

Granada Group Limited

Directors' report and  
financial statements

Registered number 290076  
Year ended 31 December 2010

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010. The comparatives are for the year ended 31 December 2009.

### Principal activities and business review

The principal activity of Granada Group Limited ("the Company") continues to be to act as a holding company.

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of an enhanced business review.

### Dividends

Dividends paid during the year comprise an interim dividend of £230,000,000 in respect of the previous year ended 31 December 2009.

### Directors

The directors who held office during the year were as follows:

Officer Name	Appointed As	Appointment	Cessation
Andrew Garard	Director		
Ian Ward Griffiths	Director	23/04/2010	
Helen Tautz	Director		
John Cresswell	Director		23/04/2010

### Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

### Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit plc will therefore continue in office.

By order of the board



**Ian Griffiths**  
Director

7 SEPTEMBER 2011

The London Television Centre  
Upper Ground  
London, SE1 9LT

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Granada Group Limited**

We have audited the financial statements of Granada Group Limited for the year ended 31 December 2010 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

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


### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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



**Mark Summerfield (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit plc, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

*27 September* 2011

## Profit and loss account

		Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
	Note		
Income from fixed asset investments	3	230	-
Interest receivable and similar income	4	8	-
Interest payable and similar charges	5	(1)	(2)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>237</b>	<b>(2)</b>
Taxation	6	-	-
<b>Profit / (loss) for the financial year</b>		<b>237</b>	<b>(2)</b>

The results stated above are all derived from continuing activities

A statement of total recognised gains and losses has not been included as part of these financial statements as the Company made no gains or losses in the year other than those disclosed above in the profit and loss account

A note on historical cost profits and losses has not been included as part of these financial statements since the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

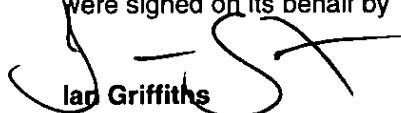
The notes on pages 7 to 11 form part of these financial statements

## Balance sheet

		31 December 2010 £m	31 December 2009 £m
	Note		
<b>Fixed assets</b>			
Investments	7	<u>2,081</u>	<u>2,081</u>
		2,081	2,081
<b>Current assets</b>			
Cash at bank and in hand		<u>31</u>	<u>23</u>
		31	23
<b>Current liabilities</b>			
Creditors amounts falling due within one year	8	<u>(18)</u>	<u>(17)</u>
		13	6
<b>Net current assets</b>		<u>13</u>	<u>6</u>
<b>Total assets less current liabilities</b>		<u>2,094</u>	<u>2,087</u>
		2,094	2,087
<b>Net assets</b>		<u>2,094</u>	<u>2,087</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss reserve	10	<u>2,094</u>	<u>2,087</u>
<b>Equity shareholders' funds</b>		<u>2,094</u>	<u>2,087</u>

The notes on pages 7 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 7 September 2011 and were signed on its behalf by

  
Ian Griffiths  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### ***Cash in hand and short term deposits***

Cash in hand and short term deposits consists of gilts over which unfunded pension promises have a charge.

#### ***Related Party Transactions***

As the Company is a wholly owned subsidiary of ITV plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ITV plc, within which this Company is included, can be obtained from the registered office at The London Television Centre, Upper Ground, London SE1 9LT.

#### ***Going concern***

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. As such, the Company is dependant for its working capital on funds provided to it by ITV plc, the Company's ultimate parent company. ITV plc has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. As at the date of approval of these financial statements, the directors of the company have no reason to believe that this financial support will not be forthcoming in the event that it is required.

On this basis, and on their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the company will be able to continue in the existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered

## **2 Directors emoluments and auditors remuneration**

No director received any remuneration for their services to the Company (2009 £nil)

The auditors' remuneration of £500 (2009 £500) was borne by another group Company

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, ITV plc

## **3 Income from fixed asset investments**

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Dividends received from Group undertakings	<u>230</u>	<u>-</u>

## **4 Interest receivable and similar income**

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Interest Gilts receivable	<u>8</u>	<u>-</u>

Interest receivable includes an index-inflation adjustment to the value of the Gilts, which are held in Current Assets

**5 Interest payable and similar charges**

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Bank interest payable	<u>1</u>	<u>2</u>

**6 Taxation**

Analysis of charge in year

	£m	Year ended 31 December 2010 £m	£m	Year ended 31 December 2009 £m
<i>UK corporation tax</i>				
Corporation tax on income for the period	-		-	
Adjustment in respect of prior periods	<u>-</u>		<u>-</u>	
Total current tax charge		<u>-</u>		<u>-</u>
Tax charge on profit/(loss) on ordinary activities		<u>-</u>		<u>-</u>

The current tax charge for the year is lower (2009 credit, lower) than the standard rate of corporation tax in the UK (28%, 2009 28%)

The differences are explained below

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	<u>237</u>	<u>(2)</u>
Current tax (charge)/credit at 28% (2009 28%)	(66)	1
Effects of Permanent differences and Group relief	<u>66</u>	<u>(1)</u>
Total current tax (charge)/credit (see above)	<u>-</u>	<u>-</u>

## 7 Investments in subsidiary undertakings

	31 December 2010 £m
<b>Cost</b>	
At 1 January 2010 and 31 December 2010	2,813
<b>Provision</b>	
At 1 January 2010 and 31 December 2010	(732)
<b>Net book value</b>	
At 1 January 2010 and 31 December 2010	<u>2,081</u>

At 31 December 2010 the subsidiaries of the Company, all of which are wholly owned (directly or indirectly) and incorporated and registered in England and Wales except where stated, are

Subsidiaries	Percentage of nominal value of issued ordinary shares held	Principal activities
Granada Media Limited	100%	Holding company
ITV Pension Scheme Limited	100%	Trustee of ITV Group Pension Scheme

## 8 Creditors: amounts falling due within one year

	31 December 2010 £m	31 December 2009 £m
Bank Overdrafts	<u>18</u>	<u>17</u>

## 9 Share capital

	31 December 2010 £	31 December 2009 £
<b>Issued and fully paid Ordinary Shares</b>		
2,181,174,248 at £0.000000000045 each	1	1
<b>Convertible Preference Shares</b>		
87,411,271 at £0.00000001144 each	1	1
	<u>2</u>	<u>2</u>

## 10 Reconciliation of movements in shareholders' funds

	Share capital £m	Profit and loss account £m	Total £m
At 1 January 2010	-	2,087	2,087
Profit for the year	-	237	237
Dividends paid	-	(230)	(230)
<b>At 31 December 2010</b>	<b>-</b>	<b>2,094</b>	<b>2,094</b>

## 11 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2010 of £39 million (31 December 2009 £25 million)

The Company and certain other group companies have entered into an arrangement for a joint bank account with Barclays Bank PLC and are jointly and severally liable in respect of any overdraft arising on the group joint bank account. At 31 December 2010 this contingent liability amounted to £nil (31 December 2009 £nil)

In the opinion of the directors, adequate allowance has been made in respect of this matter

## 12 Ultimate parent company

At 31 December 2010 the Company's immediate parent company was Granada Limited, a company registered in England and Wales and the Company's ultimate parent company was ITV plc, a company incorporated and registered in England and Wales

The largest and smallest group in which the results of the Company were consolidated was that headed by ITV plc. The consolidated accounts of ITV plc are available to the public and may be obtained from [www.itvplc.com](http://www.itvplc.com) or the Company Secretary, The London Television Centre, Upper Ground, London, SE1 9LT