b>Net assets excluding pension liability</b>		6,800	8,063
Pension liability	17	(64,306)	(68,420)
<b>Net liabilities including pension liability</b>		(57,506)	(60,357)
<b>Capital and reserves</b>			
Called-up share capital	18	400	400
Profit and loss account	19	(57,906)	(60,757)
<b>Shareholders' deficit</b>	20	(57,506)	(60,357)

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 3 April 2014.

Signed on behalf of the Board of Directors

B R Martin  
Director  
3 April 2014

# ACCOUNTS

## Consolidated cash flow statement Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	21	350	7,331
<b>Returns on investments and servicing of finance</b>			
Income from fixed assets investments		452	435
Net proceeds from disposal of fixed asset investment	7	2,424	-
Interest received		13	31
Interest paid		-	(31)
Interest element of finance lease and hire purchase rentals		[25]	[14]
Investment in joint ventures	12	(200)	(100)
Loan to joint ventures		(55)	-
Net cash inflow from returns on investments and servicing of finance		2,609	321
<b>Taxation</b>			
UK corporation tax received		-	2
<b>Capital expenditure and financial investment</b>			
Acquisition of tangible fixed assets		(2,224)	(3,011)
Sale of tangible fixed assets		55	5
Net cash outflow from capital expenditure and financial investment		(2,169)	(3,006)
<b>Cash inflow before financing</b>			
		790	4,648
<b>Financing</b>			
Drawdown of loan	22	-	700
Repayment of loan	22	-	(2,796)
Issue of finance lease		-	402
Capital element of lease payment		(222)	(90)
<b>Net cash outflow from financing</b>		(222)	(1,784)
<b>Increase in cash in the year</b>	22	568	2,864

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



# ACCOUNTS

## Consolidated statement of total recognised gains and losses Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Group profit for the financial year</b>		4,765	1,088
Actuarial gain / (loss) relating to the pensions scheme	17	435	(8,096)
Deferred tax on attributable pension scheme liabilities		(1,329)	1,269
Current tax attributable to pension scheme contributions		1,226	740
Effect of decrease in tax rate on deferred tax asset on pension liability		(2,390)	(1,777)
<b>Total recognised gains / (losses) relating to the year</b>		<b>2,707</b>	<b>(6,776)</b>

The profits for 2013 and 2012 are reported under the historical cost convention.

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

# ACCOUNTS

## Consolidated statement of total recognised gains and losses Year ended 31 December 2013

### 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.

#### 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 Directors' Report.

The Group made a profit after tax of £4.8m in the year to 31 December 2013. It had net current assets of £1.3m. The Group's activities are funded out of operating cash flows arising from its contracts with broadcasters.

At 31 December 2013, the ITN Pension Scheme had a deficit under Financial Reporting Standard 17 "Retirement Benefits" of £80.4 million (Note 17). The triennial actuarial valuation of the scheme at 31 December 2011 and associated recovery plan have been agreed with the Trustees of the ITN Pension Scheme. The directors believe that the associated agreed funding plan enables the Company to make appropriate contributions to the Scheme to reduce the deficit whilst continuing to grow the business.

At the time of these 2013 accounts being signed there is no long term contract in place with one of the Company's key customers, ITV. However, the Board has every expectation of a new multi-year contract being formally agreed in the near future.

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 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.

The Group's investment in associates and joint ventures is accounted for by recognising the Group's share of the post-acquisition profit and losses. If the Group's share of losses in an associate or a joint venture equals its investment, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate, in which case a provision is recognised.

#### 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 in line with the specific licence agreement or on delivery of the product.

# ACCOUNTS

## Investments

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

## Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost of tangible fixed assets over their expected lives on a straight line basis. The rates applicable are:

Fixed plant and equipment	Lower of useful economic life (between 5 and 10 years) or lease term
Office and technical equipment	Lower of useful economic life (between 1 and 10 years) or lease term
Motor vehicles	4 years

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

Assets under construction will be held at cost less any impairment losses and will be added to the relevant pool and depreciated once the asset is available for use.

## Foreign currency

Transactions denominated in foreign currencies are recorded in the local currencies at prevailing exchange rates. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange 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.

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 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing

# ACCOUNTS

differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Other than where deferred tax is indirectly discounted due to calculations on an already discounted pension liability, deferred tax is measured on a non-discounted basis.

## 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 service accrual. Subsequently the Group provided pensions to all members of staff from 1 April 2010 through a defined contribution stakeholder scheme.

The interest cost and expenses to the fund which are netted against the expected return on assets are shown as a net amount in 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 assets are held separately from those of the Group, in 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 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 16) have been discounted to the present value of future lease obligations net of estimated sub-lease 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 provision (see Note 16) has been discounted to the present value of net payments to staff less any applicable receipts from insurance companies. 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.

## Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are non-recurring material items of income or expense that have been shown separately due to their significance in nature or amount.

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## 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 £4,909,000 (2012: profit £1,088,000).

## 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 and Company also provide short and long form programming, on-the-day and archive material, digital production services, commercial video production, technical and production facilities to third parties. The Group turnover, by geographical destination, is as follows:

Turnover by geographical destination:

	News		Other		Total	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
United Kingdom	79,786	82,036	17,881	16,205	97,667	98,241
Rest of the World	-	-	8,162	10,498	8,162	10,498
<b>Total</b>	<b>79,786</b>	<b>82,036</b>	<b>26,043</b>	<b>26,703</b>	<b>105,829</b>	<b>108,739</b>

Excluded from the turnover number is £1.3 million relating to ITN's shareholding in Diagonal View Limited.

## 4. Operating profit on ordinary activities before interest and taxation

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

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets:		
- owned	3,201	4,911
- held under finance lease	135	133
Profit on disposal of fixed assets	(55)	(4)
Operating lease rentals		
- land and buildings	2,995	2,995
Audit and non-audit fees paid to Deloitte LLP		
- Fees payable to Deloitte LLP for the audit of the Company's annual accounts	90	89
- The audit of the Company's subsidiaries pursuant to legislation	14	13
- Other services relating to taxation	67	99
	<b>171</b>	<b>201</b>

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## 5. 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:

	2013	2012
	No.	No.
Number of employees	705	707

The costs incurred in respect of these employees were:

	2013	2012
	£'000	£'000
Wages and salaries	40,499	39,386
Employers' national insurance costs	4,113	4,122
Employers' pension costs		
- defined contribution stakeholder scheme	3,050	2,971
	47,662	46,479

### Directors' remuneration

	Total Directors		Highest paid	
	Remuneration		Director	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Salary/fees	700	700	350	350
Annual bonus	456	459	315	315
Pension	35	41	35	35
Other benefits	62	57	26	26
Current year emoluments	1,253	1,257	726	726
Long term incentive plan	-	736	-	491
Total remuneration	1,253	1,993	726	1,217

The Remuneration Committee, which includes representation of all the shareholders, has put in place a new Long Term Incentive Plan for 2013 to 2015, which is based on aggregate operating profit reaching certain thresholds over the period. Payments under the plan, based on the criteria being met, will be made in 2016. The costs of the plan are being accrued within provisions for liabilities and charges (Note 16) over the performance period based on an assessment of likely pay-out. The 2012 Directors' remuneration includes amounts paid out in 2013 in relation to the 2010-2012 Long Term Incentive Plan.

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## 6. Profit on exceptional items

	<b>2013</b>
	<b>£'000</b>
Net defined benefit pension scheme settlement gain	2,822
Onerous lease provision	(540)
Profit on exceptional items	2,282

During the year the Company offered the ITN Defined Benefit Pension Scheme pensioners the ability to participate in a pension increase exchange. Due to the magnitude of the settlement gain created it has been classified as an exceptional item. The gain is stated net of associated costs. Refer to Note 17 Pensions for further information. This was offset by a provision of £540,000 in relation to vacant property. (Note 16 Provisions)

## 7. Profit on disposal of fixed asset investment

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Disposal of fixed asset investment:		
- cash proceeds on disposal of fixed asset investment	2,494	-
- investment carrying value	(1,782)	-
- directly associated disposal costs	(31)	-
Profit on disposal of fixed asset investment	681	-

On 31 October 2013, the Group sold its investment in Espresso Group Limited for a consideration of £2,494,000 (£2,424,000 received in cash in the year), leading to the recognition of a profit on disposal. In addition, deferred consideration, up to a maximum of £629,000 which is held in escrow against any future claims or disputes, has not been recognised due to the uncertainty of receipt.

## 8. Income from other fixed asset investments

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Dividend received	452	435

# ACCOUNTS

## 9. Interest payable and similar charges / other

	2013	2012
	£'000	£'000
<b>Interest payable and similar charges</b>		
Interest on finance leases	26	14
Interest on loan	-	31
Unwinding of discount on provisions (Note 16)	105	110
Other	1	-
	132	155

	2013	2012
	£'000	£'000
<b>Other finance costs</b>		
Net finance costs on defined benefit pension scheme (Note 17)	1,314	2,494

## 10. Tax on profit on ordinary activities

	2013	2012
	£'000	£'000
<b>Current tax</b>		
UK Corporation tax at 23.25% (2012: 24.5%) for the year	904	649
Foreign tax	48	13
Adjustments in respect of prior years:		
UK corporation tax	130	(13)
<b>Total current tax charge</b>	1,082	649
<b>Deferred tax</b>		
Origination and reversal of timing differences	(35)	3
Effect of change in the tax rate	287	176
Charge in respect of pension liability	642	(338)
Adjustments in respect of prior years	(137)	(26)
<b>Total deferred tax</b>	757	(185)
<b>Total tax charge on profit on ordinary activities</b>	1,839	464

Finance Act 2013, which was enacted on 17 July 2013, provided for a future reduction of the corporation tax to 21%, effective from 1 April 2014, and a further reduction to 20%, effective 1 April 2015. The 20% rate has been reflected in the calculation of deferred tax in these statements.



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## 10. Tax on profit on ordinary activities (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 23.25% (2012: 24.5%). The current tax charge (2012: charge) for the year was less than 23.25% (2012 was greater than 24.5%) for the reasons set out in the following reconciliation:

	2013 £'000	2012 £'000
Group profit on ordinary activities before tax	6,604	1,552
Tax on group profit on ordinary activities at standard tax rate	1,535	380
Effects of:		
Expenses not deductible for tax purposes	(29)	230
Non-taxable income	(174)	(300)
Depreciation (less than) / in excess of capital allowances	(40)	225
Other short-term timing differences	(570)	321
Tax losses brought forward	(26)	(204)
Tax losses carried forward	219	-
Adjustments to tax charge in respect of previous periods	130	(13)
Foreign tax	37	10
<b>Total current tax charge</b>	<b>1,082</b>	<b>649</b>

## 11. 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 2013	6,430	41,891	1,083	450	49,854
Additions	168	1,386	97	573	2,224
Completed Assets	1	449	-	(450)	-
Disposals	-	(1,202)	(320)	-	(1,522)
At 31 December 2013	6,599	42,524	860	573	50,556
Depreciation					
At 1 January 2013	5,262	34,061	839	-	40,162
Charged in year	259	2,969	108	-	3,336
Disposals	-	(1,202)	(320)	-	(1,522)
At 31 December 2013	5,521	35,828	627	-	41,976
Net book value					
At 31 December 2013	1,078	6,696	233	573	8,580
At 31 December 2012	1,168	7,830	244	450	9,692

Included above is Office and technical equipment held under finance leases amounting to a net book value of £430,000 (2012: £565,000).

# ACCOUNTS

## 12. Fixed asset investments

### Group

Cost and net book value	Subsidiary undertakings £'000	Other investments £'000	Total £'000
As at 1 January 2013	-	2,418	2,418
Additions (a)	-	200	200
Disposals (b)	-	(1,782)	(1,782)
Share of associate undertaking losses	-	(336)	(336)
As at 31 December 2013	-	500	500

(a) In January 2013, ITN increased its investment in Diagonal View Limited by £200,000.

(b) On 31 October 2013 ITN Education Investments Limited sold its entire investment in Espresso Group Limited, a Company registered in England and Wales. The investment cost of Espresso Group Limited in ITN Education Investments Limited was £1,782,000. Further information around the disposal is included in Note 7.

As at 31 December 2013 the Group held the following investments all of which are registered in England and Wales:

### Group Investments

	Investment	Nature
ITN Archive Limited	100%	Sale of archive material
ITN Radio Investments Limited	100%	Holding company
ITN Radio Limited	100%	Holding company (indirect)
ITN Education Investments Limited	100%	Holding company
Independent Radio News Limited	19.7%	Production of radio programming (indirect)
Diagonal View Limited	49%	Provision of digital videos
Digital Care Social Enterprise limited	50%	Provision of healthcare clips

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## 12. Fixed asset investments (continued)

### Company

Cost and net book value	Subsidiary undertakings £'000	Other investments £'000	Total £'000
As at 1 January 2013	1,782	290	2,072
Additions (a)	-	200	200
Impairment (b)	(1,782)	-	(1,782)
As at 31 December 2013	-	490	490

(a) See (a) above.

(b) Following the sale of Espresso Group Limited, ITN Education Investments Limited ("ITNE") paid a dividend to ITN Limited to distribute the reserves created. The receipt of this as a dividend and the associated reduction in ITNE share capital reduces the value that ITN as a company has in ITNE to nil.

Please refer to the group investments table above for the investments held as at 31 December 2013. Please note that the share in Independent Radio News Limited is held by ITN Radio Limited, which is a 100% subsidiary of ITN Radio Investments Limited.

## 13. Debtors

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	11,976	10,126	10,928	10,035
Other debtors	1,494	1,934	1,224	1,896
Deferred tax	1,903	2,019	1,903	2,036
Amounts owed by subsidiary undertakings	-	-	1,332	769
Amounts owed by parent companies	523	-	523	-
Prepayments and accrued income	5,904	5,346	5,855	5,267
	21,800	19,425	21,765	20,003

All debtors other than deferred tax are recoverable within one year. Part of the shareholder loan to Diagonal View Limited of £313,913 (2012: £320,286) included in other debtors has been provided for.

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## 13. Debtors (continued)

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 to utilise the losses. From this 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 2013	2,019
Debited to profit and loss account	(252)
Prior year adjustment	137
At 31 December 2013	1,904

Deferred taxation is analysed as follows:

	2013 £'000	2012 £'000
Depreciation in excess of capital allowances	1,318	1,512
Other short-term timing differences	162	320
Tax losses	424	187
	1,904	2,019

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Obligations under finance leases and hire purchase contracts	223	211	223	211
Trade creditors	1,102	2,090	1,102	2,090
Social security & other taxes	1,270	1,317	1,270	1,317
Other creditors	3,064	2,369	3,018	2,337
Accruals and deferred income	23,427	22,442	22,642	22,185
	29,086	28,429	28,255	28,140

# ACCOUNTS

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

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Obligations under finance leases and hire purchase contracts	118	352	118	352

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

	2013 £'000	2012 £'000
Group and Company		
Within one year	223	211
Between two and five years	118	352
	341	563

## 16. Provisions for liabilities

Group and Company	Property £'000	Salary related £'000	Total £'000
At 1 January 2013	1,718	1,015	2,733
Utilised during the year	(225)	(236)	(461)
Unwinding of discount on provisions (Note 5)	72	33	105
Charged in the year	1,012	240	1,252
At 31 December 2013	2,577	1,052	3,629

The property provision relates to a number of properties which are vacant and sublet at a loss. The provision covers the shortfall. The charge in 2013 includes an exceptional item of £540k in relation to vacant property costs.

Salary related provisions represent amounts in respect of Salary Security and in 2013 also included are amounts in respect of a Long Term Incentive Plan.

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## 17. Pensions

The Group closed the ITN Defined Benefit Pension Scheme to future accrual, with effect from 31 March 2010. 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 2011 and used the projected unit method. For 2014, the Group is expected to make a maximum contribution as part of the Pension Recovery Plan of £4.0 million (2013: £4.0 million) which includes Scheme expenses and Pension Protection Fund Levy.

During the year, the Company offered scheme pensioners the ability to participate in a pension increase exchange. As a result of this exercise there was a one-off exceptional settlement gain of £3.1 million. This has been disclosed as an exceptional gain within operating administration costs net of associated costs (£0.3 million).

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

	2013	2012	2011	2010	2009
Inflation	3.20%	2.70%	3.00%	3.40%	3.40%
Rate of increases in salaries	-	-	-	-	3.40%
Rates of increase of pensions in payment	3.10%	2.70%	3.00%	3.40%	3.40%
Rate of increase for deferred pensioners	2.20%	2.00%	2.00%	2.90%	3.40%
Discount rate	4.60%	4.50%	4.90%	5.40%	5.80%
Expected return on scheme assets <sup>(1)</sup>	5.69%	5.82%	6.84%	7.03%	6.80%

<sup>(1)</sup> 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.

For mortality rates, the Company has used SAPS tables, with probabilities of death reduced by 10% for males and unreduced for females, with an allowance for future improvements in line with the CMI 2013 projections with a long-term improvement rate of 1% p.a. Following the finalisation of the 31 December 2011 Triennial Valuation, the proportion of married at retirement assumption was adjusted to reflect the valuation assumption of 80% for males and 70% for females (2012 90% males and 80% females) with any change in calculation being reflected in actuarial gains and losses.

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## 17. Pensions (continued)

The employee benefit obligations of the scheme were:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Present value of funded obligations	(392.7)	(390.5)	(367.6)	(341.9)	(321.0)
Present value of unfunded obligations	-	-	-	-	-
Fair value of scheme assets	312.3	301.7	285.2	282.4	264.4
Deficit in the scheme	(80.4)	(88.8)	(82.4)	(59.5)	(56.6)
Related deferred tax asset	16.1	20.4	20.6	16.1	15.9
Net pension liability	(64.3)	(68.4)	(61.8)	(43.4)	(40.7)

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

	2013	2012	2011	2010	2009
Equities	46%	50%	49%	64%	63%
Bonds and gilts	42%	45%	45%	29%	30%
Other	12%	5%	6%	7%	7%

Expected rates of return at the start of the period were:

	2013	2012	2011	2010	2009
Equities	6.90%	7.00%	7.95%	8.25%	7.50%
Bonds and gilts	3.02%	4.90%	4.57%	5.26%	5.70%
Other	2.79%	5.25%	6.10%	3.42%	5.40%

Profit and loss impact:

	2013	2012	2011	2010	2009
Current service cost	-	-	-	1.7	2.5
Expected return on pension scheme assets	(15.9)	(15.2)	(17.7)	(18.1)	(15.9)
Interest on pension scheme liabilities	17.2	17.7	18.1	18.2	17.5
Gain on settlement	(3.1)	-	-	-	-
(Credit) / charge	(1.8)	2.5	0.4	1.8	4.1

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## 17. Pensions (continued)

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

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Net actuarial (gains) / losses recognised in year	(0.4)	8.1	26.8	4.0	18.2
Net cumulative actuarial losses	82.2	82.6	74.5	47.6	43.6

### Actual return on plan assets

	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Actual return on plan assets	17.8	25.2	11.0	29.2	32.0

### Reconciliation of present value of plan liabilities and assets

Change in the present value of the defined benefit obligation	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Opening defined benefit obligation	390.5	367.6	341.9	321.0	279.2
Service cost	-	-	-	1.7	2.5
Interest cost	17.2	17.7	18.1	18.2	17.5
Contribution by plan participants	-	-	-	0.3	1.3
Gain on settlement	(3.1)	-	-	-	-
Actuarial losses	1.5	18.1	20.2	15.0	34.3
Benefits paid	(13.4)	(12.9)	(12.6)	(14.3)	(13.8)
Closing defined benefit obligation	392.7	390.5	367.6	341.9	321.0

Change in the fair value of plan assets	2013	2012	2011	2010	2009
	£m	£m	£m	£m	£m
Opening fair value of plan assets	301.7	285.2	282.4	264.4	239.3
Expected return	15.9	15.2	17.7	18.1	15.9
Actuarial gains / (losses)	1.8	10.0	(6.6)	11.0	16.1
Contribution by employer	6.3	4.2	4.3	2.9	5.6
Contribution by plan participants	-	-	-	0.3	1.3
Benefits paid	(13.4)	(12.9)	(12.6)	(14.3)	(13.8)
Closing fair value of plan assets	312.3	301.7	285.2	282.4	264.4



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## 17. Pensions (continued)

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
<b>History of experience gains and losses</b>					
Defined benefit obligation	(392.7)	(390.5)	(367.6)	(341.9)	(321.0)
Plan assets	312.3	301.7	285.2	282.4	264.4
Deficit	(80.4)	(88.8)	(82.4)	(59.5)	(56.6)
Experience adjustments on plan liabilities - gains / (losses)	(0.2)	(3.1)	(22.0)	-	4.9
Experience adjustments on plan assets - gains / (losses)	1.8	10.0	(6.6)	11.0	16.1

## 18. Called-up share capital

At 31 December 2013 and 2012 the Company had 15,400,000 authorised ordinary shares of £1 each.

	2013 £'000	2012 £'000
<b>Group and Company</b>		
Authorised, allotted, called-up and fully-paid: 400,000 ordinary shares of £1 each	400	400

## 19. Reserves

Profit and loss account	2013	
	Group £'000	Company £'000
At 1 January 2013	(60,757)	(60,757)
Retained profit for the year	4,765	4,909
Net gains and losses relating to pension scheme	(2,058)	(2,058)
At 31 December 2013	(58,050)	(57,906)

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## 20. Reconciliation of movement in shareholders' deficit

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Shareholders' deficit at 1 January	(60,357)	(53,581)	(60,357)	(53,581)
Retained profit for the year	4,765	1,088	4,909	1,088
Net gains and losses relating to pension scheme	(2,058)	(7,864)	(2,058)	(7,864)
Shareholders' deficit at 31 December	(57,650)	(60,357)	(57,506)	(60,357)

Shareholders' deficit are all equity interests.

## 21. Reconciliation of operating profit to net cash inflow from operating activities

	2013 £'000	2012 £'000
Operating profit	7,240	3,735
Exceptional settlement gain	(3,077)	-
Depreciation charge	3,336	4,983
Profit on disposal of tangible fixed assets	(55)	(4)
Increase in debtors	(2,344)	(472)
Increase in creditors	735	3,992
Increase / (decrease) in provisions	791	(744)
Incremental Company pension contributions in excess of that charged to operating profit	(6,276)	(4,159)
Net cash inflow	350	7,331

All activities are continuing.

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## 22. Reconciliation of movements in net funds

	2013	2012
	£'000	£'000
Increase in cash in the year	568	2,864
Cash inflow from issue of secured loan	-	(700)
Cash outflow from repayment of secured loan	-	2,796
Cash outflow / (inflow) from increase in obligations under finance leases	222	(312)
Change in net funds resulting from cash flows	790	4,648
Movement in net cash for the period	790	4,648
Net funds as at 1 January	7,478	2,830
Net funds as at 31 December	8,268	7,478

	1 January 2013 £'000	Cash flows £'000	31 December 2013 £'000
Cash at bank and in hand	8,041	568	8,609
Obligation under finance leases	(563)	222	(341)
Net funds	7,478	790	8,268

## 23. Guarantees and other financial commitments

### (a) Capital Commitments

	2013	2012
Group and Company	£'000	£'000
Contracted for but not provided for	234	198

# ACCOUNTS

## 23. Guarantees and other financial commitments (continued)

### (b) Operating lease commitments

At 31 December 2013 the Group and Company had minimum annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	Group £'000	Company £'000	Group £'000	Company £'000
2013				
Operating leases which expire:				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
After more than five years	3,256	3,256	1,340	1,340
	3,256	3,256	1,340	1,340
2012				
Operating leases which expire:				
Within one year	-	-	-	-
Between two and five years	-	-	-	-
After more than five years	3,256	3,256	-	-
	3,256	3,256	-	-

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 one contract (2012: two contracts) where it has minimum guarantee commitments relating to the sale of archive material. This contract is with ITV Global Entertainment Limited, a related party, totalling £700,000 (2012: £1,380,000).

	Minimum guarantee commitments £'000
Expiring within one year	700
Expiring between two and five years	-
	700

### (d) Pension Fund security

Significant assets have been provided as security to the ITN Pension Scheme in support of the recovery plan agreed with the Trustees to address the funding deficit.

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## 24. 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 2013, the shareholders were (either directly or via subsidiaries):

ITV plc	40%
Daily Mail and General Trust plc	20%
Thomson Reuters Corporation	20%
UBM plc	20%

The Group made sales of £48,853,000 (2012: £54,582,000) to shareholders or entities controlled by shareholders in respect of the supply of news programming, facility sales, rental income and other archive programming. The Group made purchases of £3,388,000 (2012: £3,303,000) 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:

Shareholder Balance Sheet Items	2013 £'000	2012 £'000
Debtors	4,409	5,730
Other debtors	966	572
Creditors due within one year	-	-
Other loans	-	-
Other creditors	190	289

The Group made sales of £991,000 (2012: £687,000) to other investments held during the year (Note 12) 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:

Other Investments Balance Sheet Items	2013 £'000	2012 £'000
Debtors	347	361
Other debtors	227	307

# ACCOUNTS

## Five year consolidated summary

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Turnover	105,829	108,739	98,207	96,249	98,474
<b>Operating profit / (loss) before exceptionals</b>	4,958	3,735	2,319	942	(2,892)
Operating profit / (loss) exceptional items	2,282	-	-	-	-
<b>Operating profit / (loss) after exceptional items</b>	7,240	3,735	2,319	942	(2,892)
Net financial income / (expense)	(981)	(2,183)	(11)	(546)	(1,283)
Profit on disposal of investments	681	-	-	-	-
Share of profit/(loss) in joint venture/associates	(336)	-	-	-	-
<b>Profit / (loss) before taxation</b>	6,604	1,552	2,308	396	(4,175)
Taxation	(1,839)	(464)	(763)	61	791
<b>Profit / (loss) for the year</b>	4,765	1,088	1,545	457	(3,384)



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2013  
ANNUAL  
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