

Registration number: 2937518

ITV Consumer Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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ITV Consumer Limited

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ITV Consumer Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Principal activity

The principal activity of ITV Consumer Limited ("the Company") is the business of exploiting content both in the free to air and pay environments to promote engagement and meet emerging video demand.

Fair review of the business

The results for the Company show a pre-tax profit of £70,465,000 (2014: £49,738,000 profit/ loss) for the year and sales of £110,613,000 (2014: £89,027,000). At the end of the year the Company had net assets of £147,575,000 (2014: £97,142,000).

The directors of the ITV plc Group manage the Group's operations on a divisional basis with this Company being included within the Broadcast & Online division. For this reason, the Company's directors use the ITV plc Group Broadcast & Online division's business review in managing and understanding the development, performance and position of the Company. The business review is included on pages 32 to 51 of ITV plc's 2015 annual report.

Developments during the year

During the year the Company adopted Financial Reporting Standard 101 (FRS 101) - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, ITV plc, was notified of and did not object to the use of the reduced disclosure framework in preparation of these accounts.

Key performance indicators (KPI's)

The Directors of the ITV plc group manage the Group's operations on a divisional basis with this Company being included within the Broadcasting segment. For this reason, the Company's directors use the ITV plc group Broadcasting segment KPI's in managing and understanding the development and position of the Company. These are included on pages 32 to 35 of the Group's 2015 annual report.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements (see note 1).

Future developments

There is a continuing public appetite for consuming online content and the directors are confident that ITV will continue to grow and exploit this and other new media opportunities.

The advertising market remains uncertain and it is difficult to predict how and where people will choose to watch or consume content in the long term. As part of the ITV plc group, one of Europe's leading broadcasting companies, the directors are confident that the Company will remain competitive, despite the increasing digital competition.

ITV Consumer Limited

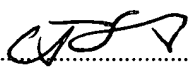
Strategic Report for the Year Ended 31 December 2015

Principal risks and uncertainties

The principal risks and uncertainties of the Company will relate to the business of exploiting new media. These are considered on pages 46 and 51 of the Group's 2015 annual report.

A comprehensive strategic review of the Company's strategy, outlining the development, performance and position of the Company's business can be found in the Strategic Report of the group in the ITV plc Annual Report. The Annual Report of ITV plc is available to the public and may be obtained from www.itvplc.com or the Company Secretary, The London Television Centre, Upper Ground, SE1 9LT.

Approved by the Board on 30/9/16 and signed on its behalf by:


.....
Christopher Swords
Director

ITV Consumer Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015.

Directors of the Company

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

Ann Cook

William Van Rest

Christopher Swords (appointed 30 April 2015)

William Medicott (resigned 30 April 2015)

Simon Pitts

Directors' liabilities

The Directors benefit from third party insurance provisions in place during the financial year and at the date of this report

Dividends

During the year the Company paid a dividend of £20million (2014: £Nil). The Directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2015 (2014: £Nil).


Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information.

Reappointment of auditor

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

Approved by the Board on 30/9/16 and signed on its behalf by:


.....

Christopher Swords
Director

Registered office

The London Television Centre
Upper Ground
London
SE1 9LT

ITV Consumer Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 apply them consistently;
- make judgements and accounting 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 ITV Consumer Limited

We have audited the financial statements of ITV Consumer Limited for the year ended 31 December 2015, set out on pages 7 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 4), 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the 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 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

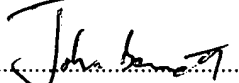
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report To The Members Of ITV Consumer Limited

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.



John Bennett (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 30/9/16

ITV Consumer Limited

Profit and Loss Account for the Year Ended 31 December 2015

		2015	Restated 2014
	Note	£ 000	£ 000
Turnover	2	110,613	89,027
Employee benefits expense	7	(10,870)	(9,240)
Depreciation and amortisation expense		(414)	(703)
Other expenses		<u>(34,213)</u>	<u>(32,235)</u>
Operating profit	3	<u>65,116</u>	<u>46,849</u>
Other interest receivable and similar income	4	6,814	5,657
Interest payable and similar charges	5	<u>(1,855)</u>	<u>(2,585)</u>
		<u>4,959</u>	<u>3,072</u>
Profit before tax		70,075	49,921
Tax on profit on ordinary activities	9	<u>390</u>	<u>(183)</u>
Profit for the year		<u><u>70,465</u></u>	<u><u>49,738</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the above.

ITV Consumer Limited
(Registration number: 2937518)
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Non-current assets			
Intangible assets	11	-	40
Property, plant and equipment	10	1,168	1,542
Investments	12	-	-
Deferred tax assets	9	704	346
		<u>1,872</u>	<u>1,928</u>
Current assets			
Inventory	13	342	566
Trade and other receivables (Including £Nil (2014:£Nil) due over one year)	14	214,776	196,753
Cash and cash equivalents		14	16
		<u>215,132</u>	<u>197,335</u>
Current liabilities			
Trade and other payables	15	(69,414)	(102,106)
Borrowings	17	(15)	(15)
Current liabilities		<u>(69,429)</u>	<u>(102,121)</u>
Net current assets		<u>145,703</u>	<u>95,214</u>
Net assets		<u>147,575</u>	<u>97,142</u>
Capital and reserves			
Called up share capital	16	-	-
Retained earnings		<u>147,575</u>	<u>97,142</u>
Total equity		<u>147,575</u>	<u>97,142</u>

Approved by the Board on 30/9/16 and signed on its behalf by:



Christopher Swords
Director

ITV Consumer Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
As at 1 January 2015	-	97,142	97,142
Profit for the year	-	70,465	70,465
Tax on items taken directly to equity	-	(32)	(32)
Dividends	-	(20,000)	(20,000)
As at 31 December 2015	-	147,575	147,575

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
As at 1 January 2014	-	45,912	45,912
Effect of changes to FRS101 (see note 24.5)	-	1,365	1,365
Restated at 1 January 2014	-	47,277	47,277
Profit for the year	-	49,738	49,738
Tax on items taken directly to equity	-	127	127
As at 31 December 2014	-	97,142	97,142

The adjustments described above relating to tax on items taken directly to equity, at 31 December 2014 and 31 December 2015, relate to the revised treatment of share based payments under FRS101.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company transitioned from old UK GAAP to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) for all periods presented on a historical cost basis. The Company's transition date is 1 January 2014.

There were no material amendments on the adoption of FRS 101 other than those mentioned in note 24.

The Company is a qualifying entity as it is a member of the ITV plc group where ITV plc, the ultimate parent, prepares publicly available consolidated financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Summary of disclosure exemptions

The Company is taking advantage of the following disclosure exemptions under FRS 101:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, (see note 1);
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of ITV plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company [in the current and prior periods] including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Profit and loss account format change

For the 2015 Financial Statements, the directors of the Company have made the decision to present the Profit and loss account by "nature of expense". This is as allowed under IAS1 and represents a change in format from the "function of expense" Profit and loss account basis that was used in prior years. The basis of this decision is that the directors believe this more accurately reflects the relationship between the revenues generated and costs incurred by the Company. The move to adopt the revised Profit and loss account format is also part of a process to bring consistency to the format of the Financial Statements of the entities within the Broadcast and Online division.

Going concern

The Company participates in the Group's intra-group cash pool policy. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to / from ITV plc. The Company is therefore dependent on ITV plc for its funding. 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 Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

Amounts due (to) / from group undertakings

The Company participates in an intra-group cash pool policy with other 100% owned UK subsidiaries of the ITV Group. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to/from ITV plc. These daily transactions create a corresponding intercompany creditor or debtor which can result in significant movements in amounts owed to and from subsidiary undertakings in the Company balance sheet.

Exemption from preparing group accounts

The financial statements contain information about ITV Consumer Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, ITV plc, a company incorporated in United Kingdom.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Turnover

Turnover, which arose wholly in the United Kingdom, represented the invoiced amounts of services provided during the period and was stated net of Value Added Tax.

Online turnover is earned from various forms of advertising carried on our websites. Turnover is recognised based on the number of ad impressions served, whether driven by page or video consumption, and in the period during which those impressions took place.

Other turnover includes overheads incurred by ITV Consumer Limited on behalf of other Group companies being recharged to those companies by way of a management fee with a mark up of 5%.

Foreign currency transactions and balances

The primary economic environment in which the Company operates is the UK and therefore the financial statements are presented in pounds sterling (£).

Where the Company transacts in foreign currencies, these transactions are translated into pounds sterling at the exchange rate on the transaction date. Foreign currency monetary assets and liabilities are translated into pounds sterling at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a foreign exchange gain or loss is recognised in the profit and loss account.

Where a forward currency contract is used to manage foreign exchange risk and hedge accounting is not applied, any movement in currency is taken to the profit and loss account.

Non-monetary assets and liabilities, measured at historical cost are translated into pounds sterling at the exchange rate on the date of the transaction.

Tax

The tax charge for the period is recognised in the income statement, the statement of comprehensive income and directly in equity, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax. The calculation of the Company's tax charge involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be fully determined until a resolution has been reached by the relevant tax authority.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment in respect of previous years.

The Company recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which require judgement. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets, therefore, involves judgement regarding the timing and level of future taxable income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over their estimated useful lives. The depreciation charge is sensitive to the estimated useful life of each asset and the expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Asset class	Depreciation policy
Vehicles, equipment and fittings	1 - 10 years
Intangible assets	
Software licences and development are stated initially at cost and subsequently at cost less accumulated amortisation.	

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with a maturity of less than or equal to three months from the date of acquisition, cash held to meet certain finance lease commitments. The carrying value of cash and cash equivalents is considered to approximate fair value.

Trade receivables

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Where payments are not due for more than one year, they are shown in the financial statements at their net present value to reflect the economic cost of delayed payment. The Company provides goods and services to substantially all its customers on credit terms.

Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. These estimates include such factors as historical experience, the current state of the UK and overseas economies and industry specific factors. A provision for impairment of trade receivables is established when there is sufficient evidence that the Company will not be able to collect all amounts due.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables

Trade payables are recognised at the value of the invoice received from a supplier. Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

Defined contribution pension scheme

Obligations under the Company's defined contribution schemes are recognised as an operating cost in the profit and loss account as incurred.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Share-based payments

For each of the Company's share-based compensation schemes, the fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the profit and loss account with a corresponding increase in equity.

The fair value of the share options and awards is measured using either market price at grant date or, for the Save as you Earn scheme (SAYE), a Black-Scholes model, taking into account the terms and conditions of the individual scheme.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant Company performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. The estimate is then used to determine the option fair value, discounted to present value. The Group revises its estimates of the number of options that are expected to vest, including an estimate of forfeitures at each reporting date. The impact of the revision to original estimates, if any, are recognised in the profit and loss account, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy exercises under the terms of the DSA. During the year all exercises were satisfied by using shares purchased in the market and held in the ITV Employees' Benefit Trust.

These relate to the ultimate parent's shares and the Company accounts for these as cash settled. As there is a formal recharge agreement in place an intercompany balance is recognised for the control of share based payments.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

2 Turnover

Turnover of £110,613,000 (2014: £89,027,000) includes online turnover of £106,887,000 (2014: £85,508,000), with the remaining balance relating to management fees to other Group companies and sundry amounts in both the current and prior period.

3 Operating profit

Arrived at after charging/(crediting)

	2015 £ 000	2014 £ 000
Depreciation expense	414	703
Foreign exchange gains	80	1
	<u>494</u>	<u>704</u>

4 Other interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest Receivable	6,814	5,657
	<u>6,814</u>	<u>5,657</u>

5 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Foreign exchange (gains) / losses	-	1
Interest Payable	1,855	2,584
	<u>1,855</u>	<u>2,585</u>

6 Auditors' remuneration

The auditor's remuneration of £1,000 (2014: £1,000) 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.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015	Restated 2014
	£ 000	£ 000
Wages and salaries	7,834	7,038
Social security costs	888	853
Pension costs, defined contribution scheme	713	592
Pension costs, defined benefit scheme	118	83
Share-based payment expenses	1,317	674
	<u>10,870</u>	<u>9,240</u>

For 2015, wages and salaries are gross of £613,000 of costs transferred into programme productions in progress. This provides a more accurate reflection of staff costs incurred by the business. The 2014 comparative has been restated to reflect this revised treatment meaning the 2014 cost has been increased by £757,000 within the above.

Share-based payments of £1,317,000 that were previously included in other expenses have been included in staff costs for 2015 in order to more accurately reflect the staff costs incurred by the business. The 2014 cost has been restated to reflect this revised treatment meaning the 2014 cost has been increased by £674,000.

No other prior year amounts have been re-stated within this report.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Production	56	57
Administration and support	12	9
Sales	30	29
Other departments	27	26
	<u>125</u>	<u>121</u>

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Remuneration	889	315
Contributions paid to money purchase schemes	27	13
	<u>916</u>	<u>328</u>

In the year to 31st December 2015, 3 directors (2014: 3) were remunerated by other ITV plc Group companies. These directors received no remuneration in respect of their services to this Company.

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2015 No.	2014 No.
Accruing benefits under defined benefit pension scheme	1	-
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Remuneration	532	315
Company contributions to money purchase pension schemes	<u>-</u>	<u>13</u>
	<u>532</u>	<u>328</u>

During the year the highest paid director exercised share options.

9 Current tax

Tax charged/(credited) in the profit and loss account:

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>
Total current income tax	<u>-</u>	<u>-</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>(390)</u>	<u>183</u>
Tax (receipt)/expense in the profit and loss account	<u>(390)</u>	<u>183</u>

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Current tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax	70,075	49,921
Corporation tax at standard rate of 20.25% (2014 : 21.5%)	14,190	10,733
Effect of expense not deductible in determining taxable profit (tax loss)	307	-
Deferred tax expense (credit) relating to changes in tax rates or laws	53	(250)
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(450)	241
Group relief claimed	(14,490)	(10,541)
Total tax (credit)/charge	(390)	183

The corporation tax rate of 20.25% reflects the reduction in the rate from 21% to 20% effective from 1 April 2015.

The Finance Act 2015, which provides for a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Deferred tax

Deferred tax assets and liabilities

2015	Asset £ 000
Accelerated tax depreciation	67
Share-based payment	637
Accruals	-
Other items	-
	704
2014	Asset £ 000
Accelerated tax depreciation	59
Share-based payment	723
Accruals	14
Other items	(450)
	346

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Current tax (continued)

Deferred tax movement during the year:

	At 1 January 2015 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2015 £ 000
Accelerated tax depreciation	59	8	-	67
Share-based payment	723	(54)	(32)	637
Accruals	14	(14)	-	-
Other items	(450)	450	-	-
Net tax assets/(liabilities)	<u>346</u>	<u>390</u>	<u>(32)</u>	<u>704</u>

Deferred tax movement during the prior year:

	At 1 January 2014 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2014 £ 000
Accelerated tax depreciation	1	58	-	59
Share-based payment	596	-	127	723
Accruals	14	-	-	14
Other items	(209)	(241)	-	(450)
Net tax assets/(liabilities)	<u>402</u>	<u>(183)</u>	<u>127</u>	<u>346</u>

10 Property, plant and equipment

	Vehicles, equipment and fittings £ 000	Total £ 000
Cost or valuation		
At 1 January 2015	<u>4,324</u>	<u>4,324</u>
At 31 December 2015	<u>4,324</u>	<u>4,324</u>
Depreciation		
At 1 January 2015	2,782	2,782
Charge for the year	<u>374</u>	<u>374</u>
At 31 December 2015	<u>3,156</u>	<u>3,156</u>
Carrying amount		
At 31 December 2015	<u>1,168</u>	<u>1,168</u>
At 31 December 2014	<u>1,542</u>	<u>1,542</u>

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

11 Intangible assets

	Other intangible assets £ 000	Total £ 000
Cost		
At 1 January 2015	896	896
At 31 December 2015	896	896
Amortisation		
At 1 January 2015	856	856
Amortisation charge	40	40
At 31 December 2015	896	896
Carrying amount		
At 31 December 2015	-	-
At 31 December 2014	40	40

12 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2015	17,760
At 31 December 2015	17,760
Provision	
At 1 January 2015	17,760
At 31 December 2015	17,760
Carrying amount	
At 31 December 2015	-
At 1 January 2014	-

Details of all subsidiaries of the Company as at 31 December 2015 are included in note 25.

13 Inventories

	2015 £ 000	2014 £ 000
Work in progress	342	566
	342	566

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Trade and other receivables

	2015 £ 000	2014 £ 000
Trade receivables	20,100	21,482
Amounts due from group undertakings	181,044	161,735
Accrued income	12,477	13,223
Prepayments	1,140	209
Other receivables	15	104
Total current trade and other receivables	<u>214,776</u>	<u>196,753</u>

The carrying value of trade receivables is considered to approximate fair value.

Included in Amounts due from group undertakings are amounts of £159,713,000 (2014: £Nil) which attract interest at 3.5% and which are repayable on demand. Included in Amounts due from group undertakings are amounts of £Nil (2014: £145,241,000) which attract interest at 5.5% and which are repayable on demand. The remaining balance of £21,331,000 (2014: £16,494,000) represents inter-company trading and does not attract interest and is repayable on demand.

15 Trade and other payables

	2015 £ 000	2014 £ 000
Trade payables	1,778	992
Accrued expenses and deferred income	19,374	15,810
Amounts due to group undertakings	47,415	84,548
Social security and other taxes	2	-
Other payables	845	756
	<u>69,414</u>	<u>102,106</u>

Included in amounts due to group undertakings are amounts of £Nil (2014: £35,328,000) which attract interest at 3.5% and which are repayable on demand. The remaining balance of £47,415,000 (2014: £49,220,000) represents intercompany trading and does not attract interest and is repayable on demand.

The carrying value of trade payables is considered to approximate fair value.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

16 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
1,778,173,241 ordinary shares (2014: 1,778,173,241) at £0.000000001 each	1	1
	<u>1</u>	<u>1</u>

17 Loans and borrowings

	2015	2014
	£ 000	£ 000
Current loans and borrowings		
Bank overdrafts	15	15
	<u>15</u>	<u>15</u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £713,000 (2014 - £592,000).

Defined benefit pension schemes

The Company is a participating employer of the ITV Group Pension. ITV Services Limited is the Principal employer of the Scheme. The full disclosure relating to the ITV Group Pension scheme is publicly available in the Annual Report of ITV plc as well as the publicly available financial statements of ITV Services Limited.

Total contributions recognised in the profit and loss account in relation to the defined benefit scheme during 2015 were £118,000 (2014: £83,000).

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

19 Share-based payments

Scheme description

The Company utilises share award schemes as part of its employee remuneration packages, and therefore, operates a number of share-based compensation schemes, namely the Deferred Share Award (DSA), Performance Share Plan (PSP), Long Term Incentive Plan (LTP) and Save As You Earn (SAYE) schemes.

A transaction will be classed as share-based compensation where the Company receives services from employees and pays for these in shares or similar equity instruments. If the Company incurs a liability based on the price or value of the shares then this will also fall under a share-based transaction.

The fair value of the equity instrument granted is measured at grant date and is spread over the vesting period via a charge to the profit and loss account with a corresponding increase in equity. The fair value of share options and awards is measured using either market price at grant date or, for the Save As You Earn Scheme (SAYE) a Black-Scholes model taking into account the terms and conditions of the individual scheme.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. The estimate is then used to determine the option fair value, discounted to present value. The Company revises its estimates of the number of options that are expected to vest, including an estimate of forfeitures at each reporting date. The impact of the revision to original estimates, if any are recognised in the profit and loss account, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy the exercises under the terms of the DSA. During the year all exercises were satisfied by using shares purchased in the market and held in the ITV Employees' Benefit Trust.

The weighted average share price of share options exercised during the year was 16.65p (2014: 9.02p). The options outstanding at the year end have an exercise price in the range of nil to 206.83p and a weighted average contractual life of 1 year (2014: 1 year).

20 Dividends

	2015 £ 000	2014 £ 000
Final dividend of £Nil (2014 - £Nil) per ordinary share	-	-
Interim dividend of £0.0112 (2014 - £Nil) per ordinary share	20,000	-
	<u>20,000</u>	<u>-</u>

The directors are proposing a final dividend of £Nil (2014 - £Nil). This dividend has not been accrued in the statement of financial position.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Contingent liabilities

Under a Group registration the Company is jointly and severally liable for the VAT at 31 December 2015 of £59 million (2014: £58 million). The Company has guaranteed certain finance and operating lease obligations of subsidiary undertakings.

22 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is ITV plc.

These financial statements are available upon request from The London Television Centre, Upper Ground, London, SE1 9LT.

23 Parent and ultimate parent undertaking

The Company's immediate parent is Granada Media Limited.

The ultimate parent is ITV plc.

The most senior parent entity producing publicly available financial statements is ITV plc. These financial statements are available upon request from The London Television Centre, Upper Ground, London, SE1 9LT.

The ultimate controlling party is ITV plc.

24 Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the Company has applied the requirements of IFRS 1 First time adoption of International Financial Reporting Standards.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

24 Transition to FRS 101 (continued)

Balance sheet at 1 January 2014

	Note	As originally reported £ 000	FRS 101 remeasurement £ 000	As restated £ 000
Non-current assets				
Intangible assets	24.1	-	154	154
Property, plant and equipment	24.2	2,409	(154)	2,255
Deferred tax assets	24.3	-	402	402
		<u>2,409</u>	<u>402</u>	<u>2,811</u>
Current assets				
Trade and other receivables		129,026	-	129,026
Current tax asset	24.3	1	(1)	-
Cash and cash equivalents		<u>17</u>	<u>-</u>	<u>17</u>
		<u>129,044</u>	<u>(1)</u>	<u>129,043</u>
Current liabilities				
Trade and other payables	24.4	(85,525)	964	(84,561)
Borrowings		<u>(16)</u>	<u>-</u>	<u>(16)</u>
		<u>(85,541)</u>	<u>964</u>	<u>(84,577)</u>
Net current assets/(liabilities)		<u>43,503</u>	<u>963</u>	<u>44,466</u>
Net assets/(liabilities)		<u>45,912</u>	<u>1,365</u>	<u>47,277</u>
Capital and reserves				
Retained earnings	24.5	<u>45,912</u>	<u>1,365</u>	<u>47,277</u>

24.1 Intangible assets

The remeasurement on Intangible assets of £154,000 relates to the recognition of IT software as an Intangible asset under FRS101, rather than as a Tangible asset within Property, plant and equipment.

24.2 Property, plant and equipment

The remeasurement on Property, plant and equipment of £154,000 relates to the recognition of IT software as an Intangible asset under FRS101, rather than as a Tangible asset.

24.3 Deferred tax assets and Current tax asset

The remeasurement gain of £401,000 relates to the deferred tax recognised on holiday pay accruals, transitional adjustments for pension costs and, under FRS101, deferred tax is recognised on temporary differences between the estimated future tax deductions for share based compensation and the related cumulative share based compensation expense to the extent that the estimated future tax deductions exceed the cumulative expense, the excess deferred tax is recognised directly in equity.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

24 Transition to FRS 101 (continued)

24.4 Trade and other payables

Trade and other payables has been reduced by £1,034,000 due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in a single entity under FRS101. This remeasurement reflects the transfer back to the Group company holding the defined benefit pension provisions of cost allocations made during 2013.

Trade and other payables has increased by £70,000 due to accruals being made for staff holiday entitlement not utilised and not paid which needs to be recognised as a liability under FRS101.

24.5 Retained earnings

Retained earnings has increased by £1,365,000 due to the following;

- £401,000 increase in Retained earnings due to the remeasurement gain on deferred taxation discussed in note 24.3 relating to Deferred tax assets.
- £1,034,000 increase in Retained earnings due to the remeasurements for the Group defined benefit pension scheme discussed in note 24.4 relating to Trade and other payables.
- £70,000 decrease in Retained earnings due to the accruals for staff holiday pay discussed in note 24.4 relating to Trade and other payables.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

24 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	Note	As originally reported £ 000	Reclassification £ 000	FRS 101 remeasurement £ 000	As restated £ 000
Non-current assets					
Intangible assets	24.6	-	-	40	40
Property, plant and equipment	24.7	1,582	-	(40)	1,542
Deferred tax assets	24.8	-	59	287	346
		<u>1,582</u>	<u>59</u>	<u>287</u>	<u>1,928</u>
Current assets					
Inventory		566	-	-	566
Trade and other receivables		196,753	-	-	196,753
Current tax asset		59	(59)	-	-
Cash and cash equivalents		<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>
		<u>197,394</u>	<u>(59)</u>	<u>-</u>	<u>197,335</u>
Current liabilities					
Trade and other payables	24.9	(104,258)	-	2,152	(102,106)
Borrowings		<u>(15)</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
		<u>(104,273)</u>	<u>-</u>	<u>2,152</u>	<u>(102,121)</u>
Net current assets/(liabilities)		<u>93,121</u>	<u>(59)</u>	<u>2,152</u>	<u>95,214</u>
Net assets/(liabilities)		<u>94,703</u>	<u>-</u>	<u>2,439</u>	<u>97,142</u>
Capital and reserves					
Retained earnings	24.10	<u>94,703</u>	<u>-</u>	<u>2,439</u>	<u>97,142</u>

24.6 Intangible assets

The remeasurement on Intangible assets of £40,000 relates to the recognition of IT software as an Intangible asset under FRS101, rather than as a Tangible asset within Property, plant and equipment.

24.7 Property, plant and equipment

The remeasurement on Property, plant and equipment of £40,000 relates to the recognition of IT software as an Intangible asset under FRS101, rather than as a Tangible asset.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

24 Transition to FRS 101 (continued)

24.8 Deferred tax assets

The remeasurement gain of £287,000 relates to the deferred tax recognised on holiday pay accruals, transitional adjustments for pension costs and, under FRS101, deferred tax is recognised on temporary differences between the estimated future tax deductions for share based compensation and the related cumulative share based compensation expense to the extent that the estimated future tax deductions exceed the cumulative expense, the excess deferred tax is recognised directly in equity.

24.9 Trade and other payables

Trade and other payables has been reduced by £2,222,000 due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in a single entity under FRS101. This remeasurement reflects the transfer back to the Group company holding the defined benefit pension provisions of cost allocations made during 2013 and 2014.

Trade and other payables has increased by £70,000 due to accruals being made for staff holiday entitlement not utilised and not paid which needs to be recognised as a liability under FRS101.

24.10 Retained earnings

Retained earnings has increased by £2,439,000 due to the following;

- £287,000 increase in Retained earnings due to the remeasurement gain on deferred taxation discussed in note 24.8 relating to Deferred tax assets.
- £2,222,000 increase in Retained earnings due to the remeasurements for the Group defined benefit pension scheme discussed in note 24.9 relating to Trade and other payables.
- £70,000 decrease in Retained earnings due to the accruals for staff holiday pay discussed in note 24.9 relating to Trade and other payables.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

24 Transition to FRS 101 (continued)

Profit and loss account for the year ended 31 December 2014

	Note	As originally reported £ 000	FRS 101 remeasurement £ 000	As restated £ 000
Turnover		89,027	-	89,027
Employee benefits expense	24.11	(10,428)	1,188	(9,240)
Depreciation and amortisation expense		(703)	-	(703)
Other expenses		<u>(32,235)</u>	<u>-</u>	<u>(32,235)</u>
Operating profit		<u>45,661</u>	<u>1,188</u>	<u>46,849</u>
Other interest receivable and similar income		5,657	-	5,657
Interest payable and similar charges		<u>(2,585)</u>	<u>-</u>	<u>(2,585)</u>
		<u>3,072</u>	<u>-</u>	<u>3,072</u>
Profit before tax		48,733	1,188	49,921
Tax on profit on ordinary activities	24.12	<u>58</u>	<u>(241)</u>	<u>(183)</u>
Profit for the financial year		<u>48,791</u>	<u>947</u>	<u>49,738</u>

24.11 Employee benefits expense

Employee benefits expense has been reduced by £1,188,000 reflecting the transfer of 2014 cost allocations back to the Group company holding the defined benefit pension provision.

24.12 Tax on profit on ordinary activities

The remeasurement of £241,000 relates to deferred tax recognised on holiday pay accrued and, under FRS101, deferred tax is recognised on temporary differences between the estimated future tax deductions for share based compensation and the related cumulative share based compensation to the extent that the estimated future tax deductions exceed the cumulative expense, the excess deferred tax is recognised directly in equity.

ITV Consumer Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

25 Investments

* Direct Holding

All other entities can be considered to be indirect holdings

Details of the subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2015
Interactive Telephony Limited (*)	New Media and internet based activity	UK	100%
ITV Play Limited (*)	Dormant	UK	100%