

# **Granada Group Limited**

## **Directors' report and financial statements**

**Registered number 290076  
Year ended 31 December 2009**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. The comparatives are for the year ended 31 December 2008.

### 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.

### Going concern

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

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 existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Dividends

During the year the Company did not pay an interim dividend (year ended 31 December 2008: £nil). The directors do not recommend the payment of a final dividend (year ended 31 December 2008: £nil).

### Directors

The following were directors of the Company during the year ended 31 December 2009 and up to the signing of the Directors' report:

	Appointment date	Resignation date
John Cresswell		23 April 2010
Andrew Garard	15 May 2009	
Ian Griffiths	23 April 2010	
Helen Tautz	15 May 2009	
James Tibbitts		15 May 2009

### Donations

Grants and charitable donations made during the year amounted to £nil (year ended 31 December 2008: £nil). There were no political contributions made during the year (year ended 31 December 2008: £nil).

### 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

The London Television Centre,  
Upper Ground, London, SE1 9LT

22 July 2010

## **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 judgments 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 auditors' report to the members of Granada Group Limited**

We have audited the financial statements of Granada Group Limited for the year ended 31 December 2009 set out on pages 4 to 10. 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 2009 and of its loss 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.

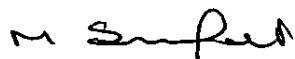
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

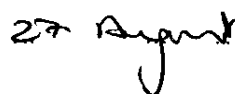
### **Matters on which we are required to report by exception**

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  
8 Salisbury Square  
London EC4Y 8BB



27 August 2010

## Profit and Loss account

	<i>Note</i>	Year ended 31 December 2009 £m	Year ended 31 December 2008 £m
Amounts written off investments in subsidiaries		-	(732)
Interest payable and similar charges	3	(2)	(2)
		<hr/>	<hr/>
<b>(Loss) on ordinary activities before taxation</b>		<b>(2)</b>	<b>(734)</b>
Taxation on Loss on ordinary activities	4	-	-
		<hr/>	<hr/>
<b>(Loss) for the year</b>	8	<b>(2)</b>	<b>(734)</b>
		<hr/>	<hr/>

As stated in the Directors' report 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 current or prior year other than those disclosed above in the profit and loss account

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

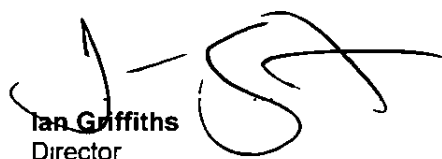
The notes on pages 6 to 10 form part of the financial statements

## Balance sheet

	Note	31 December 2009		31 December 2008	
		£m	£m	£m	£m
<b>Fixed assets</b>					
Investments in subsidiary undertakings	5		2,081		2,081
<b>Current assets</b>					
Cash in hand and short term deposits		23		24	
<b>Current liabilities</b>					
Creditors amounts falling due within one year	6	(17)		(16)	
<b>Net current assets</b>			6		8
<b>Net assets</b>			2,087		2,089
<b>Capital and reserves</b>					
Called up share capital	7		-		-
Profit and loss account	8		2,087		2,089
<b>Equity shareholders' funds</b>			2,087		2,089

The notes on pages 6 to 10 form part of the financial statements

These financial statements were approved by the board of directors on 22 July 2010 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 are prepared under the historical cost convention and in accordance with applicable accounting standards

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

#### ***Cash flow statement***

Under FRS1 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 also 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. The consolidated financial statements of ITV plc, within which this Company is included, can be obtained from the address given in note 10

#### ***Taxation***

The charge for taxation is based on the profit or loss 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 and computed without discounting. Full provision is made in respect of all timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered

#### ***Investments***

Investments are stated at cost less any amounts written off in respect of permanent diminution in value

#### ***Dividends***

Dividends are recognised through equity in the period in which they are declared



## Notes (continued)

### 1 Accounting policies (continued)

#### Financial instruments

As required by FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

### 2 Staff costs, directors' and auditor's remuneration

No director received any emoluments for their services to this Company (2008: £nil). In the current and prior year the auditors' remuneration of £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 instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent ITV plc. There were no employees and hence no staff costs during the year (2008: £nil).

### 3 Interest payable and similar charges

	Year ended 31 December 2009 £m	Year ended 31 December 2008 £m
Net interest payable on bank loans and overdrafts	2	2

## Notes *(continued)*

### 4 Taxation on loss on ordinary activities

	Year ended 31 December 2009 £m	Year ended 31 December 2008 £m
Analysis of charge in period		
<i>Current tax</i>		
UK Corporation tax on profit for the period	-	-
 Total current tax (see below)	 -	 -
	<hr/>	<hr/>

The current tax charge for the year ended 31 December 2009 is lower than (year ended 31 December 2008 lower) the standard rate of corporation tax in the UK (year ended 31 December 2009 28%, year ended 31 December 2008 28.5%) The differences are explained below

	Year ended 31 December 2009 £m	Year ended 31 December 2008 £m
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(2)	(734)
	<hr/>	<hr/>
Current tax charge at 28% (2008 28.5%)	1	209
<i>Effects of</i>		
Permanent differences and group relief	(1)	(209)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

## Notes (continued)

### 5 Investments in subsidiary undertakings

	<b>Total £m</b>
<b>Cost</b>	
At 1 January 2009 and 31 December 2009	2,813
<b>Provision</b>	
At 1 January 2009 and 31 December 2009	(732)
<b>Net book value</b>	
At 31 December 2008 and 31 December 2009	<u>2,081</u>

At 31 December 2009 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

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

### 6 Creditors, amounts falling due within one year

	<b>31 December 2009 £m</b>	<b>31 December 2008 £m</b>
Bank overdrafts	<u>17</u>	<u>16</u>

## Notes (continued)

### 7 Called up share capital

	31 December 2009 £	31 December 2008 £
<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
	<hr/> 2 <hr/>	<hr/> 2 <hr/>

### 8 Reconciliation of movements in shareholders' funds

	Share capital £m	Profit and loss account £m	Total £m
At 1 January 2009	-	2,089	2,089
Loss for the year	-	(2)	(2)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2009</b>	<b>-</b>	<b>2,087</b>	<b>2,087</b>
	<hr/>	<hr/>	<hr/>

### 9 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2009 of £25 million (31 December 2008 £13 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 2009 this contingent liability amounted to £nil (31 December 2008 £nil)

In the opinion of the directors, adequate allowance has been made in respect of these matters

### 10 Ultimate parent company

At 31 December 2009 the Company's immediate parent company was Granada Limited, a company incorporated and 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