

**Carlton Broadcasting Holdings
(formerly Carlton Broadcasting
Holdings Limited)**

**Directors' report and financial
statements**

Registered number 2583084

Year ended 31 December 2007

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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 Carlton Broadcasting Holdings ("the Company") continues to be investment activities.

The Company sold its investment in its principal subsidiary undertaking to a fellow group company and realised a gain of £287,816,649 thereon.

The results for the Company show a profit after taxation of £287,817,555 for the year (*profit after taxation for 2006: £11,120*).

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

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.

Re-registration as an unlimited company

On 26 September 2007, the shareholders passed a special resolution approving the re-registration of the Company as an unlimited company. The re-registration was registered by the Company Registrar on 27 September 2007, and the Company is now called Carlton Broadcasting Holdings.

Capital reduction

On 27 September 2007 a reduction of the Company's authorised ordinary share capital from 150,000,000 ordinary shares with a nominal value of £1 each to 150,000,000 ordinary shares with a nominal value of £0.00000001 each was effected.

A reduction of the Company's issued ordinary share capital from 24,930,680 ordinary shares of £1 each to 24,930,680 ordinary shares with a nominal value of £0.00000001 each was effected also. The share premium account was also transferred to distributable reserves.

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.

Dividends

During the year the Company paid an interim dividend of £312,837,494 (*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
Mike Green		24 September 2007
Helen Tautz	5 April 2007	24 September 2007
Clive Jones		5 April 2007
ITV NP Limited	24 September 2007	
Granada Nominees Limited	24 September 2007	

Donations

Grants and charitable donations made during the year 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

21st 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 Carlton Broadcasting Holdings

We have audited the financial statements of Carlton Broadcasting Holdings for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet 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 Carlton Broadcasting 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 £
Operating expenses		-	118
Operating profit		-	118
Profit on disposal of fixed asset investments		287,816,649	-
Interest receivable and similar income	3	906	5,014,872
Interest payable and similar charges	4	-	(5,013,870)
Profit on ordinary activities before taxation		287,817,555	1,120
Tax on profit on ordinary activities	5	-	10,000
Profit on ordinary activities after taxation	10	287,817,555	11,120

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 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

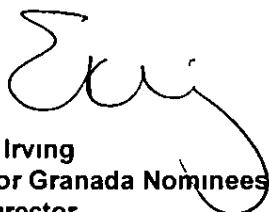
The notes on pages 7 to 11 form part of these financial statements

Balance sheet

	Notes	31 December 2007 £	31 December 2006 £
Fixed assets			
Investments	6	-	25,000,000
Current assets			
Debtors	7	1	94
Cash at bank and in hand		-	20,361
		1	20,455
Current liabilities			
Creditors amounts falling due within one year	8	-	(515)
Net current assets		1	19,940
Total assets less current liabilities		1	25,019,940
Net assets		1	25,019,940
Capital and reserves			
Called up share capital	9	1	24,930,680
Share premium	10	-	70,822
Profit and loss account	10	-	18,438
Equity shareholders' funds		1	25,019,940

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

These financial statements were approved by the board of directors on 21st May 2008 and were signed on its behalf by



E Irving
For Granada Nominees Limited
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 s228 of the Companies Act 1985 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 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 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 11.

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.

Fixed asset investments

Fixed asset investments are stated at cost less any amounts written off in respect of permanent diminution in value.

2 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).

Notes (continued)

3 Interest receivable and similar income

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Interest receivable from group undertakings	-	5,013,870
Bank interest	906	1,002
	<u>906</u>	<u>5,014,872</u>

4 Interest payable and similar charges

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Interest payable to group undertakings	-	5,013,870
	<u>-</u>	<u>5,013,870</u>

5 Taxation on profit on ordinary activities

Analysis of (charge) / credit in year	Year ended 31 December 2007 £	Year ended 31 December 2006 £
<i>Current tax</i>		
UK corporation tax on profit for the year	-	-
Adjustment in respect of previous periods	-	10,000
Total current tax (see below)	<u>-</u>	<u>10,000</u>
Tax (charge) / credit on profit on ordinary activities	<u>-</u>	<u>10,000</u>

The current tax charge for the year is lower (year ended 31 December 2006 credit, higher) 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

Notes (continued)

5 Taxation on profit on ordinary activities (continued)

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	287,817,555	1,120
Current tax charge at 30% (2006 30%)	(86,345,266)	336
Effects of		
Permanent differences and group relief	86,345,266	(336)
Adjustment in respect of previous periods	-	10,000
Total current tax credit / (charge) (see above)	-	10,000

6 Fixed asset investments

	Shares in subsidiary undertaking £
Cost	
At 1 January 2007	25,000,000
Disposals	(25,000,000)
At 31 December 2007	-
Provisions	
At 1 January 2007 and 31 December 2007	-
Net book value	
At 31 December 2007	-
At 31 December 2006	25,000,000

The subsidiary of the Company at 31 December 2006, which is registered in England and Wales was

Subsidiary	Percentage of nominal value of issued ordinary shares held	Principal activities
Carlton Broadcasting Limited	100%	Production and broadcast of television programmes

This investment was sold to a fellow group subsidiary undertaking, ITV Broadcasting Limited, for cash consideration of £312,816,649 resulting in a profit on disposal of £287,816,649

Notes (continued)

7 Debtors

	31 December 2007 £	31 December 2006 £
Amounts owed by group undertakings	1	-
Accrued income	-	94
	<u>1</u>	<u>94</u>

8 Creditors amounts falling due within one year

	31 December 2007 £	31 December 2006 £
Corporation tax	-	515

9 Called up share capital

	31 December 2007 £	31 December 2006 £
Authorised		
150,000,000 ordinary shares of £0 00000001 each (2006 150,000,000 ordinary shares of £1 each)	1	150,000,000
Allotted, issued and fully paid		
24,930,680 ordinary shares of £0 00000001 each (2006 24,930,680 ordinary shares of £1 each)	1	24,930,680

Notes (continued)

10 Reconciliation of movements in shareholders' funds

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2007	24,930,680	70,822	18,438	25,019,940
Capital reduction	(24,930,679)	(70,822)	25,001,501	-
Retained profit for the period	-	-	287,817,555	287,817,555
Dividends paid	-	-	(312,837,494)	(312,837,494)
At 31 December 2007	1	-	-	1

11 Ultimate parent company

At 31 December 2007 the Company's immediate parent company was ITV Broadcasting 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 Grays Inn Road, London WC1X 8HF