

**South Bank Television Holdings
(formerly South Bank Television
Holdings Limited)**

**Directors' report and financial
statements**

**Registered number 1241086
Year ended 31 December 2007**



Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditor's report to the members of South Bank Television Holdings	4
Profit and loss account	6
Balance sheet	7
Note of historical cost profit and losses	8
Notes	9

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007. The comparatives are for the year ended 31 December 2006.

Principal activities and business review

The principal activity of South Bank Television Holdings ("the Company") is to act as an investment company. Its principal investment was the letting of the London Television Studios to ITV companies. However on 1 January 2007, the Company assigned its interest in the property to a fellow group company.

The results for the Company show a profit before taxation of £1,644,198 for the year and sales of £nil (2006 loss before taxation of £349,476 for the year and sales of £1,976,983).

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

Re-registration as an unlimited company

On 27 September 2007 the Company re-registered as an unlimited company and is now called Southbank Television Holdings.

Capital reduction

On 27 September 2007 a reduction of the Company's authorised share capital from 113,000,000 ordinary shares with a nominal value of £0.05 per share to 113,000,000 ordinary shares with a nominal value of £0.00000001121 per share was effected. A reduction of the Company's issued ordinary share capital from 89,189,088 ordinary shares with a nominal value of £0.05 per share to 89,189,088 ordinary shares with a nominal value of £0.00000001121 per share was also effected. The share premium account was also transferred to the profit and loss account.

The resulting credits have been applied to the profit and loss account. The reduction became effective on 27 September 2007 being the date of registration at Companies House.

Principal transactions and post balance sheet events

During the year the ITV plc group continued the operational and legal restructuring programme, commenced in 2004, to simplify the corporate structure.

Dividends

During the year the Company paid an interim dividend of £47,925,392 (year to 31 December 2006: £nil). The directors do not recommend the payment of a final dividend (year to 31 December 2006: £nil).

Directors

The following were directors of the Company during the year ended 31 December 2007.

	Appointment Date	Resignation Date
John Cresswell		24 September 2007
Helen Tautz		24 September 2007
Granada Nominees Limited	24 September 2007	
ITV NP Limited	24 September 2007	

Donations

Grants and charitable donations made during the period amounted to £nil (year to 31 December 2006: £nil). There were no political contributions made during the year (year to 31 December 2006: £nil).

Directors' report *(continued)*

Auditors and disclosure of information to auditors

The Directors who held office at the date of approval of the 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 steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Financial Statements before the Company in a General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985

By order of the Board



E Irving
For Granada Nominees Limited
Director

200 Gray's Inn Road
London
WC1X 8HF

22nd May 2008

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)

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 South Bank Television Holdings (formerly South Bank Television Holdings Limited)

We have audited the financial statements of South Bank Television Holdings for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Note of Historical Cost Profits and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report to the members of South Bank Television Holdings *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Date *3rd June 2008*

Profit and loss account

	Notes	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Turnover	1	-	1,976,983
Operating expenses	2	-	(2,327,459)
Operating loss		-	(350,476)
Income from fixed asset investments		-	1,000
Interest received and similar income	5	1,644,198	-
Profit / (loss) on ordinary activities before taxation		1,644,198	(349,476)
Tax on profit / (loss) on ordinary activities	6	(67,429)	(8,000)
Profit / (loss) on ordinary activities after taxation	12	1,576,769	(357,476)

As stated in the Directors' report the results 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

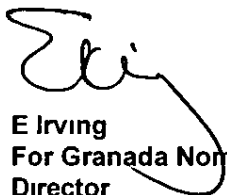
The notes on pages 9 to 15 form part of these financial statements

Balance sheet

	Notes	31 December 2007 £	31 December 2006 £
Fixed assets			
Tangible fixed assets	7	-	37,520,000
		-	37,520,000
Current assets			
Debtors	8	1	8,926,969
Current liabilities			
Creditors amounts falling due within one year	9	-	(98,345)
Net current assets		1	8,828,624
Total assets less current liabilities		1	46,348,624
Net assets		1	46,348,624
Capital and reserves			
Called up share capital	11	1	4,459,455
Share premium	12	-	2,555,754
Revaluation reserve	12	-	31,292,254
Profit and loss account	12	-	8,041,161
Equity shareholders' funds	12	1	46,348,624

The notes on pages 9 to 15 form part of these financial statements

These financial statements were approved by the board of directors on 22nd May 2008 and were signed on its behalf by


E Irving
For Granada Nominees Limited
Director

Note of historical cost profits and losses

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Reported profit / (loss) on ordinary activities before taxation	1,644,198	(349,476)
Difference between a historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	-	641,667
Historical cost profit/(loss) on ordinary activities before taxation	<u>1,644,198</u>	<u>292,191</u>
Historical cost profit/(loss) for the period retained after taxation	<u><u>1,576,769</u></u>	<u><u>284,191</u></u>

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

Cash flow statement

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

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. The consolidated financial statements of ITV plc, within which this Company is included, can be obtained from the address given in note 15

Turnover

Turnover, which arose wholly in the United Kingdom, represents the invoiced amounts of services provided during the period and is stated net of Value Added Tax. In the prior year, turnover also included rental income from other ITV companies

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

Operating leases

The rental paid under operating leases is charged to the profit and loss account on a straight line basis over the term of the lease

Dividend

Dividends are recognised in the period in which they are declared

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets on a straight line basis at the following rates

Land & Buildings - Long Leasehold - over 50 years or the remaining length of the lease if shorter
Land & Buildings - Short Leasehold - over 30 years or the remaining length of the lease if shorter

The company adopted a policy to revalue land and buildings periodically as allowed by Financial Reporting Standard 15, Tangible Fixed Assets

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Profit / (loss) on ordinary activities before taxation is stated after charging		
Depreciation on property	-	826,666
Rent and ground rent in connection with the London Television Centre	-	1,500,793
	<u>-</u>	<u>2,327,459</u>

3 Staff costs, directors' and auditor's remuneration

No director received any emoluments for their services to this Company (2006 £nil). In the current and prior year the auditor's 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 (2006 £nil).

4 Dividends

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Interim dividend paid	<u>47,925,392</u>	<u>-</u>

5 Interest receivable and similar income

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Intercompany interest earned	<u>1,644,198</u>	<u>-</u>

Notes (continued)

6 Taxation

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Analysis of charge / (credit) in year		
Current tax		
UK corporation tax on profit / (loss) for the year	-	-
Adjustment in respect of previous periods	-	-
Total current tax (see below)	-	-
Deferred tax		
Charge for the year (see note 8)	67,429	8,000
Tax on profit / (loss) on ordinary activities	67,429	8,000

Factors affecting the tax credit for the current year

The current tax charge for the year is lower than (year ended 31 December 2006 credit, lower than) the standard rate of corporation tax in the UK (year ended 31 December 2007 30%, year ended 31 December 2006 30%). The differences are explained below

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	1,644,198	(349,476)
Current tax charge/(credit) at 30% (2006 30%)	493,260	(104,843)
Effects of		
Permanent differences and group relief	(493,260)	104,843
Total current tax charge (see above)	-	-

Notes (continued)

7 Tangible fixed assets

	Long Leasehold £	Land and buildings Short Leasehold £	Total Leasehold £
Valuation.			
At 1 January 2007	38,000,000	2,000,000	40,000,000
Disposals	(38,000,000)	(2,000,000)	(40,000,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2007	(2,280,000)	(200,000)	(2,480,000)
Disposals	2,280,000	200,000	2,480,000
	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value.			
At 31 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2006	35,720,000	1,800,000	37,520,000
	<hr/>	<hr/>	<hr/>

Long leasehold property related to The London Television Centre which was occupied under arrangements with CIN Properties Limited. The Company's leasehold interests in both the London Television Centre and the adjacent Princes Wharf, held on a short term lease, were assigned on 1 January 2007 to a fellow group company for consideration which gave neither gain nor loss.

The net book value of tangible fixed assets, included above at valuation, determined on the historical cost basis, is as follows:

	31 December 2007 £	31 December 2006 £
Cost	-	15,746,000
Depreciation	-	(9,518,000)
	<hr/>	<hr/>
Net book value	-	6,228,000
	<hr/>	<hr/>

Notes (continued)

8 Debtors

	31 December 2007 £	31 December 2006 £
Amounts owed by parent undertakings	1	8,859,540
Deferred tax (see note 10)	-	67,429
	<u>1</u>	<u>8,926,969</u>

9 Creditors amounts falling due within one year

	31 December 2007 £	31 December 2006 £
Accruals and deferred income	-	98,345
	<u>-</u>	<u>98,345</u>

Notes (continued)

10 Deferred tax

Year ended
31 December
2007
£

The movement in deferred taxation is as follows

Opening balance as at 1 January 2007	67,429
Charge for the year	(67,429)
	<hr/>
Closing balance as at 31 December 2007	-
	<hr/> <hr/>

31 December
2007
£

31 December
2006
£

The elements of deferred taxation are as follows

Accelerated capital allowances	-	67,429
	<hr/> <hr/>	<hr/> <hr/>

11 Called up share capital

31 December
2007
£

31 December
2006
£

Authorised
Equity 113,000,000 ordinary shares of £0 00000001121 each
(2006 113,000,000 ordinary shares of 5p each)

1

5,650,000

Allotted, issued and fully paid
Equity 89,189,088 ordinary shares of £0 00000001121 each
(2006 89,189,088 ordinary shares of 5p each)

1

4,459,455

Notes (continued)

12 Reconciliation of movements in shareholders funds

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2007	4,459,455	2,555,754	31,292,254	8,041,161	46,348,624
Capital reduction	(4,459,454)	(2,555,754)	-	7,015,208	-
Realised on assignment of property	-	-	(31,292,254)	31,292,254	-
Retained profit for the year	-	-	-	1,576,769	1,576,769
Dividends paid	-	-	-	(47,925,392)	(47,925,392)
At 31 December 2007	1	-	-	-	1

13 Financial commitments

Operating lease commitments

Annual commitments under non-cancellable operating lease are as follows

	31 December 2007 £	31 December 2006 £
Land and buildings		
Operating leases which expire after		
More than five years	-	1,500,000

14 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2007 of £28 million (31 December 2006 £29 million)

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

15 Ultimate parent company

At 31 December 2007 the Company's immediate parent company was ITV Services 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 the Company Secretary, 200 Gray's Inn Road, London WC1X 8HF