

ITV Digital Holdings Limited

Directors' report and financial  
statements

Registered number 3261192

Year ended 31 December 2007

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## **Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007  
The comparatives are for the year ended 31 December 2006

### **Principal activities and business review**

The principal activity of ITV Digital Holdings Limited ("the Company") continues to be to act as a holding company

The results for the Company show a profit of £180 for the year (2006 profit of £2,251)

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review

### **Principal transactions and post balance sheet events**

During the year the ITV plc group continued the operational and legal restructuring programme, commenced in 2004, to simplify the corporate structure

### **Dividends**

The directors do not recommend the payment of a final dividend (year to 31 December 2006 £nil)

### **Basis of Preparation**

The Company is presently wholly dependent on the support of its shareholders, Carlton Communications Limited ("Carlton") and Granada Media Limited ("Granada") (together the "Shareholders", now both part of the ITV plc Group), in order to continue to meet its debts as they fall due. The Shareholders have no legal or other obligation to continue to fund the Company.

The administrators of ONdigital 1998 plc (formerly ITV Digital plc) took the decision to close that company's main trading business on 30 April 2002 and it ceased to broadcast pay television and interactive services on 1 May 2002. As a result, the Company is not expected to be in a position to repay the loans due to Shareholders. In the absence of guarantees provided by the Shareholders that the loans will not be called for repayment, it is the opinion of the directors that the Company is not a going concern, because it is unable to fund its present obligations and liabilities. These accounts have therefore not been prepared on a going concern basis.

The Company has investments in two subsidiary companies, ONdigital 1998 plc and ONdigital 1998 (Services) Limited, both of which have now been liquidated under the Insolvency Act 1986. The Company's cost of investment in these subsidiaries had been written off in prior years to £nil.

### **Directors**

The following were directors of the Company during the year ended 31 December 2007

Mike Green  
James Tibbitts

### **Donations**

Grants and charitable donations made during the year amounted to £nil (year to 31 December 2006 £nil). There were no political contributions made during the year (year to 31 December 2006 £nil).

## **Directors' Report (cont'd)**

### **Auditors and disclosure of information to auditors**

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all 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

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Financial Statements before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985

By order of the Board



**Helen Tautz**  
Company Secretary

200 Gray's Inn Road  
London WC1X 8HF

23<sup>rd</sup> May 2008

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in Note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of ITV Digital Holdings Limited**

We have audited the financial statements of ITV Digital Holdings Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein. As described in note 1, they have not been prepared on a going concern basis.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**

*Chartered Accountants and Registered Auditor*

Date

*3rd June* 2008

Po Box 695  
8 Salisbury Square  
London EC4Y 8BB

## Profit and loss account

	<i>Note</i>	<b>Year ended 31 December 2007 £000</b>	<b>Year ended 31 December 2006 £000</b>
Administrative income		-	2
<b>Operating profit</b>		<u>-</u>	<u>2</u>
<b>Profit on ordinary activities before taxation</b>		<u>-</u>	<u>2</u>
Taxation on profit on ordinary activities	3	-	-
<b>Profit on ordinary activities after taxation</b>	7	<u>-</u>	<u>2</u>

The results stated above are all derived from continuing activities

A statement of total recognised gains and losses has not been included as part of these financial statements as the Company made no gains or losses in the current or prior year other than those disclosed above in the profit and loss account

A note on historical cost profits and losses has not been included as part of these financial statements since the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

The notes on pages 7 to 11 form part of these financial statements

## Balance sheet

		31 December 2007		31 December 2006	
	Note	£000	£000	£000	£000
<b>Current assets</b>					
Investments	4		3		3
<b>Current liabilities</b>					
Creditors amounts falling due within one year	5	(974,608)		(974,608)	
<b>Net current liabilities</b>			(974,608)		(974,608)
<b>Net liabilities</b>			(974,605)		(974,605)
<b>Capital and reserves</b>					
Called up share capital	6		20,700		20,700
Share premium	7		186,300		186,300
Other reserves	7		25,000		25,000
Profit and loss account	7		(1,206,605)		(1,206,605)
<b>Shareholders' deficit</b>	7		(974,605)		(974,605)

The notes on pages 7 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 23<sup>rd</sup> May 2008 and were signed on its behalf by

  
M Green  
Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

#### ***Basis of preparation***

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

#### ***Going concern***

The financial statements have not been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is presently wholly dependent on the support of its shareholders, Carlton Communications Limited and Granada Media Limited, in order to continue to meet its debts as they fall due. The shareholders have no legal or other obligation to continue to fund the Company.

#### ***Cash flow statement***

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### ***Related party transactions***

As the Company is a wholly owned subsidiary of ITV plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of ITV plc, within which this Company is included, can be obtained from the address given in note 8.

#### ***Investments***

The Company's balance sheet includes investments at cost less amounts written off in respect of any permanent diminution in value.

#### ***Taxation***

The charge for taxation is based on profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised and computed without discounting. Full provision is made in respect of all timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered.

### 2 Staff costs, directors' and auditor's remuneration

No director received any emoluments for their services to this Company (2006 £nil). In the current and prior year the auditors' remuneration of £500 was borne by another group company. Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent ITV plc. There were no employees and hence no staff costs during the year (2006 £nil).

## Notes (continued)

### 3 Taxation on profit/(loss) on ordinary activities

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
Analysis of charge in year		
<i>Current tax</i>		
UK corporation tax on profit for the year	-	-
Adjustment to prior year	-	-
Total current tax (see below)	-	-
Tax charge on profit on ordinary activities	-	-

The current tax charge for the year ended 31 December 2007 is lower than (year ended 31 December 2006 lower than) the standard rate of corporation tax in the UK (year ended 31 December 2007 30%, year ended 31 December 2006 30%) The differences are explained below

	Year ended 31 December 2007 £000	Year ended 31 December 2006 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	2
Current tax charge at 30% (2006 30%)	-	(1)
<i>Effects of</i>		
Permanent differences and group relief	-	1
Total current tax charge (see above)	-	-

## Notes (continued)

### 4 Investments

	Shares in group undertakings £000	Other market investments £000	Total £000
<b>Cost</b>			
At 1 January 2007 and 31 December 2007	-	3	3
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Provisions</b>			
At 1 January 2007 and 31 December 2007	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>			
At 31 December 2007	-	3	3
	<u>          </u>	<u>          </u>	<u>          </u>
At 1 January 2007	-	3	3
	<u>          </u>	<u>          </u>	<u>          </u>

The Company has investments in two subsidiary companies, ONdigital 1998 plc and ONdigital 1998 (Services) Limited, both of which are in the course of liquidation under the Insolvency Act 1986. The Company's cost of investment in these subsidiaries had been written off in prior years to £nil.

The market value as at 31 December 2007 of investments (cost £3,453) listed on recognised stock exchanges is £3,118.

### 5 Creditors: amounts falling due within one year

	31 December 2007 £000	31 December 2006 £000
Short term shareholder loan	874,394	874,394
Capitalised interest on shareholder loan	100,210	100,210
Other amounts payable to shareholders	4	4
	<u>974,608</u>	<u>974,608</u>

## Notes (continued)

### 6 Called up share capital

	31 December 2007 £000	31 December 2006 £000
<b>Authorised</b>		
172,500,000 Ordinary 'C' Shares of 10p each	17,250	17,250
172,500,000 Ordinary 'G' Shares of 10p each	17,250	17,250
	<u>34,500</u>	<u>34,500</u>
<b>Allotted, called up and fully paid</b>		
103,500,500 Ordinary 'C' Shares of 10p each	10,350	10,350
103,500,500 Ordinary 'G' Shares of 10p each	10,350	10,350
	<u>20,700</u>	<u>20,700</u>

All C and G class shares are identical and rank pari passu in all respects as the same class of share

### 7 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium £000	Share capital £000	Profit and loss account £000	Total £000
At 1 January 2007	20,700	186,300	25,000	(1,206,605)	(974,605)
Profit for the year	-	-	-	-	-
<b>At 31 December 2007</b>	<u>20,700</u>	<u>186,300</u>	<u>25,000</u>	<u>(1,206,605)</u>	<u>(974,605)</u>

## **Notes** *(continued)*

### **8 Ultimate parent company**

At 31 December 2007 the Company was 50% owned by Granada Media Limited, a company incorporated and registered in England and Wales, and 50% by Carlton Communications Limited, a company also incorporated and registered in England and Wales. The Company's ultimate parent company was ITV plc, a company incorporated and registered in England and Wales.

The largest and smallest group in which the results of the Company were consolidated was that headed by ITV plc. The consolidated accounts of ITV plc are available to the public and may be obtained from the Company Secretary, 200 Gray's Inn Road, London, WC1X 8HF.