

TV EYE LIMITED

Financial Statements For the period from Incorporation to 31 December 2003

Registered Number: 4547560



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Company Information for the period ended 31 December 2003

Directors:

Andrew Barnes (Chairman) (Resigned 19 October 2004)
Andrew Baxter (appointed 19 October 2004) (Chairman)
Clive Crouch (resigned 19 October 2004)
John P De Blocq Van Kuffeler
Susan De Cesare
Gary Digby
Michael Green (appointed 9 March 2004)
Nicholas Milligan (resigned 9 March 2004)
Grant Murray (appointed 19 October 2004)
Simon Pardon (resigned 31 March 2004)
Rhian Walker (appointed 19 October 2004)
Kevin Waller (appointed 19 October 2004)
Mark White (appointed 10 March 2004,
resigned 19 October 2004)

Secretary:

Veronica Melville – resigned 9 March 2004
Halco Secretaries Limited - appointed 9 March 2004

Registered Office:

61/63 Monmouth Street
5 Ching Court
London
WC2H 9EZ

Registered Number:

4547560

Auditors:

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Legal Advisors:

Charles Russell
8-10 New Fetter Lane
London
EC4A 1RS

TV EYE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 15 month period from incorporation to 31 December 2003.

PRINCIPAL ACTIVITY

TV Eye Limited was incorporated on 27 September 2002 and commenced trading on 1 January 2003. The principal activity of TV Eye Limited is the provision of accreditation and attribution services within the broadcast industry. The Accreditation Service offers a credit assessment service to the UK television broadcast industry and the Attribution Service standardises and validates commercial attribution data held by broadcasters on airtime sales and television research systems.

RESULTS AND DIVIDENDS

The company made a loss after tax for the period of £15,734. The directors do not recommend the payment of a dividend and the loss for the period has been transferred to reserves.

DIRECTORS

The directors who held office during the period and since the period end were:

Andrew Barnes (Chairman) (Resigned 19 October 2004)
Andrew Baxter (appointed 19 October 2004) (Chairman)
Clive Crouch (resigned 19 October 2004)
John P De Blocq Van Kuffeler
Susan De Cesare
Gary Digby
Michael Green (appointed 9 March 2004)
Nicholas Milligan (resigned 9 March 2004)
Grant Murray (appointed 19 October 2004)
Simon Pardon (resigned 31 March 2004)
Rhian Walker (appointed 19 October 2004)
Kevin Waller (appointed 19 October 2004)
Mark White (appointed 10 March 2004, resigned 19 October 2004)

The directors had no disclosable interest in the shares of the company during the period.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The directors consider that it is appropriate, with the increasing volume and complexity of legislation, that liability insurance should be available to directors and officers and a policy is currently being sought.

There are no interests required to be disclosed under Section 324 of the Companies Act 1985.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

TV EYE LIMITED

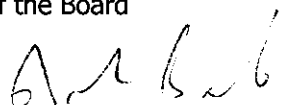
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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

By order of the Board



Chairman

Date: 2 November 2004

61/63 Monmouth Street
5 Ching Court
London WC2H 9EZ

TV EYE LIMITED

Independent Auditors' Report to the Members of TV Eye Limited

We have audited the financial statements on pages 7 to 15.

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 are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in 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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 14 to the financial statements concerning the possible outcome of a review by the Office of Fair Trading (OFT) into whether the company's working practices breach relevant competition law. The future outcome of this review could result in the company being fined and required to change its working practices in a manner that may impact on its ability to continue to trade. The directors consider that the company is not in breach of relevant competition law and that it is not practical to quantify the potential financial impact of an adverse outcome to the review. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants

Registered Auditor

8 Salisbury Square

London EC4Y 8BB

23 November 2004

TV EYE LIMITED

Profit and Loss Account for the 15 month period ended 31 December 2003

15 month period ended
31 December 2003

	Notes	£
TURNOVER	1	559,287
Operating Costs		(566,546)
		<hr/>
OPERATING LOSS		(7,259)
Interest receivable and similar income	2	993
		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(6,266)
Tax on loss on ordinary activities	5	(9,468)
		<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(15,734) =====

The notes on pages 9 to 15 form part of these accounts

There are no recognised gains and losses other than those set out in the profit and loss account. There is no difference between the profit and loss as reported above and historical cost profit and loss. The results are derived from continuing operations.

TV EYE LIMITED

Balance Sheet at 31 December 2003

			2003
	Notes		£
FIXED ASSETS	6		13,631
Tangible assets			
CURRENT ASSETS	7	41,389	
Debtors		<u>71,518</u>	
Cash at bank and in hand			112,907
CREDITORS: amounts falling due within one year	8		<u>(142,267)</u>
NET CURRENT LIABILITIES			<u>(29,360)</u>
NET LIABILITIES			<u>(15,729)</u>
CAPITAL AND RESERVES	9		
Called up Share Capital			5
Profit and loss account			<u>(15,734)</u>
EQUITY/SHAREHOLDERS' DEFICIT			<u>(15,729)</u>

The notes on pages 9 to 15 form part of these accounts

These financial statements were approved by the Board on 2/11/04 and were signed on its behalf by:



Chairman

TV EYE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2003

ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period, are set out below.

1. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements are prepared on a going concern basis on the grounds that the shareholders have agreed to continue to fund the company's liabilities as they fall due for a period of at least 12 months from the date of signing the accounts.

Turnover

Turnover represents amounts derived (excluding VAT) in respect of accreditation and attribution services provided to customers. All turnover is from operations in the United Kingdom.

Tangible Fixed Assets

Depreciation is provided on a straight-line basis over the following periods to write off the cost less the estimated residual value of each tangible fixed asset over its estimated useful life:

Computer equipment – 3 years

Deferred Tax

The charge for tax is based on the results for the period and takes into account deferred tax. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for tax and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred Tax".

Cash Flow Statement

The company has not prepared a cash flow statement due to the exemption available to small companies contained within the Financial Standard 1 (revised 1996), Cash Flow Statements.

Pension Costs

Members of staff are eligible to join the ITV Network Limited pension scheme which provides benefits based on final pensionable salary. The employer contribution rate was 19% of pensionable salaries.

TV EYE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2003

2003
£

2 INTEREST RECEIVABLE AND SIMILAR INCOME

Bank interest	<u>993</u>
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3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is states after charging:

	£
Auditors' remuneration	
- Audit	10,000
- Fees paid to auditors and its associates in respect of other services	89,031
- Taxation	6,250
Depreciation	5,933

4 EMPLOYEE NUMBERS AND REMUNERATION

Particulars of employees (including directors) are shown below

The average number of persons employed by the company during the period was:

6

Employee costs during the period amounted to:

	£
Wages and salaries	177,403
Employer's National Insurance contributions	17,472
Employer's pension contributions	11,375
	<u>206,250</u>
Directors' emoluments	<u>65,000</u>
Amounts paid to third parties in respect of consultancy services	<u>25,000</u>

TV EYE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2003

2003

£

5 TAX ON LOSS ON ORDINARY ACTIVITIES

UK Corporation tax on loss for the period	<u>9,666</u>
Total current tax	9,666
Deferred tax	(198)
Tax charge on loss on ordinary activities	<u>9,468</u>

Factors affecting the tax charge for the current period

The tax charged for the period is lower than the standard rate of corporation tax in the UK 30%

The differences are explained below:

Loss on ordinary activities before tax	<u>(6,266)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(1,880)
Effects of:	
Expenses not deductible for tax purposes	10,658
Depreciation in excess of capital allowances	198
Non-standard rate of corporation tax	690
Total current tax charge	<u>9,666</u>

Factors that may affect future tax charges

The company has a gross deferred tax asset of £198 which has been recognised in these financial statements as it is anticipated that it will reverse in the foreseeable future.

TV EYE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2003

6 TANGIBLE FIXED ASSETS

	Computer Equipment
	£
COST:	
At 27 September 2002	0
Additions	<u>19,564</u>
	<u>19,564</u>
DEPRECIATION:	
At 27 September 2002	0
Charge for the period	<u>5,933</u>
	<u>5,933</u>
NET BOOK VALUE:	
At 31 December 2003	<u>13,631</u>
At 27 September 2002	<u>0</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2003**

**2003
£**

7 DEBTORS

Trade debtors	36,582
Other debtors	4,188
Prepayments	421
Deferred tax asset	<u>198</u>
	<u>41,389</u>

Included within debtors are amounts due from related parties of
£24,065

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

**2003
£**

Trade creditors	40,243
Corporation tax	9,666
Other taxation and social security	18,307
Other creditors	14,139
Accruals and deferred income	<u>59,912</u>
	<u>142,267</u>

Included within creditors are amounts due to related parties of
£24,624

9 CAPITAL AND RESERVES

Called up share capital

Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>
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Allotted, called up and fully paid 5 Ordinary shares of £1 each	<u>5</u>
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Reconciliation of movement in equity shareholders' funds **2003
£**

Equity shareholders' funds at the beginning of the period	0
Shares issued in the period	5
Loss for the period	<u>(15,734)</u>

Equity shareholders' funds deficit at the end of the period	<u>(15,729)</u>
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TV EYE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2003

10 RELATED PARTY TRANSACTIONS

The financial statements include the following transactions with related parties as defined by Financial Reporting Standard 8, "Related Party Disclosures":

	2003 Turnover	2003 Operating Costs
	£	£
ITV Network Limited	164,176	54,301
Channel Four Television Corporation	74,548	-
Channel Five Broadcasting Limited	60,964	-
GMTV Limited	57,508	-
ITV2 Limited	2,500	-
ITV News Channel Limited	2,500	-
	<u>362,196</u>	<u>54,301</u>

Amounts due to and from related parties at 31 December 2003 are disclosed in notes 7 and 8.

These companies are all related parties of one or more of TV Eye's shareholders as listed in note 13.

11 COMMITMENTS

The company had no capital or other commitments at 31 December 2003.

12 POST BALANCE SHEET EVENTS

On 16 October 2002 the boards of Carlton Communications Plc and Granada Plc announced that they had agreed the terms of a proposed merger, paving the way for a fully consolidated ITV. The Secretary of State referred the proposed merger to the Competition Commission on 11 March 2003 and on 7 October 2003 announced that she had decided to clear the merger, subject to appropriate undertakings being given by Carlton and Granada. Carlton and Granada announced on 14 November 2003 that the terms of those undertakings had been agreed and duly accepted by the Secretary of State. On 2 February 2004 Carlton and Granada merged under a court approved scheme of Arrangement to form ITV plc.

TV EYE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS PERIOD ENDED 31 DECEMBER 2003

13 OWNERSHIP

The company is owned by Carlton Television Limited, Granada Media Group Limited, Channel Four Television Corporation, Channel Five Broadcasting Limited and GMTV Limited. Each company has a shareholding of 20%. Since the merger between Carlton Communications Plc and Granada Plc as detailed in note 12, ITV plc has a 40% shareholding in the company.

14 CONTINGENT LIABILITIES

The company is the subject of an ongoing review by the Office of Fair Trading (OFT) into whether its working practices breach relevant competition law. The company is consulting with its lawyers and the directors do not believe TV Eye to be in breach, but the directors believe that any reasonable assessment of the financial consequences to the company arising from the claim can only be made when and if the OFT details its concerns.

In cases such as these, the maximum fine which can be imposed is 10% of turnover for the past three years. TV Eye's parent companies have undertaken to bear any fine on TV Eye's behalf. However the nature of any financial penalty is inherently uncertain and in the event of TV Eye being found to be in breach of competition law, there may be implications for the company's ability to continue to trade.