3sixtymedia Limited

Directors' report and financial statements

Registered number 4042168
Year ended 31 December 2012

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012 The comparatives are for the year ended 31 December 2011

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 £1,263,000 (2011 pre-tax profit £468,000) and turnover of £10,074,000 (2011 £9,122,000)

The Company has net assets of £5,198,000 (2011 £3,895,000)

Business Review

In 2012 we implemented the plan to move to Mediacity moving studio activity in time for the new year of 2013 The build of our new post production facilities in the Orange tower was commenced while we also maintained 'business as usual' from our Quay St base

The studio business benefitted from additional work to core such as Paddy's TV show The Big Quiz and Countdown Mash-up Post production had an excellent year in all genres with titles such as Chatsworth, 56 Up, Ade in Britain, Scott & Bailey, Mrs Biggs (and others) as well as maintaining the banker productions of Coronation St, Kyle and Countdown

In this year we finalised the negotiation of new terms & conditions for staff, driving efficiency and providing more modern and suitable working practices for the planned move

Key Performance Indicators

The Company's directors use the below KPI's in managing and understanding the development performance and position of the Company These KPI's are shown below

KPI	Aim	Progress	
		2012	**2011**
Net Margin	To explain profitability	13%	6%
Overheads	To monitor increase in activity related costs	3,353,000	4,138,000
EBITDA	Key profitability measure used by ITV	1,263,000	468,000

Future Outlook and Principal Risks

2013 will be a complex year with the business operating from both Quay St and Mediacity Studio activity is planned to cease from Quay St in Q1 2013 but we will have to maintain some post production operations until the final move of Coronation St (expected Q4 2013)

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 However, the staffing levels are now stable and the numbers are not currently low enough to cause immediate concern

Dividends

The directors do not recommend the payment of a dividend (2011 £nil)

Dırectors

The dırectors who held office durıng the year and up to the date of thıs report were as follows

Paul Bennett
Sarah Woodward
Paul Campbell-Whıte (resıgned 31 March 2012)
Darren Berman

Polıtical and charıtable contrıbutıons

The Company made no polıtıcal or charıtable donatıons or ıncurred any polıtıcal expendıture durıng the year

Disclosure of ınformatıon to auditor

The dırectors who held office at the date of approval of thıs Dırectors' report confirm that, so far as they are each aware, there ıs no relevant audıt ınformatıon of whıch the Company's audıtor ıs unaware, and each dırector has taken all the steps that they ought to have taken as a dırector to make themselves aware of any relevant audıt ınformatıon and to establısh that the Company's audıtor ıs aware of that ınformatıon

Auditor

Pursuant to Sectıon 487 of the Companıes Act 2006, the audıtor wıll be deemed to be reappoınted and KPMG Audıt Plc wıll therefore contınue ın office

By order of the board

Paul Bennett
Director 27 September 2013

The London Televısıon Centre
Upper Ground
London
SE1 9LT

Regıstered number 4042168

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 [name of company] for the year ended 31st December 2012 set out on pages 6 to 17 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 Directors' Responsibilities Statement 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 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 Financial Reporting Council's website at www frc org uk/auditscopeukprivate

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 31st December 2012 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

M S Reed

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

30 September 2013

Profit and loss account

	Note	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Turnover	1	**10,074**	9,122
Cost of Sales		**(5,534)**	(4,561)
Gross Profit		**4,540**	4,561
Operating costs		**(3,353)**	(4,138)
Operating profit		**1,187**	423
Interest receivable and similar income	5	**76**	45
Profit on ordinary activities before taxation		**1,263**	468
Taxation	6	**40**	281
Profit for the financial year		**1,303**	749

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 17 form part of these financial statements

Balance sheet

	Note	31 December 2012 £000	31 December 2011 £000
Fixed assets			
Tangible assets	9	**423**	703
Current assets			
Stock		**16**	22
Debtors	10	**44,797**	36,276
		44,813	36,298
Current liabilities			
Creditors amounts falling due within one year	11	**(40,038)**	(33,106)
Net current assets		**4,775**	3,192
Total assets less current liabilities		**5,198**	3,895
Net assets		**5,198**	3,895
Capital and reserves			
Called up share capital	13	**2**	2
Share premium account	14	**9,965**	9,965
Profit and loss reserve	14	**(4,769)**	(6,072)
Equity shareholders' funds		**5,198**	3,895

The notes on pages 9 to 17 form part of these financial statements

These financial statements were approved by the board of directors on 27 September 2013 and were signed on its behalf by

P. Bett

Paul Bennett
Director

Registered number 4042168

Cash Flow Statement

	Note	£000	31 December 2012 £000	£000	31 December 2011 £000
Net cash inflow from operating activities	7		**78**		293
Net Interest received		**76**		45	
Net cash inflow from returns on investment and servicing of finance			**76**		45
Net cash inflow from taxation			**40**		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(194)**		(338)	
Net cash outflow from capital expenditure and financial investment			**(194)**		(338)
Change in cash in the year			-		-

Registered number 4042168

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

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 2012 were £59,112 (2011 £49,994)

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 Group's main scheme consists of three sections, A, B and C Full actuarial valuations are carried out every three years The latest actuarial valuation of the three sections were carried out as at 1 January 2011 with a funding deficit standing at £587 million

As a result of the valuation a 15 year funding plan has been agreed for the main section (Section A) to repay its pension deficit As in previous years it is a mixture of fixed and performance related contributions The current contribution plan remains in place until the end of 2014 and then there is a gradual increase in the fixed contribution from £48 million to £50 million for the period from 2015 to 2019 From 2020 to 2025 the fixed contribution remains at £50 million Any performance related contributions are payable in addition to these amounts If the performance related elements of the main section pay out, the funding period reduces to ten years

For Sections B and C, we will continue to make contributions of £5 5 million per annum in order to eliminate the deficits of these sections by 31 March 2021 The latest actuarial valuations have been updated for FRS 17 purposes to 31 December 2012 by a qualified independent actuary

The Company's normal contributions for the year were £262,540 (2011 £316,830) In addition to normal funding the Group made further contributions of £72 million in 2012 (2011 £48 million) as disclosed in the ITV plc financial statements 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 2012 the scheme had an FRS 17 deficit of £551 million (2011 £390 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 17

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 17

As well as the above contributions, a contribution of £23,156 (2011 £39,713) 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 WA1 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 2012	Year ended 31 December 2011
Operational	**53**	54
Administration	**28**	21
	81	75

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Wages and salaries	**3,564**	3,555
Social security costs	**302**	312
Other pension costs	**415**	484
	4,281	4,351

3 Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging the following

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Depreciation and other amounts written off on owned tangible fixed assets	**474**	682
Hire of plant and machinery - operating leases	**219**	413
	693	1,095

4 Directors emoluments and auditor's remuneration

No director received any remuneration for their services to the Company (2011 £nil)

The auditor's remuneration of £1,000 (2011 £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 2012 £000	Year ended 31 December 2011 £000
Interest receivable from group undertakings	**76**	45

6 Taxation

Analysis of (charge)/credit in year

	£000	**Year ended 31 December 2012 £000**	£000	Year ended 31 December 2011 £000
UK corporation tax				
Adjustments in respect of prior periods	**40**		-	
Total current tax credit		**40**		-
Deferred tax (see note 10)				
Timing differences	**23**			
Effect of tax rate change	**(23)**			
Adjustment in respect of previous years	**-**		281	
Total deferred tax credit		**-**		281
Tax credit on profit on ordinary activities		**40**		281

The current tax credit for the year compares to a tax charge expected according to the standard rate of corporation tax in the UK of 24 5% In 2011 the current tax charge was lower than the standard rate of corporation tax in the UK of 26 5%

6 Taxation - note continued

The differences are explained below

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,263**	468
Current tax charge at 24 5% (2011 26 5%)	**(309)**	(124)
Effects of		
Permanent differences and Group relief	**373**	193
Timing Differences	**(24)**	(69)
Total current tax credit (see above)	**40**	-

Factors that may affect the future current and total tax charges

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012 and a further reduction to 23% with effect from 1 April 2013 These changes became substantively enacted on 3 July 2012 and therefore the effect of these rate reductions creates a reduction in the deferred tax balance which has been included in the figures above

It was announced in the 2013 Budget on 20 March 2013 that the UK corporation tax rate will reduce to 21% from 1 April 2014 and 20% from 1 April 2015

It has not yet been possible to quantify the full anticipated effect of the announced further rate reductions, although these will further reduce the Company's future current tax charge and reduce the Company's deferred tax balance accordingly

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

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Operating profit	**1,187**	423
Depreciation and other amounts written off fixed assets	**474**	718
	1,661	1,141
Decrease in stock	**6**	171
Increase in debtors	**(8,521)**	(9,626)
Increase in creditors	**6,932**	8,607
Net cash inflow from operating activities	**78**	293

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
Cost	
At 1 January 2012	12,200
Additions	194
At 31 December 2012	12,394
Depreciation	
At 1 January 2012	11,497
Charge for the year	474
At 31 December 2012	11,971
Net book value	
At 31 December 2012	**423**
At 31 December 2011	703

10 Debtors

	31 December 2012 £000	31 December 2011 £000
Other debtors	**52**	-
Deferred Tax	**281**	281
Amounts owed by Group undertakings	**43,757**	35,412
Prepayments and accrued income	**707**	583
	44,797	36,276

11 Creditors: amounts falling due within one year

	31 December 2012 £000	31 December 2011 £000
Trade creditors	26	135
Amounts owed to Group undertakings	38,757	31,665
Taxation and social security	324	364
Accruals and deferred income	931	942
	40,038	33,106

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 Deferred taxation

	£000
Deferred tax asset as at 1 January 2012	281
Credit for the year (see note 6)	-
Deferred tax asset as at 31 December 2012	281

	31 December 2012 £000	31 December 2011 £000
The elements of deferred taxation are as follows		
Accelerated capital allowances	281	281

13 Share capital

	31 December 2012 £000	31 December 2011 £000
Issued and fully paid		
1,000 (2011 1,000) 'A' ordinary shares (£1)	1	1
1,000 (2011 1,000) 'B' ordinary shares (£1)	1	1
	2	2

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

14 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 January 2012	2	9,965	(6,072)	3,895
Profit for the year	-	-	1,303	1,303
At 31 December 2012	**2**	**9,965**	**(4,769)**	**5,198**

15 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2012 of £33 million (31 December 2011 £35 million)

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

16 Related party transactions

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

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
The British Broadcasting Corporation		
Sales	**21**	151
ITV Studios Limited		
Sales	**8,715**	8,265
Purchase of services	**(3,373)**	(3,762)
Interest Payment	**76**	45

Balances (owed to) / due from related parties at the year end were

The British Broadcasting Corporation	1	39
ITV Studios Limited	(6,574)	(5,274)
ITV Broadcasting Limited	471	471
ITV Services Limited	(32,182)	(26,298)
Carlton Communications Limited	42,751	34,601

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

17 Ultimate parent company

At 31 December 2012 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