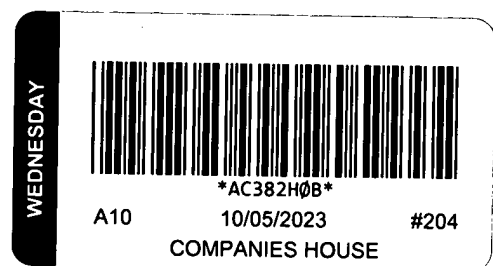


Registration number: 02203983

ITV Studios Global Distribution Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



ITV Studios Global Distribution Limited

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ITV Studios Global Distribution 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 ITV Studios Global Distribution Limited continues to be the worldwide exploitation and distribution of television programming. ITV Studios Global Distribution Limited is part of the ITV Studios division.

Fair review of the business

The results for the Company show a profit for the year £18,739,000 (2020: £15,419,000). At the statement of financial position date the Company had net assets of £81,918,000 (2020: £63,132,000).

The Company's key financial and other performance indicators during the year were as follows:

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 ITV Studios division. For this reason, the Company's Directors use the ITV plc Studios 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 47 of ITV plc's 2021 Annual Report.

	Unit	2021	2020
Turnover comparative	£ 000 s	232,972	209,528
Turnover per sales employee	£ 000 s	7,280	6,349
Administration expenses (excl. foreign exchange) as a % of turnover	%	6	8
Operating profit	£ 000 s	24,538	20,433

Future developments

The Company will continue to follow its strategy to increase worldwide exploitation and distribution of ITV television programming.

ITV Studios Global Distribution Limited

Strategic Report for the Year Ended 31 December 2021

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are:

- Rights ownership and exploitation, the company fails to identify and obtain the optimal rights packages or fails to exploit these for maximum value. In order to mitigate this risk the company continues to focus on creating a lean, creativity dynamic, fit-for-purpose organisation on building a strong international content business.
- Margin protection and growth, the company fails to grow revenues or maintain margins. In order to mitigate the risk the business is driving new revenue streams by exploiting content across multiple platforms, free and pay.
- Failure to obtain distribution rights for a sufficient number of hit shows/formats. This risk is mitigated by focussing on programmes and genres which can return and travel internationally.
- Failure to continue to evolve our organisational structure and culture could prevent us attracting or retaining key commercial and management talent to deliver our strategy. Employing and retaining the best commercial and management talent in a competitive market is key to our success. Risk is mitigated by ensuring engagement across the business with our More than TV strategy and capturing lessons learned from recent investments in programming through ongoing programme appraisals.

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.

Anti-bribery and corruption

A comprehensive review of the Company's policies relating to anti-bribery and corruption can be found in the Strategic Report of the group in the ITV plc annual report.

ITV Studios Global Distribution Limited

Strategic Report for the Year Ended 31 December 2021

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

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

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

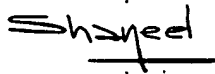
- **The long term:** The Directors are fully cognisant of the evolving media landscape in which the Company operates and that the production environment remains competitive. ITV Group's strategy continues to be a leading force in the creation and ownership of intellectual property (IP), global content production and distribution. The business is increasingly scaled and diversified business, by genre, geography and customer, in the key creative markets around the world. This has been achieved by focusing on our four strategic pillars as follows: growing our scripted business, growing our global formats business, and further diversifying our customer base, all of which is underpinned by our ability to attract and retain leading talent. The Company's focus has been on strengthening its portfolio of successful drama by continuing to fund and distribute UK and International drama, as well as finished tape versions of ITV Studios entertainment and factual entertainment shows. A key priority is looking at how to drive long-term revenues from new market entrants as well as continuing to exploit new rights opportunities.
- **Employees:** The Directors know that the workforce are key to the Company's success and are dedicated to nurturing an inclusive working environment where everyone can reach their full potential and thrive. As the Company is embedded within the ITV Group governance structure it is fully aligned with ITV on workforce engagement and an explanation of how ITV plc have engaged with the workforce and taken them into consideration through its discussions and decision-making is set out on page 115 of ITV plc's 2021 annual report. Further information on ITV's commitment to its workforce is set out on pages 54 to 58 of ITV plc's 2021 annual report, which does not form part of this report.
- **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders which include Partners, other Broadcasters and Platform Owners. The Directors recognise that an understanding of the issues relating to these stakeholders is fundamental to building and maintaining the successful relationships, enabling the Company to take advantage of the strong and mutually beneficial opportunities needed to ensure the success of the Company. As the Company is fully embedded within the ITV Group governance structure, the Directors seek to align themselves with ITV plc's engagement mechanisms and an explanation of how the Directors of ITV plc have had regard to the need to foster the Company's business relationships in the context of the significant financial and economic uncertainty caused by COVID-19 are set out on page 107 to 112 of ITV plc's 2021 annual report which does not form a part of this report, with detail on partners including other broadcasters and platform owners set out on page 109.
- **Community & environment:** The Directors have regard to the impact of the Company's operations on the environment and consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in carrying out the duties in respect of the community, wider environmental issues and diversity and inclusion targets. Further information on ITV's Social Purpose strategy and 2021 initiatives - structured around better health, giving back, climate action and diversity and inclusion, environment and giving back targets - is set out on pages 48 to 55 of ITV plc's 2021 annual report, which does not form a part of this report.

ITV Studios Global Distribution Limited

Strategic Report for the Year Ended 31 December 2021

• **High standards of business conduct:** The Directors' intention is to ensure that the Company and its subsidiaries operate in an ethical and responsible way. As a part of the ITV Group, they recognise that a healthy corporate culture is the cornerstone to ensuring high standards of business conduct and governance that also pervade business dealings with stakeholders outside of the organisation. The Directors consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in promoting these facets and details on how they monitored and assessed culture during the year is set out on page 116 in ITV plc's 2021 annual report, which does not form a part of this report. ITV's commitment to high standards of business contact is also enshrined in the Code of Ethics and Conduct available on the ITV plc website. ITV's culture also pervades its business dealings with stakeholders outside of the organisation, as exemplified by its work with suppliers in relation to modern slavery and membership of the Prompt Payment Code.

Approved by the Board on 9 May 2023 and signed on its behalf by:



.....
Sharjeel Suleman
Director

ITV Studios Global Distribution Limited

Directors' Report for the Year Ended 31 December 2021

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

Directors of the Company

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were;

Sharjeel Suleman

Ruth Berry

David McGraynor

Directors' liabilities

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

Dividends

The Directors 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.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

ITV Studios Global Distribution 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 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 also 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.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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.

ITV Studios Global Distribution Limited

Directors' Report for the Year Ended 31 December 2021

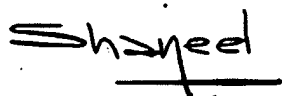
Appointment of auditor

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.

Approved by the Board on 9 May 2023 and signed on its behalf by:



.....
Sharjeel Suleman
Director

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

ITV Studios Global Distribution Limited

Independent Auditor's Report To The Members Of ITV Studios Global Distribution Limited

Report on the audit of the financial statements

Opinion

In our opinion, ITV Studios Global Distribution 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; the Income statement, Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

ITV Studios Global Distribution Limited

Independent Auditor's Report To The Members Of ITV Studios Global Distribution 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 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.

ITV Studios Global Distribution Limited

Independent Auditor's Report To The Members Of ITV Studios Global Distribution Limited

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

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

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

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

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

Use of this report

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


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.


Jonathan Lambert (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 09 May 2023

ITV Studios Global Distribution Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	3	232,972	209,528
Cost of sales		<u>(195,447)</u>	<u>(173,772)</u>
Gross profit		37,525	35,756
Administrative expenses		<u>(12,987)</u>	<u>(15,323)</u>
Operating profit	4	24,538	20,433
Finance income	8	545	562
Finance costs	9	<u>(9)</u>	<u>(8)</u>
Profit before tax		25,074	20,987
Taxation	10	<u>(6,335)</u>	<u>(5,568)</u>
Profit for the year		<u>18,739</u>	<u>15,419</u>

The above results were derived from continuing operations.

ITV Studios Global Distribution Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Profit for the year		18,739	15,419
Items that may be reclassified subsequently to profit or loss			
Loss on cash flow hedges (net)		(144)	(1,629)
Income tax effect on cash flow hedges		<u>194</u>	<u>-</u>
Total comprehensive income for the year		<u><u>18,789</u></u>	<u><u>13,790</u></u>

The notes on pages 16 to 36 form an integral part of these financial statements.

ITV Studios Global Distribution Limited

(Registration number: 02203983)
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Property, plant and equipment	11	-	-
Intangible assets	12	-	-
Investments	13	2,093	2,202
Derivative financial instruments	14	236	393
Distribution rights	15	38,740	37,495
Trade and other receivables	16	27,641	22,764
Deferred tax assets	17	-	184
		<u>68,710</u>	<u>63,038</u>
Current assets			
Trade and other receivables	16	206,846	162,398
Contract assets	18	13,622	16,066
Derivative financial instruments	14	1,408	2,027
Cash and cash equivalents	19	46	-
		<u>221,922</u>	<u>180,491</u>
Current liabilities			
Trade and other payables	20	(165,106)	(144,807)
Derivative financial instruments		(523)	(1,338)
Contract liabilities	18	<u>(25,476)</u>	<u>(16,877)</u>
		<u>(191,105)</u>	<u>(163,022)</u>
Net current assets		<u>30,817</u>	<u>17,469</u>
Non-current liabilities			
Derivative financial instruments		-	(70)
Trade payables	20	(17,600)	(17,305)
Deferred tax liabilities	17	<u>(9)</u>	<u>-</u>
		<u>(17,609)</u>	<u>(17,375)</u>
Net assets		<u>81,918</u>	<u>63,132</u>

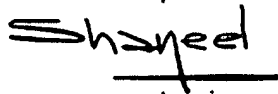
The notes on pages 16 to 36 form an integral part of these financial statements.

ITV Studios Global Distribution Limited

(Registration number: 02203983)
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Equity			
Share capital	23	5,300	5,300
Capital redemption reserve		8,611	8,611
Other reserves		905	855
Retained earnings		<u>67,102</u>	<u>48,366</u>
Total equity		<u><u>81,918</u></u>	<u><u>63,132</u></u>

The financial statements on pages 11 to 36 were approved by the Board of Directors on 9 May 2023 and signed on its behalf by:



.....
Sharjeel Suleman
Director

ITV Studios Global Distribution Limited

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

	Share capital £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 January 2021	5,300	8,611	855	48,366	63,132
Profit for the year	-	-	-	18,739	18,739
Loss on cash flow hedges (net)	-	-	(144)	-	(144)
Income tax effect on cash flow hedges	-	-	194	-	194
Income tax effect	-	-	-	(3)	(3)
Balance at 31 December 2021	<u>5,300</u>	<u>8,611</u>	<u>905</u>	<u>67,102</u>	<u>81,918</u>

	Share capital £ 000	Capital redemption reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
Balance at 1 January 2020	5,300	8,611	2,484	32,904	49,299
Profit for the year	-	-	-	15,419	15,419
Tax charges	-	-	-	43	43
Loss on cash flow hedges (net)	-	-	(1,629)	-	(1,629)
Balance at 31 December 2020	<u>5,300</u>	<u>8,611</u>	<u>855</u>	<u>48,366</u>	<u>63,132</u>

The notes on pages 16 to 36 form an integral part of these financial statements.

ITV Studios Global Distribution 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

ITV Studios Global Distribution Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 02203983 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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.

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 IAS 24, '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;

ITV Studios Global Distribution Limited

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

1 Accounting policies (continued)

- 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.

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 financial statements

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 the Company will have sufficient funds through funding from its ultimate parent company, ITV plc, to meet its liabilities as they fall due for that period.

ITV Studios Global Distribution Limited

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

1 Accounting policies (continued)

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 recognition

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

Revenue is stated exclusive of VAT and represents licence fees and royalties earned on the international exploitation of TV and film distribution rights. It can be classified into the following categories:

Programme distribution rights

- A licence is granted for the transmission of a programme in a stated territory, media and period and revenue is recognised at the point when the contract is signed, the content is available for download and the licence period has started.

Format rights

- A licence is granted for the exploitation of a format in a stated territory, media and period. These are recognised when the licence is granted to the customer (point in time) by the Company or a sub-distributor.

Royalties

- Royalties receivable in excess of minimum guarantees are recognised at the point at which such royalties become due and payable to the Company.

Other revenue

- A licence is granted for the use of clips, stills or the use of the brand for ancillary products in a stated territory, media/product line and period. Revenue is recognised at the point where the contract is signed, the content is available and the licence period has started.

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'.

ITV Studios Global Distribution Limited

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

1 Accounting policies (continued)

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.

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.

ITV Studios Global Distribution Limited

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

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Impairment of assets

Property, plant and equipment that is subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business performance.

Depreciation

Depreciation is provided to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis over their estimated useful lives. The annual depreciation charge is sensitive to the estimated useful life of each asset and the expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Asset class	Depreciation method and rate
Vehicles, equipment and fittings	Straight line 3 - 10 years

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

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.

Asset class	Amortisation method and rate
Software licences and developments	Straight line 1-5 years

Investments

The statement of financial position includes investments at cost less amounts written off in respect of any impairment.

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.

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

ITV Studios Global Distribution Limited

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

1 Accounting policies (continued)

Distribution rights

Distribution rights are programme rights the Company buys from producers to derive future revenue, principally through licensing to other broadcasters. These are classified as non-current assets as these rights are used to derive long-term economic benefit for the Company.

Distribution rights are recognised initially at cost and charged through cost of sales in the income statement over a period not exceeding five years, reflecting the value and pattern in which the right is consumed. Advances paid for the acquisition of distribution rights are disclosed as distribution rights as soon as they are contracted. These advances are not expensed until the programme is available for distribution. Up to that point, they are assessed annually for impairment through the reassessment of the future sales expected to be earned from that title.

Trade and other receivables

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

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

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

Amounts due (to) from group undertakings

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents is considered to approximate fair value.

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.

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.

ITV Studios Global Distribution Limited

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

1 Accounting policies (continued)

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.

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.

ITV Studios Global Distribution 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 amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

3 Revenue

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

	2021 £ 000	2020 £ 000
Sale of programme rights	218,416	202,638
Sale of format rights	10,557	5,687
Other revenue	3,999	1,203
	<u>232,972</u>	<u>209,528</u>

The analysis of the Company's revenue for the year by market is as follows:

	2021 £ 000	2020 £ 000
UK	53,784	60,616
Europe	59,794	50,696
Rest of world	119,394	98,216
	<u>232,972</u>	<u>209,528</u>

Revenue is stated net of VAT.

ITV Studios Global Distribution Limited

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

4 Operating profit

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Impairment of investment in subsidiary	208	-
Foreign exchange gains	(1,351)	(2,237)
Loan impairment	109	628

5 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	5,660	4,980
Social security costs	650	561
Other pension costs	537	502
Pension costs, defined benefit scheme	30	52
Share-based payment expenses	258	(31)
	<u>7,135</u>	<u>6,064</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.
Administration and support	40	41
Sales, marketing and distribution	32	33
	<u>72</u>	<u>74</u>

6 Directors' remuneration

In the year to 31 December 2021 2 (2020: 2) Directors were remunerated by other ITV plc Group companies. These Directors received no remuneration in respect of their qualifying services to the Company (2020: £Nil).

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	285	426
Contributions paid to defined contribution schemes	3	2
	<u>288</u>	<u>428</u>

ITV Studios Global Distribution Limited

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

6 Directors' remuneration (continued)

Post employment benefits are accruing for 1 (2020: 1) director under a money purchase pension scheme and 1 (2020: 1) director received or was entitled to receive under long term incentive schemes.

In respect of the highest paid Director:

	2021 £ 000	2020 £ 000
Remuneration	285	426
Company contributions to defined contribution schemes	3	2

During the year the highest paid director exercised share options and also received or was entitled to receive shares under a long term incentive scheme.

7 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 auditors remuneration of £21,000 (2020: £6,138) was borne by ITV Services Limited.

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 Finance income

	2021 £ 000	2020 £ 000
Interest receivable from group undertakings	<u>545</u>	<u>562</u>

9 Finance costs

	2021 £ 000	2020 £ 000
Interest on bank overdrafts and borrowings	3	-
Interest payable to group undertakings	2	-
Other finance costs	<u>4</u>	<u>8</u>
	<u>9</u>	<u>8</u>

ITV Studios Global Distribution Limited

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

10 Taxation

Tax charged/(credited) in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	2,504	1,536
UK corporation tax adjustment to prior periods	(5)	-
Foreign tax	1,511	1,477
Group relief payable	2,330	2,544
	<u>6,340</u>	<u>5,557</u>
Total current tax	<u>6,340</u>	<u>5,557</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	20	24
Arising from changes in tax rates and laws	(25)	(13)
Total deferred taxation	<u>(5)</u>	<u>11</u>
Tax expense in the income statement	<u>6,335</u>	<u>5,568</u>

The tax on profit before tax for the year is higher 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
Profit before tax	<u>25,074</u>	<u>20,987</u>
Corporation tax at standard rate of 19% (2020: 19%)	4,764	3,988
Decrease in UK corporation tax adjustment to prior periods	(5)	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	88	114
Payment for group relief	2,330	2,544
Group relief claimed	(2,330)	(2,544)
Increase from effect of foreign tax rates	1,511	1,477
Deferred tax credit relating to changes in tax rates or laws	<u>(23)</u>	<u>(11)</u>
Total tax charge	<u>6,335</u>	<u>5,568</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.

ITV Studios Global Distribution Limited

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

11 Property, plant and equipment

	Vehicles, equipment and fittings £ 000
Cost or valuation	
At 1 January 2021	<u>1,045</u>
At 31 December 2021	<u>1,045</u>
Depreciation	
At 1 January 2021	<u>1,045</u>
At 31 December 2021	<u>1,045</u>
Carrying amount	
At 31 December 2021	<u><u>-</u></u>

12 Intangible assets

	Software licences and development £ 000
Cost or valuation	
At 1 January 2021	<u>1,512</u>
At 31 December 2021	<u>1,512</u>
Amortisation	
At 1 January 2021	<u>1,512</u>
At 31 December 2021	<u>1,512</u>
Carrying amount	
At 31 December 2021	<u><u>-</u></u>

ITV Studios Global Distribution Limited

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

13 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2021	2,202
Additions	99
At 31 December 2021	<u>2,301</u>
Provision	
At 1 January 2021	-
Impairment provision	208
At 31 December 2021	<u>208</u>
Carrying amount	
At 31 December 2021	<u>2,093</u>
At 31 December 2020	<u>2,202</u>

During the year an additional investment of £99k was made into Future Flip LLC. At the year end the full value of the investment was provided for.

Details of all subsidiaries, joint ventures and associates of the Company as at 31 December 2021 are disclosed in note 29.

14 Other financial assets

	2021	2020
	£ 000	£ 000
Non-current financial assets		
Derivatives used for hedging	<u>236</u>	<u>393</u>
Current financial assets		
Derivative assets held for risk management and hedge accounting	<u>1,408</u>	<u>2,027</u>

ITV Studios Global Distribution Limited

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

15 Distribution rights

	2021 £ 000	2020 £ 000
Distribution rights	<u>38,740</u>	<u>37,495</u>

During the year, £45,652,482 was charged to the Income Statement (2020: £47,193,288).

16 Trade and other receivables

Non-current assets

	2021 £ 000	2020 £ 000
Trade receivables	<u>27,641</u>	<u>22,764</u>

Current assets

	2021 £ 000	2020 £ 000
Trade receivables	83,633	74,590
Amounts due from group undertakings	123,153	87,757
Other receivables	-	2
Prepayments	<u>60</u>	<u>49</u>
	<u>206,846</u>	<u>162,398</u>

Included in amounts due from group undertakings are amounts of £105,815,301 (2020: £73,394,687) which relate to balances associated with the ITV plc intra-group treasury arrangement. This balance is repayable on demand and attracts interest of 0.5% above base rate per annum.

Included in amounts due from group undertakings are amounts of £17,337,712 (2020: £14,361,852) 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.

ITV Studios Global Distribution Limited

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

17 Deferred tax

Deferred tax

Deferred tax assets and liabilities

	Liability £ 000
2021	
Accelerated tax depreciation	103
Share-based payment	82
Fair value movements on financial instruments	(194)
	<u>(9)</u>
	Asset £ 000
2020	
Accelerated tax depreciation	103
Share-based payment	81
Fair value movements on financial instruments	-
	<u>184</u>

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	103	-	-	-	103
Share-based payment	81	5	-	(4)	82
Fair value movements on financial instruments	-	-	(194)	-	(194)
Net tax assets/(liabilities)	<u>184</u>	<u>5</u>	<u>(194)</u>	<u>(4)</u>	<u>(9)</u>

ITV Studios Global Distribution Limited

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

17 Deferred tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	112	(9)	-	103
Share-based payment	40	(2)	43	81
Fair value movements on financial instruments	-	-	-	-
Net tax assets/(liabilities)	<u>152</u>	<u>(11)</u>	<u>43</u>	<u>184</u>

18 Contract assets and liabilities

The following table provides information about opening and closing 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	<u>13,622</u>	<u>25,476</u>	<u>16,066</u>	<u>16,877</u>

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was £16,877,000 (2020: £6,833,589).

19 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	<u>46</u>	<u>-</u>

ITV Studios Global Distribution Limited

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

20 Trade and other payables

Non-current liabilities

	2021 £ 000	2020 £ 000
Trade and other payables	17,600	17,305

Current liabilities

	2021 £ 000	2020 * £ 000
Trade creditors	1,571	1,397
Amounts due to group undertakings	77,585	74,416
Other creditors	10,024	11,447
Accrued expenses	71,053	55,003
Intercompany - group relief payable	4,873	2,544
	<u>165,106</u>	<u>144,807</u>

Included in amounts due to group undertakings are amounts of £77,584,933 (2020: £74,416,191) 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 other payables balance relates to royalties and other third party obligations arising from the distribution of content.

* A balance of £41,638,145, relating primarily to programme creditors, royalty pathways and bonus accruals, originally included in other payables, has been represented in accruals.

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 £538,051 (2020 - £502,232).

ITV Studios Global Distribution Limited

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

22 Share-based payments

Scheme description

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, called up and fully paid

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>

24 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £26,312 (2020: £nil).

ITV Studios Global Distribution 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 Joint Venture	2021	2020
	£ 000	£ 000
Sale to Britbox Australia Management Pty	3,075	1,705
Deferred revenue due from Britbox Australia Management Pty	19	-
Balance due from Britbox Australia Management Pty	1,622	1,303

The transactions with Britbox Australia Management Pty relate to finished tape sales.

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

Transactions with Joint Venture	2021	2020
	£ 000	£ 000
Sale to Britbox International Ltd	1,168	-
Balance due from Britbox International Ltd	1,405	-

The transactions with Britbox International primarily relate to finished tape sales

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

Transactions with Associate	2021	2020
	£ 000	£ 000
Sale to Independent Television News Limited	34	-
Balance due from Independent Television News Limited	-	-

The transactions with Independent Television News Limited primarily relate to clip sales

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

ITV Studios Global Distribution Limited

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

26 Related party transactions (continued)

Transactions with Associate	2021	2020
	£ 000	£ 000
Sale to Britbox LLC	11,740	9,244
Deferred revenue with Britbox LLC	451	18
Balance due from Britbox LLC	5,633	4,832

The transactions with Britbox LLC primarily relate to finished tape sales

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

Transactions with Associate	2021	2020
	£ 000	£ 000
Sales to Cirkus International Limited	522	164
Deferred revenue with Cirkus International Limited	-	14
Balance due from Cirkus International Limited	682	71

The transactions with Cirkus International Limited primarily relate to finished tape sales

All transactions with Cirkus International Limited 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 included 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 Carlton Content Holdings 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.

ITV Studios Global Distribution Limited

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

29 Investments

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of Subsidiary	Registered Office	Share Type	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Carlton Programmes Development Limited	Itv White City, 201 Wood Lane, London, United Kingdom, W12 7RU	Ordinary	UK	100%
ITV Studios Global Distribution (Hong Kong) Limited	Room 32-112, 32/F., Hysan Place, 500 Hennessy Road, Hong Kong	Ordinary	Hong Kong	100%
Futureflip Entertainment India LLP	#1302, Tower-3, ONE International Center, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400013, Maharashtra, India	Membership / Partnership	India	100%

Associates

Details of the associates as at 31 December 2021 are as follows:

Name of Associate	Registered Office	Share Type	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Route 24 Limited	325 - 327 Oldfield Lane North, Greenford, Middlesex, UB6 0FX	Ordinary	UK	25%