

Registration number: 06633451

# ITV Rights Limited

Financial Statements

for the Year Ended 31 December 2013

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**ITV Rights Limited  
Company Information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Andrew Garard<br>Eleanor Irving<br>William Medlicott<br>Helen Tautz              |
| <b>Registered office</b> | The London Television Centre<br>Upper Ground<br>London<br>SE1 9LT                |
| <b>Auditors</b>          | KPMG Audit Plc<br>Chartered Accountants<br>15 Canada Square<br>London<br>E14 5GL |

# **ITV Rights Limited**

## **Strategic Report for the Year Ended 31 December 2013**

The directors present their strategic report for the year ended 31 December 2013.

### **Principal activity and business review**

The principal activity of ITV Rights Limited ("the Company") is to be the rights holding entity of ITV plc's UK Broadcasting and Online businesses. The Company became active on 1 January 2012 pursuant to the new Networking Arrangements (for the purposes of the Broadcasting Act 1990, the Broadcasting Act 1996 and the Communications Act 2003 (together "the Acts")) agreed between the regional Channel 3 (as defined in the Acts) licensees and approved by Ofcom as Networking Arrangements with effect from 1 July 2012 ("New Networking Arrangements"). The Company is the primary vehicle through which ITV plc meets its programming supply obligations to the non-ITV controlled Channel 3 licensees. Other operational support required pursuant to the New Networking Arrangements are provided by fellow subsidiaries, notably ITV Broadcasting Limited and ITV Network Limited.

### **Fair review of the business**

The results for the Company show a profit for the period of £10,049,000 (2012: profit of £5,950,000) and sales of £799,949,000 (2012: £810,905,000). At the balance sheet date the Company had net assets of £215,999,000 (2012: net assets £5,950,000).

During the year the group recapitalised the share capital of the company by increasing the number of ordinary share in issue by 200 million at £1 each.

### **Key performance indicators (KPIs)**

The activities of the Company are an integral part of ITV's operations to manage its Channel 3 licences. For this reason, the Company's Directors use the ITV plc group Broadcast and Online division's KPIs in managing and understanding the development, performance and position of the Company. These KPIs are included on page 36 to 39 of ITV plc's 2013 annual report.

### **Future developments**

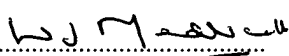
The Company's future is closely aligned to the activity of Channel 3 and the operation of the New Networking Arrangements. The existing C3 licences have been renewed by Ofcom in February 2014 for a further period of ten years to December 2024.

We remain confident that Channel 3 will maintain its current level of performance in the future and that the Company will continue to contribute to that future.

### **Principal risks and uncertainties**

The principal risks of the Company relate to non-payment of balances by group and non group members and to the operational activities of Channel 3. The principal risks and uncertainties of operating Channel 3 are managed as part of the activities of ITV plc, subject to the terms and conditions of the New Networking Arrangements. The principal risks and uncertainties of the ITV plc group are discussed on pages 52 and 55 of the group's 2013 annual report.

Approved by the Board on 29/10/2014 and signed on its behalf by:

  
William Medlicott  
Director

**ITV Rights Limited**  
**Directors' Report for the Year Ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

**Directors of the company**

The directors who held office during the year and up to the date of this report were as follows:

Andrew Garard

William Medlicott (appointed 27 June 2013)

Helen Tautz

Rachel Smith (resigned 20 September 2013)

The following director was appointed after the year end:

Eleanor Irving (appointed 2 January 2014)

**Dividends**

The Directors do not recommend the payment of a dividend (2012: £nil).

**Going concern**

In preparing the financial statements of ITV Rights Limited, the directors have made an assessment of the next 12 months performance from signing, and consider preparation on a going concern basis to be appropriate (see note 1).

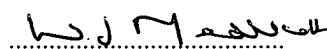
**Disclosure of information to the auditor**

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Reappointment of auditors**

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

Approved by the Board on 29/10/2014 and signed on its behalf by:



William Medlicott

Director

## **ITV Rights Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report, Strategic 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 are generally responsible 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.

## **ITV Rights Limited Independent Auditor's Report**

We have audited the financial statements of ITV Rights Limited for the year ended 31 December 2013, set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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](http://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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.



Mark Summerfield (Senior Statutory Auditor)  
For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date: 31/10/14

**ITV Rights Limited**  
**Profit and Loss Account for the Year Ended 31 December 2013**

|   | <b>Note</b> | <b>2013<br/>£ 000</b> | <b>2012<br/>£ 000</b> |
|---|-------------|-----------------------|-----------------------|
| Turnover                                      | 2           | 799,949               | 810,905               |
| Cost of sales                                 |             | <u>(770,443)</u>      | <u>(786,446)</u>      |
| Gross profit                                  |             | 29,506                | 24,459                |
| Administrative expenses                       |             | <u>(22,463)</u>       | <u>(16,579)</u>       |
| Operating profit                              |             | 7,043                 | 7,880                 |
| Other interest receivable and similar income  | 6           | <u>1,076</u>          | <u>-</u>              |
| Profit on ordinary activities before taxation |             | 8,119                 | 7,880                 |
| Tax on profit on ordinary activities          | 7           | <u>1,930</u>          | <u>(1,930)</u>        |
| Profit for the financial year                 |             | <u><u>10,049</u></u>  | <u><u>5,950</u></u>   |

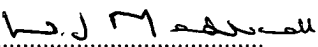
Turnover and operating profit derive wholly from continuing operations.

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

**ITV Rights Limited**  
**(Registration number: 06633451)**  
**Balance Sheet as at 31 December 2013**

|   | Note | 2013<br>£ 000    | 2012<br>£ 000    |
|---|------|------------------|------------------|
| <b>Current assets</b>                                   |      |                  |                  |
| Stocks  | 8    | 188,168          | 142,075          |
| Debtors   | 9    | <u>413,209</u>   | <u>53,350</u>    |
|   |      | 601,377          | 195,425          |
| Creditors: Amounts falling due within one year          | 10   | <u>(349,266)</u> | <u>(189,475)</u> |
| Total assets less current liabilities                   |      | 252,111          | 5,950            |
| Creditors: Amounts falling due after more than one year | 11   | <u>(36,112)</u>  | <u>-</u>         |
| Net assets  |      | <u>215,999</u>   | <u>5,950</u>     |
| <b>Capital and reserves</b>                             |      |                  |                  |
| Called up share capital                                 | 12   | 200,000          | -                |
| Profit and loss account                                 |      | <u>15,999</u>    | <u>5,950</u>     |
| Shareholders' funds                                     | 13   | <u>215,999</u>   | <u>5,950</u>     |

Approved by the Board on 29/10/2014 and signed on its behalf by:

  
 .....  
 William Medlicott  
 Director

# **ITV Rights Limited**

## **Notes**

### **1 Accounting policies**

#### **Basis of preparation**

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

#### **Exemption from preparing a cash flow statement**

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

#### **Exemption from preparing group accounts**

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on pages 2.

The Company has considerable financial resources, and is expected to continue to generate positive cash flows on its own account for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Turnover**

Turnover represents amounts derived from the provision of rights and services to the Channel 3 Licencees, both internal and external, and is stated net of Value Added Tax.

Turnover and related costs for commissioned programmes and sport are recognised on the delivery date of the programme. Acquired programmes are recognised on the date the licence fees become due.

#### **Stock**

Programme costs and rights are written off in full on first transmission except certain film rights which are written off over a number of transmissions. Films and programme costs not yet written off at the balance sheet date are included in stocks at the lower of cost and net realisable value. Contractual commitments in relation to acquired programming rights which are not yet available for transmission are included in the cost of programming rights in stocks.

#### **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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered.

# ITV Rights Limited

## Notes

### Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

## 2 Turnover

Turnover from continuing activities arising principally in the UK is analysed by activity as follows:

|                   | <b>Programme<br/>sales<br/>£ 000</b> | <b>Other<br/>income<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|-------------------|--------------------------------------|-----------------------------------|------------------------|
| <b>2013</b>       |                                      |                                   |                        |
| External turnover | <u>755,730</u>                       | <u>44,219</u>                     | <u>799,949</u>         |

|                   | <b>Programme<br/>sales<br/>£ 000</b> | <b>Other<br/>income<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|-------------------|--------------------------------------|-----------------------------------|------------------------|
| <b>2012</b>       |                                      |                                   |                        |
| External turnover | <u>769,690</u>                       | <u>41,215</u>                     | <u>810,905</u>         |

The 2012 figures has been reclassified upon review of the categories.

## 3 Auditor's remuneration

The auditor's remuneration of £5,000 (2012: £5,000) 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.

## 4 Particulars of employees

No employees are directly employed by the Company (2012: none).

## 5 Directors' remuneration

The directors did not receive remuneration for their services to the Company (2012: nil).

## 6 Other interest receivable and similar income

|   | <b>2013<br/>£ 000</b> | <b>2012<br/>£ 000</b> |
|---|-----------------------|-----------------------|
| Interest receivable from group undertakings | <u>1,076</u>          | <u>-</u>              |

# ITV Rights Limited

## Notes

### 7 Taxation

#### Tax on profit on ordinary activities

|                        | 2013<br>£ 000  | 2012<br>£ 000 |
|------------------------|----------------|---------------|
| <b>Current tax</b>     |                |               |
| Corporation tax charge | (1,930)        | 1,930         |
| Total current tax      | <u>(1,930)</u> | <u>1,930</u>  |

#### Factors affecting current tax charge for the year

The tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2012 - the same as the standard rate of corporation tax in the UK) of 23.25% (2012 24.5%).

The differences are reconciled below:

|  | 2013<br>£ 000  | 2012<br>£ 000 |
|--|----------------|---------------|
| Profit on ordinary activities before tax | 8,119          | 7,880         |
| Corporation tax at standard rate         | 1,888          | 1,930         |
| Adjustment for prior periods             | 1,930          | -             |
| Permanent differences and group relief   | <u>(1,888)</u> | <u>-</u>      |
| Total current tax                        | <u>1,930</u>   | <u>1,930</u>  |

#### Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

### 8 Stocks

|             | 2013<br>£ 000  | 2012<br>£ 000  |
|-------------|----------------|----------------|
| Film rights | 81,108         | 79,378         |
| Programmes  | <u>107,060</u> | <u>62,697</u>  |
|             | <u>188,168</u> | <u>142,075</u> |

# ITV Rights Limited Notes

## 9 Debtors

|                                    | 2013<br>£ 000  | 2012<br>£ 000 |
|------------------------------------|----------------|---------------|
| Trade debtors                      | 5,384          | 5,242         |
| Amounts owed by group undertakings | 405,533        | 48,108        |
| Prepayments and accrued income     | 2,292          | -             |
|                                    | <u>413,209</u> | <u>53,350</u> |

## 10 Creditors: Amounts falling due within one year

|                                    | 2013<br>£ 000  | 2012<br>£ 000  |
|------------------------------------|----------------|----------------|
| Trade creditors                    | 7,012          | -              |
| Amounts owed to group undertakings | 317,330        | 186,616        |
| Corporation tax                    | -              | 1,930          |
| Accruals and deferred income       | 24,924         | 929            |
|                                    | <u>349,266</u> | <u>189,475</u> |

## 11 Creditors: Amounts falling due after more than one year

|                 | 2013<br>£ 000 | 2012<br>£ 000 |
|-----------------|---------------|---------------|
| Trade creditors | <u>36,112</u> | <u>-</u>      |

## 12 Share capital

|   | 31 December<br>2013<br>£ | 31 December<br>2012<br>£ |
|---|--------------------------|--------------------------|
| Issued and fully paid ordinary share of £1 each | <u>200,000,001</u>       | <u>1</u>                 |

On 29th October 2013 the group recapitalised the share capital of the company by increasing the number of ordinary share in issue by 200 million at £1 each.

## 13 Reconciliation of movement in shareholders' funds

|   | 2013<br>£ 000  | 2012<br>£ 000 |
|---|----------------|---------------|
| Profit attributable to the members of the company | 10,049         | 5,950         |
| New share capital subscribed                      | 200,000        | -             |
| Net addition to shareholders funds                | 210,049        | 5,950         |
| Shareholders' funds at 1 January                  | 5,950          | -             |
| Shareholders' funds at 31 December                | <u>215,999</u> | <u>5,950</u>  |

## ITV Rights Limited Notes

### 14 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2013 of £51m (31 December 2012: £33 million).

### 15 Commitments

#### Other commitments

The Company and via another Group Company (ITV Network Ltd) has entered into contracts with programme suppliers, sports organisations and film distributors in respect of rights to broadcast on the ITV network. Under the New Network Arrangement, the obligations sits with the Company as does the benefits which reside from these contracts. Commitments in respect of these purchases which are not reflected in the balance sheet are:

|                            | 31 December<br>2013<br>£'000 | 31 December<br>2012<br>£'000 |
|----------------------------|------------------------------|------------------------------|
| Within one year            | 332,900                      | 360,393                      |
| Between two and five years | 313,500                      | 397,233                      |
| Over five years            | -                            | 45,700                       |
|                            | <u>646,400</u>               | <u>803,326</u>               |

### 16 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

### 17 Control

At 31 December 2013 the Company's immediate parent company was Granada Media Limited, a company 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 [www.itvplc.com](http://www.itvplc.com) or the Company Secretary, The London Television Centre, Upper Ground, SE1 9LT.