

3sixtymedia Limited

**Directors' report and
financial statements**

**Registered number 4042168
Year ended 31 December 2010**

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Contents

Directors' report	2
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditor's report to the members of 3sixtymedia Limited	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010. The comparatives are for the year ended 31 December 2009.

Principal activities

The principal activity of 3sixtymedia Limited continues to be the provision of production and post production facilities. The results for the Company show a pre-tax profit of £633,000 (2009 pre tax loss £325,000) and turnover of £11,646,000 (2009 £11,984,000).

The Company has net assets of £3,146,000 (2009 £2,513,000).

Business Review

The Company had a year that pretty much reflected forecast but with some growth in Post Production activities. The results were improved as we realised some of the savings from previous efficiency reviews and we kept our focus on the control of costs.

The board mainly focused on considering the implications of the opening of MediaCityUK in Salford Quays, the first time a serious rival to our Studio business had opened in the region. In the last quarter of 2010 it was announced that ITV would relocate its Manchester base to MediaCityUK and build a bespoke production centre for Coronation Street but it was unclear exactly how this would impact 3sixtymedia as plans were in no way finalised. The directors looked at various options for the Company but ultimately decided to maintain 'business as usual' until greater clarity was gained regarding the move. The situation would be under review in 2011.

Key Performance Indicators

The directors regularly monitor the following key performance indicators to track the performance of the business:

Across the 3 main studios, a total utilisation of 317 days (35%) was achieved in 2010, compared to a utilisation in 2009 of 348 days (37%). Full utilisation (or 100%) is represented by studio bookings all six days per week (ie excluding Sundays) for 52 weeks per annum.

The key financial indicators monitored are net profit by business area (ie studios & crews, post production and storage and central overheads). In 2010 the studios & crews area of the business showed a year on year increase, with a net profit of £951k (2009 £843k). Post production showed a year on year increase, with a net profit of £1,179k (2009 £627k). Other areas including storage and central overhead costs recorded a net loss of £1,498k (2009 loss of £1,794k). The decrease in central overhead costs year on year is a direct result of the cost savings now delivered as a result of the 2010 business review.

Future Outlook and Principal Risks

MediaCityUK has had some impact on the Company's business already with the loss of BBC productions and the potential to also lose some third party production. Discussions with the Peel Group (the owners of MediaCityUK) continued throughout 2011 but our focus will be on sustaining a suitable model until decisions are made on the business going forward.

The Company is a participating employer in both ITV and BBC defined benefit schemes. There is a risk that the Company may cease to be a participating employer in one or both schemes in the future due to staff leaving and as a result the Company may incur additional pension liabilities.

Dividends

The directors do not recommend the payment of a dividend (2009: £nil).

Directors

The directors who held office during the year and up to the date of this report were as follows

Paul Bennett
Sarah Mackey (resigned 30th September 2010)
Aileen Spankie (resigned 17th September 2010)
Sarah Woodward
Paul Campbell-White
Darren Berman (appointed 30th September 2010)
Warren Newbert (appointed 30th September 2010, resigned 8th April 2011)
Tracy Lewis (appointed 19th September 2011)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year

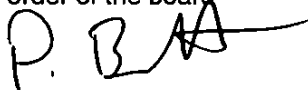
Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



Paul Bennett
Director

26 September 2011

The London Television Centre
Upper Ground
London
SE1 9LT

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).

Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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

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. 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 3sixtymedia Limited

We have audited the financial statements of 3sixtymedia Limited for the year ended 31 December 2010 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Mark Summerfield (Senior Statutory Auditor)
for and on behalf of KPMG Audit PLC
Chartered Accountants
15 Canada Square
London E14 5GL

27 September 2011

Profit and loss account

		Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
	Note		
Turnover	1	11,646	11,984
Cost of Sales		<u>(6,728)</u>	<u>(7,022)</u>
Gross Profit		4,918	4,962
Operating costs		<u>(4,300)</u>	<u>(5,296)</u>
Operating profit/(loss)		618	(334)
Interest receivable and similar income	5	<u>15</u>	<u>9</u>
Profit/(loss) on ordinary activities before taxation		633	(325)
Taxation	6	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		<u>633</u>	<u>(325)</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 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 9 to 16 form part of these financial statements

Balance sheet

		31 December 2010 £000	31 December 2009 £000
	Note		
Fixed assets			
Tangible assets	9	<u>1,083</u>	<u>1,690</u>
		1,083	1,690
Current assets			
Stock		193	39
Debtors	10	<u>26,369</u>	<u>16,978</u>
		26,562	17,017
Current liabilities			
Creditors amounts falling due within one year	11	<u>(24,499)</u>	<u>(16,194)</u>
Net current assets		<u>2,063</u>	<u>823</u>
Total assets less current liabilities		<u>3,146</u>	<u>2,513</u>
Net assets		<u>3,146</u>	<u>2,513</u>
Capital and reserves			
Called up share capital	13	2	2
Share premium account	13	9,965	9,965
Profit and loss reserve	13	<u>(6,821)</u>	<u>(7,454)</u>
Equity shareholders' funds		<u>3,146</u>	<u>2,513</u>

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 26 September 2011 and were signed on its behalf by.



Paul Bennett
Director

Cash Flow Statement

		31 December 2010	31 December 2009
	Note	£000	£000
Net cash inflow from operating activities	7	126	7
Returns on Investment and servicing of finance			
Net Interest received	<u>15</u>	<u>9</u>	
Net cash inflow from returns on investment and servicing of finance		15	9
Net cash inflow/(outflow) from taxation		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets	<u>(141)</u>	<u>(16)</u>	
Net cash outflow from capital expenditure and		(141)	(16)
Change in cash in the year		<u>-</u>	<u>-</u>

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 have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Directors' report on pages 2 to 3

The Company does not own a bank account. Cash receipts and payments are accounted for on the Company's behalf by fellow group undertakings and are reflected in the movement in amounts owed to/from group undertakings

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reason. The Company is dependent for its working capital on funds provided to it by ITV Studios Limited, the Company's immediate parent undertaking. ITV plc, the Company's ultimate parent undertaking has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the Company and, in particular, will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. 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.

On this basis, and on their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the company will be able to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover, which arises wholly in the United Kingdom, represents the invoiced amounts for services provided during the year and is stated net of Value Added Tax. Revenue is recognised when the services are provided.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Vehicles, equipment and fittings	3 to 8 years
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Taxation

The charge for taxation is based on the 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Post-retirement benefits

Defined Contribution Scheme

Total contributions recognised in the profit and loss account in relation to defined contribution schemes during 2010 were £43,678 (2009 £30,924)

Defined Benefit Scheme

The Company is a participating member of the ITV defined benefit pension scheme. The scheme's assets are held in separate trustee administered funds. Contributions are based on pension costs across the group as a whole.

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as permitted by FRS 17 'Retirement benefits' the Company has accounted for contributions to the scheme as if it were a defined contribution scheme.

The ITV plc Group's main scheme, formed by merger on 31 January 2006, consists of three sections, A, B and C. The first triennial valuation of section A was completed at 1 January 2008 by an independent actuary for the Trustees of the ITV Pension Scheme. The first triennial valuations of sections B and C were completed as at 1 January 2007 and the next triennial valuation of these sections are being undertaken as at 1 January 2010. The Group will monitor funding levels annually. The latest actuarial valuations have been updated for FRS 17 purposes to 31 December 2009 by a qualified independent actuary.

The Company's normal contributions for the year were £421,850 (2009 £491,266). In addition to normal funding the ITV plc Group made a further contribution of £30 million in the year (2009: £30 million). The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

At 31 December 2010 the scheme had an FRS 17 deficit of £313 million (2009 £436 million).

Particulars of the actuarial valuations of the Group schemes are contained in the financial statements of ITV plc which can be obtained from the address given in note 16.

As well as the above contributions, a contribution of £86,315 (2009 £99,000) has been made to the BBC pensions scheme which has been treated similarly to the above. Details of this scheme can be found in the financial statements of the BBC Pensions Scheme, which can be obtained from BBC Pension Trust Limited, Broadcasting House, London W1A 1AA.

2 Staff costs

The average number of persons employed by the Company (excluding directors) during the period, analysed by division, was as follows

	Year ended 31 December 2010	Year ended 31 December 2009
Operational	75	93
Administration	21	22
	<u>96</u>	<u>115</u>

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Wages and salaries	5,245	5,690
Social security costs	402	486
Other pension costs	846	621
	<u>6,493</u>	<u>6,797</u>

3 Profit/(loss) on ordinary activities before tax

Profit/(loss) on ordinary activities before tax is stated after charging the following

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Depreciation and other amounts written off tangible fixed assets		
Owned	748	806
Hire of plant and machinery - operating leases	396	469
	<u>1,144</u>	<u>1,275</u>

4 Directors emoluments and auditors remuneration

No director received any remuneration for their services to the Company (2009 £nil)

The auditors' remuneration of £1,000 (2009 £1,000) was borne by another Group company

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, ITV plc

5 Interest receivable and similar income

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Interest receivable from group undertakings	<u>15</u>	<u>9</u>
	<u>15</u>	<u>9</u>

6 Taxation

Analysis of (charge)/credit in year

	£000	Year ended 31 December 2010 £000	£000	Year ended 31 December 2009 £000
<i>UK corporation tax</i>				
Corporation tax on income for the period	-		-	
	<u>-</u>		<u>-</u>	
Total current tax (charge)/credit		<u>-</u>		<u>-</u>
Tax (charge)/credit on profit/(loss) on ordinary activities		<u>-</u>		<u>-</u>

The current tax charge for the year is lower (2009 credit, lower) than the standard rate of corporation tax in the UK of 28% (2009. 28%)

The differences are explained below

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	<u>633</u>	<u>(325)</u>
Current tax (charge)/credit at 28% (2009 28%)	(177)	91
Effects of Permanent differences and Group relief Timing Differences	<u>250</u> <u>(73)</u>	<u>(31)</u> <u>(60)</u>
Total current tax (charge)/credit (see above)	<u>-</u>	<u>-</u>

7 Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
Operating profit/(loss)	618	(334)
Depreciation and other amounts written off fixed assets	748	806
	<u>1,366</u>	<u>472</u>
Decrease in stock	(154)	5
Increase in debtors	(9,391)	(8,528)
Increase in creditors	8,305	8,058
	<u>126</u>	<u>7</u>

8 Reconciliation of net cash flow to movement in funds

The company had no cash balances at the balance sheet date. All working capital funding is provided by ITV Services Limited, a fellow group undertaking of the Company, the other side of which is reflected in movements in amounts owed by / to fellow group undertakings.

9 Tangible fixed assets

	Vehicles Equipment and Fittings £000	Total £000
Cost		
At 1 January 2010	12,222	12,222
Additions	141	141
Disposals and retirements	(19)	(19)
At 31 December 2010	<u>12,344</u>	<u>12,344</u>
Depreciation		
At 1 January 2010	10,532	10,532
Charge for the year	748	748
Disposals and retirements	(19)	(19)
At 31 December 2010	<u>11,261</u>	<u>11,261</u>
Net book value		
At 31 December 2010	<u>1,083</u>	<u>1,083</u>
At 31 December 2009	1,690	1,690

10 Debtors

	31 December 2010 £000	31 December 2009 £000
Trade debtors	141	166
Other debtors	2	-
Amounts owed by Group undertakings	26,033	16,350
Prepayments and accrued income	193	462
	<u>26,369</u>	<u>16,978</u>

11 Creditors: amounts falling due within one year

	31 December 2010 £000	31 December 2009 £000
Trade creditors	83	69
Other creditors	2	-
Amounts owed to Group undertakings	23,288	14,626
Taxation and social security	364	364
Accruals and deferred income	762	1,135
	<u>24,499</u>	<u>16,194</u>

In the current and prior year, all operational trade creditors are settled on the Company's behalf by ITV Services Limited and consequently are reflected in amounts due from / to fellow group undertakings

12 Share capital

	31 December 2010 £000	31 December 2009 £000
Issued and fully paid		
1,000 (2009 1,000) 'A' ordinary shares	1	1
1,000 (2009 1,000) 'B' ordinary shares	<u>1</u>	<u>1</u>

The rights attaching to the holders of A Ordinary and B Ordinary shares are as follows:

All sums distributed by the Company for or in any financial period are to be apportioned amongst the A and B shareholders in proportion to the number of shares held All A and B shares to rank pari passu

On a return of capital on liquidation or otherwise, the surplus assets of the Company after payment of liabilities will be distributed in proportion to the numbers of A or B shares held All A and B shares to rank pari passu

In the event of a sale of the whole of the issued share capital, the proceeds are to be apportioned in proportion to the number of shares owned All A and B shares to rank pari passu

On a show of hands every A Ordinary shareholder has one vote, and on a poll every A shareholder has one vote for every share held. Although entitled to receive notice of and to attend general meetings of the Company, a holder of B shares will not be entitled to vote in respect of those shares.

13 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2010	2	9,965	(7,454)	2,513
Profit for the year	-	-	633	633
At 31 December 2010	2	9,965	(6,821)	3,146

14 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2010 of £39 million (31 December 2009 £25 million)

In the opinion of the directors, adequate allowance has been made in respect of this matter

15 Related party transactions

The Company has had material transactions during the period with the following related parties

	Year ended 31 December 2010 £000	Year ended 31 December 2009 £000
The British Broadcasting Corporation		
Sales	649	498
Purchase of services	-	(2)
ITV Studios Limited		
Sales	9,997	10,037
Purchase of services	(2,556)	(3,139)
Interest Payment	15	9
Balances (owed to) / due from related parties at the year end were		
The British Broadcasting Corporation	86	39
ITV Studios Limited	(2,696)	(2,680)
ITV Broadcasting Limited	452	291
ITV Services Limited	(20,559)	(11,938)
Carlton Communications Limited	25,362	15,943

15 Related party transactions (continued)

The British Broadcasting Corporation is treated as a related party because it owns 20% of the ordinary share capital

ITV Studios Limited is treated as a related party because it is the immediate parent undertaking of the Company

ITV Broadcasting Limited, ITV Services Limited and Carlton Communications Limited are treated as related parties because they are fellow subsidiaries of ITV plc

All transactions with related parties have been performed on an arm's length basis

16 Ultimate parent company

At 31 December 2010 the Company's immediate parent company was ITV Studios Limited, a company registered in England and Wales and 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 www.itvplc.com or the Company Secretary, The London Television Centre, Upper Ground, London, SE1 9LT