

Registration number: 229607

ITV Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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ITV Services Limited

Contents

Strategic Report	1
Directors' Report	2 to 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report To The Members of ITV Services Limited	5 to 6
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 58

ITV Services Limited

Strategic Report for the Year Ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Principal activity

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

Fair review of the business

The results for the Company show a profit for the year of £118,092,000 (2014: loss £43,851,000). At the balance sheet date the Company had net assets of £1,457,790,000 (2014: £1,463,043,000). The increase in profit was driven mainly by receipt of dividend.

Developments during the year

During the year the Company adopted Financial Reporting Standard 101 (FRS 101) - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking, ITV plc was notified of and did not object to the use of the reduced disclosure framework in preparation of these accounts.

Key performance indicators (KPIs)

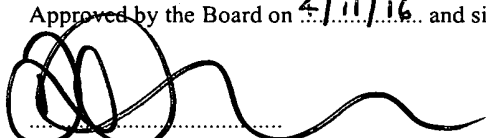
Given the nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

The key risk in the Company is the value and performance of its investments. The Directors review the performance of its investments regularly and provide for impairment where necessary.

A comprehensive strategic review of the Company's strategy, outlining the development, performance and position of the Company's business can be found in the Strategic Report of the group in the ITV plc Annual Report. The Annual Report of ITV plc is available to the public and may be obtained from www.itvplc.com or the Company Secretary, The London Television Centre, Upper Ground, SE1 9LT.

Approved by the Board on 4/11/16 and signed on its behalf by:



David Osborn
Director

ITV Services Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015.

Directors of the Company

The directors who held office during the year were as follows:

Adam Cozier

Andrew Garard

Ian Griffiths

Mary Fagan

Peter Fincham (resigned 1 March 2016)

Kevin Lygo

Simon Pitts

David Osborn

Edward Williams

The following director was appointed after the year end:

Julian Bellamy (appointed 1 February 2016)

Directors' liabilities

A Director of ITV plc (I Griffiths) benefits from qualifying indemnity provision in place during the year and at the date of this report and the other Directors benefit from third party insurance provision 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 2015 (2014: £Nil). During the year an interim dividend was paid of £200,000,000 (2014: £Nil).

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements (see note1).

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.

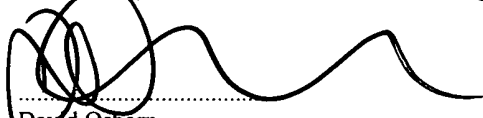
ITV Services Limited

Directors' Report for the Year Ended 31 December 2015

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 4/11/16 and signed on its behalf by:



David Osborn
Director

Registered office

ITV Services Limited
The London Television Centre
Upper Ground
London
United Kingdom
SE1 9LT

ITV Services Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 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 2015, set out on pages 7 to 58. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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 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 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 2015 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report To The Members of ITV Services Limited

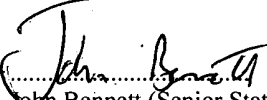
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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
E14 5GL

Date: 4/11/16

ITV Services Limited

Profit and Loss Account for the Year Ended 31 December 2015

		2015 £ 000	Restated 2014 £ 000
Turnover	2	130,787	120,127
Cost of sales		<u>(24)</u>	<u>(157)</u>
Gross profit		130,763	119,970
Administrative expenses		(143,776)	(170,790)
Other operating income	3	<u>5,781</u>	<u>6,202</u>
Operating loss		(7,232)	(44,618)
Income from shares in group undertakings		200,000	57
Other interest receivable and similar income	5	17,156	69,030
Interest payable and similar charges	6	<u>(52,958)</u>	<u>(68,740)</u>
Profit/(loss) before tax		156,966	(44,271)
Tax on profit/(loss) on ordinary activities	10	<u>(38,874)</u>	<u>420</u>
Profit/(loss) for the year		<u><u>118,092</u></u>	<u><u>(43,851)</u></u>

The above results were derived from continuing operations.

ITV Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

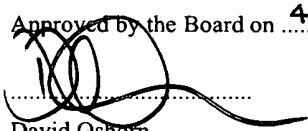
	Note	2015 £ 000	2014 £ 000
Profit/(loss) for the year		<u>118,092</u>	<u>(43,851)</u>
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on defined benefit pension schemes		91,000	24,000
Income tax charge on items that will never be reclassified		<u>(18,765)</u>	<u>(4,800)</u>
		<u>72,235</u>	<u>19,200</u>
Total comprehensive income for the year		<u><u>190,327</u></u>	<u><u>(24,651)</u></u>

The notes on pages 11 to 58 form an integral part of these financial statements.

ITV Services Limited
(Registration number: 229607)
Balance Sheet as at 31 December 2015

		2015 £ 000	Restated 2014 £ 000
	Note		
Non-current assets			
Intangible assets	12	16,405	15,800
Property, plant and equipment	11	72,021	73,542
Investments	13	1,860,443	1,855,612
Deferred tax assets	10	10,085	67,841
		<u>1,958,954</u>	<u>2,012,795</u>
Current assets			
Trade and other receivables (Including £Nil (2014:£Nil) due over one year)	14	595,965	915,826
Cash and cash equivalents		129	-
		<u>596,094</u>	<u>915,826</u>
Current liabilities			
Trade and other payables	15	(919,756)	(1,118,777)
Borrowings	18	-	(188)
Provisions	16	(957)	(378)
Current liabilities		<u>(920,713)</u>	<u>(1,119,343)</u>
Net current liabilities		(324,619)	(203,517)
Non-current liabilities			
Provisions	16	(545)	-
Defined benefit pension deficit	20	(176,000)	(346,235)
Net assets		<u>1,457,790</u>	<u>1,463,043</u>
Capital and reserves			
Called up share capital	17	3	3
Share premium reserve		61,992	57,161
Other reserves		149,218	149,421
Retained earnings		1,246,577	1,256,458
		<u>1,457,790</u>	<u>1,463,043</u>

Approved by the Board on 4/11/16 and signed on its behalf by:


David Osborn

Director

The notes on pages 11 to 58 form an integral part of these financial statements.

ITV Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2015	3	57,161	149,421	1,256,458	1,463,043
Profit for the year	-	-	-	118,092	118,092
Remeasurement gain on defined benefit scheme	-	-	-	91,000	91,000
Income tax charge on other operating income	-	-	-	(18,765)	(18,765)
Total comprehensive income for the year	-	-	-	190,327	190,327
Issue of share capital	-	4,831	-	-	4,831
Other reserves movement	-	-	(203)	-	(203)
Tax on items taken directly to equity	-	-	-	(208)	(208)
Dividends	-	-	-	(200,000)	(200,000)
As at 31 December 2015	3	61,992	149,218	1,246,577	1,457,790

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2014	3	-	149,421	1,676,726	1,826,150
Effect of changes to FRS 101	-	-	-	(394,406)	(394,406)
Restated at 1 January 2014	3	-	149,421	1,282,320	1,431,744
Loss for the year	-	-	-	(43,851)	(43,851)
Remeasurement gain on defined benefit scheme	-	-	-	24,000	24,000
Income tax charge on other operating income	-	-	-	(4,800)	(4,800)
Total comprehensive income for the year	-	-	-	(24,651)	(24,651)
Tax on items taken directly to equity	-	-	-	(1,211)	(1,211)
Issue of share capital	-	57,161	-	-	57,161
As at 31 December 2014	3	57,161	149,421	1,256,458	1,463,043

The notes on pages 11 to 58 form an integral part of these financial statements.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company transitioned from old UK GAAP to Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) for all periods presented on a historical cost basis. The Company's transition date is 1 January 2014.

The Company is the Principal Employer of the Group's Defined Benefit Scheme and under FRS101 recognises the net pension deficit on its Balance Sheet. Refer to note 27 for further details.

The Company is a qualifying entity as it is a member of the ITV plc group where ITV plc, the ultimate parent prepares publicly available consolidated financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and on a historical cost basis.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Summary of disclosure exemptions

The Company is taking advantage of the following disclosure exemptions under FRS 101:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, (see note 1);
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of ITV plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures.

- IFRS 2 Share Based Payments in respect of group settled share based payments
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Going concern

The Company participates in the Group's intra-group cash pool policy. 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. The Company is therefore dependent on ITV plc for its funding. The Directors of the Company have no reason to believe that this financial support will not be forthcoming in the event that it is required. On this basis, and on their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Amounts due (to) / from group undertakings

The Company participates in an intra-group cash pool policy with other 100% owned UK subsidiaries of the ITV Group. 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.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about ITV Services Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, ITV plc, a company incorporated in United Kingdom.

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.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax charge for the period is recognised in the profit and loss account, the statement of comprehensive income and directly in equity, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax. The calculation of the Company's tax charge involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be fully determined until a resolution has been reached by the relevant tax authority.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment in respect of previous years.

The Company recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which require judgement. Amounts are accrued based on management's interpretation of specific tax law and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets, therefore, involves judgement regarding the timing and level of future taxable income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation policy
Long Leasehold	10 - 60 years
Short Leasehold	10 years
Vehicles, equipment and fittings	3 - 20 years

Intangible assets

Software licences and development are stated initially at cost and subsequently at cost less accumulated amortisation.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software licences and developments	Straight line 1 - 5 years

Investments

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

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Finance leases are those which transfer substantially all the risks and the ownership to the lessee. Assets held under such leases are capitalised as tangible fixed assets and depreciation is provided where appropriate. Outstanding finance lease obligations, which comprise principal plus accrued interest, are included within creditors. The finance element of the agreement is charged to profit and loss account over the term of the lease on a systematic basis.

All other leases are operating leases. The rentals on such leases are charged to the profit and loss account on a straight line basis over the term lease.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension scheme

Obligations under the Company's defined contribution schemes are recognised as an operating cost in the profit and loss account as incurred.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Defined benefit pension scheme

The Company's obligation in respect of the Scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of scheme assets is then deducted. The discount rate used is the yield at the valuation date on high quality corporate bonds of a similar duration to the timing of the future expected benefit payments.

The liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid using the projected unit method. This method is an accrued benefits valuation method that makes allowance for projected earnings. These calculations are performed by a qualified actuary.

Actuarial gains and losses are recognised in full in the period in which they arise through the statement of comprehensive income.

Share-based payments

For each of the Company's share-based compensation schemes, the fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the profit and loss account with a corresponding increase in equity.

The fair value of the share options and awards is measured using either market price at grant date or, for the Save As You Earn scheme (SAYE), a Black-Scholes model, taking into account the terms and conditions of the individual scheme.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant Company performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. The estimate is then used to determine the option fair value, discounted to present value. The Group revises its estimates of the number of options that are expected to vest, including an estimate of forfeitures at each reporting date. The impact of the revision to original estimates, if any, are recognised in the profit and loss account, with a corresponding adjustment to equity.

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy exercises under the terms of the DSA. During the year all exercises were satisfied by using shares purchased in the market and held in the ITV Employees' Benefit Trust.

These relate to the ultimate parent's shares and the Company accounts for these as cash settled. As there is a formal recharge agreement in place an intercompany balance is recognised for the control of share based payments.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 Accounting policies (continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Accounting judgements and estimates

The preparation of financial requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future periods affected.

2 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2015	2014
	£ 000	£ 000
Recharge of costs to group undertakings	<u>130,787</u>	<u>120,127</u>

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2015	2014
	£ 000	£ 000
Overhead cost recoveries	<u>5,781</u>	<u>6,202</u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

4 Operating loss

Arrived at after charging

	2015 £ 000	2014 £ 000
Depreciation expense	11,136	14,042
Amortisation expense	6,985	8,017
Foreign exchange gains	3,659	1,502
Operating lease expense - property	<u>11,648</u>	<u>11,021</u>

5 Other interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest income on bank deposits	3	2
Other finance income	<u>17,153</u>	<u>69,028</u>
	<u>17,156</u>	<u>69,030</u>

6 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest on bank overdrafts and borrowings	1	43
Interest expense on pension liabilities	10,300	16,760
Foreign exchange (gains) / losses	11	26
Interest payable to group undertakings	<u>42,646</u>	<u>51,911</u>
	<u>52,958</u>	<u>68,740</u>

7 Auditor's remuneration

The auditor's remuneration of £500 (2014: £500) was borne by another group Company.

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

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015	Restated 2014
	£ 000	£ 000
Wages and salaries	42,030	39,507
Social security costs	4,991	4,707
Pension costs, defined contribution scheme	4,083	3,652
Pension costs, defined benefit scheme	8,515	6,665
Share-based payment expenses	4,540	7,240
	<u>64,159</u>	<u>61,771</u>

Staff costs is restated due to the inclusion of share based payments (£7,239,556) and pension adjustments (£7,074,082) as a result of the transition to FRS 101.

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

	2015	2014
	No.	No.
Directors and executives	51	56
Finance and technology	507	476
Human resources	49	46
Other departments	277	242
	<u>884</u>	<u>820</u>

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2015	2014
	£ 000	£ 000
Remuneration	4,369	4,655
Contributions paid to money purchase schemes	436	363
	<u>4,805</u>	<u>5,018</u>

During the year, the number of directors who were receiving benefits and share incentives was as follows:

	2015	2014
	No.	No.
Accruing benefits under defined benefit pension scheme	-	1
Accruing benefits under money purchase pension scheme	2	2

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Directors' remuneration (continued)

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Remuneration	1,950	1,941
Company contributions to money purchase pension schemes	230	225
	<u>2,180</u>	<u>2,166</u>

During the year, the highest paid director received, or was entitled to receive, shares under a long term incentive scheme.

10 Taxation

Tax charged/(credited) in the profit and loss account:

	2015 £ 000	2014 £ 000
Current tax		
UK corporation tax	91	-
	<u>-</u>	<u>-</u>
Total current tax	<u>91</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	38,783	(420)
Total tax charge/(credit) in the profit and loss account	<u>38,874</u>	<u>(420)</u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

10 Taxation (continued)

The tax charge on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit/(loss) before tax	156,966	(44,271)
Corporation tax at standard rate of 20.25% (2014 : 21.5%)	31,786	(9,518)
Increase (decrease) from effect of different UK tax rates on some earnings	-	2,078
Effect of revenues exempt from taxation	(69,788)	-
Effect of expense not deductible in determining taxable profit (tax loss)	-	3,670
Increase (decrease) in UK and foreign current tax from unrecognised temporary difference from a prior period	91	-
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	23,666	(14,100)
Permanent differences and group relief	53,119	17,450
Total tax charge/(credit)	38,874	(420)

The corporation tax rate of 20.25% reflects the reduction in the rate from 21% to 20% effective from 1 April 2015.

The Finance Act 2015, which provides for a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Deferred tax

Deferred tax assets and liabilities

2015	Asset £ 000
Property plant and equipment	6,512
Share-based payment	1,719
Pension benefit obligations	1,854
Accruals	-
Other items	-
	<u>10,085</u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

10 Taxation (continued)

2014	Asset £ 000
Property plant and equipment	5,963
Share-based payment	2,012
Pension benefit obligations	36,200
Accruals	94
Other items	23,572
	<u>67,841</u>

Deferred tax movement during the year:

	At 1 January 2015 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2015 £ 000
Property plant and equipment	5,963	549	-	-	6,512
Share-based payment	2,012	(85)	-	(208)	1,719
Pension benefit obligations	36,200	(15,581)	(18,765)	-	1,854
Accruals	94	(94)	-	-	-
Other items	23,572	(23,572)	-	-	-
Net tax assets/(liabilities)	<u>67,841</u>	<u>(38,783)</u>	<u>(18,765)</u>	<u>(208)</u>	<u>10,085</u>

Deferred tax movement during the prior year:

	At 1 January 2014 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2014 £ 000
Property plant and equipment	3,926	2,037	-	-	5,963
Share-based payment	4,040	(817)	-	(1,211)	2,012
Pension benefit obligations	55,900	(14,900)	(4,800)	-	36,200
Accruals	94	-	-	-	94
Other items	9,472	14,100	-	-	23,572
Net tax assets/(liabilities)	<u>73,432</u>	<u>420</u>	<u>(4,800)</u>	<u>(1,211)</u>	<u>67,841</u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

11 Property, plant and equipment

	Land and buildings £ 000	Vehicles, equipment and fittings £ 000	Total £ 000
Cost or valuation			
Restated at 1 January 2015	52,058	70,994	123,052
Additions	855	9,785	10,640
Disposals	-	(861)	(861)
Transfers	-	(236)	(236)
At 31 December 2015	52,913	79,682	132,595
Depreciation			
Restated at 1 January 2015	8,054	41,456	49,510
Charge for the year	1,336	9,807	11,143
Eliminated on disposal	-	(73)	(73)
Transfers	-	(6)	(6)
At 31 December 2015	9,390	51,184	60,574
Net book value			
At 31 December 2015	43,523	28,498	72,021
Restated at 31 December 2014	44,004	29,538	73,542

Included within the net book value of land and buildings above is £24,124,925 (2014 : £24,725,837) in respect of freehold land and buildings, £17,755,019 (2014 : £19,060,781) in respect of long leasehold land and buildings and £1,642,974 (2014 : £216,833) in respect of short leasehold land and buildings.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

12 Intangible assets

	Software licences and development £ 000
Cost	
Restated at 1 January 2015	64,526
Additions	<u>7,591</u>
At 31 December 2015	<u>72,117</u>
Amortisation	
Restated at 1 January 2015	48,726
Amortisation charge	<u>6,986</u>
At 31 December 2015	<u>55,712</u>
Net book value	
At 31 December 2015	<u>16,405</u>
Restated at 31 December 2014	<u>15,800</u>

13 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2015	1,855,612
Additions	<u>4,831</u>
At 31 December 2015	<u>1,860,443</u>
Net book value	
At 31 December 2015	<u>1,860,443</u>
At 31 December 2014	<u>1,855,612</u>

The investment additions of £4,831,514 relates to an increase in share capital of Granada Limited.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Trade and other receivables

	2015 £ 000	2014 £ 000
Amounts due from group undertakings	583,770	863,532
Prepayments and accrued income	9,739	10,362
Other receivables	2,456	41,932
	<u>595,965</u>	<u>915,826</u>

Included in amounts due from group undertakings of £583,770,000 (2014: £863,532,000) is an amount of £429,564,103 (2014: £863,532,000) which represents intercompany trading, has no associated interest and is repayable on demand.

Included in amounts due from group undertakings of £583,770,000 (2014: £nil) is an amount of £154,205,897 (2014: £nil) which has an associated interest of 3% above local bank base rate and is repayable on demand.

The carrying value of trade receivables is considered to approximate fair value.

15 Trade and other payables

	2015 £ 000	2014 £ 000
Trade payables	13,871	12,232
Accrued expenses and deferred income	45,868	82,290
Amounts due to group undertakings	767,071	934,855
Social security and other taxes	73,816	68,179
Outstanding defined contribution pension costs	140	62
Other payables	18,990	21,159
	<u>919,756</u>	<u>1,118,777</u>

Included in amounts due to group undertakings of £767,071,000 (2014: £934,855,000) is an amount of £767,071,000 (2014: £934,855,000) which has an associated interest of 3% above local bank base rate and is repayable on demand.

The carrying value of trade payables is considered to approximate fair value.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

16 Provisions

	Contract provisions £ 000	Property provisions £ 000	Total £ 000
At 1 January 2015	199	179	378
Additions	1,303	-	1,303
Utilised	-	(179)	(179)
At 31 December 2015	<u>1,502</u>	<u>-</u>	<u>1,502</u>

Provisions of £957,576 are classified as current liabilities (2014: £ 378,132). Unwind of the discount is £nil in 2015 and 2014.

Contract provisions comprise onerous technology services contracts which will not be utilised.

17 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
2,130 4.2% Cumulative preference shares (2014: 2,130) at .£1 each	2,130	2,130
12,523 ordinary B shares (2014: 12,522) at £0.05 each	626	626
	<u>2,756</u>	<u>2,756</u>

On 23rd December 2015 1 Ordinary share having an aggregate nominal value of £0.05 was allotted for an aggregate consideration of SEK 63,427,632 (£4,831,514). The reason for the issue was to raise capital to acquire an increase in share capital of Granda Limited.

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.

18 Loans and borrowings

	2015 £ 000	2014 £ 000
Current loans and borrowings		
Bank overdrafts	<u>-</u>	<u>188</u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

19 Obligations under leases and hire purchase contracts

Operating leases

The Company's operating leases relate to office properties and are accounted for in accordance with the Group's policy on leases detailed in note 1.

Property leases run for terms ranging from five to twenty years, depending on the expected operational use of the site. Leases may include break clauses or options to renew (options to renew are not included in the commitments table). Lease payments are generally subject to market review every five years to reflect market rentals, but because of the uncertainty over the amount of any future changes, such changes have not been reflected in the table. None of the lease agreements include contingent rentals.

The total future value of minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Within one year	7,535	7,366
In two to five years	29,039	28,955
In over five years	105,103	115,925
	<u>141,677</u>	<u>152,246</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £7,526,794 (2014: £6,726,643).

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,082,155 (2014 : £3,651,837).

Contributions totalling £139,800 (2014 : £61,947) were payable to the scheme at the end of the year and are included in creditors.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

Defined benefit pension schemes

The Group's obligations in respect of the Defined Benefit Scheme ('the Scheme') is calculated by estimating the amount of future retirement benefit that eligible employees ('members') have earned in return for their services. That benefit payable in the future is discounted to today's value and then the fair value of scheme assets contributed by the Group is deducted to measure the net pension deficit.

The liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid using the 'projected unit' method. This method is an accrued benefits valuation method that makes allowance for projected earnings of members in the future up to retirement.

These calculations are complex and are performed by a qualified actuary. There are many judgements and estimates necessary to calculate the Group's estimated liabilities, the main assumptions are set out later in this section. Movements in assumptions during the year are called 'actuarial gains and losses' and these are recognised in the period in which they arise through the statement of comprehensive income.

The latest triennial valuation of the Scheme was undertaken as at 1 January 2014 by an independent actuary appointed by the Trustee of the Scheme and agreed in early 2016. The next triennial valuation will be as at 1 January 2017 and is expected to be agreed in 2018. This will drive subsequent contribution rates.

An unfunded scheme in relation to previous Directors is accounted for under IAS 19 and the Group is responsible for meeting the pension obligations as they fall due. It is securitised by assets held outside of the ITV Pension Scheme in the form of gilts and included within cash and cash equivalents.

The defined benefit pension deficit

The net pension deficit at 31 December 2015 was £176 million (2014: £346 million).

The net assets and liabilities of the Scheme are recognised in the consolidated statement of financial position and shown within non-current liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	3,270,000	3,340,765
Present value of scheme liabilities	(3,446,000)	(3,687,000)
Defined benefit pension scheme deficit	(176,000)	(346,235)

The remaining sections provide further detail of the value of the Scheme's assets and liabilities, how these are accounted for and the impact on the income statement.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

Defined benefit scheme obligations

What cause movements in the defined benefit pension obligations?

The areas that impact the defined benefit obligation (the pension scheme liabilities) position at the year end are as follows:

- Current service cost - the cost to the Group of the future benefits earned by members that relates to the members' service in the current year. This is charged to operating costs in the income statement.
- Interest cost - the pension obligations payable in the future are discounted to the present value at year end. A discount factor is used to determine the current value today of the future cost. The interest cost is the unwinding of one year's movement in the present value of the obligation. It is broadly determined by multiplying the discount rate at the beginning of the period by the updated present value of the obligation during the period. The discount rate is a key assumption explained later in this section. This interest cost is recognised through net financing costs in the income statement (see note 4.4).
- Actuarial gains or losses - there are broadly two causes of actuarial movements. 'Experience' adjustments, which arise when comparing assumptions made when estimating the liabilities and what has actually occurred, and adjustments resulting from changes in actuarial assumptions e.g. movements in corporate bond yields. Key assumptions are explained in detail later in this section. Actuarial gains or losses are recognised through other comprehensive income.
- Benefits paid - any cash benefits paid out by the Scheme will reduce the obligation.

The movement in the present value of the Group's defined benefit obligation is analysed below

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2015 £ 000	2014 £ 000
Present value at start of year	3,687,000	3,315,000
Current service cost	8,000	7,000
Actuarial gains and losses arising from changes in financial assumptions	(217,000)	366,000
Interest cost	126,000	144,000
Benefits paid	(158,000)	(145,000)
Present value at end of year	<u>3,446,000</u>	<u>3,687,000</u>

Of the above total defined benefit obligation at 31 December 2015, £46 million relates to unfunded schemes (2014: £48 million).

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

Assumptions used to estimate the Scheme obligations

What are the main assumptions used to estimate the Scheme obligations?

The main assumptions are:

- future salary levels
- future pensionable salary levels
- an estimate of increases in pension payments
- the life expectancy of members
- the effect of inflation on all these factors
- the discount rate used to estimate the present day fair value of these obligations

How do we determine the appropriate assumptions?

The Group takes independent actuarial advice relating to the appropriateness of the assumptions used.

IFRS requires that we estimate a discount rate by reference to high quality fixed income investments in the UK that match the estimated term of the pension obligations.

The inflation assumption has been set by looking at the difference between the yields on fixed and index-linked Government bonds. The inflation assumption is used as a basis for the remaining financial assumptions, except where caps have been implemented.

The discount rate has therefore been obtained using the yields available on AA rated corporate bonds which match projected cash flows. The Group's estimate of the weighted average term of the liabilities is 15 years (2014: 15 years).

The principal assumptions used in the Scheme's valuations at the year end were:

	2015	2014
Discount rate:		
Past service liabilities	3.80%	3.50%
Future services liabilities	4.00%	3.70%
Inflation assumptions for:		
Past service liabilities	3.00%	3.00%
Future service liabilities	3.10%	3.05%
Rate of pensionable salary increases	0.90%	0.90%
Rate of increase in pension payment (LPI 5% pension increases)	2.90%	2.90%
Rate of increase to deferred pensions (CPI)	2.00%	2.00%

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	2015 Years	2014 Years
Current UK pensioners at retirement age - male	23	23
Current UK pensioners at retirement age - female	26	26
Future UK pensioners at retirement age - male	25	25
Future UK pensioners at retirement age - female	28	28

	2015	2015	2014	2014
Retiring today at age	60	65	60	65
Males	28	23	28	23
Females	31	26	31	26
Retiring in 20 years at age	60	65	60	65
Males	30	25	30	25
Females	33	28	33	28

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

		2015	
	+ 0.1%	0.0%	- 0.1%
Adjustment to discount rate	£ 000	£ 000	£ 000
Present value of total obligation	55,000	-	(50,000)
		2015	
	+ 0.1%	0.0%	- 0.1%
Adjustment to rate of inflation	£ 000	£ 000	£ 000
Present value of total obligation	15,000	-	(15,000)
		2015	
	+ 0.1%	0.0%	- 0.1%
Adjustment to rate of salary growth	£ 000	£ 000	£ 000
Present value of total obligation	10,000	-	(10,000)
		2015	
	+ 1 Year	None	- 1 Year
Adjustment to mortality age rating assumption	£ 000	£ 000	£ 000
Present value of total obligation	90,000	-	-

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

The analysis above considers the impact of the single change in the assumption while keeping the other assumptions unchanged, except for inflation. The inflation sensitivities allow for consequential changes for all pension increases linked to the relevant index. The sensitivity analyses have been determined by extrapolating the impact on the defined benefit obligation at the year end with changes in key assumptions that might reasonably occur.

In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). Changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the changes in assumptions.

The sensitivity analysis for the impact of life expectations on the defined benefit liability does not include the potential offsetting benefit of the longevity swap classified as a Scheme asset. It is estimated that a £75 million benefit would arise on the value of the longevity swap from a one year increase in the market-based assumption of mortality.

Total defined benefit scheme assets

The Scheme holds assets across a number of different classes which are managed by the Trustee, who consults with the Group on changes to its investment policy.

At 31 December 2015 the Scheme's assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. The tables below set out the major categories of assets.

Financial instruments are in place in order to provide protection against changes in market factors (interest rates and inflation) which could act to increase the net pension deficit. These financial instruments are classified as Scheme assets.

One such instrument is the longevity swap which the Scheme transacted in 2011 to obtain protection against the effect of increases in the life expectation of the majority of pensioner members at that date. Under the swap, the Trustee agreed to make pre-determined payments in return for payments to meet the specified pension obligations as they fall due, irrespective of how long the members and their dependants live. The difference in the present values of these two streams of payments is reflected in the Scheme assets. The swap had a nil valuation at inception and, using market-based assumptions, is subsequently adjusted for changes in the market life expectancy and market discount rates.

Defined benefit scheme assets are measured at their fair value and can change due to the following:

- Interest income on scheme assets - this is determined by multiplying the fair value of the Scheme assets by the discount rate, both taken as of the beginning of the year. This is recognised through net financing costs in the income statement.
- Return on assets arise from differences between the actual return and interest income on Scheme assets and are recognised through other comprehensive income.
- Employer's contributions are paid into the Scheme to be managed and invested.
- Benefits and administrative expenses paid out by the Schemes will lower the fair value of the Scheme's assets

The movement in the fair value of the defined benefit scheme's assets is analysed below:

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Fair value at start of year	3,340,765	2,870,000
Interest income	116,000	128,000
Return on plan assets, excluding amounts included in interest income/(expense)	(126,000)	390,000
Employer contributions	102,235	102,765
Benefits paid	(158,000)	(145,000)
Administrative expenses paid	(5,000)	(5,000)
Fair value at end of year	<u>3,270,000</u>	<u>3,340,765</u>

At 31 December 2015 the Scheme's assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. The fair value of the Scheme's assets are shown in the following table by major category:

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Cash and cash equivalents	86,000	50,000
Quoted equities	651,000	654,000
Quoted bonds	2,219,000	2,329,000
Investment funds	196,000	182,765
Property	55,000	51,000
Infrastructure	68,000	77,000
Insurance policies	40,000	42,000
Other	20,000	22,000
Longevity swap fair value	(65,000)	(67,000)
	<u>3,270,000</u>	<u>3,340,765</u>

The actual return on the Scheme's assets, being the sum of the interest income on Scheme assets and return on Scheme assets, for the year ended 31 December 2015 was a decrease of £10 million (2014: increase of £518 million).

How are the Scheme's assets invested?

At 31 December 2015 the Scheme's assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. The fair value of the Scheme's assets are shown in the following table by major category:

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Amounts recognised in the income statement

	2015 £ 000	2014 £ 000
Amounts recognised in operating profit		
Current service cost	8,000	7,000
Past service cost	5,000	5,000
Recognised in arriving at operating profit	<u>13,000</u>	<u>12,000</u>
Amounts recognised in finance income or costs		
Net interest	<u>10,000</u>	<u>16,000</u>
Total recognised in the income statement	<u><u>23,000</u></u>	<u><u>28,000</u></u>

Amounts recognised through the Statement of Comprehensive Income

	2015 £ 000	2014 £ 000
Return on plan assets, excluding amounts included in interest income/(expense)	(126,000)	390,000
Actuarial gain on liabilities arising from change in - inflation experience	48,000	-
Actuarial gains / losses on liabilities arising from change in - financial assumptions	169,000	(402,000)
Actuarial gains / losses on liabilities arising from change in updated valuation data	<u>-</u>	<u>36,000</u>
Amounts recognised in the Statement of Comprehensive Income	<u><u>91,000</u></u>	<u><u>24,000</u></u>

Addressing the net pension deficit

The £217 million actuarial gain on the Scheme's liabilities was principally due to an increase in bond yields over the year, which has resulted in a decrease in the liabilities. The £126 million loss on the Scheme's assets primarily results from decreases in the market values of gilts and swaps, which has led to assets underperforming expectations.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

20 Pension and other schemes (continued)

The Group works closely with the Trustee to agree appropriate levels of funding for the Scheme. This involves agreeing a Schedule of Contributions at each triennial valuation, which specifies the contribution rates for the employer and scheme members and the date these contributions are due. A recovery plan setting out the steps that will be taken to address a funding shortfall is also agreed.

In the event that the Group's defined benefit scheme is in a net liability position, the Directors must take steps to manage the size of the deficit. Apart from the funding agreements mentioned above, this could involve pledging additional assets to the Scheme, as was the case in the SDN and London Television Centre ('LTVC') pension funding partnerships (explained below).

The levels of ongoing contributions to the Scheme are based on the current service costs (as assessed by the Scheme Trustee) and the expected future cash flows of the Scheme. Normal employer contributions in 2016 for current service are expected to be in the region of £12 million (2015: £11 million) and deficit funding contributions in 2016 are expected to be £66 million (2015: £76 million), assuming current contribution rates continue as agreed with the Trustee.

Under the SDN pension partnership, set up in 2010, the Group has agreed to make payments of £11 million for 12 years from 2011. The LTVC partnership established in March 2014, commits the Group to an annual payment of £2 million in 2016, increasing by 5% per annum until 2038.

IFRIC 14 clarifies how the asset ceiling should be applied, in particular, how local minimum funding rules work. The Company has determined that it has an unconditional right to a refund of surplus assets if the Schemes are run off until the last member dies, on which basis IFRIC 14 does not cause any change in the balance sheet disclosures before tax.

21 Share-based payments

Scheme description

The Company utilises share award schemes as part of its employee remuneration packages, and therefore, operates a number of share-based compensation schemes, namely the Deferred Share Award (DSA), Performance Share Plan (PSP), Long Term Incentive Plan (LTP) and Save As You Earn (SAYE) schemes.

A transaction will be classed as share-based compensation where the Company receives services from employees and pays for these in shares or similar equity instruments. If the Company incurs a liability based on the price or value of the shares then this will also fall under a share-based transaction.

The fair value of the equity instrument granted is measured at grant date and is spread over the vesting period via a charge to the profit and loss account with a corresponding increase in equity. The fair value of share options and awards is measured using either market price at grant date or, for the Save As You Earn Scheme (SAYE) a Black-Scholes model taking into account the terms and conditions of the individual scheme.

Vesting conditions are limited to service conditions and performance conditions. For performance-based schemes, the relevant performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. The estimate is then used to determine the option fair value, discounted to present value. The Company revises its estimates of the number of options that are expected to vest, including an estimate of forfeitures at each reporting date. The impact of the revision to original estimates, if any are recognised in the profit and loss account, with a corresponding adjustment to equity.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Share-based payments (continued)

Exercises of share options granted to employees can be satisfied by market purchase or issue of new shares. No new shares may be issued to satisfy the exercises under the terms of the DSA. During the year all exercises were satisfied by using shares purchased in the market and held in the ITV Employees' Benefit Trust.

The weighted average share price of share options exercised during the year was 16.65p (2014: 9.02p). The options outstanding at the year end have an exercise price in the range of nil to 206.83p and a weighted average contractual life of 1 year (2014: 1 year).

Share-based compensation charges totalled £4,539,801 in 2015 (2014: £7,239,536).

22 Dividends

	2015 £ 000	2014 £ 000
Final dividend of £Nil (2014 : £Nil) per ordinary share	-	-
Interim dividend of £200,000,000 (2014 : £Nil) per ordinary share	200,000	-
	<u>200,000</u>	<u>-</u>

The Directors are proposing a final dividend of £Nil (2014: £Nil) per share totalling £Nil (2014: £Nil).

23 Commitments

Capital commitments

Capital commitments mainly relate to Technology projects and HR related projects.

The total amount contracted for but not provided in the financial statements was £53,292 (2014: £226,587).

24 Contingent liabilities

Under a Group registration the Company is jointly and severally liable for the VAT at 31 December 2015 of £59 million (2014: £58 million). The Company has guaranteed certain finance and operating lease obligations of subsidiary undertakings.

25 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is ITV plc.

These financial statements are available upon request from The London Television Centre, Upper Ground, London, SE1 9LT.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

26 Parent and ultimate parent undertaking

The Company's immediate parent is ITV Holdings Limited.

The ultimate parent is ITV plc.

The most senior parent entity producing publicly available financial statements is ITV plc. These financial statements are available upon request from The London Television Centre, Upper Ground, London, SE1 9LT.

The ultimate controlling party is ITV plc.

27 Transition to FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the Company has applied the requirements of IFRS 1 First time adoption of International Financial Reporting Standards.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

Balance sheet at 1 January 2014

	Note	As originally reported £ 000	Reclassification £ 000	FRS 101 remeasurement £ 000	As restated £ 000
Non-current assets					
Intangible assets	27.1	-	-	16,235	16,235
Property, plant and equipment		100,366	-	(16,235)	84,131
Investments		1,785,894	-	-	1,785,894
Deferred tax asset		-	11,306	62,126	73,432
		<u>1,886,260</u>	<u>11,306</u>	<u>62,126</u>	<u>1,959,692</u>
Current assets					
Trade and other receivables	27.2	997,396	(3,925)	(47,504)	945,967
Current liabilities					
Trade and other payables	27.3	(1,026,721)	-	(732)	(1,027,453)
Borrowings		(204)	-	-	(204)
Provisions		(821)	-	-	(821)
Current liabilities		<u>(1,027,746)</u>	<u>-</u>	<u>(732)</u>	<u>(1,028,478)</u>
Net current liabilities		<u>(30,350)</u>	<u>(3,925)</u>	<u>(48,236)</u>	<u>(82,511)</u>
Total assets less current liabilities		1,855,910	7,381	13,890	1,877,181
Non-current liabilities					
Provisions	27.4	(237)	-	-	(237)
Net assets/(liabilities) excluding pension asset/(liability)		1,855,673	7,381	13,890	1,876,944
Defined benefit pension deficit		<u>(29,523)</u>	<u>(7,381)</u>	<u>(408,296)</u>	<u>(445,200)</u>
Net assets/(liabilities)		<u>1,826,150</u>	<u>-</u>	<u>(394,406)</u>	<u>1,431,744</u>
Other reserves					
Share capital		3	-	-	3
Other reserves		149,421	-	-	149,421
Retained earnings	27.5	<u>1,676,726</u>	<u>-</u>	<u>(394,406)</u>	<u>1,282,320</u>
Total equity		<u>1,826,150</u>	<u>-</u>	<u>(394,406)</u>	<u>1,431,744</u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

27.1 Intangible assets

The remeasurement on Intangible assets of £16,235,000 relates to the recognition of IT Software as an Intangible asset under FRS101, rather than as a Tangible asset within Property, plant and equipment.

27.2 Trade and other receivables

Trade and other receivables has decreased by £47,504,640 due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013.

Trade and other receivables has decreased by £3,925,000 due to a reclassification of deferred taxation to non current assets on transition to FRS101.

27.3 Current Liabilities

The amounts in current liabilities consists of two parts

1) Current Liabilities has increased by £472,150 due to accruals being made for staff holiday entitlement not utilised and not paid which needs to be recognised as a liability under FRS101.

2) Amounts of £259,687 due to reclassified intercompany amounts.

27.4 Provisions for Liabilities

Provisions for liabilities has increased by £408,296,000 due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

27.5 Retained earnings

Retained earnings has decreased by £394,406,477 due to the following:

-£472,150 decrease in Retained earnings due to accruals being made for staff holiday entitlement not utilised and not paid which needs to be recognised as a liability under FRS101.

-£408,296,000 decrease in Retained earnings due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013.

-£6,641,313 in relation to amounts to group undertakings.

-£54,405,640 in relation to recognition of reversing recharged pension costs in relation to pension scheme on transition to FRS 101.

-The remeasurement of £62,126,000 relates to deferred tax recognised on holiday pay accrual, transitional adjustments on pension costs and under FRS101, deferred tax is recognised on temporary differences between the estimated future tax deductions for share based compensation and the related cumulative share based compensation expense. To the extent that the estimated future tax deductions exceed the cumulative expense, the excess deferred tax is recognised directly in equity.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	Note	As originally reported £ 000	Reclassification £ 000	FRS 101 remeasurement £ 000	As restated £ 000
Non-current assets					
Intangible assets	27.6	-	-	15,800	15,800
Property, plant and equipment		89,342	-	(15,800)	73,542
Investments		1,855,612	-	-	1,855,612
Deferred tax asset		-	21,148	46,693	67,841
		<u>1,944,954</u>	<u>21,148</u>	<u>46,693</u>	<u>2,012,795</u>
Current assets					
Trade and other receivables	27.7	1,039,167	(13,247)	(110,094)	915,826
Current liabilities					
Trade and other payables		(1,117,899)	-	(878)	(1,118,777)
Borrowings	27.8	(188)	-	-	(188)
Provisions		(378)	-	-	(378)
Current liabilities	27.8	<u>(1,118,465)</u>	<u>-</u>	<u>(878)</u>	<u>(1,119,343)</u>
Net current assets/(liabilities)		(79,298)	(13,247)	(110,972)	(203,517)
Defined benefit pension deficit		<u>(31,604)</u>	<u>(7,901)</u>	<u>(306,730)</u>	<u>(346,235)</u>
Net assets/(liabilities)		<u>1,834,052</u>	<u>-</u>	<u>(371,009)</u>	<u>1,463,043</u>
Capital and reserves					
Share capital		3	-	-	3
Share premium		57,161	-	-	57,161
Other reserves		149,421	-	-	149,421
Retained earnings		<u>1,627,467</u>	<u>-</u>	<u>(371,009)</u>	<u>1,256,458</u>
Total equity	27.10	<u>1,834,052</u>	<u>-</u>	<u>(371,009)</u>	<u>1,463,043</u>

27.6 Intangible assets

The remeasurement on Intangible assets of £15,800,000 relates to the recognition of IT Software as an Intangible asset under FRS101, rather than as a Tangible asset within Property, plant and equipment.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

27.7 Trade and other receivables

Trade and other receivables has decreased by £123,341,329 due to the following:

-£110,094,329 decrease in Trade and other receivables due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013 and 2014.

-£13,247,000 decrease due to a reclassification of deferred taxation from trade and other receivables to non current assets under transition to FRS 101.

27.8 Current Liabilities

Current Liabilities has increased by £877,671 due to the following:

-£472,150 increase in Current Liabilities due to accruals being made for staff holiday entitlement not utilised and not paid which needs to be recognised as a liability under FRS101.

-£145,834 increase in Current Liabilities due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013 and 2014.

-£259,687 due to reclassified intercompany payments.

27.9 Provision for liabilities

Provision for Liabilities has increased by £314,631,000 due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013 and 2014.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

27.10 Retained earnings

Retained earnings has decreased by £371,009,000 due to the following:

-£472,150 decrease in Retained earnings due to accruals being made for staff holiday entitlement not utilised and not paid which needs to be recognised as a liability under FRS101.

-£415,970,163 decrease in Retained earnings due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2013 and 2014.

-£6,641,313 in relation to amounts to group undertakings.

-The remeasurement of £38,792,000 relates to deferred tax recognised on holiday pay accrual, transitional adjustments on pension costs and under FRS101, deferred tax is recognised on temporary differences between the estimated future tax deductions for share based compensation and the related cumulative share based compensation expense. To the extent that the estimated future tax deductions exceed the cumulative expense, the excess deferred tax is recognised directly in equity.

Profit and loss account for the year ended 31 December 2014

	Note	As originally reported £ 000	FRS 101 remeasurement £ 000	As restated £ 000
Turnover		120,127	-	120,127
Cost of sales		<u>(157)</u>	<u>-</u>	<u>(157)</u>
Gross profit/(loss)		119,970	-	119,970
Administrative expenses	27.11	(197,949)	27,536	(170,413)
Other operating income		<u>6,202</u>	<u>-</u>	<u>6,202</u>
Operating profit/(loss)		(71,777)	27,536	(44,241)
Income from shares in group undertakings		57	-	57
Other interest receivable and similar income		69,030	-	69,030
Interest payable and similar charges		(53,591)	(15,149)	(68,740)
Loss on disposal of fixed assets		<u>(377)</u>	<u>-</u>	<u>(377)</u>
Profit/(loss) before tax		(56,658)	12,387	(44,271)
Tax on profit on ordinary activities		<u>9,842</u>	<u>(9,422)</u>	<u>420</u>
Profit/(loss) for the financial year		<u><u>(46,816)</u></u>	<u><u>2,965</u></u>	<u><u>(43,851)</u></u>

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Transition to FRS 101 (continued)

27.11 Administrative expenses

Administrative expense has decreased by £27,536,000 due to the following:

-£62,345,000 increase in Administrative expenses due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101 and a pensions adjustment of £1,472,000. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2014.

-£5,227,000 increase in pension costs in relation to service costs.

-£732,000 increase in administrative costs due to software amortisation and holiday pay.

-£95,840,000 decrease in administrative costs due to movements in pension scheme costs.

27.12 Interest payable and similar charges

Interest payable and similar charges has increased by £15,149,000 due to the following:

-£15,149,000 increase in Interest pension liabilities due to the requirement to reflect provision amounts relating to the unfunded element of the Group defined benefit pension scheme in ITV in a single entity under FRS 101. This remeasurement reflects the transfer back from group entity's holding the defined benefit pension provisions of cost allocation made during 2014.

27.13 Taxation

-The remeasurement of £9,422k relates to deferred tax recognised on holiday pay accrual, transitional adjustments on pension costs and under FRS101, deferred tax is recognised on temporary differences between the estimated future tax deductions for share based compensation and the related cumulative share based compensation expense. To the extent that the estimated future tax deductions exceed the cumulative expense, the excess deferred tax is recognised directly in equity.

28 Investments

* Direct Holding

All other entities can be considered to be indirect holdings

Details of the subsidiaries as at 31 December 2015 are as follows:

Please note that the first 11 entities listed represent the principal subsidiary undertakings of ITV Services Limited at 31 December 2015, all of which are wholly owned (directly or indirectly) and incorporated and registered where stated.

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2015
ITV Broadcasting Limited	Broadcast of television programmes	United Kingdom	100%
ITV Consumer Limited	Development of platforms, broadband, transactional and mobile services	United Kingdom	100%
ITV Digital Channels Limited	Operation of digital television channels	United Kingdom	100%
ITV Global Entertainment Limited	Rights ownership and distribution of television programmes and films	United Kingdom	100%
ITV Network Limited	Scheduling and commissioning of television programmes	United Kingdom	100%
ITV Rights Limited	Rights ownership	United Kingdom	100%
ITV Studios Limited	Production of television programmes	United Kingdom	100%
ITV2 Limited	Operation of digital television channels	United Kingdom	100%
SDN Limited	Operation of Freeview Multiplex A	United Kingdom	100%
ITV Studios, Inc.	Production of television programmes	United States	100%
Leftfield Entertainment, LLC	Production of television programmes	United States	100%
12 Yard (North) Productions Limited		United Kingdom	100%
12 Yard Limited		United Kingdom	100%
12 Yard Productions (Investments) Limited		United Kingdom	100%
12 Yard Productions Limited		United Kingdom	100%
Action Time Holdings		United Kingdom	100%
Anglia Television (Music) Limited		United Kingdom	100%
Anglia Television Entertainment		United Kingdom	100%
Anglia Television Group		United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Anglia Television Holdings	United Kingdom	100%
Anglia Television Limited	United Kingdom	100%
Big Talk Investments Limited	United Kingdom	100%
Big Talk JL Limited	United Kingdom	100%
Big Talk Pictures Limited	United Kingdom	100%
Big Talk Productions Limited	United Kingdom	100%
Broad Street Films Limited	United Kingdom	100%
Campania Limited	United Kingdom	100%
Carbon Media Limited	United Kingdom	100%
Carlton Active Limited	United Kingdom	100%
Carlton Broadcasting Holdings	United Kingdom	100%
Carlton Broadcasting Limited	United Kingdom	100%
Carlton Cinema Limited	United Kingdom	100%
Carlton Content Holdings Limited	United Kingdom	100%
Carlton Entertainment	United Kingdom	100%
Carlton Film Distributors Limited	United Kingdom	100%
Carlton Films Limited	United Kingdom	100%
Carlton Food Network Limited	United Kingdom	100%
Carlton Productions Limited	United Kingdom	100%
Carlton Programmes Development Limited	United Kingdom	100%
Carltonco Forty-Five Limited	United Kingdom	100%
Castlefield Properties Limited *	United Kingdom	100%
Cat's on the Roof Media Limited	United Kingdom	100%
Central Productions Limited	United Kingdom	100%
Central Television Limited	United Kingdom	100%
Channel Television Holdings Limited	United Kingdom	100%
Cosgrove Hall Films Limited	United Kingdom	100%
DTV Limited	United Kingdom	100%
Electronic Rentals Group	United Kingdom	100%
EQ Pictures Limited	United Kingdom	100%
Film Lab North Limited	United Kingdom	100%
First Independent Films	United Kingdom	100%
Genesis Film Productions Limited	United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

GIL Limited	United Kingdom	100%
Granada AV Solutions Limited	United Kingdom	100%
Granada Film	United Kingdom	100%
Granada Film Productions Limited	United Kingdom	100%
Granada Group Limited	United Kingdom	100%
Granada Limited *	United Kingdom	100%
Granada Media Group Limited	United Kingdom	100%
Granada Media Limited	United Kingdom	100%
Granada Nominees Limited	United Kingdom	100%
Granada Productions Limited	United Kingdom	100%
Granada Properties *	United Kingdom	100%
Granada Screen (2005) Limited	United Kingdom	100%
Granada Television International	United Kingdom	100%
Granada Television Limited	United Kingdom	100%
Granada Television Overseas Limited	United Kingdom	100%
Granada Television Productions Limited	United Kingdom	100%
Granada UK Rental and Retail Limited	United Kingdom	100%
Interactive Telephony Limited	United Kingdom	100%
International Television Enterprises London Limited	United Kingdom	100%
ITC Distribution	United Kingdom	100%
ITC Entertainment Group Limited	United Kingdom	100%
ITC Entertainment Holdings Limited	United Kingdom	100%
ITV (Scotland) Limited *	United Kingdom	100%
ITV Beowulf Limited	United Kingdom	100%
ITV Border Limited	United Kingdom	100%
ITV Breakfast Broadcasting Limited	United Kingdom	100%
ITV Breakfast Limited	United Kingdom	100%
ITV Breathless Limited	United Kingdom	100%
ITV Central Limited	United Kingdom	100%
ITV Channels Limited	United Kingdom	100%
ITV Cilla Limited	United Kingdom	100%
ITV Cradle Limited	United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

ITV Digital Holdings Limited **	United Kingdom	100%
ITV Global Content Limited	United Kingdom	100%
ITV Home Fires Limited	United Kingdom	100%
ITV International Channels (Asia) Limited	United Kingdom	100%
ITV J&H Limited	United Kingdom	100%
ITV Jericho Limited	United Kingdom	100%
ITV JR Limited	United Kingdom	100%
ITV Lewis Limited	United Kingdom	100%
ITV LTVC (Scotland) Limited *	United Kingdom	100%
ITV Lucan Limited	United Kingdom	100%
ITV Meridian Limited	United Kingdom	100%
ITV Moorside Limited	United Kingdom	100%
ITV Mr Selfridge Limited	United Kingdom	100%
ITV News Channel Limited	United Kingdom	100%
ITV NP Limited	United Kingdom	100%
ITV Pension Scheme Limited	United Kingdom	100%
ITV Play Limited	United Kingdom	100%
ITV Productions Limited	United Kingdom	100%
ITV Shetland Limited	United Kingdom	100%
ITV Spirit Limited	United Kingdom	100%
ITV Sport Channel Limited **	United Kingdom	100%
ITV Studios (Israel) Limited	United Kingdom	100%
ITV Supplementary Pension Scheme Limited	United Kingdom	100%
ITV Tennison Limited	United Kingdom	100%
ITV Text Santa Limited	United Kingdom	100%
ITV TFG Holdings Limited	United Kingdom	100%
ITV Thunderbirds Limited	United Kingdom	100%
ITV Tut Limited	United Kingdom	100%
ITV Ventures Limited	United Kingdom	100%
ITV Wales & West Group Limited	United Kingdom	100%
ITV Wales & West Limited	United Kingdom	100%
ITV Worldwide Limited	United Kingdom	100%
ITV3 Limited	United Kingdom	100%
ITV4 Limited	United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Juice Music UK Limited	United Kingdom	100%
Leftfield (UK) Limited	United Kingdom	100%
Link Electronics Limited	United Kingdom	100%
London News Network	United Kingdom	100%
London Weekend Television Limited	United Kingdom	100%
LWT (Holdings) Limited	United Kingdom	100%
LWT Productions Limited	United Kingdom	100%
Mammoth Screen (AR) Limited	United Kingdom	100%
Mammoth Screen (ATTWN) Limited	United Kingdom	100%
Mammoth Screen (BOTD) Limited	United Kingdom	100%
Mammoth Screen (Bouquet) Limited	United Kingdom	100%
Mammoth Screen (BW) Limited	United Kingdom	100%
Mammoth Screen (End2) Limited	United Kingdom	100%
Mammoth Screen (End3) Limited	United Kingdom	100%
Mammoth Screen (Falcon) Limited	United Kingdom	100%
Mammoth Screen (Monroe) Limited	United Kingdom	100%
Mammoth Screen (NE) Limited	United Kingdom	100%
Mammoth Screen (NI) Limited	United Kingdom	100%
Mammoth Screen (PE) Limited	United Kingdom	100%
Mammoth Screen (Pol2) Limited	United Kingdom	100%
Mammoth Screen (Poldark) Limited	United Kingdom	100%
Mammoth Screen (QV) Limited	United Kingdom	100%
Mammoth Screen (RM) Limited	United Kingdom	100%
Mammoth Screen (WH) Limited	United Kingdom	100%
Mammoth Screen Ltd	United Kingdom	100%
Meridian Music Services Limited	United Kingdom	100%
Millbank Studios	United Kingdom	100%
Modern Love Films Limited	United Kingdom	100%
Morning TV Limited	United Kingdom	100%
Moving Picture Company Films Limited	United Kingdom	100%
Music Services	United Kingdom	100%
New Providence Productions Limited	United Kingdom	100%
Partridge Films	United Kingdom	100%
Partridge Holdings	United Kingdom	100%
Partridge Productions	United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Pickwick Packaging Limited	United Kingdom	100%
Planet 24	United Kingdom	100%
Planet 24 Productions Limited	United Kingdom	100%
Planet Wild Productions Limited	United Kingdom	100%
Pro-Vision Facilities Limited	United Kingdom	100%
Rainbow Music Publishing Limited	United Kingdom	100%
So Television Developments Limited	United Kingdom	100%
So Television Limited	United Kingdom	100%
SelecTV Cable	United Kingdom	100%
Sightseers Film Limited	United Kingdom	100%
Signpost Limited	United Kingdom	100%
SOM (ITV) Limited	United Kingdom	100%
Survival Anglia	United Kingdom	100%
Television Music Limited	United Kingdom	100%
The CITV Channel Limited	United Kingdom	100%
The Garden Productions Limited	United Kingdom	100%
The London Studios Limited	United Kingdom	100%
VOD Member (ITV A) Limited	United Kingdom	100%
ITV Newco Limited	United Kingdom	100%
VOD Member (ITV B) Limited	United Kingdom	100%
Tyne Tees Television Holdings	United Kingdom	100%
Tyne Tees Television Limited	United Kingdom	100%
United Broadcasting & Entertainment Limited	United Kingdom	100%
United Broadcasting	United Kingdom	100%
United Broadcasting Holdings	United Kingdom	100%
United Broadcasting South	United Kingdom	100%
Westcountry Television Limited	United Kingdom	100%
Wildlife Film Productions	United Kingdom	100%
Yorkshire Television Limited	United Kingdom	100%
Yorkshire-Tyne Tees Productions Limited	United Kingdom	100%
Yorkshire-Tyne Tees Television Enterprises Limited	United Kingdom	100%
Yorkshire-Tyne Tees Television Holdings	United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Z Music Publishing Limited	United Kingdom	100%
Zebedee Productions Limited	United Kingdom	100%
Artist Services Cable Pty Ltd	Australia	100%
Artist Services Investments Pty Limited	Australia	100%
Artist Services Productions Pty Ltd	Australia	100%
Granada Media International (Australia) Pty Ltd	Australia	100%
Granada Media Investments (Australia) Pty Ltd	Australia	100%
Granada Productions Pty Ltd	Australia	100%
ITV Studios Australia Factual Pty Limited	Australia	100%
ITV Studios Australia Pty Limited	Australia	100%
Leftfield Australia Pty Ltd.	Australia	100%
Totally Full Frontal Productions Pty Limited	Australia	100%
Granada December Eight Limited	Cayman Islands	100%
Granada December Nine Limited	Cayman Islands	100%
United Production ApS	Denmark	100%
ITV Studios Finland Oy	Finland	100%
ITV Studios, France SAS	France	100%
ITV Studios Germany GmbH	Germany	100%
ITV Studios Germany Holdings GmbH	Germany	100%
Elecrent Insurance Limited	Guernsey	100%
ITV Global Entertainment (Hong Kong) Limited	Hong Kong	100%
Carlton Home Entertainment Ireland Limited	Ireland	100%
Channel Television Limited	Jersey	100%
Creative Channel Limited	Jersey	100%
ITV London Properties Limited	Jersey	100%
ITV Properties (Jersey) Limited *	Jersey	100%
ITV Studios Nordic AB	Sweden	100%
ITV Studios Norway AS	Norway	100%
12 Yard Holdings, Inc.	United States	100%
Anglia Television, Inc.	United States	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Cardinal Productions of Ohio, Inc.	United States	100%
Carlton Media Company, Inc.	United States	100%
Electric Farm Entertainment Holdings, Inc.	United States	100%
Granada America, Inc.	United States	100%
Granada Cracker US Productions	United States	100%
Granada Television International, Inc.	United States	100%
Hamdon Entertainment, Inc.	United States	100%
ITC Distribution, LLC.	United States	100%
ITC Entertainment Group, Inc.	United States	100%
ITC Films, LLC.	United States	100%
ITC Productions, LLC.	United States	100%
ITV Believe Holding, Inc.	United States	100%
ITV Diga Holding, Inc.	United States	100%
ITV Global Entertainment, Inc.	United States	100%
ITV Gurney Holding, Inc.	United States	100%
ITV HN Holding, Inc.	United States	100%
ITV International Corporation	United States	100%
ITV Leftfield Holding, Inc.	United States	100%
ITV Popco Holding, Inc.	United States	100%
ITV Thinkfactory Holding, Inc.	United States	100%
ITV Tomorrow Holding, Inc.	United States	100%
ITV US Holdings, Inc.	United States	100%
ITV US Productions, Inc.	United States	100%
JB Entertainment Holding Company, Inc.	United States	100%
Kirkstall Road Enterprises, Inc.	United States	100%
LWT Enterprises, Inc.	United States	100%
Over the Pond Productions, Inc.	United States	100%
Quay Street Enterprises, Inc.	United States	100%
So Television US, Inc.	United States	100%
Upper Ground Enterprises, Inc.	United States	100%
ITV Scottish Limited Partnership (1)	United Kingdom	100%
ITV LTVC Scottish Limited Partnership (1)	United Kingdom	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Appalachian Rentals, LLC	United States	100%
Bluegrass Productions, LLC	United States	100%
Chad Alan Productions, LLC	United States	100%
Double Down Films, LLC	United States	100%
Double Down Films Holdings, LLC	United States	100%
Franconia Productions, LLC	United States	100%
Gator Productions, LLC	United States	100%
Leftfield Entertainment CA, LLC	United States	100%
Leftfield LA, LLC	United States	100%
Leftfield Pictures of NY Holdings, LLC	United States	100%
Leftfield Pictures of NY, LLC	United States	100%
Leftfield Ventures, LLC	United States	100%
Moving Pictures Services, Inc.	United States	100%
Oaklawn Pacific Properties, LLC	United States	100%
Out of Play Productions, LLC	United States	100%
Ozark Pictures, LLC	United States	100%
Sirens Media, LLC	United States	100%
Sirens Project 1203, LLC	United States	100%
Sirens Project 1213, LLC	United States	100%
Sirens Project 1216, LLC	United States	100%
Sirens Project 1217, LLC	United States	100%
Sirens Project 1218, LLC	United States	100%
Sirens Project 1219, LLC	United States	100%
Sirens Project 1223, LLC	United States	100%
Sirens Project 1224, LLC	United States	100%
Sirens Project 1226, LLC	United States	100%
Sirens Project 1227, LLC	United States	100%
Sirens Project 1301, LLC	United States	100%
Sirens Project 1303, LLC	United States	100%
Sirens Project 1309, LLC	United States	100%
Sirens Project 1316, LLC	United States	100%
Sirens Project 1326, LLC	United States	100%
Sirens Project 1408, LLC	United States	100%
Sirens Project 1410, LLC	United States	100%
Sirens Television Development, LLC	United States	100%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Sunshine Productions Holdings, LLC	United States	100%
Sunshine Productions Holdings, LLC	United States	100%
Sunshine Productions, LLC	United States	100%
Work Shop of NY, LLC	United States	100%
3sixtymedia Limited	United Kingdom	80%
Imago TV Film und Fernsehproduktion GmbH	Germany	80%
Outpost Entertainment, LLC	United States	80%
Adnoddau Zoom Cyf	United Kingdom	75%
Boom Cymru TV Ltd	United Kingdom	75%
Boom Pictures Limited	United Kingdom	75%
Bulb Films Limited	United Kingdom	75%
Cynhyrchiad au Al Fresco Productions Cyf	United Kingdom	75%
Cynhyrchiadau Boomerang Cyf	United Kingdom	75%
Double Double Limited	United Kingdom	75%
Ffilmiau Appollo Cyf	United Kingdom	75%
Fflic Cyf	United Kingdom	75%
Gorilla TV Group Limited	United Kingdom	75%
Gorilla TV Limited		75%
Indus Films Limited	United Kingdom	75%
Teledu Apollo Cyf	United Kingdom	75%
Twofour Broadcast Limited	United Kingdom	75%
Two Four Group Holdings Limited	United Kingdom	75%
Twofour Group Limited	United Kingdom	75%
Loud Television, LLC	United States	75%
1016 Productions LLC	United States	75%
6565 Productions Studios 2 LLC	United States	75%
6565 Productions Studios 3 LLC	United States	75%
6565 Productions Studios 4 LLC	United States	75%
6565 Productions Studios LLC	United States	75%
All in Post LLC	United States	75%
Cheese String Studios LLC	United States	75%
In Reality Productions LLC	United States	75%
East Olive Productions LLC	United States	75%
Twofour America LLC	United States	75%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Twofour Broadcast Media LLC	United States	75%
Second Act Productions Limited	United Kingdom	74.07%
ITV Holdings (Cayman) Limited	Cayman Islands	66.7%
Thinkfactory Productions Canada, Ltd	Canada	65%
Rangers Productions SRL	Mexico	65%
Film Productions Rentals LLC	United States	65%
Thinkfactory Group LLC	United States	65%
Crew Ready Everywhere, LLC	United States	65%
Hatfield and McCoy Productions, LLC	United States	65%
Highball Music Group, LLC	United States	65%
Marriage Boot Camp Reality Stars, LLC	United States	65%
MDQuartet, LLC	United States	65%
Signal Post Facilities, LLC	United States	65%
Sound and Stage Studios, LLC	United States	65%
Texas Rangers, LLC	United States	65%
Thinkfactory Media, LLC	United States	65%
Web Legal, LLC	United States	65%
Westside Film Partners, LLC	United States	65%
LG Films, LLC	United States	65%
Brat Brigade LLC	United States	63.25%
Deep Gotham Post LLC	United States	63.25%
Diga Holdings LLC	United States	63.25%
Diga Production Studios LLC	United States	63.25%
Diga LLC	United States	63.25%
Shirina, LLC	United States	63.25%
Feeding Time Productions LLC	United States	61.5%
FT Productions, LLC	United States	61.5%
Gurney Productions LLC	United States	61.5%
Hollywood Cameras and Lighting LLC	United States	61.5%
RICMA LLC	United States LLC	61.5%
High Noon West LLC	United States	61.5%
Eight Bells Productions, LLC	United States	60%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

High Noon East LLC	United States	60%
High Noon Group LLC	United States	60%
High Noon Productions LLC	United States	60%
What's The Business, LLC	United States	60%
Possessed Limited	United Kingdom	51%
Talpa Nordic ApS	Denmark	51%
Jaffe Braunstein Entertainment LLC	United States	51%

Associates

Details of the associates as at 31 December 2015 are as follows:

Name of associate	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2015
DTT Multiplex Operators Limited	Guarantee	United Kingdom	25%
Independent Television News Limited (ITN)	Supply of news services to broadcasters in the UK and elsewhere	United Kingdom	40%
Tomorrow ITV Studios LLC	Production of scripted content	United States	25%
Absolutely Rights Limited		United Kingdom	20%
That Mitchell and Webb Company Limited		United Kingdom	20%
DTV Services Limited		United Kingdom	20%
Monumental Television Limited		United Kingdom	24.92%
Channel Mum Limited		United Kingdom	25%
Clearcast Limited		United kingdom	25%
ISAN UK Limited		United Kingdom	25%
Cirkus Limited		United Kingdom	29.41%
Malacara Limited		United Kingdom	36.75%
Media4Creative Limited		United Kingdom	35.32%
Media4Enterprises Limited		United Kingdom	35.32%
Pink Rose Bud Limited		United Kingdom	37.5%
Mainstreet Arlington Productions Limited		United Kingdom	38.25%
Mainstreet Pictures Limited		United Kingdom	38.25%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Bait Studio Limited	United Kingdom	41.25%
Cloth Cat Animation Limited	United kingdom	41.25%
Thud Media	United Kingdom	41.25%
OSF (Wales) Limited	United Kingdom	46.27%
Oxford Scientific Films Limited	United Kingdom	46.27%
Calon/Boomerang JV Limited	United Kingdom	37.5%
GC Films Pty Limited	United Kingdom	49%
Harlequin Agency Limited	United Kingdom	37.5%

Joint ventures

Details of the joint ventures as at 31 December 2015 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2015
Bone Kickers Limited		United Kingdom	50%
Box Clever Technology Limited		United Kingdom	50%
British Film-Makers Limited		United Kingdom	50%
Columbia Tristar Carlton Productions Limited		United Kingdom	50%
Gameface Productions Limited		United Kingdom	50%
Noho Film and Television Limited		United Kingdom	50%
Standard Music Limited		United Kingdom	50%
Television Media Marketing Limited		United Kingdom	50%
The Lab Television 2013 Limited Partnership		Israel	50%
Digital Production Partnership Limited	Guarantee	United Kingdom	50%
Producer's Rights Agency Limited	Guarantee	United Kingdom	50%
Freesat (UK) Limited	Provision of a standard and high definition enabled digital satellite proposition	United Kingdom	50%

ITV Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

28 Investments (continued)

Digital 3 & 4 Limited

Operates the Channel 3
& 4 digital terrestrial
multiplex

United Kingdom

50%