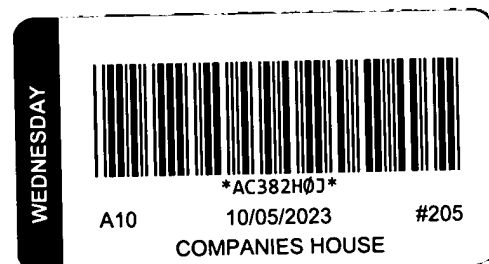


Registration number: 11801341

BritBox SVOD Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021



BritBox SVOD Limited

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BritBox SVOD Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity

The principal activity of BritBox SVOD Limited ("the Company") is that of a digital video subscription service created by the BBC and ITV ("Britbox UK platform"). The service brings the very best in past, present and future British programming and award-winning content to viewers all in one place. BritBox features British box sets, and brand new commissions for British production companies specifically created for BritBox. BritBox also offers expert curation and playlists that will enable viewers to easily find programmes they know and discover new favourites via web, mobile, tablet and connected TVs. As described more fully in the subsequent events section below, from Q4 2022 BritBox will form part of the ITVX service, with users being subscribers to ITVX's premium tier.

Fair review of the business

The results for the Company show revenue for the year of £24,298,000 (2020: £12,610,000) and a loss before tax for the year of £65,345,000 (2020: £60,331,000). At the statement of financial position date the Company had net liabilities of £88,476,000 (2020: £35,543,000). The loss for the year associated with the BritBox UK platform was expected, with the business being in the start up phase having commenced trade in November 2019. The Company has invested heavily in its platform, and incurred spend promoting the business and acquiring content. Further to the expected losses in relation to the Britbox UK platform, the loss for the year includes a £750,000 (2020: £4,500,000) impairment of content rights inventory acquired by the Company for sale in other territories (see note 5).

KPI's

The Directors of the ITV plc Group manage the Group's operations on a divisional basis with this Company being included within 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 26 to 31 of ITV plc's 2021 Annual Report.

Future developments

On 4 March 2022, ITV Plc announced the launch of ITVX, a new service combining ITV Hub, ITV Hub+ and BritBox UK into a free and premium content offering. BritBox UK continues to operate through this new platform after its launch in Q4 2022, with users being subscribers to ITVX's premium tier, rather than subscribing directly with BritBox UK.

Principal risks and uncertainties

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, ITV White City, 201 Wood Lane, London, W12 7RU.

BritBox SVOD Limited

Strategic Report for the Year Ended 31 December 2021

Subsequent events

Non adjusting event after the financial period

On 4 March 2022, ITV Plc announced the launch of ITVX, a new service combining ITV Hub, ITV Hub+ and BritBox UK into a free and premium content offering. BritBox UK continues to operate through this new platform after its launch in Q4 2022, with users being subscribers to ITVX's premium tier, rather than subscribing directly with BritBox UK. As a result, upon launch of ITVX, BritBox UK generates revenue under an intercompany agreement.

To give ITV greater control over BritBox UK and enable its integration into ITVX, on 2 March 2022, the BBC ceased to be a shareholder in BritBox SVOD Limited (BritBox UK). The BBC continues as a strong partner for BritBox UK and BritBox International Limited and we have agreed a new long term content supply deal with the BBC, which will continue as BritBox UK integrates into ITVX. All PSB partners are committed to BritBox UK which offers consumers a large library of PSB British content in one place from the past and recent past. As envisaged by the original shareholder agreement BBC has transferred its 10% shareholding to ITV for nominal consideration. There is no change in control of Britbox UK and the ITV Group now has a 99% shareholding in the company.

On 5 April 2022, the loan facility agreement that the Company entered into with ITV plc on 31 December 2019 was amended. The maximum amount of the loan has been extended to £200,000,000 (previously £150,000,000) until 31 December 2024. This is to cover funding for working capital and general business purposes. All other terms and conditions associated with the loan facility remain unchanged.

Following the passing of Her Majesty Queen Elizabeth II in September 2022, the business has written off remaining Spitting Image episodes featuring the Queen (£9,000,000) as it is highly unlikely they will ever be screened and are unable to be effectively edited.

Approved by the Board on 5 May 2023 and signed on its behalf by:



.....
Tom Betts
Director

BritBox SVOD Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

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

Thomas Betts

Martin Goswami

Reemah Sakaan (resigned 24 February 2021)

Rufus Radcliffe

David Curley (resigned 2 March 2022)

Balraj Samra (resigned 9 February 2021)

Sophie Garnham (appointed 9 February 2021 and resigned 2 March 2022)

Christopher Kennedy (appointed 24 February 2021)

Directors' liabilities

A Director of BritBox SVOD Limited (Christopher Kennedy) benefits from qualifying indemnity provision in place during the financial 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 Directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2021 (2020: £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).

BritBox SVOD Limited

Directors' Report for the Year Ended 31 December 2021

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.

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.

Appointment of auditor

The external auditor for the 2021 financial year was PricewaterhouseCoopers LLP. The Independent Auditors' Report starting on page 5 sets out the information contained in Annual Report and Financial Statements which has been audited by the external auditor.

Following an external audit tender undertaken by the Audit and Risk Committee in 2019 PricewaterhouseCoopers LLP was duly appointed as the external auditor at the close of the 2021 AGM, with its appointment taking effect from, and including the 2021 financial year.

The Audit and Risk Committee considered the performance and audit fees of the external auditor, and the level of non-audit work undertaken. A resolution to reappoint PricewaterhouseCoopers LLP as external auditors for a further year was passed at the ITV plc AGM.

BritBox SVOD Limited

Directors' Report for the Year Ended 31 December 2021

Approved by the Board on 5 May 2023 and signed on its behalf by:



.....
Tom Betts
Director

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

Independent auditors' report to the members of BritBox SVOD Limited

Report on the audit of the financial statements

Opinion

In our opinion, BritBox SVOD Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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: the Statement of Financial Position as at 31 December 2021; the Income Statement and the 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.

Independent auditors' report to the members of BritBox SVOD Limited

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 Directors' 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 Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 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 Directors' 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 Directors' 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

Independent auditors' report to the members of BritBox SVOD Limited

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 data privacy and broadcasting and media regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. 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 posting inappropriate journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- inquiry of those charged with governance to assess if there any are instances of non-compliance with laws or regulations that have a material effect on the financial statements;
- identifying and testing journal entries meeting specific risk criteria;
- 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. 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.

Independent auditors' report to the members of BritBox SVOD Limited

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.



Louise Lazarus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
05 May 2023

BritBox SVOD Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	3	24,298	12,610
Staff costs	7	(4,127)	(2,768)
Amortisation expense	13	(3,204)	(1,741)
Other expenses	4	(79,242)	(63,319)
Impairment of inventories	5	<u>(500)</u>	<u>(4,500)</u>
Operating loss	6	(62,775)	(59,718)
Finance costs	10	<u>(2,570)</u>	<u>(613)</u>
Loss before tax		(65,345)	(60,331)
Taxation	11	<u>12,411</u>	<u>11,462</u>
Loss for the year		<u><u>(52,934)</u></u>	<u><u>(48,869)</u></u>

The above results were derived from continuing operations.

The Company has no other comprehensive income for the year, other than the above.

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

(Registration number: 11801341)

Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Intangible assets	13	8,925	6,765
Deferred tax assets	12	<u>3</u>	<u>1</u>
		<u>8,928</u>	<u>6,766</u>
Current assets			
Inventory	14	53,058	37,098
Trade and other receivables	15	<u>31,605</u>	<u>18,584</u>
		<u>84,663</u>	<u>55,682</u>
Current liabilities			
Trade and other payables	17	(42,880)	(32,371)
Contract liabilities	16	(1,689)	(1,705)
Provisions	20	<u>(129)</u>	<u>-</u>
		<u>(44,698)</u>	<u>(34,076)</u>
Net current assets		39,965	21,606
Non-current liabilities			
Trade and other payables	18	<u>(137,369)</u>	<u>(63,915)</u>
Net liabilities		<u>(88,476)</u>	<u>(35,543)</u>
Equity			
Share capital	23	25,500	25,500
Share premium		3,500	3,500
Retained earnings		<u>(117,476)</u>	<u>(64,543)</u>
		<u>(88,476)</u>	<u>(35,543)</u>

The financial statements on pages 10 to 40 were approved by the Board of Directors on 5 May 2023 and signed on its behalf by:



.....
Tom Betts
Director

BritBox SVOD Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
Balance at 1 January 2021	25,500	3,500	(64,543)	(35,543)
Loss for the year	-	-	(52,934)	(52,934)
Tax on items taken directly to equity	-	-	1	1
Balance at 31 December 2021	<u>25,500</u>	<u>3,500</u>	<u>(117,476)</u>	<u>(88,476)</u>

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
Balance at 1 January 2020	25,500	-	(15,674)	9,826
Loss for the year	-	-	(48,869)	(48,869)
New share capital subscribed	-	3,500	-	3,500
Balance at 31 December 2020	<u>25,500</u>	<u>3,500</u>	<u>(64,543)</u>	<u>(35,543)</u>

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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

BritBox SVOD Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 11801341 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. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), 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.

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.

Measurement convention

The financial statements are prepared on the historical cost basis under the historical cost convention. Where other bases are applied, these are identified in the relevant accounting policy.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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:

- 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 including the requirements in IAS24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- 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 covering paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures regarding leases; and
- Disclosures in respect of revenue being the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers.

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.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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 2021 that have a material impact on the company's financial statements.

Exemption from preparing group accounts

The Company is a wholly owned subsidiary of its ultimate parent, ITV plc. It is included in the consolidated financial statements of ITV plc, which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated 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 these financial statements which indicates that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, 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. The Directors will continue to monitor the changing impact of COVID-19 and the Company's performance.

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.

Revenue

The Company derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognised) or 'over time' as control of the performance obligation is transferred to the customer.

The transaction price, being the amount to which the Company expects to be entitled and has rights to under the contract is allocated to the identified performance obligations.

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

Customer contracts consist mainly of subscription services. 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 notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Segment	Major Classes Of Revenue	Payment Terms
Direct to Consumer	Revenue from subscription services is recognised over the subscription period.	Payment is received in advance of the subscription period
Content revenue	Revenue from the sale of content is recognised at the point when the contract is signed, the content is delivered and the licence period has started.	Payment is over the term of the contract

Foreign currency transactions and balances

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other (expenses)/income'.

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 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 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.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes.

The following temporary differences are not provided for:

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

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

Other intangible assets

Intangible assets other than goodwill are those that are distinct and can be sold separately or which arise from legal rights.

Within the Company, other intangible assets relate to software licences and development.

Software licences and developments are stated initially at cost and subsequently at cost less accumulated amortisation. Assets under construction are not amortised until the point at which the asset comes into use by the Company.

Amortisation

Amortisation is charged to the income statement over the estimated useful lives of intangible assets unless such lives are judged to be indefinite. Indefinite life assets, such as goodwill, are not amortised but are tested for impairment at each year end.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the statement of financial position is less than its recoverable amount. The major categories of intangible assets are amortised as follows:

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Asset class	Amortisation method and rate
Software licences and developments	Straight line 1 - 3 years

Assets under construction are not amortised until the point at which the asset comes into use.

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.

Inventory

Acquired programme rights (which include films) are recognised when the right to exploit the license is obtained. The Company expenses these rights through operating costs in line with expected viewership over the shorter of the title's window of availability, estimated period of use or licence period.

Commissions primarily which comprise programmes purchased, based on editorial specification and over which the Company has some control, are recognised in current assets as payments are made. The Company expenses these through operating costs on an accelerated basis over the shorter of the title's window of availability, estimated period of use, or licence period.

Content rights acquired by the Company are accounted for under IAS 2 Inventories as the rights are consumed in the rendering of subscription services. Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The Company's business model is subscription based as opposed to generating revenue at a specific programme title level. Programme rights held for use on the Britbox UK platform are predominantly monetised as a group and therefore the Company's net realisable value assessed for these programme rights as a whole when an event or change in circumstances indicates a change in the expected usefulness of the content or that the net realisable value might be less than the unamortised cost.

In performing this assessment, the Company considers the net realisable value of the rights to include not only the subscription revenues to be generated in the initial licence period, but also the consequent impact on the Company's ability to realise future subscriptions, and options for future content.

To date, we have not identified any such event or change in circumstances, however the assessment of the net realisable value of inventories held by the Company at the balance sheet date represents a key judgement, as set out in note 2.

Content rights acquired by the Company for sale in other territories are accounted for under IAS 2 Inventories and stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

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 term.

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. We have applied the expected loss model and the impact was not material.

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

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.

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.

Defined contribution pension obligation

A defined contribution plan is a post-employment benefit plan under which the Company pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Share based payments

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

A transaction will be classed as share-based compensation where the Company receives services from employees and pays for these in shares or similar equity instruments. If the Company incurs a liability based on the price or value of the shares, this will also fall under a share-based transaction. The Company recognises the retained earnings impact of the share-based compensation for the Group as awards are settled in ITV plc shares. The cost of providing those awards is recognised as a cost of investment to the subsidiaries that receive the service from employees. The fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the income statement with a corresponding increase in equity.

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

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

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.

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 amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

For the current year, the assessment of the net realisable value of inventories held by the Company at the balance sheet date is a key judgement. During the start up phase of the business, operating costs are expected to exceed revenue from subscription services. A key assumption in the assessment of the net realisable value of inventories held for use on the BritBox UK platform is that subscription revenue will achieve growth in line with the Company's business model, and the recoverability of inventories is therefore dependent on the Company's ability to develop this subscriber base. Refer to Note 14 for additional detail.

Accrued expenses are considered to be an estimation, based on managements informed expectation of future outcomes. Refer to Note 17 for additional detail.

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.

3 Revenue

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

	2021	2020
	£ 000	£ 000
Subscription revenue	24,098	12,010
Content revenue	200	600
	<u>24,298</u>	<u>12,610</u>

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

4 Other expenses

The major components of other expenses of £79,242,000 (2020: £63,319,000) are programming budget costs of £45,907,000 (2020: £30,032,000), marketing costs of £25,119,000 (2020: £25,700,000) and other administrative expenses of £8,216,000 (2020: £7,587,000).

5 Impairment of inventories

During the year the Company recognised an impairment of £500,000 (2020: £4,500,000) associated with programme content rights inventory held for sale to other territories.

6 Operating loss

Arrived at after charging

	2021 £ 000	2020 £ 000
Amortisation expense	3,204	1,741
Foreign exchange losses	<u>5</u>	<u>3</u>

7 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	3,423	2,328
Social security costs	462	273
Pension costs, defined contribution scheme	194	142
Pension costs, defined benefit scheme	21	15
Share-based payment expenses	<u>27</u>	<u>10</u>
	<u>4,127</u>	<u>2,768</u>

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

	2021 No.	2020 No.
Production and content	9	10
Administration and support	24	17
Technical and operations	<u>6</u>	<u>4</u>
	<u>39</u>	<u>31</u>

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021	2020
	£ 000	£ 000
Remuneration	<u>42</u>	<u>399</u>
	<u>42</u>	<u>399</u>

In respect of the highest paid Director:

	2021	2020
	£ 000	£ 000
Remuneration	-	399

In the year to 31 December 2021, 4 directors (2020: 3) were remunerated by other ITV plc Group companies and 2 directors (2020: 2) were remunerated by the BBC. These directors received no remuneration in respect of their qualifying services to the Company. There were no payments made to Directors for loss of office in 2021.

9 Auditor's remuneration

The Company's auditor in 2021 is PricewaterhouseCoopers LLP (PwC). In previous years, the position was held by KPMG LLP (KPMG). The auditor's remuneration of £21,000 (2020: £10,000) 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.

10 Finance costs

	2021	2020
	£ 000	£ 000
Interest payable to group undertakings	<u>2,570</u>	<u>613</u>

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

11 Taxation

Tax credited in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
Group relief receivable	(12,415)	(11,461)
Group relief - prior year adjustment	<u>5</u>	<u>-</u>
	<u>(12,410)</u>	<u>(11,461)</u>
Total current tax	<u>(12,410)</u>	<u>(11,461)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	<u>(1)</u>	<u>(1)</u>
Tax receipt in the income statement	<u>(12,411)</u>	<u>(11,462)</u>

The tax on losses before tax for the year is lower than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Loss before tax	<u>(65,345)</u>	<u>(60,331)</u>
Corporation tax at standard rate of 19% (2020 : 19%)	(12,416)	(11,463)
Group relief - prior year adjustment	5	-
Expenses not deductible for tax purposes	-	2
Group relief surrendered	12,415	11,461
Receipt for group relief	(12,415)	(11,461)
Deferred tax credit relating to changes in tax rates or laws	<u>-</u>	<u>(1)</u>
Total tax credit	<u>(12,411)</u>	<u>(11,462)</u>

Factors Impacting Future Tax Charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced on 3 March 2021, the rate change was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly and the impact on deferred tax for this entity is forecast to be a £444 credit through the income statement and a £343 credit through equity.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Deferred tax

Deferred tax

Deferred tax assets

2021	Asset £ 000
-------------	------------------------

Share-based payment	<u>3</u>
---------------------	----------

2020	Asset £ 000
-------------	------------------------

Share-based payment	<u>1</u>
---------------------	----------

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2021 £ 000
Share-based payment	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Share-based payment	<u>-</u>	<u>1</u>	<u>1</u>

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Intangible assets

	Software licences and development £ 000
Cost or valuation	
At 1 January 2021	8,760
Additions	<u>5,364</u>
At 31 December 2021	<u>14,124</u>
Amortisation	
At 1 January 2021	1,995
Amortisation charge	<u>3,204</u>
At 31 December 2021	<u>5,199</u>
Carrying amount	
At 31 December 2021	<u><u>8,925</u></u>
At 31 December 2020	<u><u>6,765</u></u>

14 Inventory

	2021 £ 000	2020 £ 000
Acquired programme rights	31,622	29,583
Commissions	<u>21,436</u>	<u>7,515</u>
	<u><u>53,058</u></u>	<u><u>37,098</u></u>

During the year, a total of £46,407,000 (2020: £34,532,000) of inventories was included in the income statement as an expense. This includes a write down of £500,000 (2020: £4,500,000) associated with programme content rights inventory held for sale to other territories and an amount of £1,933,000 (2020: £Nil) resulting from an impairment of inventories following an assessment by management of the net realisable value.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

15 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	3,058	229
Amounts due from related undertakings	-	500
Prepayments	1,507	2,725
Receivable from group undertakings for group relief	27,040	15,130
	<u>31,605</u>	<u>18,584</u>

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

16 Contract assets and liabilities

The following table provides information about contract assets and liabilities from contracts with customers:

	2021		2020	
	Contract assets £ 000	Contract liabilities £ 000	Contract assets £ 000	Contract liabilities £ 000
Balance at 31 December	-	1,689	-	1,705

The amount of revenue recognised in the current year that was included in the contract liability balance at the beginning of the year was £1,705,000 (2020: £21,000).

17 Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	3,207	1,108
Accrued expenses	16,828	20,778
Amounts due to group undertakings	22,556	10,459
Other payables	289	26
	<u>42,880</u>	<u>32,371</u>

Included in amounts due to group undertakings is an amount of £22,556,000 (2020: £10,459,000) which represents intercompany trading, has no associated interest and is repayable on demand.

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

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Non-current liabilities

	2021	2020
	£ 000	£ 000
Trade payables	-	690
Amounts due to group undertakings	137,369	63,225
	<u>137,369</u>	<u>63,915</u>

On 31 December 2019, the Company entered into a loan facility agreement with ITV plc with outstanding balances attracting interest of base rate plus 2.5% per annum. The maturity date of the loan facility is 31 December 2024, at which point all principal amounts drawn down are repayable in full. Interest amounts are settled on 1 March, 1 June, 1 September and 1 December each year.

Included in amounts due to group undertakings is an amount of £137,369,000 (2020: £63,225,000) related to the above loan facility agreement with ITV plc.

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.

19 Dividends

The Directors are proposing a final dividend of £Nil (2020: £Nil) per share totalling £Nil (2020: £Nil). This dividend has not been accrued in the statement of financial position.

20 Provisions

	Other provisions £ 000	Total £ 000
At 1 January 2021	-	-
Additional provisions	<u>129</u>	<u>129</u>
At 31 December 2021	<u>129</u>	<u>129</u>
Current liabilities	<u>129</u>	<u>129</u>

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

20 Provisions (continued)

The provision is an employee related provision. The determination of the employment tax status of some individuals contracted by the ITV plc Group is complex. In March 2021, HMRC issued an initial assessment on several individuals engaged by the 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 Group 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 Group.

In 2021, we provided £129,000 for periods up to 31 December 2021 which relate to the Company.

21 Pension and other schemes

Defined contribution pension scheme

Obligations under the Group's defined contribution schemes are recognised as an operating cost in the income statement as incurred. For year, total contributions expensed were £194,179 (2020 : £142,015).

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

22 Share-based payments

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

A transaction will be classed as share-based compensation where the Company receives services from employees and pays for these in shares or similar equity instruments. If the Company incurs a liability based on the price or value of the shares, this will also fall under a share-based transaction. The Company recognises the retained earnings impact of the share-based compensation for the Group as awards are settled in ITV plc shares. The cost of providing those awards is recognised as a cost of investment to the subsidiaries that receive the service from employees. The fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the income statement with a corresponding increase in equity.

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

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

The weighted average share price of share options exercised during the year was 72.3 pence (2020: 87.47 pence) (excluding nil priced share options). The options outstanding at the year end have an exercise price in the range of nil to 162.55 pence (2020: nil to 206.83 pence) and a weighted average contractual life of two years (2020: two years) for all the schemes in place for the Group.

23 Share capital

Allotted share capital	2021		2020	
	No	£	No.	£
Ordinary A shares of £1 each	25,500,001	25,500,001	25,500,001	25,500,001
Ordinary B shares of £1 each	10	10	10	10
Ordinary D shares of £1 each	10	10	10	10
	<u>25,500,021</u>	<u>25,500,021</u>	<u>25,500,021</u>	<u>25,500,021</u>

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

23 Share capital (continued)

Rights, preferences and restrictions

Ordinary A shares have the following rights, preferences and restrictions:

Ordinary A shares, in aggregate, have:

- An 89% proportion of the total votes capable of being cast at a general meeting or upon a written resolution of the members of the Company.

Ordinary A shares are non-redeemable.

Ordinary B shares have the following rights, preferences and restrictions:

Ordinary B shares, in aggregate, have:

- A 10% proportion of the total votes capable of being cast at a general meeting or upon a written resolution of the members of the Company.

Ordinary B shares are non-redeemable.

Ordinary D shares have the following rights, preferences and restrictions:

Ordinary D shares, in aggregate, have:

- A 1% proportion of the total votes capable of being cast at a general meeting or upon a written resolution of the members of the Company.

Ordinary D shares are non-redeemable.

24 Commitments

The total amount contracted for as at 31 December 2021 but not provided in the financial statements was £51,394,000 (2020 : £59,960,000).

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 BritBox UK. Commitments in respect of these purchases, which are not reflected in the statement of financial position, are due for payment as follows:

	2021	2020
	£ 000	£ 000
Within one year	43,794	39,060
Between two and five years	7,600	20,900
Over five years	-	-
	<u>51,394</u>	<u>59,960</u>

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

25 Contingent liabilities

Under a Group registration the Company is jointly and severally liable for VAT at 31 December 2021 of £53 million (2020: £124 million).

26 Related party transactions

Transactions with ITV plc group undertakings

	2021	2020
	£ 000	£ 000
Purchases from ITV Services Limited	938	592
Balance due to ITV Services Limited included in amounts due to group undertakings	6,961	1,984

Purchases from ITV Services Limited primarily relate to business support services. ITV Services Limited is a fellow subsidiary of ITV plc. The balance due to ITV Services Limited relates to short-term funding. This short-term funding does not attract any interest and is repaid in the following month.

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

	2021	2020
	£ 000	£ 000
Purchases from ITV Broadcasting Limited	8,809	7,498
Recharges from ITV Broadcasting Limited	352	-
Balance due to ITV Broadcasting Limited included in amounts due to group undertakings	1,391	2,912

Purchases from ITV Broadcasting Limited primarily relate to advertising and marketing services. ITV Broadcasting Limited is a fellow subsidiary of ITV plc.

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

	2021	2020
	£ 000	£ 000
Purchases from ITV Digital Channels Limited	399	429
Balance due to ITV Digital Channels Limited included in amounts due to group undertakings	-	49

Purchases from ITV Digital Channels Limited primarily relate to advertising and marketing services. ITV Digital Channels Limited is a fellow subsidiary of ITV plc.

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

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

	2021	2020
	£ 000	£ 000
Purchases from ITV2 Limited	2,337	2,051
Balance due to ITV2 Limited included in amounts due to group undertakings	-	229

Purchases from ITV2 Limited primarily relate to advertising and marketing services. ITV2 Limited is a fellow subsidiary of ITV plc.

All transactions with ITV2 Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Purchases from ITV Consumer Limited	20,875	16,340
Balance due to ITV Consumer Limited included in amounts due to group undertakings	4,722	706
Balance due to ITV Consumer Limited included in accrued expenses	-	4,567

Purchases from ITV Consumer Limited primarily relate to programme content and technical services. ITV Consumer Limited is a fellow subsidiary of ITV plc.

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

	2021	2020
	£ 000	£ 000
Purchases from ITV Studios Limited	51	-
Balance due to ITV Studios Limited included in amounts due to group undertakings	-	-

Purchases from ITV Studios Limited primarily relate to programme development. ITV Studios Limited is a fellow subsidiary of ITV plc.

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

	2021	2020
	£ 000	£ 000
Purchases from World Productions Limited	29	-

Purchases from World Productions Limited primarily relate to programming costs. World Productions Limited is a fellow subsidiary of ITV plc.

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

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

	2021	2020
	£ 000	£ 000
Purchases from Denipurna Limited	964	481
Balance due to Denipurna Limited included in amounts due to group undertakings	1,401	437

Purchases from Denipurna Limited primarily relate to licence fees. Denipurna Limited is a joint venture undertaking of ITV plc.

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

	2021	2020
	£ 000	£ 000
Purchases from UTV Limited	437	91
Balance due to UTV Limited included in amounts due to group undertakings	-	15

Purchases from UTV Limited primarily relate to advertising and marketing services. UTV Limited is a fellow subsidiary of ITV plc.

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

	2021	2020
	£ 000	£ 000
Balance due to Carlton Communications Limited included in amounts due to group undertakings	5,934	3,489

The balance due to Carlton Communications Limited relates to short-term funding, does not attract any interest and is repaid in the following month.. Carlton Communications Limited is a fellow subsidiary of ITV plc.

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

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

	2021	2020
	£ 000	£ 000
Loan facility balance due to ITV plc included in amounts due to group undertakings	137,369	63,225

The loan facility balance due to ITV plc at December 2021 attracts interest of base rate plus 2.5% per annum. The maturity date of the loan facility is 31 December 2024, at which point all principal amounts drawn down are repayable in full. Interest amounts are settled on 1 March, 1 June, 1 September and 1 December each year. The loan period is 3 months, except for the initial loan period which runs from the date of the advance to the next interest settlement date. Each advance is deemed to be repaid and redrawn at the end of each loan payment.

	2021	2020
	£ 000	£ 000
Sales to ITV Rights Limited	-	100
Recharges to ITV Rights Limited	610	300
Balance due to ITV Rights Limited included in amounts due to group undertakings	2,149	640

Sales to ITV Rights Limited primarily relate to programme content. Recharges to ITV Rights Limited primarily relate to programming costs. The balance due to ITV Rights Limited includes amounts relating to short-term funding, does not attract any interest and is repaid in the following month. ITV Rights Limited is a fellow subsidiary of ITV plc.

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

	2021	2020
	£ 000	£ 000
Purchases from Big Talk Productions Limited	25	5
Balance due to Big Talk Productions Limited included in accrued expenses	-	5

Purchases from Big Talk Productions Limited primarily relate to programming costs. Big Talk Productions Limited is a fellow subsidiary of ITV plc.

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

	2021	2020
	£ 000	£ 000
Purchases from Mammoth Screen Limited	65	25
Balance due to Mammoth Screen Limited included in accrued expenses	-	25

Purchases from Mammoth Screen Limited primarily relate to programming costs. Mammoth Screen Limited is a fellow subsidiary of ITV plc.

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

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

	2021	2020
	£ 000	£ 000
Sales to The BritBox Australia Partnership	300	500
Balance due from The BritBox Australia Partnership included in amounts due from related undertakings	113	500

Sales to The BritBox Australia Partnership primarily relate to programme content. The BritBox Australia Partnership is a joint venture undertaking of ITV plc, the ultimate parent of the Company.

All transactions with The BritBox Australia Partnership are in the normal course of business on an arms length basis. None of these balances are secured.

Transactions with other related parties

	2021	2020
	£ 000	£ 000
Purchases BBC Studios Distribution Limited	8,490	13,639
Balance due to BBC Studios Distribution Limited included in accrued expenses	4,289	10,237

Purchases from BBC Studios Distribution Limited primarily relate to programme content. BBC Studios Distribution Limited is a subsidiary of BBC Commercial Holdings Limited which owned 10% of the issued shared capital of the Company at 31 December 2021. The balance due to BBC Studios Limited at 31 December 2021 relates to accrued amounts for programme content.

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

	2021	2020
	£000	£000
Purchases from Channel 4 Television Corporation	7,000	-
Balance due to Channel 4 Television Corporation	2,750	-

Purchases from Channel 4 Television Corporation primarily relate to programme content. Channel 4 Television Corporation own 1% of the share capital of BritBox SVOD Limited. The balance due to Channel 4 Television Corporation at 31 December 2021 relates to amounts for programme content.

All transactions with Channel 4 Television Corporation are in the normal course of business on an arms length basis. None one these balances are secured.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

	2021	2020
	£000	£000
Purchases from ITN Limited	911	-

Purchases from ITN Limited primarily relate to programming costs. ITN Limited is an associate of ITV plc.

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

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

Related party transactions - amounts receivable from group undertakings for group relief

	2021	2020
	£ 000	£ 000
ITV 112 Limited	174	174
ITV Broadcasting Limited	7,232	7,044
ITV Digital Channels Limited	10,203	16
ITV Breakfast Limited	1,301	1,247
The Addressable Platform Limited	325	631
ITV Breakfast Broadcasting Limited	958	1,144
ITV Rights Limited	4,238	2,862
Carlton Film Distributors Limited	2	2
Carlton Programmes Development Limited	74	74
ITC Entertainment Group Limited	9	509
Granada Television Overseas Limited	98	98
Carlton Content Holdings Limited	46	46
Granada Screen (2005) Limited	17	17
Boom Cymru TV Ltd	121	121
ITV Top Class Limited	2	2
Carlton Communications Limited	1,346	844
Carlton Screen Advertising (Holdings) Limited	23	23
Carltonco Ninety-Six	3	3
Granada Group Limited	202	202
ITV International Channels Limited	17	54
Granada UK Rental And Retail Limited	17	17
ITV Consumer Limited	483	-
ITV Ventures Limited	3	-
UTV Limited	76	-
Juice Music Limited	20	-
WP Anne Limited	4	-
WP Bodyguard Limited	30	-
WP LOD5 Limited	17	-
	<u>27,041</u>	<u>15,130</u>

The notes on pages 13 to 40 form an integral part of these financial statements.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

26 Related party transactions (continued)

Amounts receivable from group undertakings from group relief relate to amounts owed by fellow subsidiaries of ITV plc. All of these transaction are in the normal course of business on an arms length basis. None of these balances are secured.

27 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.

28 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.

BritBox SVOD Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

29 Subsequent events

On 4 March 2022, ITV Plc announced the launch of ITVX, a new service combining ITV Hub, ITV Hub+ and BritBox UK into a free and premium content offering. BritBox UK continues to operate through this new platform after its launch in Q4 2022, with users being subscribers to ITVX's premium tier, rather than subscribing directly with BritBox UK. As a result, upon launch of ITVX, BritBox UK generates revenue under an intercompany agreement.

To give ITV greater control over BritBox UK and enable its integration into ITVX, on 2 March 2022, the BBC ceased to be a shareholder in BritBox SVOD Limited (BritBox UK). The BBC continues as a strong partner for BritBox UK and BritBox International Limited and we have agreed a new long term content supply deal with the BBC, which will continue as BritBox UK integrates into ITVX. All PSB partners are committed to BritBox UK which offers consumers a large library of PSB British content in one place from the past and recent past. As envisaged by the original shareholder agreement BBC has transferred its 10% shareholding to ITV for nominal consideration. There is no change in control of Britbox UK and the ITV Group now has a 99% shareholding in the company.

On 5 April 2022, the loan facility agreement that the Company entered into with ITV plc on 31 December 2019 was amended. The maximum amount of the loan has been extended to £200,000,000 (previously £150,000,000) until 31 December 2024. This is to cover funding for working capital and general business purposes. All other terms and conditions associated with the loan facility remain unchanged.

Following the passing of Her Majesty Queen Elizabeth II in September 2022, the business has written off remaining Spitting Image episodes featuring the Queen (£9,000,000) as it is highly unlikely they will ever be screened and are unable to be effectively edited.