

RSA Advertising (Holdings)

Directors' report and financial
statements

Registered number 2726835

Year ended 31 December 2005



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005. The comparatives are for the year ended 31 December 2004.

Principal activities

The Company is engaged in investment activities.

Business Review

The results for the year are shown in the Profit and Loss Account on page 4 of these financial statements.

Principal transactions and post balance sheet events

The ITV plc group continued the operational and legal restructuring programme that commenced in 2004 with the objective to deliver synergies from the merger, rationalise intercompany funding arrangements, streamline dividend flows through the group structure, maximise retained earnings at the parent company level and eliminate unnecessary companies.

Dividends

The directors do not recommend the payment of a dividend (year to 31 December 2004: £10,275,486)

Directors

The following were directors of the Company during the year ended 31 December 2005:

Granada Media Group Limited

Granada Nominees Limited

No director had any interest in any contract with the Company or its subsidiary undertakings except as disclosed in these financial statements.

Directors' interests and share options

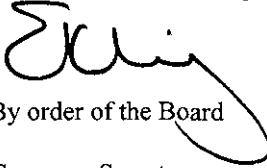
No director held any shares or share options in ITV plc.

Donations

Grants and charitable donations made during the period amounted to £nil (*year to 31 December 2004: £nil*). There were no political contributions (*year to 31 December 2004: £nil*).

Auditors

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

Company Secretary

The London Television Centre
Upper Ground
London
SE1 9LT

26 SEP 2006

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.

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 RSA Advertising (Holdings)

We have audited the financial statements of RSA Advertising (Holdings) for the year ended 31 December 2005 which comprise of 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 auditor

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

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 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Date

3rd October 2006

Po Box 695
8 Salisbury Square
London
EC4Y 8BB

Profit and loss account

	<i>Note</i>	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
Interest receivable and similar charges	3	-	2
Profit on ordinary activities before taxation		<u>-</u>	<u>2</u>
Taxation on profit on ordinary activities	4	-	(6)
Profit/(Loss) on ordinary activities after taxation		<u>-</u>	<u>(4)</u>

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.

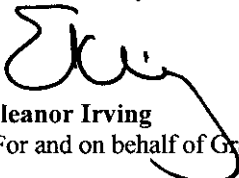
The notes on pages 6 to 10 form part of these financial statements.

Balance sheet

	<i>Note</i>	31 December 2005		31 December 2004	
		£000	£000	£000	£000
Current assets					
Debtors: amounts falling due within one year	6	-		3	
Cash at bank and in hand		1		9	
Creditors: amounts falling due within one year	7	-		(11)	
Net current assets			1		1
Net assets			1		1
Capital and reserves					
Called up share capital	8		5		5
Share premium	9		-		-
Profit and loss account	9		(4)		(4)
Equity shareholders' funds	9		1		1

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

These financial statements were approved by the board of directors on **26 SEPTEMBER** 2006 and were signed on its behalf by:


Eleanor Irving
(For and on behalf of Granada Nominees Limited)

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 has adopted FRS 21 (IAS 10) 'Events after the balance sheet date' for the first time in these accounts. The principal impact is on dividend recognition. Previously dividends were recognised in the period for which they were declared as relating to, now dividends are recognised during the period in which they are declared. The impact on the 2004 comparatives is to reduce the dividend creditor by £nil and the dividend recognised within the profit and loss account by the same amount.

The Company has adopted FRS 28 'Corresponding amounts' for the first time in these accounts. FRS28 'Corresponding amounts' has no material effect, as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

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 11.

Taxation

The charge for taxation is based on the result 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.

2 Staff costs, directors' and auditor's remuneration

No director received any emoluments for their services to this Company (2004: £nil). The auditor's remuneration for the current period has been borne by another group company (2004: £nil). There were no employees and hence no staff costs during the year (2004: nil).

Notes (continued)

3 Interest receivable and similar charges

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
On bank	-	2

4 Taxation on profit on ordinary activities

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
Analysis of charge in the year		
<i>Current tax</i>		
UK Corporation tax on profit for the year	-	-
Adjustment for prior periods	-	(6)
Total current tax (see below)	-	(6)
Tax charge on profit on ordinary activities	-	(6)

Factors affecting the tax charge for the current year

The current tax charge for the year ended 31 December 2005 is equal to *(year ended 31 December 2004: higher than)* the standard rate of corporation tax in the UK (year ended 31 December 2005: 30%, year ended 31 December 2004: 30%). The differences are explained below.

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	2
Current tax charge at 30% (2004: 30%)	-	-
<i>Effects of:</i>		
Permanent differences and group relief	-	-
Adjustment for prior periods	-	(6)
Total current tax charge (see above)	-	(6)

Notes (continued)

5 Dividends

	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
Paid to group undertakings	-	10,276
	<u> </u>	<u> </u>

6 Debtors: amounts falling due within one year

	31 December 2005 £000	31 December 2004 £000
Amounts due from group undertakings	-	1
Other debtors	-	2
	<u> </u>	<u> </u>
	-	3
	<u> </u>	<u> </u>

7 Creditors: amounts falling due within one year

	31 December 2005 £000	31 December 2004 £000
Amounts due to group undertakings	-	6
Corporation tax payable	-	5
	<u> </u>	<u> </u>
	-	11
	<u> </u>	<u> </u>

Notes (continued)

8 Called up share capital

	31 December 2005 £000	31 December 2004 £000
Authorised:		
100,000 'A' Ordinary shares of \$0.01 each in bearer form	1	1
300,000 'B' Ordinary shares of \$0.01 each in bearer form	2	2
99,583 'A' Deferred shares of 1p each	1	1
262,498 'B' Deferred shares of 1p each	2	2
1 'C' Redeemable preference share of 1p	-	-
	<u>6</u>	<u>6</u>
Allotted, called up and fully paid:		
74,274 'A' Ordinary shares of \$0.01 each in bearer form	-	-
242,082 'B' Ordinary shares of \$0.01 each in bearer form	2	2
74,274 'A' Deferred shares of 1p each	1	1
242,082 'B' Deferred shares of 1p each	2	2
1 'C' Redeemable preference share of 1p	-	-
	<u>5</u>	<u>5</u>

The rights of the different classes of share capital are as follows:

The \$0.01 'A' and 'B' ordinary shares all rank pari passu in all matters.

The 'A' and 'B' deferred shares have no entitlement to participation in the profits or assets of the Company, and no voting rights. On a wind-up or other return of capital, holders are entitled to receive the par value of their shares only after each 'A' and 'B' \$0.01 share holder has been paid £1 million per share. The deferred shares have no voting rights.

The 'C' redeemable preference share has the first right to a 10% fixed cumulative preferential dividend per annum, and on a return of capital is entitled to first redemption. There are no voting rights attaching to the shares unless redemption monies are not received or dividends are in arrears, in which case the holder of the share is entitled to vote at a general meeting of the Company and holds 99.9% of the voting rights.

9 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium £000	Profit and loss account £000	Total 2005 £000
At 1 January 2005	5	-	(4)	1
Loss for the year	-	-	-	-
At 31 December 2005	<u>5</u>	<u>-</u>	<u>(4)</u>	<u>1</u>

Notes *(continued)*

10 Contingent liabilities

The Company and certain other group companies have entered into an agreement 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 account. At 31 December this contingent liability amounted to £nil (*31 December 2004: £5 million*).

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

11 Ultimate parent company

At 31 December 2005 the Company's immediate parent company was Carltonco Ninety-Seven, 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, The London Television Centre, Upper Ground, London SE1 9LT.