

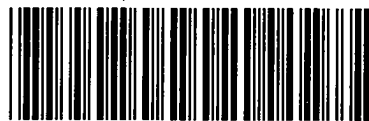
Registration number: 7698963

# ITV Breakfast Broadcasting Limited

Financial Statements

for the Year Ended 31 December 2014

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## **ITV Breakfast Broadcasting Limited**

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## **ITV Breakfast Broadcasting Limited**

### **Strategic Report for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

#### **Principal activity**

ITV Breakfast Broadcasting Limited's (the "Company") principal activity is the broadcast of the breakfast time television programmes, Good Morning Britain and Lorraine. These programmes are broadcast daily between 6.00 am and 9.25 am.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the section titled Review of the business and future outlook.

#### **Fair review of the business**

The results for ITV Breakfast Broadcasting Limited ("the Company") show a profit for the period of £7,043,000 (2013: profit of £11,769,000 ) and sales of £70,107,000 (2013: £67,739,000). At the balance sheet date the Company had net assets of £28,393,000 (2013: net assets £21,350,000).

#### **Key performance indicators (KPIs)**

The Directors of the ITV plc group manage the Group's operations on a divisional basis with this Company being included within the Broadcasting segment. For this reason, the Company's directors use the ITV plc group Broadcasting segment KPI's in managing and understanding the development and position of the Company. These are included on pages 34 to 37 of the Group's 2014 annual report.

#### **Future developments**

We are continuing to work to identify the most cost effective and efficient ways of working with other parts of the Group to maximise programme performance and business profit.

#### **Principal risks and uncertainties**

The key business risks and uncertainties affecting the Company are considered to relate to the erosion of television's share of advertising, decline in audience as competition from other commercial channels increases and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 50 to 55 of the Group's 2014 annual report.

Approved by the Board on 29/09/2015... and signed on its behalf by:



C Swords  
Director

**ITV Breakfast Broadcasting Limited**  
**Directors' Report for the Year Ended 31 December 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

**Directors of the company**

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

A A Crozier

P Fincham

A S Garard

I W Griffiths

A F Hazlitt (resigned 31 December 2014)

W J Medlicott (resigned 30 April 2015)

The following director was appointed after the year end:

C Swords (appointed 30 April 2015)

Certain directors benefit from third party qualifying indemnity 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 2014 (2013: £Nil).

**Going concern**

In preparing the financial statements of ITV Breakfast Broadcasting Limited, the directors have made an assessment of the next 12 months performance from signing, and consider preparation on a going concern basis to be appropriate (see note 1).

**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.

**Auditor**

KPMG Audit Plc resigned as auditor during the year pursuant to section 516 of the Companies Act 2006. The Directors have appointed KPMG LLP as auditor of the Company to fill the casual vacancy as auditor under section 485 of the Companies Act 2006.

Approved by the Board on ~~29/03/2015~~ 29/03/2015 and signed on its behalf by:

  
.....

C Swords  
Director

**Registered office**

London Television Centre  
Upper Ground  
London  
SE1 9LT

## **ITV Breakfast Broadcasting Limited Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report, Strategic 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 the directors 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 apply them consistently;
- make judgements and accounting 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 are generally responsible 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.

**ITV Breakfast Broadcasting Limited**  
**Independent Auditor's Report to the members of ITV Breakfast Broadcasting Limited**

We have audited the financial statements of ITV Breakfast Broadcasting Limited for the year ended 31 December 2014, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 3), 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](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

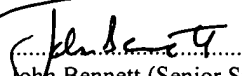
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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.

  
John Bennett (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E15 5GL

Date: 29/09/2015

**ITV Breakfast Broadcasting Limited**  
**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 £ 000	2013 £ 000
Turnover		70,107	67,739
Cost of sales		<u>(63,331)</u>	<u>(58,147)</u>
Gross profit		6,776	9,592
Administrative expenses		<u>(2,130)</u>	<u>(1,429)</u>
Operating profit		4,646	8,163
Other interest receivable and similar income	5	2,988	4,338
Interest payable and similar charges	6	<u>(591)</u>	<u>(732)</u>
Profit on ordinary activities before taxation		7,043	11,769
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
Profit for the financial year	12	<u><u>7,043</u></u>	<u><u>11,769</u></u>

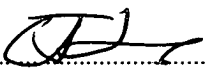
Turnover and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

**ITV Breakfast Broadcasting Limited**  
**(Registration number: 7698963)**  
**Balance Sheet as at 31 December 2014**

	Note	2014 £ 000	2013 £ 000
<b>Current assets</b>			
Stocks	8	156	110
Debtors	9	<u>45,132</u>	<u>199,879</u>
		45,288	199,989
Creditors: Amounts falling due within one year	10	<u>(16,895)</u>	<u>(178,639)</u>
Net assets		<u>28,393</u>	<u>21,350</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	<u>28,393</u>	<u>21,350</u>
Shareholders' funds	13	<u>28,393</u>	<u>21,350</u>

Approved by the Board on ~~29/01/2015~~ 29/01/2015 and signed on its behalf by:

  
 .....  
 C Swords  
 Director



# **ITV Breakfast Broadcasting Limited**

## **Notes**

### **1 Accounting policies**

#### **Basis of preparation**

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

#### **Exemption from preparing a cash flow statement**

The Company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

#### **Exemption from preparing group accounts**

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

#### **Going concern**

The Company has considerable financial resources, and is expected to continue to generate positive cash flows on its own account for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ITV plc has indicated 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.

#### **Amounts owed (to) / from subsidiary undertakings**

The Group operates an intra-group cash pool policy with certain 100% owned UK subsidiaries. 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 balance sheet.

#### **Turnover**

Turnover is stated exclusive of VAT and represents the invoiced amounts for services provided during the year to third parties and comprises primarily television advertising revenue (net of agency commission) and participation revenues relating to interactive services. Turnover by destination is not materially different from turnover by origin. Key classes of revenue are recognised on the following basis:

Advertising and sponsorship – on transmission

Participation revenues – as the service is provided

#### **Stock**

Costs of programme development are written off as incurred to cost of sales.

Programme costs are expensed to cost of sale in full on first transmission. Acquired programmes which have not been transmitted at the balance sheet date are valued at the lower of cost and net realisable value.

## **ITV Breakfast Broadcasting Limited**

### **Notes**

#### **Taxation**

The charge for taxation is based on the profit or loss 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 currency**

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

#### **Cash bid**

The cash bid payments made to the Treasury relate to the ongoing activities of the business, and are accounted for on an accruals basis.

#### **2 Administrative Expenses**

Administrative Expenses of £2,130,000 (2013: £1,429,000) include Cash Bid of £307,000 (2013: £286,000).

#### **3 Auditor's remuneration**

The £5,000 fee (2013: £5,000) for the audit of these financial statements 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.

#### **4 Directors' and employees' remuneration**

All directors were remunerated by other ITV plc Group companies. These directors received no remuneration in respect of their services to this Company (2013: £Nil).

There were no employees and hence no staff costs during the year (2013: £Nil).

#### **5 Other interest receivable and similar income**

	<b>2014</b>	<b>2013</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable from group undertakings	<u>2,988</u>	<u>4,338</u>

# ITV Breakfast Broadcasting Limited

## Notes

### 6 Interest payable and similar charges

Interest payable includes £590,584 (2013 - £731,567) payable on loans from group companies.

	2014	2013
	£ 000	£ 000
Interest on loans from group undertakings	<u>591</u>	<u>732</u>

### 7 Taxation

#### Tax on profit on ordinary activities

	2014	2013
	£ 000	£ 000
<b>Current tax</b>		
UK Corporation tax	<u>-</u>	<u>-</u>
Total current tax	-	-
<b>Deferred tax</b>		
Total deferred tax	<u>-</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

#### Factors affecting current tax charge for the year

The tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2013: lower than the standard rate of corporation tax in the UK) of 21.5% (2013: 23.25%).

The differences are reconciled below:

	2014	2013
	£ 000	£ 000
Profit on ordinary activities before tax	<u>7,043</u>	<u>11,769</u>
Corporation tax at standard rate	1,514	2,736
Group relief	<u>(1,514)</u>	<u>(2,736)</u>
Total current tax	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

The corporation tax rate of 21.5% reflects the reduction in the rate from 23% to 21% effective from 1 April 2014.

The Finance Act 2013, which provides for a reduction in the main rate of corporation tax from 21% to 20% effective from 1 April 2015, was substantively enacted on 17 July 2013. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

# **ITV Breakfast Broadcasting Limited** **Notes**

## **8 Stocks**

	<b>2014</b>	<b>2013</b>
	<b>£ 000</b>	<b>£ 000</b>
Programmes	<u>156</u>	<u>110</u>

## **9 Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade debtors	5,948	5,840
Amounts owed by group undertakings	39,169	192,676
Other debtors	5	895
Prepayments and accrued income	<u>10</u>	<u>468</u>
	<u>45,132</u>	<u>199,879</u>

## **10 Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade creditors	171	73
Amounts owed to group undertakings	8,455	171,336
Other creditors	6,666	5,973
Accruals and deferred income	<u>1,603</u>	<u>1,257</u>
	<u>16,895</u>	<u>178,639</u>

Included within amounts due to group undertakings is an amount of £8,455,000 (2013: £171,336,000) relating to inter-company trading with fellow subsidiaries that is payable on demand, and which has no associated interest.

## **11 Called up share capital**

	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Issued and Fully Paid	<u>1</u>	<u>1</u>
1 Ordinary Share of £1 each		

# ITV Breakfast Broadcasting Limited

## Notes

### 12 Reserves

	Profit and loss account £ 000
At 1 January 2014	21,350
Profit for the year	<u>7,043</u>
At 31 December 2014	<u><u>28,393</u></u>

### 13 Reconciliation of movement in shareholders' funds

	2014 £ 000	2013 £ 000
Profit attributable to the members of the company	<u>7,043</u>	<u>11,769</u>
Shareholders' funds at 1 January	<u>21,350</u>	<u>9,581</u>
Shareholders' funds at 31 December	<u><u>28,393</u></u>	<u><u>21,350</u></u>

### 14 Contingent liabilities

Under a group registration, the Company is jointly and severally liable for VAT at 31 December 2014. The amount guaranteed is £58,000,000 (2013 - £51,000,000).

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

### 15 Financial commitments

#### Cash bid payments

The Company was committed to make payments to the Treasury of £307,000 during the year ended 31 December 2014. For the year to 31 December 2015, the annual fixed payment will be £10,000.

### 16 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

### 17 Control

At 31 December 2014 the Company's immediate parent company was ITV Broadcasting Limited, a company 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 [www.itvplc.com](http://www.itvplc.com) or the Company Secretary, The London Television Centre, Upper Ground, SE1 9LT.