ITV Services Limited

Directors' report and financial statements
Registered number 229607
Year ended 31 December 2008



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	3
Independent auditor's report to the members of ITV Services Limited	4
Profit and Loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Notes	8

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008. The comparatives are for the year ended 31 December 2007.

Business review and principal activities
The principal activity of ITV Services Limited ("the Company") continues to be to provide services for other companies within the ITV plc Group.

The results for the Company show a profit before tax of £9,590k (2007: £408,832k) for the year and sales of £176,316k (2007: £138,111k).

Principal risks and uncertainties
The principal activity of ITV Services Limited is the provision of services to other companies within the ITV plc Group. The principal risks of the Company relate to non-payment for services and are therefore integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the ITV plc Group are discussed on page 36 of the Group's annual report.

On 1 January 2007, the Company extended its role of providing services to companies within the ITV plc Group following the acquisition of properties used by various Group members. It now additionally undertakes the provision of property rental and management services as well as sales and purchase ledger and other centralised accounting processes on behalf of fellow Group members.

Key performance indicators (KPIs)
Given the nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

Principal transactions
During the year the ITV plc Group continued the operational and legal restructuring programme, commenced in 2004, to simplify the corporate structure.

Dividends
During the year the Company paid an interim dividend of £nil (2007: £450,000k). The directors do not recommend the payment of a final dividend (2007:£nil).

Directors
The following were directors of the Company during the year ended 31 December 2008:

	Appointment Date:	Resignation date:
Mike Green		15 June 2009
Helen Tautz		
James Tibbitts		15 May 2009
Ian Griffiths	18 March 2009	
John Cresswell	18 March 2009	
Andrew Garard	18 March 2009	
Christopher Swords	18 March 2009	
Eleanor Irving	15 May 2009	
Andy Doyle	15 May 2009	

Directors' report *(continued)*

Donations

Grants and charitable donations made during the year amounted to £149,375 (year ended 31 December 2007: £nil). There were no political contributions made during the year (year ended 31 December 2007: £nil).

Employment policies

The employment policies of the Company are disclosed in the accounts of ITV plc for the year ended 31 December 2008. A copy of the accounts of ITV plc can be obtained from the Company Secretary at the registered office address.

Creditor payment policy

The Company's policy, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that is it satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not follow any code or standard on payment practice. The number of days' purchases outstanding for payment by the Company as at 31 December 2008 was 62 days.

Auditor and disclosure of information to auditor

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 a 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

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Eleanor Irving
Director

The London Television Centre
Upper Ground
London
SE1 9LT

19 October 2009

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 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 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 Services Limited

We have audited the financial statements of ITV Services Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 2008 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
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Date: 21 October 2009

Profit and Loss account

	Note	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Turnover	2	**176,316**	138,111
Staff costs	3	**(47,386)**	(29,951)
Depreciation	8	**(9,651)**	(10,851)
Amortisation		**(2,505)**	
Other operating costs		**(58,702)**	(112,700)
Operating (loss)/profit		**58,072**	(15,391)
Income from fixed asset investments	5	**-**	472,991
Write down of investments	11	**-**	(5,528)
Interest payable and similar charges	6	**(50,843)**	(47,945)
Interest receivable and similar income	7	**2,361**	4,705
Profit on ordinary activities before taxation	8	**9,590**	408,832
Taxation	9	**23,041**	(4,343)
Profit for the financial year	18	**32,631**	404,489

The notes on pages 8 to 21 form part of the financial statements.

As stated in the Directors' report the results for both current year and prior year derive from continuing activities.

Historical cost profit is not materially different from that presented in the profit and loss account. Accordingly no separate analysis has been presented.

Balance sheet

	Note	31 December 2008		31 December 2007	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	10		**87,424**		88,217
Investments	11		**1,651,589**		1,651,589
Intangible assets	12		**16,069**		7,769
			1,755,082		1,747,575
Current assets					
Stock	13	**197**		102	
Debtors	14	**1,159,038**		121,806	
Cash at bank and in hand		-		395	
		1,159,235		122,303	
Creditors: amounts falling due within one year	15	**(1,164,729)**		(154,960)	
Net current (liabilities)/assets			**(5,492)**		(32,657)
Net assets			**1,749,590**		1,714,918
Capital and reserves					
Called up share capital	17		**3**		3
Share premium account	18		**1,499,865**		1,499,865
Capital contribution reserve	18		**149,421**		149,421
Profit and loss account	18		**100,301**		65,629
Equity shareholders' funds	18		**1,749,590**		1,714,918

The notes on pages 8 to 20 form part of the financial statements.

These financial statements were approved by the Board of Directors on 19 October 2009 and were signed on its behalf by:

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Eleanor Irving
Director

Statement of total recognised gains and losses

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Total recognised gains and losses relating to the year	**32,631**	425,532
Actuarial gains and losses on defined benefit pension schemes	**2,855**	2,360
Deferred tax on defined benefit pension schemes	**(814)**	(707)
Total gains and losses relating to the financial year	**34,672**	427,185

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 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.

Cash flow statement

Under FRS1 the Company is also 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 22.

Depreciation

Depreciation is provided so as to write off the cost of tangible fixed assets less residual value on a straight line basis at the following rates:

Motor vehicles, equipment, fixtures and fittings	-	3 to 10 years
Short leasehold	-	10 years
Long leasehold	-	10 to 60 years

Freehold land is not depreciated.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19:

1. investment properties are revalued annually and where appropriate the aggregate surplus or deficit is transferred to a revaluation reserve, and

2. no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are held for investment and the directors consider that an annual depreciation charge would not be appropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. The non-depreciation of investment properties is not considered to have a material effect on the accounts.

Stock

Consumable stocks are valued at the lower of cost and net realisable value.

Notes *(continued)*

1 Accounting policies *(continued)*

Pension scheme

The Company is a member of the Group's defined benefit and defined contribution pension schemes. The schemes' assets are held in separate trustee administered funds. Contributions are based on pension costs across the Group as a whole.

With the exception of the unfunded pension scheme the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. Therefore, as permitted by FRS 17 'Retirement benefits' these schemes are accounted for as if they were defined contribution schemes. The unfunded pension scheme is accounted for as a defined benefit pension scheme in accordance with FRS17.

Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation. The intangible assets relate entirely to capitalised software programming costs and have been amortised from the date the new system went live on a straight line basis over a three or five year period.

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 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 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.

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

Operating leases

The rental paid under operating leases is charged to the profit and loss account on a straight line basis over the term of the lease.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

2 Turnover

Turnover, which arose wholly in the United Kingdom, represents the invoiced amounts of services provided during the period and is stated net of Value Added Tax. This includes overheads incurred by ITV Services Limited on behalf of other Group companies being recharged to those companies. Also included within turnover is rental income for properties held by ITV Services Limited and let to the rest of the ITV plc Group.

3 Staff costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2008	Year ended 31 December 2007
Directors and executives	**91**	72
Finance and technology	**250**	197
Human resources	**65**	67
Other	**197**	20
	603	356

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Wages and salaries including redundancy costs	**34,973**	24,793
Social security costs	**3,494**	2,634
Pension costs and other benefits	**8,919**	2,524
	47,386	29,951

All staff were employed in the UK in the year ended 31 December 2008 and the year ended 31 December 2007.

4 Directors' emoluments

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Emoluments	**556**	476

The emoluments of the highest paid director were £388,000 (year ended 31 December 2007: £377,000).

There were 3 directors to whom retirement benefits were accruing under defined benefit schemes (2007: 2). The pension accrued during the year for these directors was £13,214 (31 December 2007: £7,713).

No directors contribute to the defined contributions scheme (2007: none).

Notes *(continued)*

5 Income from fixed asset investments

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Dividends from shares in Group undertakings	-	472,991

6 Interest payable and similar charges

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Interest paid to Group undertakings	-	3,808
Foreign exchange	-	2
Bank interest paid	**49,346**	42,778
Interest on pension deficit liability	**1,497**	1,357
	50,843	47,945

7 Interest receivable and similar income

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Interest on loan notes	**185**	195
From Group undertakings	-	4,083
Bank interest receivable	**153**	427
Other interest	**883**	-
Interest from HMRC	**1,140**	-
	2,361	4,705

Notes *(continued)*

8 Profit on ordinary activities before taxation

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Profit on ordinary activities before taxation is stated after (charging)/crediting:		
Depreciation and amounts written off tangible fixed assets	**(9,651)**	(10,851)
(Loss)/Profit on disposal of tangible fixed assets	**(124)**	27
Amortisation	**(2,505)**	-

During both the current year and the prior year the remuneration of the auditor was borne by ITV Services Limited on behalf of the ITV plc Group. Accordingly fees payable to the auditor are disclosed in note 4 of the Group's annual report. 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 consolidation basis in the consolidated financial statements of the Company's ultimate parent ITV plc.

9 Taxation

Analysis of charge in year	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
UK Corporation tax	**176**	-
Adjustment in respect of prior years	**(18,084)**	
Total current tax (see below)	**(17,908)**	-
Deferred tax (see note 16)	**(5,133)**	4,343
Tax (credit)/charge on profit on ordinary activities	**(23,041)**	4,343

The current tax credit for the year is higher (year ended 31 December 2007: charge; lower) than the standard rate of corporation tax in the UK (year ended 31 December 2008: 28.5%, year ended 31 December 2007: 30%). The differences are explained below:

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**9,590**	408,832
Current tax at 28.5% *(31 December 2007: 30%)*	**2,733**	122,650
Effects of:		
Permanent differences and group relief	**(3,939)**	**(122,650)**
Depreciation less than capital allowances	**1,957**	-
Other timing differences	**(751)**	-
Withholding tax	**176**	-
Adjustments in respect to prior years	**(18,084)**	-
Total current tax (credit)/charge (see above)	**(17,908)**	-

Notes *(continued)*

10 Tangible fixed assets

	Land and buildings		Vehicles, equipment and fittings	Total
	Long £000	Short £000	£000	£000
Cost				
At 1 January 2008	45,945	2,423	50,799	99,167
Additions	47	-	9,264	9,311
Disposals	(75)	(375)	(2,608)	(3,058)
At 31 December 2008	**45,917**	**2,048**	**77,998**	**105,420**
Accumulated depreciation				
At 1 January 2008	768	135	10,047	10,950
Charge for year	1,121	187	8,343	9,651
Disposals depreciation charge	(34)	-	(2,571)	(2,605)
At 31 December 2008	**7,895**	**479**	**15,819**	**17,996**
Net book value				
At 31 December 2008	**44,062**	**1,726**	**41,635**	**87,424**
At 1 January 2008	45,177	2,288	40,752	88,217

11 Fixed asset investments

The movements in the investments in subsidiary undertakings of the Company during the year are analysed below:

	Investments in subsidiaries £000
Cost:	
At 1 January 2008 and 31 December 2008	1,651,589
At 31 December 2008	1,651,589
Net book value:	
At 31 December 2008	**1,651,589**
At 1 January 2008	**1,651,589**

At 31 December 2008 the Company had a direct interest in 100% of the unlisted ordinary share capital of the following companies, all of which are incorporated in Great Britain and registered in England and Wales.

Name of Company	Principal activity
Granada Limited	Holding company
Castlefield Properties Limited	Provision of property to Group companies

Notes *(continued)*

12 Intangible assets

	£000
Cost:	
At 1 January 2008	7,769
Additions	10,805
At 31 December 2008	**18,574**
Accumulated Depreciation:	
At 1 January 2008	-
Charge in the year	2,505
At 31 December 2008	**2,505**
Net Book Value:	
At 31 December 2008	**16,069**
At 1 January 2008	7,769

13 Stock

	31 December 2008 £000	31 December 2007 £000
Consumables	**197**	102

14 Debtors

	31 December 2008 £000	31 December 2007 £000
Trade debtors	**1,401**	7,618
Amounts owed by Group undertakings	**1,116,442**	44,084
Corporation Tax	**12,000**	-
Deferred taxation asset (see note 16)	**9,096**	4,777
Other taxation	**-**	36,651
Prepayments and accrued income	**20,099**	28,676
	1,159,038	121,806

Notes *(continued)*

15 Creditors: amounts falling due within one year

	31 December 2008 £000	31 December 2007 £000
Trade creditors	**22,434**	38,907
Amounts owed to Group undertakings	**144,494**	16,455
Taxation and social security	**35,467**	9,451
Defined benefit pension liability	**23,907**	26,600
Bank overdraft	**912,427**	29,545
Accruals and deferred income	**26,000**	34,002
	1,164,729	154,960

16 Deferred taxation

The movement in deferred taxation is as follows:	£000
Opening balance as at 1 January 2008	4,777
Profit and loss debit on unfunded pension scheme	(754)
Profit and loss account charge for the year	562
Impact of tax rate change	(623)
Adjustments in respect of prior years	5,948
Deferred tax relating to actuarial losses on pension scheme	(814)
Closing balance as at 31 December 2008	**9,096**

The elements of deferred taxation are as follows:

	31 December 2008 £000	31 December 2007 £000
Accelerated capital allowances	**3,426**	(4,043)
Other timing differences	**(210)**	1,372
Unfunded pension scheme	**5,880**	7,448
	9,096	4,777

A deferred tax asset is recognised because the directors believe that the future taxable profits are more likely than not to be in excess of those arising from the reversal of the deferred tax asset.

Notes *(continued)*

17 Called up share capital

	31 December 2008 £000	31 December 2007 £000
Authorised		
12,600 ordinary shares of £0.05 each	**1**	1
12,500 4.2% cumulative preference shares of £1.00 each	**12**	12
	13	13
Allotted, called up and fully paid		
12,520 ordinary shares of £0.05 each	**1**	1
2,130 4.2% cumulative preference shares of £1.00 each	**2**	2
	3	3

The holders of the redeemable preference shares have waived their right to preference share dividends and the right to exercise their option to redeem these shares. As such these shares have been classified as equity in accordance with FRS 25.

18 Reconciliation of movements in shareholders' funds

	Share capital £000	Share premium £000	Capital contribution reserve £000	Profit and loss account £000	Total £000
Balance at 1 January 2008	3	1,499,865	149,421	65,629	1,714,918
Actuarial losses on pension scheme	-	-	-	2,855	2,855
Deferred tax relating to actuarial losses on pension scheme	-	-	-	(814)	(814)
Retained profit for the financial year	-	-	-	32,631	32,631
At 31 December 2008	**3**	**1,499,865**	**149,421**	**100,301**	**1,749,590**

The table below shows the FRS 17 impact of the pension liability on reserves.

	31 December 2008 £000	31 December 2007 £000
Profit and loss reserve excluding pensions liability	**124,208**	92,229
Pensions liability	**(23,907)**	(26,600)
Profit and loss reserve including pensions liability	**100,301**	65,629

Notes *(continued)*

19 Pensions

Defined contribution scheme

Total contributions recognised in the profit and loss account in relation to defined contribution schemes during 2008 were £562,000 (2007: £303,000).

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, 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. The Group will monitor funding levels annually. The latest actuarial valuations have been updated for FRS 17 purposes to 31 December 2008 by a qualified independent actuary.

The Company's normal contributions for the year were £3,348k (2007: £1,945k). In addition to normal funding the Group made a further contribution of £30 million in 2008. 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 2008 the scheme had an FRS 17 deficit of £178 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 22.

Notes *(continued)*

19 Pensions *(continued)*

Defined benefit scheme (continued)

Unfunded pension scheme

The Company participates in the Group unfunded pension scheme. This scheme is accounted for as a defined benefit pension scheme in accordance with FRS17. The principal assumptions used in the scheme valuation at the balance sheet date were:

	2008	2007
Major assumptions:		
Rate of general increase in salaries	**3.80%**	4.65%
Rate of increase in pension payment	**2.70%**	3.30%
Rate of increase to deferred pensions	**2.80%**	3.40%
Discount rate for scheme liabilities	**6.30%**	5.70%
Inflation assumption	**2.80%**	3.40%

For mortality rates the Group has used PA92 year of birth tables with medium cohort improvements, with a 1% per annum underpin and a one year age rating (ie. tables are adjusted so that a member is assumed to be one year older than actual age).

The actuarial valuation of the unfunded pension scheme was updated to 31 December 2008 by the scheme's actuary. The liabilities of the scheme are shown below:

	2008	2007
	£000	£000
Present value of scheme liabilities	**(23,907)**	(26,600)
Related deferred tax asset – full provision basis	**6,694**	7,448
Net pension deficit	**(17,213)**	(19,152)

Notes *(continued)*

19 Pensions *(continued)*

The scheme is unfunded so there are no assets to be valued. The amounts recognised are as follows:

	2008 £000	2007 £000
Analysis of amount charged to operating costs:		
Current service cost	**(18)**	(100)
Curtailment gain	**400**	-
	382	(100)
Analysis of amount that would be credited/(charged) to interest payable and similar charges:		
Interest on pension scheme liabilities	**(1,497)**	(1,357)
Charge before taxation	**(1,115)**	(1,457)
Analysis of amount recognised in statement of total recognised gains and losses:		
Changes in assumptions underlying the present value of the scheme's liabilities	**2,855**	2,360
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	**2,855**	2,360
Movement in deficit during the period:		
Deficit in scheme at beginning of period	**(26,600)**	(28,488)
Movement in period:		
Current service cost and curtailment gain	**382**	(100)
Amounts paid to pensioners	**953**	985
Interest payable and similar charges	**(1,497)**	(1,357)
Augmentation	**-**	-
Actuarial gain/(loss)	**2,855**	2,360
	(23,907)	(26,600)
Related deferred tax asset – full provision basis	**5,880**	7,448
Net pension deficit	**(18,027)**	(19,152)

History of experience gains and losses	**2008**	2007	2006	2005
Total amount recognised in the statement of total recognised gains and losses				
Amount (£000)	**2,855**	2,360	(2,486)	(1,146)
Percentage of the present value of scheme liabilities	**12%**	9%	9%	5%

20 Contingent liabilities

Under a Group registration, the Company is jointly and severally liable for VAT at 31 December 2008 of £13 million (31 December 2007: £28 million).

The Company and certain other Group companies have entered into an arrangement for a joint bank account with Barclays Bank PLC and are jointly and severally liable in respect of any overdraft arising on the Group joint bank account. At 31 December 2008 this contingent liability amounted to £nil (31 December 2007: £nil).

In the opinion of the directors, adequate allowance has been made in respect of these matters.

Notes *(continued)*

21 Lease commitments

At 31 December 2008 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £000	Land and buildings 2007 £000
Operating leases which expire:		
Less than one year	**1,410**	745
In the second to fifth years inclusive	**963**	1,542
Over five years	**2,909**	2,564
	5,282	4,851

22 Ultimate parent company

At 31 December 2008 the Company's immediate parent Company was ITV Holdings Limited, a Company incorporated and 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 the Company Secretary, The London Television Centre, Upper Ground, London SE1 9LT.