

Registration number: 7698963

ITV Breakfast Broadcasting Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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ITV Breakfast Broadcasting Limited

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ITV Breakfast Broadcasting Limited

Strategic Report for the Year Ended 31 December 2016

The director presents his strategic report for the year ended 31 December 2016.

Principal activity

ITV Breakfast Broadcasting Limited's (the "Company") principal activity is the broadcast of the breakfast time television programmes, Good Morning Britain and Lorraine. These programmes are broadcast daily between 6.00 am and 9.25 am.

The Company's business activities, together with the factors likely to affect its future development and position, are set out below.

Fair review of the business

The results for ITV Breakfast Broadcasting Limited ("the Company") show a profit for the year of £9,083,000 (2015: profit of £5,415,000) and revenue of £76,073,000 (2015: £71,765,000). At the statement of financial position date the Company had net assets of £42,891,000 (2015: net assets £33,808,000).

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 Broadcast & Online division. For this reason, the Company's Directors use the ITV plc Group Broadcast & Online division's business review in managing and understanding the development, performance and position of the Company. The business review is included on pages 40 to 49 of ITV plc's 2016 annual report.

Further to the divisional key performance indicators, the Directors would consider the key financial performance indicators of the Company during the year to include;

- Revenues which were up 6.0% in the year to £76,073,000 (2015: £71,765,000). Net advertising revenue (NAR) was up 4.0% in the year due to strong performance by the Company allowing it to perform ahead of the Group as a whole which was down year on year. Non-NAR revenues were up 11.8% due to improved results from Online and Interactive competitions.

| | 2016 | 2015 | Pts Increase / (Decrease) |
|--------------------|-------------|-------------|--------------------------------------|
| - Share of Viewing | 0.83% | 0.85% | (0.02) |

ITV Breakfast Broadcasting Limited

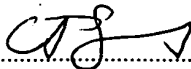
Strategic Report for the Year Ended 31 December 2016

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to any decline of the television advertising market, any decline in audiences, and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 50 to 57 of the Group's 2016 annual report.

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

Approved by the Board on ~~9 August 2017~~..... and signed on its behalf by:



.....
Christopher Swords
Director

ITV Breakfast Broadcasting Limited

Director's Report for the Year Ended 31 December 2016

The director presents his report and the financial statements for the year ended 31 December 2016.

Director of the company

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

Christopher Swords

Peter Fincham (resigned 1 March 2016)

Andrew Garard

Ian Griffiths (resigned 14 March 2016)

Kevin Lygo (appointed 1 March 2016)

Adam Crozier (resigned 30 June 2017)

Director's liabilities

A Director of ITV Breakfast Broadcasting Limited (I Griffiths) benefits from qualifying indemnity provision in place during the year and at the date of this report, and the other Directors benefit from third party insurance provision in place during the financial year and at the date of this report.

Dividends

The Director recommends a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2016 (2015: £Nil).

Going concern

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

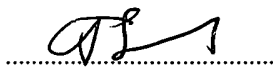
Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditor

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

Approved by the Board on 9 AUGUST 2017 and signed on its behalf by:



Christopher Swords
Director

Registered office

London Television Centre
Upper Ground
London
SE1 9LT

ITV Breakfast Broadcasting Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Director must not approve the financial statements unless he is 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 Director is 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 Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report To The Members Of ITV Breakfast Broadcasting Limited

We have audited the financial statements of ITV Breakfast Broadcasting Limited for the year ended 31 December 2016, set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Director's Responsibilities (set out on page 4), the Director is 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 FRC's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial year is consistent with the financial statements.

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

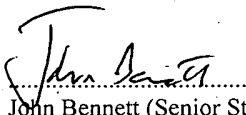
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report To The Members Of ITV Breakfast Broadcasting Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



John Bennett (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E15 5GL

Date: 9/8/17

ITV Breakfast Broadcasting Limited

Income Statement for the Year Ended 31 December 2016

| | Note | 2016 £ 000 | 2015 £ 000 |
|----------------------------------|-------------|-----------------------|-----------------------|
| Revenue | 3 | 76,073 | 71,765 |
| Other expenses | 4 | <u>(68,656)</u> | <u>(67,727)</u> |
| Operating profit | 5 | 7,417 | 4,038 |
| Interest from group undertakings | 6 | <u>1,666</u> | <u>1,377</u> |
| Profit before tax | | 9,083 | 5,415 |
| Income tax expense | 9 | <u>-</u> | <u>-</u> |
| Profit for the year | | <u><u>9,083</u></u> | <u><u>5,415</u></u> |

The above results were derived from continuing operations.

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

ITV Breakfast Broadcasting Limited

(Registration number: 7698963)

Statement of Financial Position as at 31 December 2016

| | Note | 2016 £ 000 | 2015 £ 000 |
|-----------------------------|------|---------------|---------------|
| Current assets | | | |
| Inventory | 10 | - | 30 |
| Trade and other receivables | 11 | 84,946 | 53,927 |
| | | <u>84,946</u> | <u>53,957</u> |
| Current liabilities | | | |
| Trade and other payables | 12 | (42,055) | (20,149) |
| Net assets | | <u>42,891</u> | <u>33,808</u> |
| Capital and reserves | | | |
| Share capital | 13 | - | - |
| Retained earnings | | <u>42,891</u> | <u>33,808</u> |
| | | <u>42,891</u> | <u>33,808</u> |

Approved by the director on 9 August 2017



Christopher Swords
Director

ITV Breakfast Broadcasting Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
|---------------------|--------------------------------|----------------------------------------|------------------------|
| At 1 January 2016 | - | 33,808 | 33,808 |
| Profit for the year | - | 9,083 | 9,083 |
| At 31 December 2016 | - | 42,891 | 42,891 |

| | Share capital £ 000 | Retained earnings £ 000 | Total £ 000 |
|---------------------|--------------------------------|----------------------------------------|------------------------|
| At 1 January 2015 | - | 28,393 | 28,393 |
| Profit for the year | - | 5,415 | 5,415 |
| At 31 December 2015 | - | 33,808 | 33,808 |

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as disclosed by the EU ("Adopted IFRS") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- 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.

Going Concern

The Company participates in the Group's intra-group cash pool policy. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to / from ITV plc. The Company is therefore dependent on ITV plc for its funding. The Directors of the Company have no reason to believe that this financial support will not be forthcoming in the event that it is required. On this basis, and on their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Amounts due (to) / from group undertakings

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

Exemption from preparing group accounts

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

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

Revenue

Revenue, which arises wholly in the United Kingdom, is stated exclusive of VAT and represents sales for services provided during the year to third parties. Judgement is required when determining the appropriate timing and amount of revenue that can be recognised, specifically around whether there is a firm contract and that the service has been provided, and if so, whether there is a fixed or reasonably determinable price that is reasonably certain will be collected. Key classes of revenue are recognised on the following basis:

Advertising revenue (NAR) is recognised on transmission.

Sponsorship revenue is recognised across the period of transmission of the sponsored programme or series.

Online and interactive competition revenues are recognised as the event occurs.

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.

Cash bid

The cash bid payments made to the Treasury relate to the ongoing activities of the business, and are accounted for on an accruals basis.

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Tax

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

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

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

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.

Trade receivables

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

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

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Inventories

Programmes commissioned by the Company, film, sports and series rights are valued at cost and are written off in the period of transmission. In the case of acquired programmes, where programmes are expected to be shown more than once, the cost is allocated over the expected number of transmissions.

Assets and liabilities relating to acquired programmes are recognised on signature of contract, sport programmes are the earlier of payment or transmission and commissions and ITV (Formerly ITV 1) repeats on the earlier of delivery of programmes or payment. Agreements for future of purchase of programmes whose licence period has not commenced and where there has been no payment by the statement of financial position date are disclosed as purchase commitments.

Trade 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.

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 neutral, the initial measurement is on a present value basis.

Deferred income

Deferred income arises where there is a difference between the price received by the Company for an advertising campaign and the value it delivered, mainly as a result of the actual viewing figures being different from the agreed level. Rather than the price for that campaign being adjusted these differences are noted for each advertising agency and then taken into account when agreeing future campaigns or contracts. Where an overall under-delivery occurs with an agency this is reported as deferred income within the Company's accounts.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements often requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. NAR recognition is complex and is driven by intricate automated and manual processes involved in measuring the value delivered to the customer.

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

3 Revenue

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

| | 2016 £ 000 | 2015 £ 000 |
|---------------------------------|---------------|---------------|
| Net Advertising Revenue - (NAR) | 55,093 | 52,999 |
| Non-NAR | 20,980 | 18,766 |
| | <u>76,073</u> | <u>71,765</u> |

4 Other expenses

Other expenses of £68,656,000 (2015: £67,727,000) includes amounts relating to programming budget costs, transmission costs and other administrative expenses.

5 Operating profit

Arrived at after charging/(crediting)

| | 2016 £ 000 | 2015 £ 000 |
|---------------------------------|---------------|---------------|
| Foreign exchange gains/(losses) | 2 | (1) |
| | <u>2</u> | <u>(1)</u> |

6 Other interest receivable and similar income

| | 2016 £ 000 | 2015 £ 000 |
|---------------------|---------------|---------------|
| Interest receivable | 1,666 | 1,377 |
| | <u>1,666</u> | <u>1,377</u> |

7 Auditor's remuneration

The auditor's remuneration of £5,000 (2015: £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.

8 Staff costs and Directors' remuneration

There were no employees and hence no staff costs during the year (2015: £nil).

The Directors were remunerated by other ITV plc Group companies. The Directors received no remuneration in respect of their qualifying services to the Company (2015: £nil).

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

9 Taxation

Tax charged/(credited) in the income statement

| | 2016 £ 000 | 2015 £ 000 |
|-----------------------------------------------|---------------|---------------|
| Current taxation | | |
| UK corporation tax | - | - |
| Total current income tax | - | - |
| Deferred taxation | | |
| Total deferred taxation | - | - |
| Tax expense/(receipt) in the income statement | - | - |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

| | 2016 £ 000 | 2015 £ 000 |
|----------------------------------|---------------|---------------|
| Profit before tax | 9,083 | 5,415 |
| Corporation tax at standard rate | 1,817 | 1,097 |
| Group relief claimed | (1,817) | (1,097) |
| Total tax charge/(credit) | - | - |

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

The Finance Act 2015 provides for a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016, which was substantively enacted on 15 September 2016, provides for a reduction in the main rate of corporation tax to 17% from 1 April 2020 (this supersedes the reduction to 18% which was provided for in the Finance Act 2015). These rate reductions have been reflected in the calculation of deferred tax at the statement of financial position date.

10 Inventories

| | 2016 £ 000 | 2015 £ 000 |
|------------------|---------------|---------------|
| Work in progress | - | 30 |
| | - | 30 |

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Trade and other receivables

| | 2016 | 2015 |
|-------------------------------------------|---------------|---------------|
| | £ 000 | £ 000 |
| Trade receivables | 6,360 | 5,379 |
| Amounts due from group undertakings | 74,500 | 44,806 |
| Accrued income | 3,921 | 3,738 |
| Other receivables | 165 | 4 |
| | <u>84,946</u> | <u>53,927</u> |
| Total current trade and other receivables | <u>84,946</u> | <u>53,927</u> |

Included in amounts due from group undertakings are amounts of £61,199,000 (2015: £39,604,000) which relate to balances associated with the ITV plc group treasury pooling arrangements. This balance is repayable on demand and attracts interest of 3% above base rate per annum.

Included in amounts due from group undertakings is an amount of £13,301,000 (2015: £5,202,000) which represents intercompany trading, has no associated interest and is repayable on demand.

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

12 Trade and other payables

| | 2016 | 2015 |
|-----------------------------------|---------------|---------------|
| | £ 000 | £ 000 |
| Trade payables | 41 | 293 |
| Accrued expenses | 4,782 | 2,386 |
| Amounts due to group undertakings | 25,368 | 8,284 |
| Deferred income | 11,864 | 9,186 |
| | <u>42,055</u> | <u>20,149</u> |

Amounts due to group undertakings of £25,368,000 (2015: £8,284,000) are amounts which represent intercompany trading, has no associated interest and is repayable on demand.

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

13 Share capital

| | 2016 | | 2015 | |
|--------------------------------------|----------|----------|----------|----------|
| | No. | £ | No. | £ |
| Ordinary share of £1 (2015: £1) each | 1 | 1 | 1 | 1 |
| | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

14 Dividends

The director is proposing a final dividend of £Nil (2015 - £Nil) per share totalling £Nil (2015 - £Nil). This dividend has not been accrued in the statement of financial position.

15 Contingent liabilities

Under a Group registration the Company is jointly and severally liable for the VAT at 31 December 2016 of £47 million (2015: £59 million).

16 Related party transactions

Summary of transactions with associates

During the year the Company made purchases relating to broadcasting services from Clearcast Limited, an associate undertaking of ITV Broadcasting Limited (the immediate parent of the Company), totalling £70,883 (2015: £190,348). Amounts owed to Clearcast Limited at the end of the year totalled £Nil (2015: £Nil).

All transactions with associate undertakings are in the normal course of business on an arm's length basis. None of the balances are secured.

Summary of transactions with joint ventures

During the year the Company made purchases relating to transmissions infrastructure from Digital 3 and 4 Limited, a joint venture undertaking of ITV plc (the ultimate parent of the Company), totalling £396,238 (2015: £414,406). Amounts owed to Digital 3 and 4 Limited at the end of the year totalled £Nil (2015: £Nil).

All transactions with joint venture undertakings are in the normal course of business on an arm's length basis. None of the balances are secured.

Expenditure with and payables to related parties

| | Associates | Joint ventures |
|-----------------------|-------------------|-----------------------|
| 2016 | £ 000 | £ 000 |
| Rendering of services | 71 | 396 |
| | <hr/> | <hr/> |
| 2015 | £ 000 | £ 000 |
| Rendering of services | 190 | 414 |
| | <hr/> | <hr/> |

17 Parent of group in whose consolidated financial statements the Company is consolidated

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

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

ITV Breakfast Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

18 Parent and ultimate parent undertaking

The Company's immediate parent is ITV Broadcasting Limited.

The ultimate parent is ITV plc.

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

The ultimate controlling party is ITV plc.