



TRUSTED TO TELL THE WORLD'S STORIES

Annual Report 2016

Oscar-nominated documentary
Watani: My Homeland

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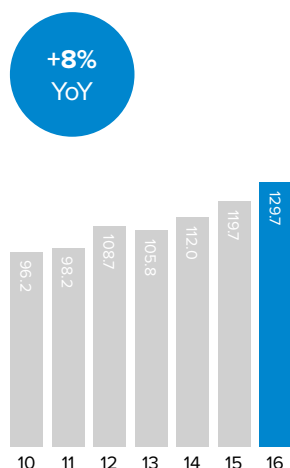
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Accounts	37
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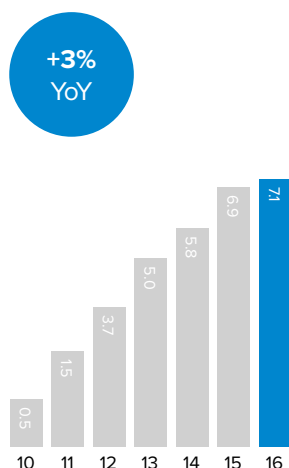
2016 highlights

ITN delivered a strong performance in 2016 as we continue to grow, diversify and change

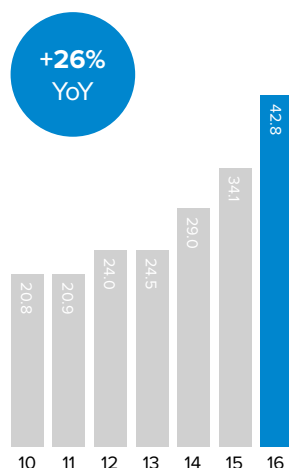
Group Revenue £m
£129.7m



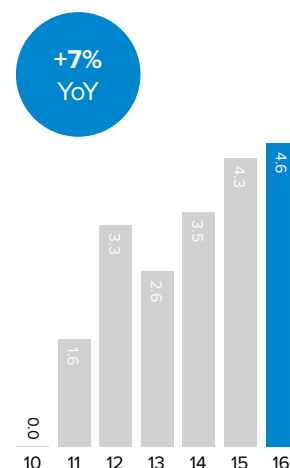
Group Operating Profit £m
£7.1m



ITN Productions Revenue £m
£42.8m



ITN Productions Operating Profit £m
£4.6m



A bold new strategy

In March last year, ITN launched its **2020 Vision** strategy to take the company forward to the next stage of its development and capitalise on new growth opportunities.

Setting ambitious financial targets, ITN announced a number of strategic priorities aimed at achieving revenues of £180m+ by the end of 2020.

The strategy puts a key focus on driving growth in businesses outside of TV News, accelerating organic diversification of output to generate more than 50% of total revenues by 2020.

It also sees an expansion of ITN's total footprint, including a push to grow its US presence five-fold over the period to generate 10% of revenues by 2020.

ITN's 2020 Vision Targets

£180m
annual revenue

+£10m
operating profit

5x
US business

50%
non TV-news



30

broadcast commissions



63

major awards

200

broadcast hours

1600 +
football
matches
filmed and edited



news programmes
watched by up to

9.7 million
every day

ITV News

Getting Britain right, 365 days a year. ITV News gets the big exclusives, giving balanced reporting and analysis from a top team of expert journalists

ITV News at Ten presenter Tom Bradby



Produced by ITN since its inception in 1955, ITV News airs national news programmes at 1.30pm, 6.30pm and 10pm, informing public opinion and generating debate through news exclusives, investigative journalism and bold, accessible reporting on the latest news agenda.

Broadcast live from ITN's state-of-the-art Chroma key virtual reality studio in London, Mary Nightingale anchors the ITV Evening News at 6.30pm, while Tom Bradby or Julie Etchingham present News at Ten.

Led by editor Geoff Hill, ITV News has a roster of specialist journalists including Robert Peston, Penny

Marshall, Allegra Stratton, Rohit Kachroo, James Mates, Rachel Younger, Alok Jha, John Irvine and Steve Scott.

With international bureaux in Johannesburg, Tel Aviv, Washington, Dubai and Beijing, home news coverage is reinforced by extensive eye-witness reporting around the world. The capital's most authoritative local news service ITV News London is also produced by ITN.

Long-form current affairs output includes all ITN-produced episodes of ITV's documentary series *Tonight*, while Rageh Omaar fronts the global current affairs strand *On Assignment*.

At a glance

Broadcast weekdays at 1.30pm, 6.30pm and 10pm.

Produced by ITN since 1955.

Presented by Tom Bradby, Julie Etchingham, Mary Nightingale, Nina Hossain, Alastair Stewart and Charlene White.

www.itv.com/news

7.3 up to
million
daily viewers



Evening News presenter
Mary Nightingale



International affairs editor Rageh Omaar
on assignment in Somaliland

17
awards

ITV News calls it first in Brexit referendum

At 4.35am on a night of high political drama in June, ITV News was the first media outlet to call the EU Referendum result in favour of the Leave campaign.



national
bulletins
audience
share up

News at Ten presenter
Julie Etchingham



Channel 4 News

Challenging expectations with stories that reveal and inspire, innovatively produced - with just a touch of mischief



From l to r: Jackie Long, Krishnan Guru-Murthy, Matt Frei, Jon Snow and Cathy Newman

A news programme like no other, Channel 4 News continues to push new boundaries, challenging expectations with depth, authority and compelling storytelling - all delivered with a distinctive flavour and edge.

Produced by ITN since its inception in 1982, Channel 4 News is broadcast live at 7pm every week day, with shorter bulletins at varying times over the weekend.

The inimitable Jon Snow is joined by fellow anchors Cathy Newman, Krishnan Guru-Murthy, Matt Frei and Jackie Long. They are supported by a roster of award-winning journalists including Alex Thomson, Lindsey Hilsum, Kylie Morris, Gary Gibbon, Siobhan Kennedy, Jonathan Rugman and Michael Crick.

Channel 4 News goes beyond the headlines to tackle those stories that often go unreported elsewhere.

At a glance

Broadcast weekdays at 7pm.

Produced by ITN since 1982.

Presented by Jon Snow, Cathy Newman, Krishnan Guru-Murthy, Matt Frei and Jackie Long.

www.channel4.com/news



2 billion
online video views
across all platforms



Award-winning filmmaker Wa'ad al-Kateab

Inside Aleppo

Throughout 2016 Channel 4 News broadcast the images of Syrian camerawoman Wa'ad al-Kateab as she documented the plight of people trapped inside rebel-held East Aleppo.

Together the films formed the *Inside Aleppo* series, an award-winning strand giving viewers a unique view of the lives of those left behind in a besieged city that was mostly out of bounds to western media.

al-Kateab, who is now safely outside Aleppo, won both Young Talent and Camera Operator of the Year at the Royal Television Society Television Journalism Awards in March 2017. Her films from Aleppo have now been watched around 400 million times.

"The most incredible thing," says Channel 4 News editor Ben de Pear, "is she filmed most of her work holding a one-year-old baby daughter because she didn't want to leave her anywhere because you never know what is going to happen in Aleppo. And for the last three months of the siege she was pregnant."

View Wa'ad al-Kateab's journalism at:
www.insidealeppo.com

25
awards

+3%
audience share
year on year

5 News

Sharp, bold and distinctive, 5 News always puts people at the heart of its reports



Sian Williams presents 5 News at 5

Since its launch in 1997, 5 News has taken an innovative approach to television news.

Editor Rachel Corp leads a team that produces distinctive national news programmes from Monday to Friday at 5pm and 6.30pm, attracting an average of 5.4m viewers per week.

Sian Williams, whose career spans 30 years of broadcasting expertise, presents 5 News at 5, bringing her considerable experience and warmth to the first terrestrial evening news programme of the day.

Matt Barbet presents 5 News Tonight at 6.30pm, focusing on interviews and analysis around the day's biggest stories.

The highly experienced on-screen reporting team includes political editor Andy Bell, chief correspondent Tessa Chapman, Peter Lane, Simon Vigar, Cathy Jones and Julian Druker.

5 News is informed, relevant, down to earth and fun, with a mission to speak both to and for its viewers.

At a glance

Broadcast weekdays at 5pm and 6.30pm.

Launched by ITN in 1997.

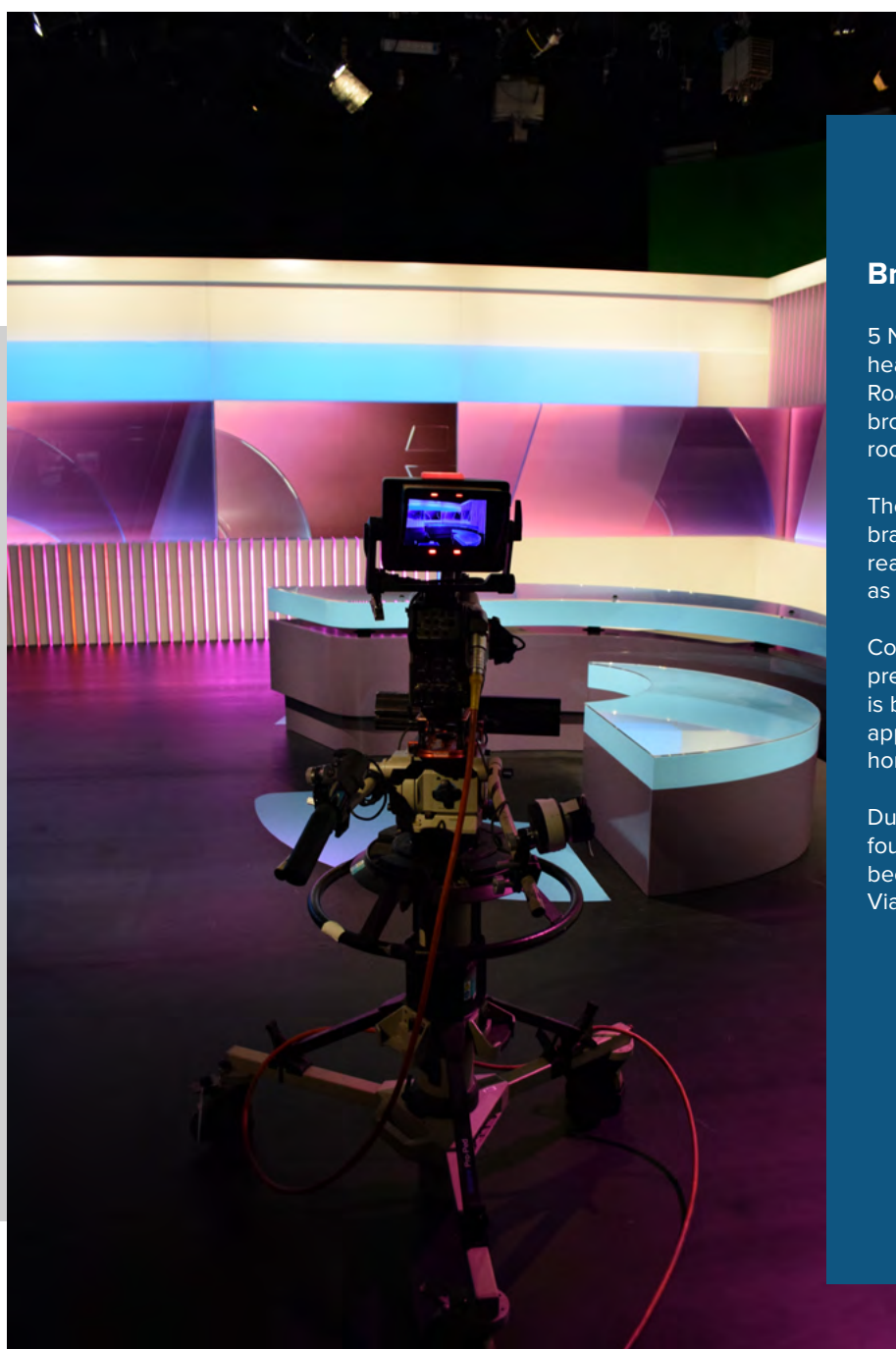
Presented by Sian Williams and Matt Barbet.

www.facebook.com/C5News



Matt Barbet presents
5 News Tonight at 6.30pm

5 over
million
weekly viewers



Bringing 5 News home

5 News made the move to ITN's headquarters on London's Gray's Inn Road, uniting all of the organisation's broadcast news businesses under one roof for the first time in over a decade.

The relocation also saw the unveiling of a brand new 'hard' set, replacing the virtual reality studio used in recent years, as well as a new gallery and newsroom.

Commenting on the move, 5 News presenter Sian Williams said: "5 News is bringing its bold, innovative, warm approach to the day's events into a new home, joining our colleagues at ITN."

During 2016, ITN announced that a new four-year contract to produce 5 News had been agreed with Channel 5's owners Viacom.

TV Production

Award-winning, globally impactful programme production for the world's biggest broadcasters



Slum Britain: 50 Years On for Channel 5

ITN Productions is the award-winning producer of films and series for major networks both in the UK and across the world.

Its television output ranges from specialist documentaries such as the *Great Butterfly Adventure* for BBC Two, to prime-time factual entertainment series such as *Car Crash Britain: Caught on Camera* (ITV).

Recent popular factual highlights include the award-winning *Interview with a Murderer* (Channel 4), the Aled Jones-fronted daytime series *Going Back Giving Back* (BBC One), *Panda Babies* (ITV), and Channel 5's *On Benefits* series.

ITN Productions also produces major series and specials for international broadcasters, such as *Chris Hansen's Killer Instinct* (Discovery ID) and *Flight 370: The Missing Links* (DNI). In 2016 ITN Productions was commissioned to

produce military veterans' challenge series *The Triumph Games* for CBS Sports in the United States.

ITN Productions is also one of the UK's leading independent producers of current affairs, with a wide range of output including ITV's political talk show *The Agenda with Tom Bradby*, now in its ninth series, and hard-hitting one-off films such as Channel 4's Emmy award-winning *Escape From ISIS*, and *Slum Britain: 50 Years On* and *Shannon Matthews: What Happened Next* for Channel 5.

ITN's unique capabilities make it a specialist in fast-turnaround documentaries, with programmes including *David Bowie: Starman* (Channel 4), while 2016 saw commissions for major live debates on the EU referendum for both Channel 4 and Channel 5.

www.itnproductions.co.uk/television-production



Watani: My Homeland

30
broadcast
commissions

Oscar® nominated content

Filmed over three years, the Academy Award-nominated *Watani: My Homeland* tells the epic story of one family's escape from war-torn Syria, and their attempt to create a new life in Germany.

Hammoudi, Helen, Farah and Sara are the young children of Free Syrian Army commander Abu Ali. They live on the front-line of the civil war in Aleppo, the only family living in a derelict war-zone that was once a busy residential neighbourhood. After Abu Ali is captured by ISIS, the family is forced to flee their homeland and to start a new life in a small, medieval town in Germany.

Watani: My Homeland was filmed and directed by the award-winning Marcel Mettelsiefen in Syria and Germany. Mettelsiefen made more than 25 trips to Syria to make the film.

The film was a nominee at the 2017 Academy Awards in the Documentary Short Subject category, ITN's first ever Oscar nomination.

www.watanifilm.com

200
broadcast hours

Advertising

Innovative, ground-breaking commercials produced for an ever-increasing portfolio of high-profile clients



The ITN Productions Advertising Production team works with clients looking for innovative and creative production solutions and partnerships for all forms of content.

As one of the leading multi-platform producers in the UK, advertising clients benefit from the depth of capability of the whole of ITN.

ITN Productions has pioneered the development of tech-led, high quality 'live', 'as-live' and 'socially reactive' TV advertising. Highlights include the first global live ad for Virgin Holidays, the acclaimed I am Team GB campaign for Camelot during the 2016 Olympic and Paralympic Games, and Ant and Dec's star turn for Suzuki.

ITN Productions is also a leader in Branded Content strategy and production, with the launch of 'Realtime Studios' offering brands with an 'always on' solution to create relevant topical content at scale across all platforms. Realtime clients included Matalan, Thomas Cook, Natwest, and BNY Mellon.

With a brand new state-of-the-art post-production facility on site, ITN Productions can confidently handle the entire pre-production, production and post-production process and the delivery of any content with agility and flexibility.

www.itnproductions.co.uk/advertising-production

The live global ad for Virgin Holidays' *Seize the Moment* campaign was simultaneously broadcast from 18 locations in nine countries around the world during the X Factor ad break, and was named Campaign of the Year by Marketing Week

200+
commercial elements
produced in 2016

Sports

Multimedia sports services from concept to delivery to distribution, supported by technology-leading infrastructure

1600 +

football matches filmed and edited each season

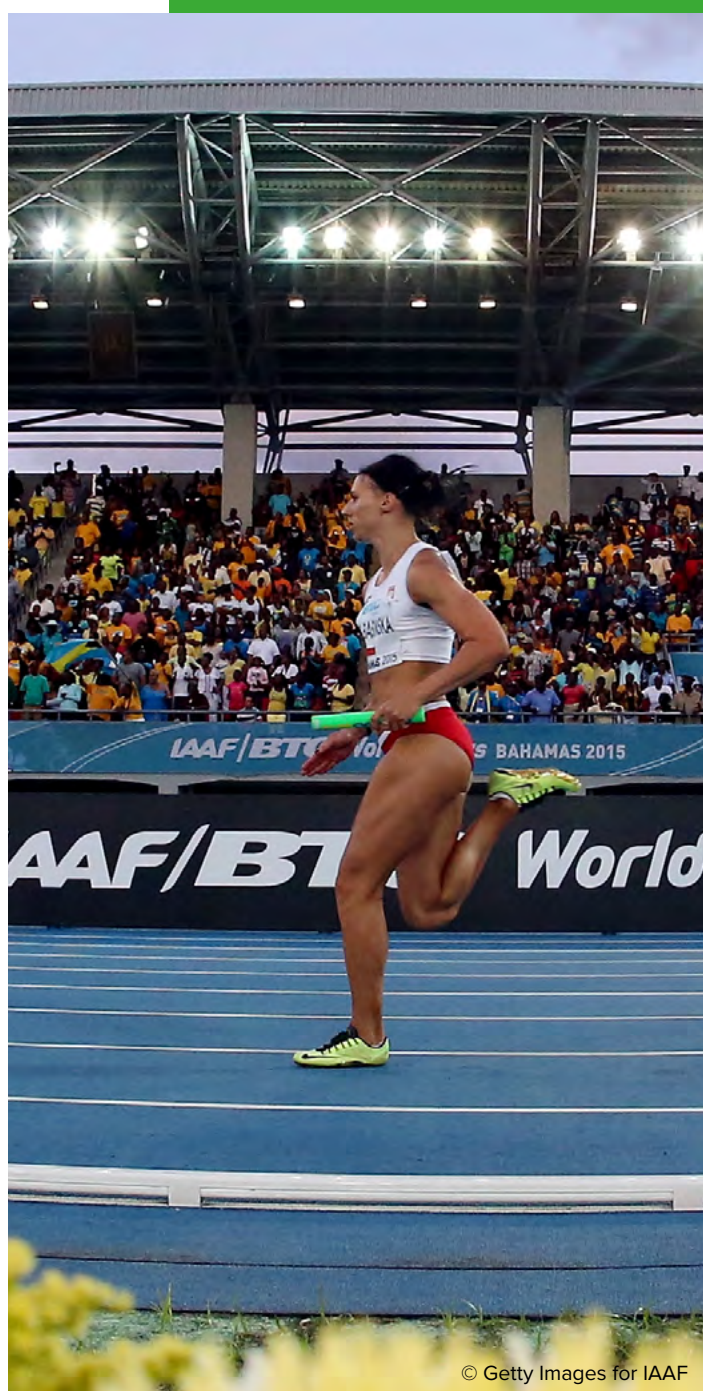
Our sports team offers broadcasters and federations exceptional customer service aligned with technological expertise and innovation.

As production partner for the English Football League, ITN Productions' network of camera operators span the country each week to cover every Championship, League One, League Two, EFL Cup and EFL Trophy game. Nick Kicks, co-produced by ITN Productions, is the weekly EFL round up show on Nickelodeon, showcasing goals, fans, funnies, and fails. ITN Productions also work directly with individual clubs, providing bespoke content for the likes of Aston Villa FC.

ITN Productions has also produced Premier League and FA Cup matches, as well as the Scottish Premiership, Community Shield, England internationals, Aviva Premiership rugby, England cricket and T20 Blast sport content.

ITN Productions has also been appointed as host broadcaster for the IAAF World Relays in the Bahamas, taking place in April 2017. Combining our strengths of on-location expertise and in-house connectivity, coverage will feature an integrated live feed for international television and radio rights holders of the Opening and Closing ceremonies and all races and medal ceremonies as athletes from 40 countries compete to win the coveted Golden Baton. In addition to on-location cameras and on-site master control room, Gray's Inn Road will act as an extension of the Outside Broadcast, including editing digital highlights and coordinating social media activity.

www.itnproductions.co.uk/sport-production



© Getty Images for IAAF

Digital Content Services

From on-the-day news services to industry-specific production and bespoke educational content



Natasha Kaplinsky is the face of Industry News in the UK

Digital Content Services (DCS) is a portfolio of digital production businesses housed within ITN Productions.

DCS includes the News division, which syndicates on the day news content to international broadcasters and online publishers, including CNN, Bloomberg, ZDF, Mail Online, MSN, AP and AOL. A multi-skilled team of producers create 180 digital video clips per week and on-pass 30 hours of raw footage to clients.

Industry News produces broadcast standard news-style programmes in partnership with the leading national associations and professional bodies. Across the UK, Europe and the US, Industry News is telling

the most important stories that are shaping specific industry sectors and professions. The team has partnered with national associations such as the Royal Society of Medicine, Royal Society of Public Health, Pensions and Lifetime Savings Association, Institute of the Motor Industry, Chartered Institute of Building, Institution of Engineering and Technology, British Veterinary Association and the AMGA (American Medical Group Association).

The Education business produces bespoke video content for the fast growing digital education market. They work with digital publishers to storyboard concepts, source authentic archive video from real world events and produce video

learning objects alongside the supporting guides for teachers and classroom activities.

DCS is also home to the world's first fully digitised news archive, dating back to ITN's very first broadcast in 1955. ITN's cameras have captured some of history's most unforgettable moments, ranging from the fall of the Berlin Wall and the release of Nelson Mandela to the aftermath of the Asian tsunami. As of 2017 the vast footage library, featuring over one million clips, will be managed by Getty Images. The collection will be continue to be updated daily, with agenda-setting news footage from ITN's award-winning news services available to customers just 24 hours after broadcast.



2016 production highlights
Jeremy Paxman hosts *Europe: The Final Debate* on Channel 4

Chief Executive's Review

John Hardie
Chief Executive



“2016 was a landmark year in the evolution of ITN as a world-class production company”

2016 marks a pivotal year in ITN's transformation as we forge ahead in our goal of becoming a world-class production company. Amid the seventh successive year of operating profit growth, we set out ITN's 2020 Vision - raising the bar even higher with an ambitious growth strategy aimed at building a £180m revenue business by the end of 2020, boosting growth by 50% on 2015's record £120m and doubling revenues since 2010. We also set the target of reaching £10m profit by 2020, with half of that coming from ITN Productions and 10% from the US.

I'm pleased to say we have achieved a strong performance in our first year of this new strategy, accelerating growth beyond TV news and adding another £10m of revenue to achieve a new all-time high of almost £130m. The engine of growth has of course been ITN Productions, which has firmly established itself across four distinct businesses: television production, advertising production, sports production and digital content services.

With a raft of new deals and commissions and an ever-increasing breadth and quality of content, ITN Productions cemented its position as one of the UK's biggest indies. A string of prestigious awards, including a coveted Emmy, culminated in our proudest moment as *Watani: My Homeland* was nominated for an Oscar. From Marcel Mettelsiefen's first packages for Channel 4 News, *Watani* was a film born in our newsrooms, nurtured and developed by ITN Productions and heralded at the Academy Awards - a fantastic example of ITN at its best.

The numbers tell the story of ITN Productions' success, with double digit growth year-on-year for the past three years consecutively. From a £7m business in 2010, it is now a thriving £42m creative powerhouse. TV Production delivered 200 hours of television, with an ever-broadening range including the hard-hitting *Slum Britain: 50 Years On*, our first daytime series for BBC One, *Going Back*, *Giving Back*, and two big US series - the

Triumph Games broadcast on CBS Sports and the return of the third series of *Killer Instinct* with Chris Hansen.

The Advertising Production team produced more than 200 commercial elements during the year, including a world first - the live global ad for Virgin Holidays simultaneously broadcast from 18 live locations in nine countries and subsequently named Campaign of the Year by Marketing Week. Drawing upon our expertise in storytelling, campaigns for I Am Team GB and National Lottery received industry acclaim.

We consolidated our position as a major sports producer, successfully filming, editing and delivering match coverage from all tiers of the English Football League, as well as co-producing kids' highlight show *Nick Kicks* for Nickelodeon. Marking our transition to becoming a full-service sports production business, in April 2017 we will partner with the IAAF as host broadcaster for the World Relays in the Bahamas. This brings together our outside broadcast expertise and on-site support with in-house digital capability.

In Digital Content Services, Industry News continued to grow, with a focus on expanding into the US, with notable success in the healthcare sector. We merged our digital news team and on-the-day news syndication to create a single, integrated news unit serving broadcast and digital clients at home and abroad. We also took the difficult decision to exit the archive sales and representation business of ITN Source. ITN will remain owners of our archive of footage, and we will continue adding new material on a daily basis, but the distribution of this archive will be managed solely by Getty Images.

In a post-truth era of social media echo chambers and fake news, ITN's public service mission to unearth the facts, challenge opinion and hold to account has seldom been more magnified.



Producer Stephen Ellis and director Marcel Mettelsiefen join *Watani: My Homeland*'s Hala Kamil on the Oscars red carpet. Photo by Jeff Kravitz/FilmMagic for Getty Images.



Aled Jones fronts BBC One daytime series *Going Back Giving Back*.

“Oscar-nominated *Watani: My Homeland* is a fantastic example of ITN at its best”

From the shock-waves of Trump, Brexit, and terror across Europe to the front-lines of Aleppo and Mosul, a seismic year of news saw our newsrooms tell these generation-defining stories with integrity, accuracy and humanity - often at great personal risk.

2016 saw RTS News Programme of the Year Channel 4 News at its hard-hitting, controversial and spiky best - achieving breakthrough performances across both TV and digital. With ratings up 2% year-on-year, stellar digital growth drove Channel 4 News to achieve a whopping two billion online video views, mainly on Facebook. The visceral, tragic and unforgettable films of Wa'ad al-Kateab from the streets of Aleppo drew worldwide attention, amassing more than 400 million views alone.

From the divided states of America to the sweep of terrorism from Syria to Berlin, the programme more than rose to the challenge of explaining an increasingly chaotic world. It delivered scoop after scoop, including the far-reaching investigation into election expenses, the undercover exposé of JD Sports, and as the first British TV crew to reach Palmyra after its recapture. A host of accolades including a coveted BAFTA and six Royal Television Society Awards stand as testament to a team right at the top of its game under editor Ben de Pear.

ITV News redefined News at Ten with Tom Bradby, Julie Etchingham and Robert Peston leading the way on the most-talked about news relaunch. Led by editor Geoff Hill, the team delivered two critically-acclaimed overnight programmes for the EU referendum and US election, calling the Brexit result a full five minutes ahead of the competition.

Further afield, brave and compelling reporting included dramatic footage from the Iraqi convoy heading into Mosul and evidence of UK-made cluster bombs used by Saudis to bomb civilians in Yemen, cited by former US Senator John Kerry. ITV News London

shone with impressive coverage of London's mayoral elections and the devastating Croydon tram crash, while On Assignment's powerful 'Vicky's story' was rightly recognised with two awards and the Tonight team brought us a memorable exclusive with Ebola survivor Pauline Cafferkey. Audience share grew across all ITV News network bulletins and in digital, itv.com/news secured around 14 million monthly unique users, with an average of 180 million Facebook views every month.

Some 20 years after it launched here at Gray's Inn Road, 5 News returned to our Central London HQ with a brand new custom-built set and graphics, studio and newsroom, reuniting all three of the UK's commercial terrestrial news programmes under one roof. At the same time, we agreed a new multi-year contract with Viacom to produce the service until 2020, Sian Williams completed her first year as the face of 5 News at 5, and original launch team member Rachel Corp was appointed editor.

Putting people at the heart of its reports, 5 News successfully gave voice to voters across Brexit Britain with its innovative and accessible approach. A focus on the NHS continued, with special reports targeting mental health failings, particularly for the young. Exclusive investigations included gun purchases on the dark web, the booming use of steroids and a rise in illegal schools.

ITN is in great shape and on a clear path to continued success. The quality of our output has never been stronger and the skill of our programme-makers, the commitment of our support staff and the courage of our front-line journalists is unparalleled. We see significant potential as our diversification outside TV news continues apace, harnessing the organisation's true potential as a world-class production company.

Chairman's Statement

Geert Linnebank
Chairman



“The foundations are firmly in place for sustained long-term growth”

2016 began with the launch of ITN's bold new 2020 Vision strategy, and ends with the Company well on target to meet the ambitious objectives it has set itself.

ITN can now be regarded as a truly world class production company, excelling in five distinct fields; television programme production, sports production, advertising, digital content, and of course, our broadcast journalism. We are in the first phase of the next stage of ITN's evolution, as the Company looks to build on its proud heritage and grow WWinto exciting new areas.

The financial performance in this first year of this new strategy shows very encouraging results. At £7.1m, operating profit has risen for the seventh consecutive year, up 3% on 2015's figure. Likewise, group revenue now stands at £129.7m, the highest turnover figure in ITN's history. Over the last five years ITN's revenue has risen by almost 20%, an impressive feat.

2016 also saw huge investment; in our facilities and equipment, but also in our biggest asset, our people. The Company has created a number of brand new workspaces, including new offices for ITN Productions, a new newsroom, studio and gallery for 5 News, new meeting rooms and breakout areas, and a state-of-the-art post-production facility. This facility will feature ten new edit suites and two audio suites, and will elevate ITN into the elite category of post-production houses in the UK.

The Company has also invested heavily in staff development, with a comprehensive company-wide training programme launched in 2016. This scheme will see all ITN people managers given leadership training, as well as offering a wide range of specialist masterclasses and unconscious bias training for hiring managers and those making on-screen decisions.

Sadly, 2016 also saw us bid farewell to two colleagues of high esteem. Michael Nicholson was one of the outstanding reporters of his generation, and ranks as a true ITN legend. His

unforgettable reports from Vietnam and Sarajevo, to name but two, will live on for generations to come, exceptional examples of the power and immediacy of broadcast journalism. We also tragically lost Sarah Corp. Sarah was a field producer of the highest standing, respected and admired by colleagues and peers alike. Sarah was behind some of Channel 4 News' most important foreign stories in recent years, and made an immense contribution to ITN's journalism throughout her career. Both Michael and Sarah made it their life's work to shine a light upon the world's stories, often at considerable risk to their own safety. They will be greatly missed.

At a time in which the role of credible journalism has arguably never been greater, ITN continues to represent the interests of journalists and to speak out on issues that could impact their ability to hold power to account. In the last year the Company has submitted responses to consultations on various proposed legislation that could endanger and discourage whistle-blowers, restrict the ability to request information from government bodies, and impact upon election reporting. This is important work which the Company will continue to undertake as long as it is required.

Recent years have seen a continual strengthening and expansion of ITN's operations, and this level of success must be sustained in order to achieve the targets set out in our 2020 Vision. Across the Company, each and every member of staff has contributed to ITN's strong performance.

On behalf of the Board, I would like to sincerely thank all of ITN's staff for their hard work and dedication in helping to deliver yet another year of record financial results.

The Board is confident that the foundations are firmly in place for sustained long-term growth, and under the strong leadership team in place we are optimistic and enthusiastic about the Company's future prospects.

2016 production highlights
The Agenda with Tom Bradby
returned for its ninth series on ITV



THE AGENDA

Board of Directors



1. John Hardie**Chief Executive Officer**

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.

2. Bryan Martin**Chief Financial Officer**

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.

3. Geert Linnebank**Chair**

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 global head of content from 2002 to 2006. He joined the company in Brussels in 1983 as a correspondent covering European Union affairs.

4. Maggie Carver

Maggie Carver is chair of ITN's Audit Committee and UBM's representative on the Board. She is joint owner of Carvercare and Mobility Group, chair of the Racecourse Association, chair of the British Board of Film Classification and a non-executive director on the board of the Service, Sound and Vision Corporation and the British Horseracing Levy Board. Previously she was managing director of Channel Four Racing and Global Broadcast as well as chair of SDN Ltd. Maggie has been a non-executive director of Channel 5 and RDF Media alongside nine other companies.

5. Simon Pitts

Simon Pitts is managing director for Online, Pay TV, Interactive & Technology 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.

6. 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 and media sectors in Europe, Asia and the US. Prior to that, Andrew was group general counsel and company secretary at Cable & Wireless PLC, responsible for global legal, regulatory, compliance and insurance affairs. He has held positions at Reuters Group PLC, Freshfields and Clifford Chance.

7. Graham Brown

Graham is DMGT's representative on the ITN Board. Graham joined DMGT in 1988 and became finance director of the Group's radio division in 1996. He joined Carphone Warehouse as business development director responsible for mergers and acquisitions. In 2003 he rejoined DMGT, and became head of M&A for the consumer media division, DMG Media.

Executive Team



1. Geoff Hill

Editor, ITV News

Geoff was appointed editor of ITV News in September 2013. Prior to that he was editor of 5 News. Geoff had rejoined ITN from CNN International, where he was director of coverage. Before this, Geoff worked for ITV News from 2000 until 2009 where he held senior input and output positions, rising to programme editor with responsibility for the flagship News at Ten. He went on to launch and run sports news channel Setanta Sports News. Geoff began his career as a reporter on the Southwark News.

2. Ben de Pear

Editor, Channel 4 News

Ben was appointed as editor of Channel 4 News in July 2012, having joined 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. Under Ben's editorship, Channel 4 News has won numerous prestigious prizes for its journalism, including a BAFTA and two International Emmy Awards.

3. Rachel Corp

Editor, 5 News

Rachel was appointed editor of 5 News in January 2017. Previously she had been editor of ITV News London, as well as holding a number of senior editorial roles in ITV News. As head of home news, Rachel led the team which won a Royal Television Society award. She began her ITN career as a trainee, spending time at 5 News as part of its launch team before taking up a series of roles covering major stories in the UK and abroad for ITV News. Rachel also spent time in Russia as the BBC's senior Moscow producer.

4. Mark BrowningGroup 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.

5. 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 previously held a succession of senior HR roles at IT giant Hewlett Packard, which she joined in 2001.

6. James ScorerDirector of Business Affairs
and 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.

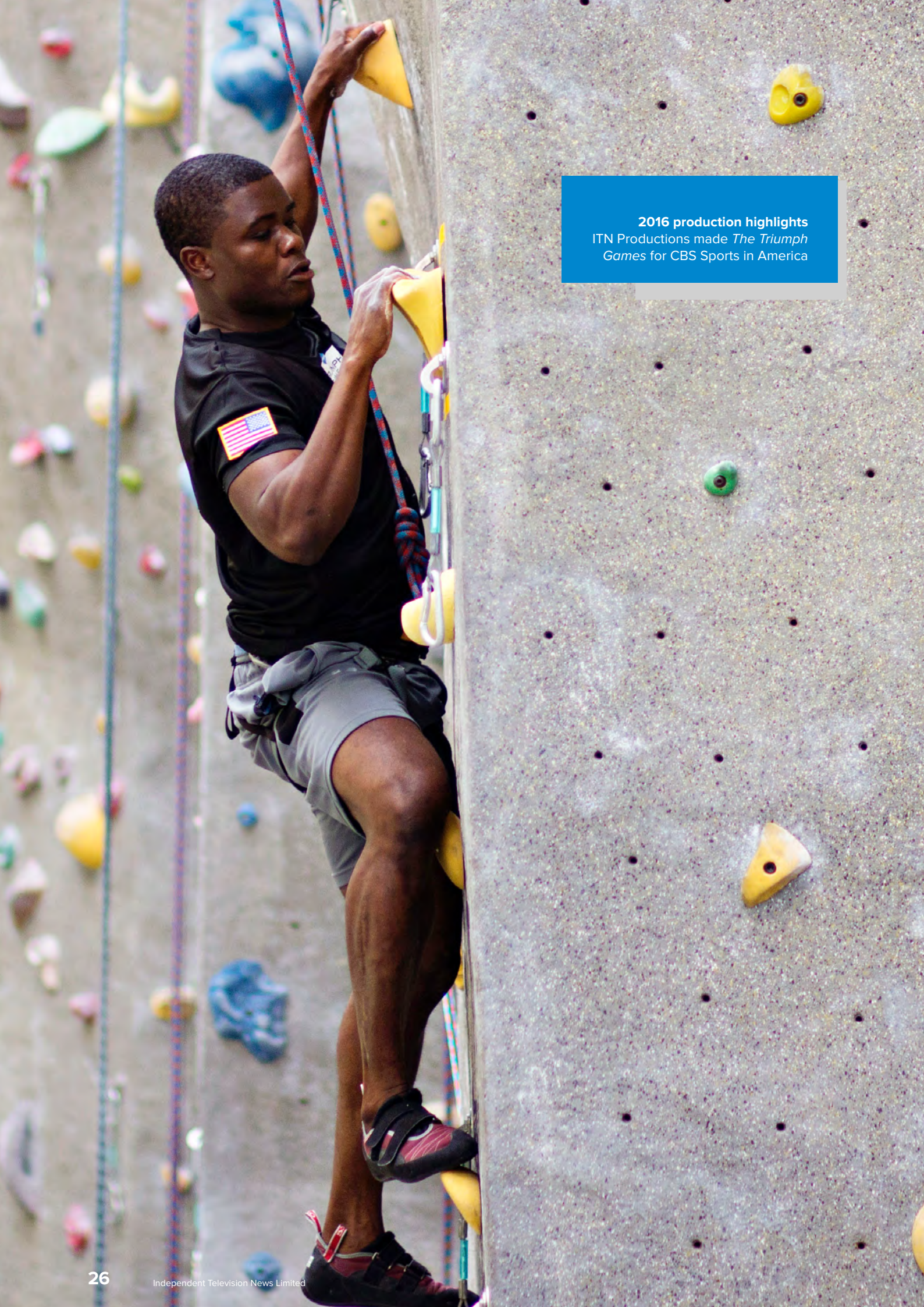
7. Bevan Gibson

Chief Technology Officer

Bevan joined ITN in 2014. Previously, he was responsible for the operational aspects and Technology strategy of Sky Creative, part of BSkyB. Prior to that, Bevan was the technical launch director for Sky News Arabia. Before joining BSkyB in 2003, Bevan worked as engineering support manager at Orad UK, a 3D graphics company. Bevan began his career at Australia's Seven Network.

8. Sarah Vaughan-BrownDirector of Corporate
Communications

Sarah joined ITN in November 2008 and is responsible for driving the company's public relations 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.



2016 production highlights
ITN Productions made *The Triumph Games* for CBS Sports in America

Company Information

Directors

J M Hardie
B R Martin
M A M Carver
G W Linnebank
G R Brown
S J Pitts
A S Garard

Secretary

J H Scorer

Company number

00548648

Registered office

200 Grays Inn Road
London
WC1X 8XZ

Statutory Auditor

Deloitte LLP
London
EC4A 3BZ

Business address

200 Grays Inn Road
London
WC1X 8XZ

Strategic report

for the year ended 31 December 2016

The Directors present the strategic report for the year ended 31 December 2016.

The Companies Act 2006, requires the Company to set out in this report a fair review of the business of the Group during the year ended 31 December 2016, 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 Directors' Report, Chairman's Statement and the Chief Executive's Review of the Annual Report and Accounts.

Business review

The Group has achieved a further year of good growth with operating profit increasing by 3% to £7.1m (2015: £6.9m). Profit before tax stayed flat at £2.8m (2015: £2.8m) after pension finance costs of £4.7m (2015: £4.5m). The profit before tax number includes £0.3m (2015: nil) net cost of one-off items which can be broken down into two separate main events: the premium received on the surrender of some leased space at Grays Inn Road, and costs relating to the restructure of the Source Archive business (refer to one-off items below and Note 4 for further information).

Key performance indicators

In March 2016, ITN announced its '2020 Vision' target of becoming a truly world-class production company by the end of 2020. A number of key objectives were identified as part of our 2020 Vision target, chiefly:

- ▶ Growing annual revenue to £180m and operating profit to £10m
- ▶ Creating two distinct divisions: Broadcast News and ITN Productions
- ▶ ITN Productions' revenue to constitute half of total Company revenue
- ▶ 10% of total revenue to come from the USA.

During 2016, we made excellent progress on these key objectives, and achieved the following:

- ▶ Annual revenue grew from £119.7m in 2015 to £129.7m in 2016
- ▶ ITN Source was merged into ITN Productions, which in turn was reorganised into 4 sub-divisions; Television Production, Advertising Production, Sports Production and Digital Content Services
- ▶ ITN Productions' share of total Company revenue grew from 29% in 2015 to 33% in 2016
- ▶ US revenue grew to £4.9m in 2016 (2015: £3.7m), constituting 4% of total revenue.

Operating businesses

ITN revenues increased by 8% to £129.7m (2015: £119.7m). News revenues increased 1% to £86.8m (2015: £85.6m), mainly driven by contract inflation increases. Revenues from ITN Productions' businesses (including ITN Source) increased by 26% to £42.8m (2015: £34.1).

ITN's news operations supported an incredibly busy and tumultuous year of news and current affairs. We saw the loss of a large number of famous and influential people, the build-up and vote for Brexit, the Rio Olympics, the US elections and the start of a globally controversial US presidency. There were a number of continuing international fears and global upsets, including conflict in Syria and Iraq, refugees in Europe and further terrorist attacks throughout the year.

ITV News saw some further changes in its presenter line-up and won a number of awards including RTS News Presenter of the Year for Julie Etchingham and RTS News Coverage – Home award for its Thomas Cook report.

Channel 4 News continued to produce award winning programming, notably its detailed coverage of Syria, winning numerous awards for this and a BAFTA for its Paris attack coverage in late 2015.

Channel 5 News returned to ITN's headquarters in Grays Inn Road and saw Sian Williams announced as its evening anchor, often leading with bold and differing stories to the other major terrestrial news programmes throughout 2016.

Television Production has seen a substantial 42% increase in revenue to £16.3m. 'Escape from Isis' continued to win accolades and 'Watani: My Homeland' was nominated for an Oscar in 2017. The second season of Killer Instinct with Chris Hansen for Discovery ID and the 2016 Power Triumph Games on CBS helped cement our US production presence.

The Advertising Production division also had a successful year with a 43% jump in revenue to £6.3m. Highlights included

Strategic report (continued)

for the year ended 31 December 2016

co-production of the world's first live streamed global advert from 18 locations around the world for Virgin Holidays, aired during ITV's X Factor on Saturday night.

Sport Production performed strongly with a 42% increase in revenue to £4.1m, reflecting a full year of the Football League contract signed in 2015.

Digital Content Services had a modest increase in revenue of 5% to £16.1m and saw a high level of investment in the US, in both staff and development costs for Industry News. We also took the decision to exit the Source Archive sales and representation business towards the end of the year.

Other Items

The Group sold its investment in Espresso Group Limited in the year ended 31 December 2013. The sale was completed in 2016 and following the receipt of the final deferred consideration relating to this disposal, ITN made an additional contribution of £0.1m to the ITN Defined Benefit Pension Scheme (the "ITN Pension Scheme") in excess of the funding agreement with the Trustees in 2016.

One-off items

The Group received a lease surrender premium of £1.8m during the year as a result of relinquishing space on two floors at the front of 200 Grays Inn Road. This was partially offset by £0.4m of related costs including relocation costs to other floors within the building.

Following the decision to restructure the Group's Source Archive business, a number of staff redundancies were made. As a result, severance and other closure costs totalling £1.7m have been incurred during the year.

Both items are included in administration expenses under operating profit. Further details are disclosed in Note 4.

Cash management

At 31 December 2016, ITN had £9.6m of cash, up £1.2m on the prior year (2015: £8.4m).

Principle risks and uncertainties

Risk management

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 controls and risk management in the operations of the business, as areas for improvement come to the attention of the Board and management.

Financial Risks

ITN Pension Scheme funding risk

The ITN Pension Scheme has a significant funding deficit as detailed in Note 20 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 2014 Triennial Actuarial Valuation. In addition, the ITN Pension Scheme has been closed to future accrual since 31 March 2010. The Company, in conjunction with the Trustees, continues to evaluate options to reduce the risk further. We draw attention to the fact that the estimated actuarial deficit has significantly dropped this year to £51.5m (2015: £107.6m) whereas the accounting deficit has increased to £159m (2015: £106m). The increase in the accounting deficit is primarily driven by the fall in corporate bond yields which has increased the value of the scheme liabilities. Conversely, the actuarial deficit as estimated by the scheme actuary, has reduced as its scheme specific discount rate, based on inflation expectations, has increased thereby lowering the scheme's estimated liabilities. Further information is provided in Note 20.

Reliance on key contracts

The Group generates a reducing but still 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 Group's results. The Group enters into long-term contracts with its key customers which mitigate the risk. Board members and the Executive

Strategic report (continued)

for the year ended 31 December 2016

Team regularly meet with key customers and review the relationships to ensure that the Group continues to meet their respective needs.

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. ITN has an internal compliance team supported by external legal counsel. All employees and contract staff are briefed on and required to read ITN'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 service 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 the Group. 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.

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 Directors 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.
- ▶ There is an organisational structure with clearly defined lines of responsibility and approval controls identifying transactions requiring Board approval. The Chief Financial Officer has responsibility for functional leadership and development of the Group's finance activities.

Non-financial controls

The Group 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.

By order of the Board

J H Scorer
Secretary
29 March 2017

Directors' report

for the year ended 31 December 2016

The directors present their Annual Report and audited financial statements for the year ended 31 December 2016.

Principal activities

In 2016 Independent Television News Limited announced a reorganisation and outlined its new 2020 Vision to take the Group to the next level of development. The principal activities of the Group are now described as:

- ▶ Provision of daily scheduled news programmes for ITV, Channel 4 and Channel 5;
- ▶ Provision of television programmes across factual, entertainment and current affairs for both national and international broadcasters;
- ▶ Production of television commercials and branded content;
- ▶ Production of sports live coverage, clips and programmes;
- ▶ Digital Content Services including licensing on-the-day news, archive footage and short form content for online and mobile.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

J M Hardie
B R Martin
M A M Carver
G W Linnebank
G R Brown
S J Pitts
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 and is chaired by G W Linnebank. 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 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. During 2016 the audit was put out to tender, with Deloitte LLP being re-appointed after a competitive process.

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 (continued)

for the year ended 31 December 2016

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. There were two concurrent plans in 2016. One for the three years ended 31 December 2017 and one for the three years ended 31 December 2018. Further information is provided in Note 7 of the Accounts, Directors' Remuneration.

Results and dividends

The results for the year are set out on page 37.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Financial risk management

Treasury management

The Group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Group's activities.

Credit, liquidity and foreign exchange risk and management

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. The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

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 expose it to the financial risks of changes in foreign currency exchange rates. There is a degree of operational hedging, with revenues and costs arising in foreign currencies through the operation of the overseas news bureaux and overseas Source Archive and ITN Production operations.

Going concern

The Group made a profit after tax of £2,204,000 in the year to 31 December 2016. It had net current assets of £31,045,000. The Group's activities are funded out of operating cash flows.

At 31 December 2016, the ITN Pension Scheme had a deficit under Financial Reporting Standard 102 of £159,409,000 (Note 20). The triennial actuarial valuation of the scheme at 31 December 2014 and associated recovery plan were completed in early 2016 showing a deficit of £98,600,000. They have been agreed with the Trustees of the ITN Pension Scheme and 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.

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 financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' report (continued)

for the year ended 31 December 2016

Employee involvement

The Group employed 713 employees at 31 December 2016, and also engages freelancers who are contracted on specific assignments and projects. All individuals are key to the Group's success.

The Group's policy is to communicate openly with employees through regular meetings and briefings, and to consult on and discuss matters likely to affect employees' interests directly, and through employee representatives and unions. Information of matters of concern to employees is given through the intranet site, information bulletins, CEO emails, and reports which seek to achieve a common awareness on the part of all employees of the financial and market factors affecting the Group's performance.

ITN is proud to be a diverse and inclusive place to work and believes that attracting and retaining people from as wide range of backgrounds as possible helps us to be at our most creative, innovative and distinct in what we do. 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. We are an active member of the Creative Diversity Network and support a wide range of industry initiatives. The Group's Diversity and Inclusion Forum, which is made up of employees from each division who are passionate about diversity and inclusion, oversee a number of initiatives each year to ensure ITN is an inclusive and representative place to work.

The importance of employee training and development 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.

2016 saw the first successful completion of the apprenticeship scheme with six of the apprentices continuing work for ITN. January 2017 saw the second intake into the scheme which rotates the apprentices around areas of the business to gain an understanding of every aspect of what we do at ITN, before specialising in a particular field for the second half of their apprenticeship.

Directors' indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the companies Act 2006) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

Auditor

A resolution to appoint the auditor of the Group will be proposed at the forthcoming Board and Audit Committee Meeting.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company and Group is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company and Group is aware of that information.

By order of the Board

J H Scorer
Secretary
29 March 2017

Directors' responsibilities statement

for the year ended 31 December 2016

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 Group and parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102. 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 Group and parent company and of the profit or loss of the Group 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, subject to any material departures disclosed and explained in the financial statements;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent 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 Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2016 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statement of Changes in Equity, the Group Cash Flow Statement and the related notes 1 to 30. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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, based on the work undertaken in the course of the audit:

- ▶ 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; and
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Continued overleaf...

Independent auditor's report (continued)

To the members of Independent Television News Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.

Jon Young (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 March 2017

Consolidated income statement

for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Revenue	3	129,660	119,681
Cost of sales		(107,903)	(98,777)
Gross profit		21,757	20,904
Administrative expenses		(14,648)	(14,031)
Operating profit	4	7,109	6,873
Income from other fixed asset investments	8	505	496
Other investment income	8	10	14
Other finance costs	9	(4,789)	(4,615)
Other gains and losses	10	-	(16)
Profit on ordinary activities before taxation		2,835	2,752
Taxation	11	(631)	(618)
Profit for the financial year	23	2,204	2,134

The income statement has been prepared on the basis that all operations are continuing operations.

Consolidated statement of comprehensive income

for the year ended 31 December 2016

	2016 £'000	2015 £'000
Profit for the year	2,204	2,134
Actuarial loss on defined benefit pension schemes	(54,842)	(9,422)
Tax relating to other comprehensive income	8,463	74
Other comprehensive loss for the year	(46,379)	(9,348)
Total comprehensive loss for the year	(44,175)	(7,214)

Consolidated statement of financial position

As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Property, plant and equipment	12	9,145	8,680
Investments	13	370	370
		9,515	9,050
Current assets			
Inventories and WIP	15	1,013	1,238
Trade and other receivables falling due:			
- within one year	16	26,957	24,937
- after one year	16	27,525	19,674
Cash at bank and in hand		9,588	8,402
		65,083	54,251
Current liabilities	17	(34,038)	(31,649)
Net current assets		31,045	22,602
Total assets less current liabilities		40,560	31,652
Provisions for liabilities	18	(2,842)	(2,868)
Net assets excluding pension liability		37,718	28,784
Defined benefit pension liability	20	(159,409)	(106,300)
Net liabilities		(121,691)	(77,516)
Equity			
Called-up share capital	21	400	400
Profit and loss account	23	(122,091)	(77,916)
Total equity		(121,691)	(77,516)

The financial statements were approved by the Board of Directors for issue on 29 March 2017 and are signed on its behalf by:

 B R Martin
 Director
 29 March 2017

Company Registration No. 00548648

Company statement of financial position

As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Property, plant and equipment	12	9,145	8,680
Investments	13	502	502
		9,647	9,182
Current assets			
Inventories	15	1,013	1,238
Trade and other receivables falling due:			
- within one year	16	27,298	25,477
- after one year	16	27,525	19,674
Cash at bank and in hand		9,011	7,886
		64,847	54,275
Current liabilities	17	(33,457)	(31,361)
Net current assets		31,390	22,914
Total assets less current liabilities		41,037	32,096
Provisions for liabilities	18	(2,842)	(2,868)
Net assets excluding pension liability		38,195	29,228
Defined benefit pension liability	20	(159,409)	(106,300)
Net liabilities		(121,214)	(77,072)
Equity			
Called-up share capital	21	400	400
Profit and loss account	23	(121,614)	(77,472)
Total equity		(121,214)	(77,072)

The Directors of the Company have elected not to include a copy of the profit and loss account within the financial statements. The Company profit for the year was £2,237,000 (2015: £2,198,000).

The financial statements were approved by the Board of Directors for issue on 29 March 2017 and are signed on its behalf by:

B R Martin
Director
29 March 2017

Company Registration No. 00548648

Consolidated statement of changes in equity

As at 31 December 2016

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2015		400	(70,702)	(70,302)
Year ended 31 December 2015:				
Profit for the year		-	2,134	2,134
Other comprehensive income:				
Actuarial losses on defined benefit plans	20	-	(9,422)	(9,422)
Tax relating to other comprehensive income	11	-	74	74
Total comprehensive loss for the year		-	(7,214)	(7,214)
Balance at 31 December 2015		400	(77,916)	(77,516)
Year ended 31 December 2016:				
Profit for the year		-	2,204	2,204
Other comprehensive income:				
Actuarial losses on defined benefit plans	20	-	(54,842)	(54,842)
Tax relating to other comprehensive income	11	-	8,463	8,463
Total comprehensive loss for the year		-	(44,175)	(44,175)
Balance at 31 December 2016		400	(122,091)	(121,691)

Company statement of changes in equity (continued)

As at 31 December 2016

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2015		400	(70,322)	(69,922)
Year ended 31 December 2015:				
Profit for the year		-	2,198	2,198
Other comprehensive income:				
Actuarial losses on defined benefit plans	20	-	(9,422)	(9,422)
Tax relating to other comprehensive income		-	74	74
Total comprehensive loss for the year		-	(7,150)	(7,150)
Balance at 31 December 2015		400	(77,472)	(77,072)
Year ended 31 December 2016:				
Profit for the year		-	2,237	2,237
Other comprehensive income:				
Actuarial losses on defined benefit plans	20	-	(54,842)	(54,842)
Tax relating to other comprehensive income		-	8,463	8,463
Total comprehensive loss for the year			(44,142)	(44,142)
Balance at 31 December 2016		400	(121,614)	(121,214)

Consolidated statement of cash flows

for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Cash generated from operations	29	4,252	2,895
Interest paid		(2)	(10)
Income taxes refunded		37	141
Net cash inflow from operating activities		4,287	3,026
Investing activities			
Purchase of property, plant and equipment		(3,626)	(3,230)
Proceeds on disposal of property, plant and equipment		10	7
Proceeds on disposal of fixed asset investments		-	63
Interest received		10	14
Other investment income received		505	496
Net cash used in investing activities		(3,101)	(2,650)
Financing activities			
Payment of finance leases obligations		-	(118)
Net cash used in financing activities		-	(118)
Net increase in cash and cash equivalents		1,186	258
Cash and cash equivalents at beginning of year		8,402	8,144
Cash and cash equivalents at end of year		9,588	8,402

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies

Company information

Independent Television News Limited (“the Company”) is a private limited company domiciled and incorporated in England and Wales. The registered office is 200 Grays Inn Road, London, WC1X 8XZ.

The Group consists of Independent Television News Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £’000.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company’s profit for the year was £2,237,000 (2015: £2,198,000). FRS 102 also permits the Company to be exempt from preparing a cash flow statement.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements 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 or joint venture, in which case a provision is recognised.

1.3 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 £2,204,000 in the year to 31 December 2016. It had net current assets of £31,045,000. The Group’s activities are funded out of operating cash flows.

At 31 December 2016, the ITN Pension Scheme had a deficit under Financial Reporting Standard 102 of £159,409,000 (Note 20). The triennial actuarial valuation of the scheme at 31 December 2014 and associated recovery plan were completed in early 2016 showing a deficit of £98,600,000. They have been agreed with the Trustees of the ITN Pension Scheme and 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.

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 financial statements.

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies (continued)

1.4 Revenue

Group revenue comprises the value of sales (excluding VAT and similar taxes and intra group transactions) of services in the normal course of business.

Revenue from the sale of services is recognised when the significant risks and rewards of ownership have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue 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 Source Archive material revenue is recognised in line with the specific licence agreement or on delivery or broadcast of the product.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write-off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	Lower of useful economic life (between 5 and 10 years) or lease term
Fixtures and fittings	Lower of useful economic life (between 1 and 10 years) or lease term
Motor vehicles	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Under the news provision 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 income statement 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.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies (continued)

1.7 Stock and work in progress

Production related work in progress comprises the costs incurred in producing a programme or series of programmes, where the programme or series is part way through the productions process and not yet available for delivery to a broadcaster. The work in progress is recognised within current assets as production cost incurred and is recognised on delivery of episodes.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock or work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets, other than those held at fair value through consolidated income, are assessed for indicators of impairment at each reporting end date.

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies (continued)

Financial liabilities are de-recognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

1.10 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

The Group's property provisions 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 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 the income statement.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Notes to the financial statements

for the year ended 31 December 2016

1. Accounting policies (continued)

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

With effect from 31 March 2010, the Group closed the ITN Defined Benefit Pension Scheme to future service accrual.

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 is presented separately after other net assets on the face of the statement of financial position.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in consolidated income as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to consolidated income in subsequent periods.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing in the finance system at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the year.

2. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Valuation of the pension scheme liability

Measurement of the defined benefit pension liability requires estimation of a suitable discount rate, expected rate of inflation and future benefit payments along with assumptions about mortality rates. The most significant of these are the discount rate and inflation assumptions. The net pension liability as at the balance sheet date was £159.4 million (2015: £106.2 million) as set out in Note 20.

Deferred tax assets

Recoverability of deferred tax assets requires estimation over the future profitability of the Group and in particular the ability of the Company to generate profits in excess of pension contributions. Management's assessment is based on the production of a 3 year profit forecast that fully covers the pension funding over that period and therefore allows for the utilisation of a significant amount of the pension deferred tax asset in the foreseeable future

Notes to the financial statements

for the year ended 31 December 2016

3. Revenue

An analysis of the Group's revenue is as follows:

	2016 £'000	2015 £'000
Revenue		
News	86,820	85,570
Productions	42,840	34,111
	129,660	119,681

Revenue analysed by geographical market

	2016 £'000	2015 £'000
United Kingdom	120,444	111,482
Rest of the World	9,216	8,199
	129,660	119,681

4. Operating profit

	2016 £'000	2015 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(228)	77
Depreciation of owned property, plant and equipment	2,881	2,676
Depreciation of property, plant and equipment held under finance leases	-	121
Profit on disposal of property, plant and equipment	(10)	(1)
One-off item - Restructure costs (1)	1,685	-
One-off item - Lease surrender premium less associated costs (2)	(1,341)	-
Operating lease charges	4,320	4,032
Salary security insurance receipts	(335)	(427)

1. The restructure costs above relate to the restructure of the Archive division and include related severance and asset impairment costs.

2. The Lease surrender relates to a reverse £1.8m premium received in the period for an early lessor lease break, offset by just under £0.4m of related costs.

Notes to the financial statements

for the year ended 31 December 2016

5. Auditor's remuneration

	2016 £'000	2015 £'000
Fees payable to the Company's auditor and its associates:		
For audit services		
Audit of the financial statements of the Group and Company	65	69
Audit of the Company's subsidiaries	-	14
	65	83
For other services		
Taxation compliance services	35	35
Other taxation services	29	-
	64	35

For the year ended 31 December 2016, the Company has taken the exemption under section 479C relating to the audit of its subsidiary accounts.

6. Employees

The average monthly number of persons (including directors) employed by the Group during the year was:

	2016 £'000	2015 £'000
Editorial and Technical	528	518
Sales and Business Development	25	30
Administration and Management	175	175
	728	723

Notes to the financial statements

for the year ended 31 December 2016

6. Employees (continued)

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	45,959	43,803
Social security costs	5,255	4,668
Pension costs	3,429	3,294
	54,643	51,765

7. Directors' remuneration

	2016 £'000	2015 £'000
Remuneration for qualifying services	1,246	1,286
Amounts receivable under long term incentive schemes	-	748
Company pension contributions to defined contribution schemes	20	20
	1,266	2,054

We consider our Executive Directors to be key management personnel.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015: 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £'000	2015 £'000
Remuneration for qualifying services	681	711
Amounts receivable under long term incentive schemes	-	499
Company pension contributions to defined contribution schemes	20	20

The Remuneration Committee, which includes representatives of all the shareholders, put in place Long-Term Incentive Plans beginning each year for the years 2015-2017. The plans are based on aggregate operating profit reaching certain thresholds over each period, the first payment being made in 2018 for the 2015-2017 plan. The costs of this plan and the

Notes to the financial statements

for the year ended 31 December 2016

7. Director's remuneration (continued)

2016-2018 plan are being accrued within Provisions for liabilities and charges (Note 18) based on an assessment of the likely pay-out relating to performances in 2015 and 2016.

8. Investment income

	2016 £'000	2015 £'000
Income from fixed asset investments	505	496
Other investment income	10	14
	515	510

9. Finance costs

	2016 £'000	2015 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	-	2
Other interest payable	2	8
	2	10
Other finance costs		
Interest on the net defined benefit liability	4,737	4,521
Unwinding of discount on provisions	50	84
Total finance costs	4,789	4,615
Disclosed on the income statement as follows:		
Other finance costs	4,789	4,615

Notes to the financial statements

for the year ended 31 December 2016

10. Other gains and losses

	2016 £'000	2015 £'000
Gain on disposal of fixed asset investments	-	82
Share of joint venture losses	-	(98)
	-	(16)

11. Taxation

	2016 £'000	2015 £'000
Current tax		
UK corporation tax on profits for the current year	1,068	932
Total UK current tax	1,068	932
Foreign current tax on profits for the current period	45	29
Total current tax	1,113	961
Origination and reversal of timing differences	311	253
Changes in tax rates	1	120
Adjustments in respect of prior years	29	(3)
Adjustment in respect of pension-related timing differences	(823)	(713)
Total deferred tax	(482)	(343)
Total tax charge	631	618

Notes to the financial statements

for the year ended 31 December 2016

11. Taxation (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	2,835	2,752
Expected UK Corporation tax charge using a rate of 20.00% (2015: 20.25%)	567	557
Tax effect of expenses that are not deductible in determining taxable profit	228	119
Tax effect of income not taxable in determining taxable profit	(230)	(218)
Adjustments in respect of prior years	29	(3)
Foreign tax	36	23
Effect of change in corporation tax rate	1	120
Unrecognised tax losses in joint venture	-	20
Tax expense for the year	631	618

Notes to the financial statements

for the year ended 31 December 2016

11. Taxation (continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £'000	2015 £'000
Current tax arising on:		
Actuarial differences recognised as other comprehensive income	(1,150)	(1,053)
Deferred tax arising on:		
Effect of change in corporation tax rate	2,505	1,834
Actuarial differences recognised as other comprehensive income	(9,818)	(855)
	(8,463)	(74)

Notes to the financial statements

for the year ended 31 December 2016

12. Property, plant and equipment

Group

	Fixed plant and equipment £'000	Office and technical equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost					
At 1 January 2016	7,300	42,884	260	521	50,965
Additions	952	759	91	1,845	3,647
Completed assets	83	374	64	(521)	-
Disposals	(198)	(3,101)	(95)	(21)	(3,415)
At 31 December 2016	8,137	40,916	320	1,824	51,197
Depreciation and impairment					
At 1 January 2016	6,011	36,062	213	-	42,286
Depreciation charged in the year	309	2,524	48	-	2,881
Eliminated in respect of disposals	(113)	(2,907)	(95)	-	(3,115)
At 31 December 2016	6,207	35,679	166	-	42,052
Carrying amount					
At 31 December 2015	1,289	6,822	48	521	8,680
At 31 December 2016	1,930	5,237	154	1,824	9,145

Notes to the financial statements

for the year ended 31 December 2016

12. Property, plant and equipment (continued)

Company

	Fixed plant and equipment £'000	Office and technical equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost					
At 1 January 2016	7,300	42,884	260	521	50,965
Additions	952	759	91	1,845	3,647
Completed assets	83	374	64	(521)	-
Disposals	(198)	(3,101)	(95)	(21)	(3,415)
At 31 December 2016	8,137	40,916	320	1,824	51,197
Depreciation and impairment					
At 1 January 2016	6,011	36,062	213	-	42,286
Depreciation charged in the year	309	2,524	48	-	2,881
Eliminated in respect of disposals	(113)	(2,907)	(95)	-	(3,115)
At 31 December 2016	6,207	35,679	166	-	42,052
Carrying amount					
At 31 December 2015	1,289	6,822	48	521	8,680
At 31 December 2016	1,930	5,237	154	1,824	9,145

Notes to the financial statements

for the year ended 31 December 2016

13. Fixed asset investments

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Investments and subsidiaries	345	345	-	-
Investments in joint ventures	25	25	502	502
	370	370	502	502

Movements in fixed asset investments

	Group £'000	Company £'000
Cost or valuation		
At 1 January 2016	525	502
At 31 December 2015	525	502
Impairment		
At 1 January 2016	(155)	-
At 31 December 2016	(155)	-
Carrying amount		
At 31 December 2015	370	502
At 31 December 2016	370	502

Notes to the financial statements

for the year ended 31 December 2016

14. Financial instruments

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	29,233	27,558	29,057	27,540
Equity instruments measured at cost less impairment	370	370	502	502
	29,603	27,928	29,559	28,042
Carrying amount of financial liabilities				
Measured at amortised cost	30,121	28,274	29,540	27,986

15. Inventories

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Contract work in progress	1,013	1,238	1,013	1,238

The work in progress above relates wholly to production costs where the programme or series of programmes is not yet ready for delivery.

Inventories recognised as an expense in the period were £1,238,000 (2015: £1,025,000) for both the Group and the Company.

Notes to the financial statements

for the year ended 31 December 2016

16. Trade and other receivables

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Amounts falling due within one year:				
Trade receivables	12,570	11,029	12,359	10,866
Amounts due from entities with a shareholding interest in the Company	5,945	6,725	5,945	6,724
Amounts due from subsidiary undertakings	-	-	761	778
Other receivables	1,130	879	981	821
Prepayment and accrued income	6,158	5,094	6,098	5,078
	25,803	23,727	26,144	24,267
Deferred tax asset (note 19)	1,154	1,210	1,154	1,210
	26,957	24,937	27,298	25,477
Amounts falling due after one year:				
Deferred tax asset (note 19)	27,525	19,674	27,525	19,674
Total debtors	54,482	44,611	54,823	45,151

17. Current liabilities

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade payables	2,351	1,702	2,634	1,601
Amounts due to entities with a shareholding interest in the Company	440	333	-	333
Other taxation and social security	3,917	3,375	3,917	3,375
Other payables	945	1,169	923	1,217
Accruals and deferred income	26,385	25,070	25,983	24,835
	34,038	31,649	33,457	31,361

Notes to the financial statements

for the year ended 31 December 2016

18. Provisions for liabilities

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Property	1,922	2,229	1,922	2,229
Salary related	920	639	920	639
	2,842	2,868	2,842	2,868

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Property provision

A provision is recognised for expected dilapidation claims and an onerous lease. The dilapidation provision relates to two properties with the related costs not expected to be incurred until 2023 when the leases end.

The onerous lease provision, reflects the difference between rental costs and rental income until the end of the lease in 2023.

Salary related provision

A provision is recognised for a salary security scheme and also the Long Term Incentive Plan (LTIP) offered to senior management.

ITN staff are offered an insured salary security benefit that covers their salary for a specified period of time should they be deemed as unable to work. A provision is in place to recognise the future uninsured expenses on those staff that we are currently aware of requiring this benefit. The provision is ongoing with expenses incurred in all future periods, at times until an individual's retirement, therefore there is an uncertainty as to when payments will continue to as it is based on each individual's circumstances which are continually monitored for changes.

The costs of a new LTIP plan for the period 2015-2017 are being accrued based on the criteria being met, the likely pay-out being made in 2018. The 2016-2018 plan is also running concurrently, the likely pay-out to be made in 2019.

Notes to the financial statements

for the year ended 31 December 2016

18. Provisions for liabilities (continued)

Group

	Property £'000	Salary related £'000	Total £'000
At 1 January 2016	2,229	639	2,868
Additional provisions in the year	178	376	554
Utilisation of provision	(490)	(109)	(599)
Unwinding of discount	36	14	50
Other movements	(31)	-	(31)
At 31 December 2016	1,922	920	2,842

Company

	Property £'000	Salary related £'000	Total £'000
At 1 January 2016	2,229	639	2,868
Additional provisions in the year	178	376	554
Utilisation of provision	(490)	(109)	(599)
Unwinding of discount	36	14	50
Other movements	(31)	-	(31)
At 31 December 2016	1,922	920	2,842

Notes to the financial statements

for the year ended 31 December 2016

19. Deferred taxation

Deferred tax assets and liabilities are offset where the Company or Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group

	Assets 2016 £'000	Assets 2015 £'000
Accelerated capital allowances	949	1,049
Other short-term timing differences	160	308
Tax losses	9	101
Retirement benefit obligations	27,561	19,426
	28,679	20,884

Company

	Assets 2016 £'000	Assets 2015 £'000
Accelerated capital allowances	949	1,049
Other short-term timing differences	160	308
Tax losses	9	101
Retirement benefit obligations	27,561	19,426
	28,679	20,884

Notes to the financial statements

for the year ended 31 December 2016

19. Deferred taxation (continued)

Movements in the year

	Group 2016 £'000	Company 2016 £'000
Asset at 1 January 2016	20,884	20,884
Charge to the income statement	482	482
Charge to other comprehensive income	9,818	9,818
Effect of change in tax rate charged to other comprehensive income	(2,505)	(2,505)
Asset at 31 December 2015	28,679	28,679

During the year ending 31 December 2017, the net reversal of deferred tax assets and liabilities above is expected to decrease the corporation tax charge for the year by £1.2m. This is due to utilisation of timing differences and cash pension contributions.

FRS 102 requires deferred tax assets to be measured at the tax rates that are expected to apply in the period that the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The Finance No.2 Bill 2016 became substantively enacted on 15 September 2016. Depending on when the temporary/timing differences are expected to be reversed we have applied a weighted average of the tax rates enacted in this bill for the periods 2017-2021 and beyond to calculate our deferred tax assets. The enacted rates are as follows: 1st April 2017 19% and 1st April 2020 and onwards 17%.

Notes to the financial statements

for the year ended 31 December 2016

20. Retirement benefit schemes

Defined contribution schemes

	2016 £'000	2015 £'000
Charge to the income statement in respect of defined contribution schemes	3,429	3,294

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Defined benefit schemes

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 2014 and used the projected unit method. For 2017, the Group is expected to make a maximum contribution as part of the 2014 Pension Recovery Plan of £6.4 million (2016: £6.3 million) which includes Scheme expenses and Pension Protection Fund Levy.

Key assumptions

The major financial assumptions used to calculate the present value of scheme liabilities under FRS 102 are:

	2016 %	2015 %	2014 %	2013 %	2012 %
Discount rate	2.70%	3.90%	3.70%	4.60%	4.50%
Expected rate of increase of pensions in payment	3.00%	2.70%	2.70%	3.10%	2.70%
Rate of increase for deferred pensioners	2.10%	1.70%	1.70%	2.20%	2.00%
Inflation	3.20%	2.80%	2.80%	3.20%	2.70%
Expected return on scheme assets	-	-	5.57%	5.69%	5.82%

Following the finalisation of the 31 December 2014 Triennial Valuation, the Company has used the updated SAPS S2 mortality tables, with probabilities of death reduced by 15% for males and females, with an allowance for future improvements in line with the CMI 2015 projections with a long term improvement rate of 1% p.a.

Notes to the financial statements

for the year ended 31 December 2016

20. Retirement benefit schemes (continued)

The employee benefit obligations of the scheme were:

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Present value of funded obligations	(520.3)	(422.5)	(421.8)	(392.7)	(390.5)
Fair value of scheme assets	360.9	316.3	323.3	312.3	301.7
Deficit in the scheme	(159.4)	(106.2)	(98.5)	(80.4)	(88.8)
Related deferred tax asset	27.6	19.4	19.7	16.1	20.4
Net pension liability	(131.8)	(86.8)	(78.8)	(64.3)	(68.4)

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

	2016	2015	2014	2013	2012
Equities	55.0%	56.0%	55.0%	46.0%	50.0%
Bonds and gilts	40.0%	36.0%	38.0%	45.0%	45.0%
Cash and property	5.0%	8.0%	7.0%	12.0%	5.0%

Income statement impact

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Interest on pension scheme assets	(12.1)	(11.8)	(14.1)	(15.9)	(15.2)
Administration expenses	0.7	1.0	1.0	-	-
Interest on pension scheme liabilities	16.1	15.3	17.7	17.2	17.7
Gain on settlement	-	-	-	(3.1)	-
Charge/(credit) to income statement	4.7	4.5	4.6	(1.8)	2.5

Notes to the financial statements

for the year ended 31 December 2016

20. Retirement benefit schemes (continued)

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

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Net actuarial losses/(gains) recognised in year	54.8	9.4	18.2	(0.4)	8.1
Net cumulative actuarial losses	164.5	109.7	100.3	82.2	82.6

Actual return on plan assets

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Actual return on plan assets	56.1	2.5	20.7	17.8	25.2

Reconciliation of present value of present liabilities and assets

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Change in the present value of the defined benefit obligation					
Opening defined benefit obligation	422.5	421.8	392.7	390.5	367.6
Interest cost	16.1	15.3	17.7	17.2	17.7
Benefits paid	(17.1)	(14.8)	(14.4)	(13.4)	(12.9)
Gain on settlement	-	-	-	(3.1)	-
Actuarial losses	(1.9)	4.2	(3.3)	1.5	18.1
Changes to demographic assumptions	(10.7)	10.0	(0.5)	-	-
Changes to financial assumptions	111.4	(14.0)	29.6	-	-
Closing defined benefit obligation	520.3	422.5	421.8	392.7	390.5

Notes to the financial statements

for the year ended 31 December 2016

20. Retirement benefit schemes (continued)

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Change in the fair value of plan assets					
Opening fair value of plan assets	316.3	323.3	312.3	301.7	285.2
Expected return	-	-	-	15.9	15.2
Interest on assets	12.1	11.8	14.1	-	-
Return on plan assets less interest	44.0	(9.2)	7.60	-	-
Actuarial gains	-	-	-	1.8	10.0
Contribution by employer	6.3	6.2	4.7	6.3	4.2
Benefits paid	(17.1)	(14.8)	(14.4)	(13.4)	(12.9)
Administration costs	(0.7)	(1.0)	(1.0)	-	-
Closing fair value of plan assets	360.9	316.3	323.3	312.3	301.7

21. Called up share capital

At 31 December 2016 and 2015 the Company had 15,400,000 authorised ordinary shares of £1 each.

	2016 £'000	2015 £'000
Ordinary share capital		
Authorised, allotted, called-up and fully paid		
400,000 ordinary shares of £1 each	400	400

22. 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.

Notes to the financial statements

for the year ended 31 December 2016

23. Reserves

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 1 January	(77,916)	(70,702)	(77,472)	(70,322)
Profit for the year	2,204	2,134	2,237	2,198
Actuarial differences recognised in other comprehensive income	(54,842)	(9,422)	(54,842)	(9,422)
Tax on actuarial differences	8,463	74	8,463	74
At 31 December	(122,091)	(77,916)	(121,614)	(77,472)

24. Operating lease commitments

Lessee

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	4,890	4,427	4,890	4,427
Between two and five years	19,561	17,708	19,561	17,708
In over five years	3,536	7,914	3,536	7,914
	27,987	30,049	27,987	30,049

25. Financial commitments, guarantees and contingent liabilities

The Group has one contract (2015: one) where it has minimum guarantee commitments relating to the sale of archive material. This minimum contract totals £300,000 (2015: £600,000).

	Minimum guarantee commitments £'000
Expiring within one year	300
	300

Notes to the financial statements

for the year ended 31 December 2016

26. Capital commitments

At 31 December 2016 the Group had capital commitments as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Contracted for but not provided for:				
Acquisition of property, plant and equipment	647	796	647	796

27. Related party transactions

Transactions with related parties

During the year the Group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Group				
Entities with a shareholding interest in the Company	59,769	56,448	2,898	3,692
Entities in which the Company has a shareholding interest	270	255	-	-
	60,039	56,703	2,898	3,692

Transactions with Key Management Personnel

Transactions with the Group's key management personnel have been disclosed in Note 7.

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties

	2016 £'000	2015 £'000
Group		
Entities with a shareholding interest in the Company	440	333

Notes to the financial statements

for the year ended 31 December 2016

27. Related party transactions (continued)

Amounts owed by related parties

	2016 £'000	2015 £'000
Group		
Entities with a shareholding interest in the Company	5,945	6,725
Other related parties	325	311
	6,270	7,036

The amounts provided against related party debt as at 31 December 2016 was £0.3m (2015: £0.2m).

The following amounts were recognised as an expense in the period in respect of bad and doubtful debts due from related parties.

	2016 £'000	2015 £'000
Group		
Entities in which the Company has a shareholding interest	25	11

Notes to the financial statements

for the year ended 31 December 2016

28. Investments

Details of investments at 31 December 2016 are as follows:

Subsidiaries	Company Number	ITN Group Immediate Parent	Type of shares held	Ownership %	Registered office	Country of Inc.*	Nature of Business
ITN Archive Limited	3807324	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Sale of archive material
ITN Radio Investments Limited	02417313	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Holding Company
ITN Radio Limited	07108867	ITN Radio Investments Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Holding Company
ITN Education Investments Limited	07126826	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Holding Company
Connolly Systems Limited	01343709	Timms (1992) Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ECL Limited	06604712	ITN Archive Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ITN Arabia Limited	06854068	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ITN Group Limited	05875533	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ITN International Limited	02409274	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ITN News Channel (Finance) Limited	04214822	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ITN On Limited	05836887	ITN Group Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ITN Source Limited	05836903	ITN Group Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
Jemani Limited	02205449	Timms (1992) Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
Visual Voodoo Films Limited	03864639	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Dormant Company
ViewPoint Ltd	9172614	Independent Television News Limited	Ordinary	100%	200 Grays Inn Road, London	UK	Social media news
Timms (1992) Limited	01678244	Independent Television News Limited	Ordinary	99%	200 Grays Inn Road, London	UK	Dormant Company
Diagonal View Limited	06515277	Independent Television News Limited	Ordinary	50%	16 Mortimer Street, London	UK	Provision of digital videos
Digital Care Social Enterprise Limited	7808613	Independent Television News Limited	Ordinary	50%	200 Grays Inn Road, London	UK	Provision of healthcare clips
Independent Radio News Limited	1112963	ITN Radio Limited	Ordinary	20%	Academic House, 24-28 Oval Road, London	UK	Production of radio news

*Country of incorporation.

Investments and associates and joint ventures are not listed and are held at cost less impairment as fair value cannot be reliably determined.

Notes to the financial statements

for the year ended 31 December 2016

28. Investments (continued)

Independent Television News Limited has guaranteed liabilities of its subsidiaries ITN Archive Limited, ITN Education Investments Limited, ITN Radio Investments Limited and ITN Radio Limited under section 479A and C of the Companies Act 2006 (as amended). As such, ITN Archive Limited, ITN Education Investments Limited, ITN Radio Investments Limited and ITN Radio Limited will take advantage of the audit exemption set out within section 479A for the year ended 31 December 2016.

29. Cash generated from operations

	2016 £'000	2015 £'000
Profit for the year	2,204	2,134
Adjustments for:		
Income tax expense recognised in profit or loss	631	618
Finance costs recognised in profit or loss	4,737	4,521
Investment income recognised in profit or loss	(505)	(496)
Loss/(gain) on disposal of property, plant and equipment	290	(1)
Amortisation and impairment of joint ventures	-	86
Depreciation and impairment of property, plant and equipment	2,881	2,797
Gain on sale of investments	-	(96)
Other gains and losses	42	79
Pension scheme cash movement	(6,477)	(6,101)
(Decrease) in provisions	(76)	(637)
Movements in working capital:		
Decrease/(increase) in inventories	225	(213)
(Increase) in trade and other receivables	(2,087)	(2,710)
Increase in trade and other payables	2,387	2,914
Cash generated from operations	4,252	2,895

30. Ultimate Controlling Party

There is no ultimate controlling party. No shareholder owns a controlling percentage of shares.

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