

Registration number: 06633451

# ITV Rights Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



# **ITV Rights Limited**

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## **ITV Rights Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The Directors present their Strategic Report for the year ended 31 December 2022.

#### **Principal activity**

The principal activity of ITV Rights Limited (“the Company”) continues to be that of the rights holding entity of ITV plc’s UK Broadcasting and Online businesses. Pursuant to the “Networking Arrangements” that were agreed between the Channel 3 licensees, and approved by Ofcom, with effect from 1st July 2012, the Company is the primary vehicle through which ITV plc meets its programming supply obligations to the non-ITV controlled Channel 3 licensee. Other operational support required pursuant the Networking Arrangements are provided by fellow subsidiaries, notably ITV Broadcasting Limited and ITV Network Limited. The Company also supplies programmes to ITV2 Limited and ITV Digital Channels Ltd (“the Digital Channels”).

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

The results for the Company show a profit before tax for the year of £7,467,000 (2021: £9,166,000). At the statement of financial position date, the Company had net assets of £226,220,000 (2021: £270,172,000).

#### **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 Media and Entertainment division. For this reason, the Company’s Directors use the ITV plc Media and Entertainment division’s Operating and Performance Review in managing and understanding the development, performance and position of the Company. The business review is included on pages 28 to 43 of ITV plc’s 2022 Annual Report.

#### **Future developments**

The Directors do not anticipate any changes to the principal activities of the Company.

## ITV Rights Limited

### Strategic Report for the Year Ended 31 December 2022

#### **Section 172 (1) Statement - Directors Statement in performance of their duties under section 172(1)**

The Board of ITV plc are responsible for governance and oversight across the ITV Group and the duties under Section 172(1) of the Companies Act 2006 ('s172') in respect of ITV plc. As ITV Rights Limited (the 'Company') is part of the ITV Group, its directors (the "Directors") believe that certain matters they are responsible for under s172 in respect of the Company have been considered to an appropriate extent by the Board of ITV plc in relation both to the ITV Group and the Company and reference to this is made below.

The Directors consider and approve relevant matters during the year. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors have specifically considered the matters set out in s172 is set out below:

- **The long term:** The Directors are fully cognisant of the evolving competitor and viewer landscape in which the Company operates and the main focus during the year has been the Company's role in the Group strategy to transform the Broadcast business and in particular its role in supercharging ITV's streaming strategy, including the launch of ITVX. The Directors also considered and approved the launch of the ITV Together Programme, a hugely significant global programme for our business and transforming how we all work.

- **Employees:** The Company does not have any employees.

- **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders which include suppliers, other broadcasters, legislators and regulators. The Directors recognise that an understanding of the issues relating to these stakeholders is fundamental to building and maintaining successful relationships, enabling the Company to take advantage of the strong and mutually beneficial opportunities needed to ensure the success of the Company. As the Company is fully embedded within the ITV Group governance structure, the Directors seek to align themselves with ITV plc's engagement mechanisms and an explanation of how the Directors of ITV plc have had regard to the need to foster the Company's business relationships are set out on pages 105 to 111 of ITV plc's 2022 annual report which does not form a part of this report, with detail on suppliers and other broadcasters on page 106, legislators and regulators on page 108.

- **Community & environment:** The Directors have regard to the impact of the Company's operations on the environment and consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in carrying out the duties in respect of the community, wider environmental issues and diversity and inclusion targets. Further information on ITV's Social Purpose strategy and 2022 initiatives - structured around better health, giving back, climate action and diversity and inclusion, environment and giving back targets - is set out on pages 45 to 53 of ITV plc's 2022 annual report, which does not form a part of this report.

- **High standards of business conduct:** The Directors' intention is to ensure that the Company operates in an ethical and responsible way. As a part of the ITV Group, they recognise that a healthy corporate culture is the cornerstone to ensuring high standards of business conduct and governance that also pervade business dealings with stakeholders outside of the organisation. The Directors consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in promoting these facets and details on how it monitored and assessed culture during the year is set out on page 114 in ITV plc's 2022 annual report, which does not form a part of this report. ITV's commitment to high standards of business conduct is also enshrined in the Code of Ethics and Conduct available on the ITV plc website. ITV's culture also pervades its business dealings with stakeholders outside of the organisation, as exemplified by its work with suppliers in relation to modern slavery and membership of the Prompt Payment Code.

## **ITV Rights Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### **Principal risks and uncertainties**

The key business risks and uncertainties affecting the Company are considered to relate to the erosion of television's share of advertising, fluctuation in the size of the TV advertising market, decline in audience as competition from other commercial channels increases, the impact of the contract rights renewals remedy and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the group as whole, is provided on pages 71 to 84 of the Group's 2022 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](http://www.itvplc.com) or the Company Secretary, ITV White City, 201 Wood Lane, London, W12 7RU.

Approved by the board on 07/09/2023 and signed on its behalf by:



.....  
Sarah Clarke  
Director

## **ITV Rights Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

As permitted by Section 414C(11) of the Companies Act 2006, some matters required to be included in the Directors' Report have instead been included in the Strategic Report as the directors consider they are of strategic importance to the Company.

#### **Directors of the Company**

The Directors of the Company who were in office during the year were:

Sarah Clarke

Kevin Lygo

Darren Fisher (resigned 31 December 2022)

#### **Directors' liabilities**

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

#### **Dividends**

The Directors proposed and paid an interim dividend of £50,000,000 during the year (2021: £Nil).

The Directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2022 (2021: £Nil).

#### **Going concern**

ITV plc has indicated that for at least twelve months from the date of approval of these financial statements, it intends to continue to make available such funds as are needed by the Company for the period covered by the going concern assessment.

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).

## **ITV Rights Limited**

### **Directors' Report for the Year Ended 31 December 2022**

#### **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

## ITV Rights Limited

### Directors' Report for the Year Ended 31 December 2022

#### 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.

#### Re-appointment of auditor

The external auditor for the 2022 financial year was PricewaterhouseCoopers LLP. The Independent Auditor's Report starting on page 7 sets out the information contained in the Annual Report which has been audited by the external auditor.

The Directors considered the performance and audit fees from the external auditor, and the level of non-audit work undertaken. PricewaterhouseCoopers LLP are deemed to be reappointed as external auditors for a further year.

Approved by the board on 07/09/2023 and signed on its behalf by:



.....  
Sarah Clarke  
Director

**Registered office**  
ITV White City  
201 Wood Lane  
London  
W12 7RU



# Independent auditors' report to the members of ITV Rights Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, ITV Rights Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2022; the Income Statement and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Director's Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Director's Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to specifically the posting of inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Enquiry of management around actual and potential fraud and non-compliance with laws and regulations
- Reviewing journal entries posted to identify any unusual account combinations
- Reviewing financial statement disclosures and testing to supporting documentation

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jonathan Lambert (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
7 September 2023

# ITV Rights Limited

## Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	3	1,103,634	1,057,825
Cost of sales		<u>(1,079,874)</u>	<u>(1,032,698)</u>
Gross profit		23,760	25,127
Administrative expenses		<u>(20,482)</u>	<u>(17,541)</u>
Operating profit	4	3,278	7,586
Finance income	8	<u>4,189</u>	<u>1,580</u>
Profit before tax		7,467	9,166
Taxation	9	<u>(1,419)</u>	<u>(1,742)</u>
Profit for the year		<u><u>6,048</u></u>	<u><u>7,424</u></u>

The above results were derived from continuing operations.

The Company has no other comprehensive income for the year.

# ITV Rights Limited

(Registration number: 06633451)

## Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
<b>Current assets</b>			
Inventory	10	181,567	175,237
Trade and other receivables	11	374,184	396,601
Contract assets	12	975	530
		<u>556,726</u>	<u>572,368</u>
<b>Current liabilities</b>			
Trade and other payables	13	(285,800)	(269,452)
Provisions	15	(21,796)	(15,091)
		<u>(307,596)</u>	<u>(284,543)</u>
Total assets less current liabilities		249,130	287,825
<b>Non-current liabilities</b>			
Trade payables falling due after more than one year	14	(22,910)	(17,653)
<b>Net assets</b>		<u>226,220</u>	<u>270,172</u>
<b>Equity</b>			
Share capital	17	200,000	200,000
Retained earnings		<u>26,220</u>	<u>70,172</u>
<b>Total equity</b>		<u>226,220</u>	<u>270,172</u>

The financial statements on pages 10 to 29 were authorised for issue by the Board of Directors on 07/09/2023 and signed on its behalf by:



.....  
Sarah Clarke  
Director

# ITV Rights Limited

## Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 January 2022	200,000	70,172	270,172
Profit for the year	-	6,048	6,048
Dividends (Note 16)	-	(50,000)	(50,000)
Balance at 31 December 2022	<u>200,000</u>	<u>26,220</u>	<u>226,220</u>

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 January 2021	200,000	62,748	262,748
Profit for the year	-	7,424	7,424
Balance at 31 December 2021	<u>200,000</u>	<u>70,172</u>	<u>270,172</u>

## **ITV Rights Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **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**

ITV Rights Limited (the “Company”) is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 06633451 and the registered address is ITV White City, 201 Wood Lane, London, W12 7RU.

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.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 1 Accounting policies (continued)

##### Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

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; 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 apply the reduced disclosure framework of FRS 101 in its next financial statements.



## **ITV Rights Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 Accounting policies (continued)**

##### **Changes in accounting policy**

##### **New standards, interpretations and amendments effective**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

##### **Going Concern**

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Company participates in the ITV plc intra-group cash pool arrangement. 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 working capital. 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.

The Directors have prepared a going concern assessment covering a period of 12 months from the date of approval of the financial statements, which indicates that, although current economic conditions continue to create uncertainty, the Company will have sufficient funds through funding from its ultimate parent company, ITV plc, to meet its liabilities as they fall due for that period.

ITV plc has indicated that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company.

On this basis, and on their assessment of the Company's financial position, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 1 Accounting policies (continued)

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods or services have transferred to the customer and the customer has control of these. The Company's activities are described in detail below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Customer contracts can have a wide variety of performance obligations, but consist mainly of recharges to other group entities for programming. For each contract, the performance obligation/(s) are identified and evaluated. The performance obligations under IFRS 15 for each revenue stream are detailed below.

The sale of programmes to Channel 3 licensees takes place immediately before broadcast, at which point the licensee entities take control of the content. Revenue for programme sales to the Channel 3 licensees is recognised at the point of broadcast by the licensee. Other programme revenue relates to the sale of programmes in relation to the ITV digital channels. Other programme revenue is recognised either at the point the Company makes payment for the programmes or at the point the programme rights become available for broadcast. Payment is received in the month after delivery.

Other revenues include revenues from 'interactive' generated from entries to competitions and is recognised as the event occurs, and revenue for the provision of services to other group companies which is recognised over time as the service is provided. Payment is received in the month after delivery.

Other revenues also include amounts relating to the provision of programming to non-ITV companies. Revenue is recognised over the period the service is provided and payment is received in the month after delivery.

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

##### Finance income and costs

Finance income and costs comprise interest income on funds invested and interest expense on borrowings. Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

##### 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 transactions. The tax charge comprises both current and deferred tax. The calculation of the Company's tax charge involves 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.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 1 Accounting policies (continued)

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 and judgement of the additional taxes that are likely to become due. 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.

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 statement of financial position 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.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Company has the right of set-off.

#### **Current / non-current distinction**

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of the Company's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Company's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

#### **Contract assets and liabilities**

Contract assets (accrued income) primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. Production work in progress is treated as a contract asset until the point the programme is completed.

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 1 Accounting policies (continued)

##### Inventory

Acquired programme rights (which include films), and sports rights, are purchased for the primary purpose of broadcasting on the ITV network. These are recognised within current assets as payments are made or when the rights are available for broadcast. The Group generally expenses these rights through operating costs over a number of transmissions by the Channel 3 broadcast licencees reflecting the pattern and value in which the right is consumed.

Commissions, which primarily comprise programmes purchased based on editorial specification and over which the Group has some control, are recognised in current assets as payments are made and are generally expensed to operating costs in full on first transmission by the Channel 3 broadcast licencees. Where a commission is repeated, incremental costs associated with the broadcast are included in operating costs.

In assessing net realisable value for acquired and commissioned rights, the net realisable value assessment is based on estimated airtime value, with consideration given to whether the number of transmissions purchased can be efficiently played out over the licence period. The net realisable value is assessed on a portfolio basis unless specific indicators of impairment are identified.

##### Trade and other 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 of its customers on credit terms.

The credit risk management practices of the Company include internal review and reporting of the ageing of trade and other receivables by days past due. The Company applies the IFRS 9 simplified approach in measuring expected credit losses, which use a lifetime expected credit loss allowance for all trade receivables.

To measure expected credit losses, trade receivables are grouped by shared credit risk characteristics and days past due. In addition to the expected credit losses, the Company may make additional provisions for the receivables of particular customers if the deterioration of financial position was observed.

##### Amounts due (to) / from group undertakings

The Company participates in the intra-group cash pool arrangement 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 statement of financial position.

##### Trade and other payables

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of current and non-current trade payables is considered to approximate fair value.

## **ITV Rights Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 Accounting policies (continued)**

##### **Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation arising from past events, it is probable cash will be paid to settle it and the amount can be estimated reliably. Provisions are determined by discounting the expected future cash flows by a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the income statement. The value of the provision is determined based on assumptions and estimates in relation to the amount and timing of actual cash flows, which are dependent on future events.

##### **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 payment.

##### **Contingent assets and liabilities**

A contingent asset or liability is a liability or assets that is not sufficiently certain to qualify for recognition as an asset or provision where uncertainty may exist regarding the outcome of future events.

##### **Financial risk management**

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including in relation to its business model, future performance, solvency and liquidity. The Company's maximum exposure to credit risk is represented by the carrying amount of trade receivables and cash and cash equivalents.

The Company's exposure to credit risk for trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company reviews significant receivables and will seek to take out credit insurance on an individual basis where appropriate.

The ITV Group operates investment guidelines with respect to surplus cash that emphasise preservation of capital. The guidelines set out procedures and limits on counterparty risk and maturity profile of cash placed. Counterparty limits for cash deposits are largely based upon long-term ratings published by the major credit rating agencies.

##### **Rounding**

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 2 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.

The areas involving sensitive estimates and assumptions that are significant to the financial statements are provisions for employment taxes for some individuals contracted by the business, as the determination of employment tax status is complex. (note 15)

#### 3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Programming revenue	1,010,955	949,524
Other revenue	92,679	108,301
	<u>1,103,634</u>	<u>1,057,825</u>

Revenue, which arises wholly in the United Kingdom, is stated net of VAT.

#### 4 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Foreign exchange gains	<u>(1)</u>	<u>(28)</u>

#### 5 Staff costs

There were no employees and hence no staff costs during the year (2021: £Nil).

#### 6 Directors' remuneration

In the year to 31 December 2022, 3 Directors (2021: 3) were remunerated by other ITV plc Group companies. These Directors received no remuneration in respect of their qualifying services to the Company (2021: £Nil).

# ITV Rights Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022

### 7 Auditor's remuneration

The Company's auditor in 2022 is PricewaterhouseCoopers LLP (PwC). The auditors remuneration of £38,000 (2021: £13,000) was borne by ITV Services Limited, 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. There were no fees payable in 2022 or 2021 to PwC or their associates for the auditing of financial statements of any associate or pension scheme of the ITV Group, internal audit, and services relating to corporate finance transactions entered into or proposed to be entered into, by or on behalf of the ITV Group or any of its associates.

### 8 Finance income

	2022	2021
	£ 000	£ 000
Interest receivable	4,189	1,580

### 9 Taxation

Tax charged in the income statement

	2022	2021
	£ 000	£ 000
<b>Current taxation</b>		
Group relief payable	1,419	1,742
Total current tax	1,419	1,742

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021: the same as the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit before tax	7,467	9,166
Corporation tax at standard rate of 19% (2021: 19%)	1,419	1,742
Group relief claimed	(1,419)	(1,742)
Payment for group relief	1,419	1,742
Total tax charge	1,419	1,742

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 9 Taxation (continued)

##### Factors Impacting Future Tax Charges

The increase in the UK corporation tax rate from 19% to 25% which is effective from 1 April 2023 will increase the Company's future current tax charge and the impact on deferred tax in the current year is £Nil.

In October 2021, the Organisation for Economic Co-operation and Development (OECD) agreed a two-pillar solution to address the tax challenges arising from the digitalisation of the economy. We are working through the implications of this and the financial impact it might have on ITV.

#### 10 Inventory

	2022 £ 000	2021 £ 000
Commissions	108,698	86,235
Sport rights	46,860	56,626
Acquired programme rights	26,009	32,376
	<u>181,567</u>	<u>175,237</u>

During the year, a total of £1,044,209,000 (2021: £984,294,000) of inventories was included in the income statement as an expense. This includes an amount of £3,616,000 (2021: £16,422,000) resulting from the write-down of inventories relating to costs passed on to other ITV Group companies where the carrying value of content is less than net realisable value for the ITV Group as a whole.

#### 11 Trade and other receivables

	2022 £ 000	2021 £ 000
Trade receivables	5,731	1,577
Amounts due from group undertakings	352,150	387,471
Amounts due from related parties	2	2,149
Prepayments	4,111	962
Other receivables	12,190	4,442
	<u>374,184</u>	<u>396,601</u>

Included in amounts due from group undertakings are amounts of £199,306,000 (2021: £256,552,000) which relate to balances associated with the ITV plc intra-group treasury arrangement. This balance is repayable on demand and attracts interest of 0.5% above base rate per annum.

Included in amounts due from group undertakings is an amount of £152,844,000 (2021: £130,919,000) which represents intercompany trading, has no associated interest and is repayable on demand.

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



## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 12 Contract assets and liabilities

The following table provides information about opening and closing contract assets and liabilities from contracts with customers.

	2022		2021	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	£000	£000	£000	£000
<b>Balance at 31 December</b>	<u>975</u>	<u>-</u>	<u>530</u>	<u>-</u>

#### 13 Trade and other payables

	2022	2021
	£ 000	£ 000
Group relief payable	3,161	4,238
Trade payables	11,734	6,699
Accrued expenses	178,522	138,900
Amounts due to group undertakings	80,518	113,656
Amounts due to related parties	8,582	5,959
Other payables	<u>3,283</u>	<u>-</u>
	<u>285,800</u>	<u>269,452</u>

The fair value of the trade and other payables classified as financial instruments are disclosed below.

Included in amounts due to group undertakings is an amount of £80,518,000 (2021: £113,656,000) which represents intercompany trading, has no associated interest and is repayable on demand.

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

#### 14 Trade payables due after more than one year

The fair value of the trade and other payables classified as financial instruments are disclosed below.

	2022	2021
	£ 000	£ 000
Trade payables falling due after more than one year	<u>22,910</u>	<u>17,653</u>

Trade payables primarily relate to film creditors for which payment is due after more than one year. The carrying value of trade payables falling due after more than one year is considered to be approximate fair value.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 15 Provisions

	Employee benefits £ 000	Total £ 000
At 1 January 2022	15,091	15,091
Additional provisions	<u>6,705</u>	<u>6,705</u>
At 31 December 2022	<u>21,796</u>	<u>21,796</u>
Current liabilities	<u>21,796</u>	<u>21,796</u>

The determination of the employment tax status of some individuals contracted by the Company is complex. In March 2021, HMRC issued an initial assessment on several individuals engaged by the ITV Group during the tax year 2016/17 as employed for tax purposes. In June 2021, HMRC updated guidance on factors determining the employment tax status of TV and Radio presenters. Landmark court cases were heard by the Court of Appeal in early 2022. Whilst the Company was not involved in these cases, judgements handed down impact how employment tax status is being determined for TV and Radio presenters generally. These judgements will therefore have a bearing on how much tax might be payable by the Company.

During 2022, the Company has further reviewed the provision, which has resulted in an increase in the provision of £6,705,000. The increase largely relates to where the Company believes the case for self-employment has weakened in light of recent case law and HMRC's hardening stance.

Due to ongoing reviews by HMRC and court cases on this matter, the final amount payable could be significantly different to the £21,796,000 currently provided (2021: £15,091,000). It is difficult to provide a range for the expected final amount payable as case law is continually evolving on this matter, particularly in relation to Front of Camera presenters. Very few cases have reached the higher courts and fact patterns can be very different in individual cases, so determination of employment status for tax purposes remains very subjective.

#### 16 Dividends

	2022 £ 000	2021 £ 000
Interim dividend of £0.25 (2021: £Nil) per ordinary share	<u>50,000</u>	-
	<u>50,000</u>	<u>-</u>

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 17 Share capital

##### Allotted, called up and fully paid

	2022		2021	
	No. 000	£000	No. 000	£000
Ordinary shares of £1 each	200,000	200,000	200,000	200,000

##### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu

#### 18 Commitments

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £895,520,000 (2021: £1,060,950,000). These are operating commitments in respect of programming entered into in the ordinary course of business with programme suppliers and film distributors in respect of rights to broadcast on the ITV network. Commitments in respect of these purchases, which are not reflected in the statement of financial position, are due for payment as follows:

	31 December 2022	31 December 2021
	£000	£000
Within one year	558,133	676,140
Between two and five years	337,387	384,810
Over five years	-	-
	<u>895,520</u>	<u>1,060,950</u>

#### 19 Contingent liabilities

Under a Group registration, the Company is jointly and severally liable for VAT at 31 December 2022 of £35 million (31 December 2021: £53 million).

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 20 Related party transactions

##### Summary of transactions with subsidiaries

	2022	2021
	£000	£000
Purchases from Britbox SVOD Limited	-	610
Balance due from Britbox SVOD Limited	-	2,149
Balance (due to) Britbox SVOD Limited	-	(2,863)

Purchases from Britbox SVOD Limited relate to purchase of programme content. Amounts due from Britbox SVOD Limited relate to short-term funding, do not attract any interest and are repaid in the following month. Amounts due to Britbox SVOD Limited relate to amounts payable for group relief. Britbox SVOD Limited is a fellow subsidiary of ITV plc, the ultimate parent of the Company.

All transactions with Britbox SVOD Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2022	2021
	£000	£000
Purchases from World Productions Limited	12,632	3,100
Balance (due to) World Productions Limited	(1,704)	(2,152)

Purchases from World Productions Limited relate to the distribution of programmes. World Productions Limited is a fellow subsidiary of ITV plc, the ultimate parent of the Company.

All transactions with World Productions Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2022	2021
	£000	£000
Purchases from Oxford Scientific Limited	-	639
Recharges to Oxford Scientific Limited	23	29
Balance (due to) Oxford Scientific Limited	-	(639)

Purchases from Oxford Scientific Limited relate to television production and recharges relate to television distribution costs. Oxford Scientific Limited is a fellow subsidiary of ITV plc, the ultimate parent of the Company.

All transactions with Oxford Scientific Limited are in the normal course of business on an arms length basis. None of these balances are secured.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 20 Related party transactions (continued)

On 1 July 2022, ITV plc completed an acquisition of a majority shareholding of 79.5% in Plimsoll Productions Limited (through its holding company Escapade Bidco Limited). Since the acquisition date, ITV Rights Limited have had transactions with Year On Earth Productions Ltd, who are a subsidiary of Escapade Bidco Limited.

Since the acquisition date, ITV Rights Limited have made purchases of £1,669,738 from Year On Earth Productions Ltd. As at the reporting date, an amount of £1,669,738 is due to Year On Earth Productions Ltd.

All transactions with Year On Earth Productions Ltd are in the normal course of business on an arms length basis. None of these balances are secured.

#### Summary of transactions with joint ventures

	2022	2021
	£000	£000
Purchases from Noho Film & Television Limited	-	40

Purchases from Noho Film & Television Limited relate to development costs. Noho Film & Television Limited is a joint venture undertakings of ITV plc, the ultimate parent of the Company.

All transactions with Noho Film & Television Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2022	2021
	£000	£000
Purchases from Tell Me Everything Limited	3,213	-

Purchases from Tell Me Everything Limited relate to development costs. Tell Me Everything Limited is a joint venture undertakings of ITV plc, the ultimate parent of the Company.

All transactions with Tell Me Everything Limited are in the normal course of business on an arms length basis. None of these balances are secured.

#### Summary of transactions with associates

	2022	2021
	£000	£000
Sales to ITN Limited	23	24
Purchases from ITN Limited	66,565	54,856
Amounts (due to) ITN Limited	(5,195)	(305)
Amounts due from ITN Limited	2	-

Sales to ITN Limited relate to programming. Purchases from ITN Limited relate to News services. ITN Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with ITN Limited are in the normal course of business on an arms length basis. None of these balances are secured.

## ITV Rights Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022

#### 20 Related party transactions (continued)

	2022	2021
	£000	£000
Purchases from Genial Productions Limited	13	2
Amounts (due to) Genial Productions Limited	(13)	-

Purchases from Genial Productions Limited relate to development costs. Genial Productions Limited is an associate undertaking of ITV plc, the ultimate parent of the Company.

All transactions with Genial Productions Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2022	2021
	£000	£000
Purchases from South Shore Productions Limited	1,049	663

Purchases from South Shore Productions Limited relate to development costs. South Shore Productions Limited is an associate undertaking of ITV plc, the ultimate parent of the Company.

All transactions with South Shore Productions Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2022	2021
	£000	£000
Purchases from Koska Limited	-	15

Purchases from Koska Limited relate to development costs. Koska Limited is an associate undertaking of ITV plc, the ultimate parent of the Company.

All transactions with Koska Limited are in the normal course of business on an arms length basis. None of these balances are secured.

#### 21 Parent of group in whose consolidated financial statements the Company is consolidated

The smallest and largest group in whose consolidated financial statements the Company's financial statements are consolidated is ITV plc.

These financial statements are available upon request from ITV White City, 201 Wood Lane, London, W12 7RU.

## **ITV Rights Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **22 Parent and ultimate parent undertaking**

The Company's immediate parent is Granada Media Limited.

The ultimate parent is ITV plc. ITV plc is incorporated in the UK.

The most senior parent entity producing publicly available financial statements is ITV plc. These financial statements are available upon request from ITV White City, 201 Wood Lane, London, W12 7RU.

The ultimate controlling party is ITV plc.