

Registration number: 955957

ITV Broadcasting Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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ITV Broadcasting Limited

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ITV Broadcasting Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity

The Company's principal activity during the period was the provision of the regional ITV television service under the Channel 3 (as defined in the Broadcasting Act 1990, the Broadcasting Act 1996 and the Communications Act 2003 (together "the Acts")) licences granted by Ofcom. The Company is the principal operating subsidiary of the Group's UK television business, selling commercial airtime and sponsorship, producing broadcasting schedules and operating a full range of broadcaster functions for itself, ITV Rights Limited and in some cases for non-ITV controlled Channel 3 licensees.

The Company's regional Channel 3 licences were renewed by Ofcom in February 2014 for a further period of ten years to December 2024.

Fair review of the business

The company has revenue for the year of £1,381,200,000 (2020: £1,102,577,000). The results for the Company show a profit before tax for the year of £141,287,000 (2020: £65,884,000). At the statement of financial position date the Company had net assets of £566,336,000 (2020: £448,194,000).

Key factors behind the movement in profit include a £278,623,000 increase in revenue. 2020 was significantly hit by the impacts of Covid-19 restrictions and uncertainty forcing companies to reduce or stop spending on advertising. This picked up again in 2021 when restrictions were lifted, resulting in record Total Advertising Revenues (TAR).

KPIs

The Directors of the ITV plc Group manage the Group's operations on a divisional basis with this Company being included within the Media and Entertainment division. For this reason, the Company's Directors use the ITV plc Media and Entertainment division's Operating and Performance Review in managing and understanding the development, performance and position of the Company. The business review is included on pages 26 to 31 of ITV plc's 2021 Annual Report.

Further to the divisional key performance indicators, the Directors would consider the key financial performance indicators of the Company during the year to include;

- Share of viewing of 15.81% for the ITV main channel was up 0.15 percentage points compared with the previous year (2020: 15.66%) reflecting an increase in the overall market. We continue to drive significant audiences with our returning brands such as The Voice, Britain's Got Talent, and I'm A Celebrity...Get Me Out Of Here!. Our news programming performed well. The return of the majority of sporting tournaments and live entertainment shows including the European Football Championships and horse racing had an impact on viewing.

Future developments

The Directors do not anticipate any changes to the principal activities of the Company.

Subsequent events

On 12 July 2022, the UK Competition and Markets Authority (CMA) opened an investigation into certain conduct of ITV and other named companies in the sector relating to the production and broadcasting of sports content in the United Kingdom. The investigation is at an early stage and it is not currently possible to reliably quantify any liability that might result from the investigation. ITV is committed to complying with competition law and is cooperating with the CMA's enquiries.

ITV Broadcasting Limited

Strategic Report for the Year Ended 31 December 2021

Principal risks and uncertainties

The key business risks and uncertainties that affected the Company are considered to relate to the erosion of television's share of advertising, the historic trend of decline in audience as competition from other commercial channels increases, the impact of the contract rights renewals remedy and the retention of key staff. Further discussion of these risks and uncertainties, in the context of the group as whole, is provided on pages 72 to 87 of the Group's 2021 annual report.

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, ITV White City, 201 Wood Lane, London, W12 7RU.

Anti-bribery and corruption

A comprehensive review of the Company's policies relating to anti-bribery and corruption can be found in the Strategic Report of the group in the ITV plc annual report.

Section 172 (1) Statement - Directors Statement in performance of their duties under section 172(1)

The Board of ITV plc are responsible for governance and oversight across the ITV Group and the duties under Section 172(1) of the Companies Act 2006 ('s172') in respect of ITV plc. As ITV Broadcasting Limited (the 'Company') is part of the ITV Group, its directors (the "Directors") believe that certain matters they are responsible for under s172 in respect of the Company have been considered to an appropriate extent by the Board of ITV plc in relation both to the ITV Group and the Company and reference to this is made below.

The Directors are members of the Broadcast Divisional board (now the Media and Entertainment Board) that met nine times during the year to consider and approve matters that relate directly to the Company and its subsidiaries. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Directors have specifically considered the matters set out in s172 is set out below:

- **The long term:** The Directors are fully cognisant of the evolving competitor and viewer landscape in which the Company operates. The long-term strategy is to transform the Broadcast business to ensure ITV can address these changes, recognising that they present both opportunities and challenges. As the business continued to mitigate the long-term impact of changing viewing patterns, the directors recognised the need to retain and attract audiences that are increasingly moving away from linear viewing to digital platforms. The launch of ITVX in 2022, combining ITV Hub, ITV Hub+ and BritBox UK into a simplified and seamless integrated AVOD and streaming platforms is key to this. The Directors agreed that a digital-first content strategy will significantly strengthen the offer to viewers and enable the business to leverage its investments in ITV Hub, BritBox UK, Planet V and data to drive digital viewing and revenue growth with a digital-first content proposition. Additionally, the Directors keep both the expiry of the Public Service Broadcasting licence in 2024, and the impact of the Government's proposed HFSS food and drink advertising restrictions under close review. The Company has continued to have open dialogue with both the regulator Ofcom and the Government on both issues.

- **Employees:** The Directors know that the workforce are key to the Company's success and are dedicated to nurturing an inclusive working environment where everyone can reach their full potential and thrive. As the Company is embedded within the ITV Group governance structure it is fully aligned with ITV on workforce engagement and through the divisional board meetings the Directors are consulted on and approve the HR related policies and initiatives that affect their employees. The Directors recognised the economic uncertainty caused by COVID-19 and the impact this had on the Company's employees in respect of financial security, mental and physical wellbeing. Extra measures were taken to ensure there were regular communications and access to programmes that support the wellbeing of employees, especially when working from home. An explanation of how ITV plc have engaged with the workforce and taken them into consideration through its discussions and decision-making is set out on page 115 of ITV plc's 2021 annual report. Further information on ITV's commitment to its workforce is set out on pages 56 to 58 of ITV plc's 2021 annual report, which does not form part of this report.

ITV Broadcasting Limited

Strategic Report for the Year Ended 31 December 2021

• **Business relationships - suppliers, customers:** The Directors are committed to fostering good working business relationships with their key stakeholders which include viewers, advertisers, other platform owners, citizens, legislators and regulators. The Directors recognise that an understanding of the issues relating to these stakeholders is fundamental to building and maintaining the successful relationships, enabling the Company to take advantage of the strong and mutually beneficial opportunities needed to ensure the success of the Company. As the Company is fully embedded within the ITV Group governance structure, the Directors seek to align themselves with ITV plc's engagement mechanisms and an explanation of how the Directors of ITV plc have had regard to the need to foster the Company's business relationships in the context of the significant financial and economic uncertainty caused by COVID-19 and Brexit are set out on page 107 to 112 of ITV plc's 2021 annual report which does not form a part of this report, with detail on viewers set out on page 107, advertisers on page 108, citizens on page 109, legislators and regulators on page 110.

• **Community & environment:** Directors have regard to role the Company's platforms play in driving change by reflecting and shaping culture onscreen. During the year better mental and physical health were the focus for major behaviour change campaigns. Through the Broadcast and now the Media and Entertainment boards the directors regularly review progress against environmental targets (quarterly) and against diversity targets (bi-annually). The Directors also consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in carrying out the duties in respect of the community, wider environmental issues and diversity and inclusion targets. Further information on ITV's Social Purpose strategy and 2021 initiatives - structured around better health, giving back, climate action and diversity and inclusion, environment and giving back targets - is set out on pages 48 to 55 of ITV plc's 2021 annual report, which does not form a part of this report.

• **High standards of business conduct:** The Directors' intention is to ensure that the Company and its subsidiaries operate in an ethical and responsible way. As a part of the ITV Group, they recognise that a healthy corporate culture is the cornerstone to ensuring high standards of business conduct and governance that also pervade business dealings with stakeholders outside of the organisation. The Directors consider that as a result of being embedded within the ITV Group governance structure, the Directors of ITV plc have taken the lead in promoting these facets and details on how it monitored and assessed culture during the year is set out on page 116 in ITV plc's 2021 annual report, which does not form a part of this report. ITV's commitment to high standards of business conduct is also enshrined in the Code of Ethics and Conduct available on the ITV plc website. ITV's culture also pervades its business dealings with stakeholders outside of the organisation, as exemplified by its work with suppliers in relation to modern slavery and membership of the Prompt Payment Code.

Approved by the Board on 06/04/2023 and signed on its behalf by:



.....
Sarah Clarke
Director

ITV Broadcasting Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the company

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

Sarah Clarke

Christopher Swords (resigned 30 June 2021)

Kevin Lygo

Rufus Radcliffe

Edward Williams

Rosemary Newell

Mark Smith

Christopher Kennedy

Directors' liabilities

A Director of ITV Broadcasting Limited (Christopher Kennedy) benefits from qualifying indemnity provision in place during the financial 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 2021 (2020: £Nil). An interim dividend of £Nil was paid during the year ended 31 December 2021 (2020: £Nil).

Employment of disabled persons

The employment policies of the Company are disclosed in the Directors' Report on pages 54 and 55 of ITV plc's 2021 Annual Report.

Employee involvement

The employment policies of the Company are disclosed in the Directors' Report on pages 54 and 55 of ITV plc's 2021 Annual Report.

Going concern

ITV plc has indicated that for at least twelve months from the date of approval of these financial statements, it intends to continue to make available such funds as are needed by the Company for the period covered by the going concern assessment.

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 note 1).

ITV Broadcasting Limited

Directors' Report for the Year Ended 31 December 2021

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 Broadcasting Limited

Directors' Report for the Year Ended 31 December 2021

Appointment of auditor

The external auditor for the 2021 financial year was PricewaterhouseCoopers LLP. The Independent Auditors' Report starting on page 7 sets out the information contained in Annual Report and Financial Statements which has been audited by the external auditor.

Following an external audit tender undertaken by the Audit and Risk Committee in 2019 PricewaterhouseCoopers LLP was duly appointed as the external auditor at the close of the 2021 AGM, with its appointment taking effect from, and including the 2021 financial year.

The Audit and Risk Committee considered the performance and audit fees of the external auditor, and the level of non-audit work undertaken. A resolution to reappoint PricewaterhouseCoopers LLP as external auditors for a further year was passed at the ITV plc AGM.

Approved by the Board on 06/04/2023 and signed on its behalf by:



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Sarah Clarke
Director

Registered office
ITV White City
201 Wood Lane
London
W12 7RU

Independent auditors' report to the members of ITV Broadcasting Limited

Report on the audit of the financial statements

Opinion

In our opinion, ITV Broadcasting Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; the Income Statement, Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report for the Year Ended 31 December 2021, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report for the Year Ended 31 December 2021

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the Year Ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report for the Year Ended 31 December 2021.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to anti-bribery and corruption laws, competition laws, UK tax legislation, data privacy and broadcasting and media regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to specifically the posting of inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Enquiry of management around actual and potential fraud and non-compliance with laws and regulations
- Reviewing journal entries posted to identify any unusual account combinations
- Reviewing financial statement disclosures and testing to supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 April 2023

ITV Broadcasting Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	3	1,381,200	1,102,577
Employee benefits expense	9	(110,808)	(89,625)
Depreciation and amortisation expense		(14,709)	(12,376)
Other expenses	4	(1,089,146)	(901,343)
Exceptional items	5	(26,497)	(31,875)
Other operating income	6	-	931
Impairment gains/ (losses)	8	<u>1,775</u>	<u>(2,050)</u>
Operating profit	7	141,815	66,239
Income from shares in group undertakings		-	330
Finance income	12	1,205	506
Finance costs	13	<u>(1,733)</u>	<u>(1,191)</u>
Profit before tax		141,287	65,884
Taxation	14	<u>(23,472)</u>	<u>(16,079)</u>
Profit for the year		<u>117,815</u>	<u>49,805</u>

The above results were derived from continuing operations.

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Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £ 000	2020 £ 000
Profit for the year	117,815	49,805
Items that may be reclassified subsequently to profit or loss		
(Loss)/gain on cash flow hedges (net)	<u>(1,174)</u>	<u>4,300</u>
Total comprehensive income for the year	<u>116,641</u>	<u>54,105</u>

ITV Broadcasting Limited

(Registration number: 955957)

Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Property, plant and equipment	16	29,358	35,425
Intangible assets	17	383,855	392,539
Investments	18	101,783	102,765
Derivative financial instruments	19	1	62
Deferred tax assets	15	4,481	2,722
		<u>519,478</u>	<u>533,513</u>
Current assets			
Inventory	20	150	-
Trade and other receivables	21	436,514	275,660
Contract assets	22	1,814	593
Derivative financial instruments	19	1	92
Cash and cash equivalents	23	33,801	29,879
		<u>472,280</u>	<u>306,224</u>
Current liabilities			
Trade and other payables	24	(342,514)	(298,158)
Derivative financial instruments	19	(2,236)	(2,021)
Contract liabilities	22	(35,012)	(36,689)
Lease liabilities	25	(2,093)	(2,212)
Provisions	27	(20,559)	(24,276)
		<u>(402,414)</u>	<u>(363,356)</u>
Net current assets/(liabilities)		<u>69,866</u>	<u>(57,132)</u>
Non-current liabilities			
Lease liabilities	25	(5,835)	(8,668)
Derivative financial instruments	19	(897)	(988)
Provisions	27	(16,276)	(18,531)
		<u>(23,008)</u>	<u>(28,187)</u>
Net assets		<u>566,336</u>	<u>448,194</u>
Equity			
Share capital	30	100	100
Retained earnings		<u>566,236</u>	<u>448,094</u>
Total equity		<u>566,336</u>	<u>448,194</u>

The financial statements on pages 10 to 50 were approved by the Board on 06/04/2023 and signed on its behalf by:



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Sarah Clarke
Director

The notes on pages 15 to 50 form an integral part of these financial statements.
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ITV Broadcasting Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	100	448,094	448,194
Profit for the year	-	117,815	117,815
Loss on cash flow hedges (net)	-	(1,174)	(1,174)
Total comprehensive income	-	116,641	116,641
Tax on items taken directly to equity	-	743	743
Tax on items taken to other comprehensive income	-	758	758
At 31 December 2021	100	566,236	566,336

	Share capital £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2020	100	393,071	393,171
Profit for the year	-	49,805	49,805
Gain on cash flow hedges (net)	-	4,300	4,300
Total comprehensive income	-	54,105	54,105
Tax on items taken directly to equity	-	918	918
At 31 December 2020	100	448,094	448,194

Tax on items taken directly to equity relates to the treatment of share based payments under FRS 101 and financial instruments.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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

ITV Broadcasting Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the UK. The registered number is 955957 and the registered address is ITV plc, ITV White City, 201 Wood Lane, London, W12 7RU.

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' ('FRS 101').

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis under the historical cost convention. Where other bases are applied, these are identified in the relevant accounting policy.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with 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 including the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel covering paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures regarding leases; and
- Disclosures in respect of revenue being the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers.

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;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; 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 apply the reduced disclosure framework of FRS 101 in its next financial statements.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

Exemption from preparing group financial statements

The Company is a wholly owned subsidiary of its ultimate parent, ITV plc. It is included in the consolidated financial statements of ITV plc, which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.

Going Concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons.

The Company participates in the ITV plc intra-group cash pool arrangement. 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 working capital. 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.

The Directors have prepared a going concern assessment covering a period of 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds through funding from its ultimate parent company, ITV plc, to meet its liabilities as they fall due for that period. The Directors will continue to monitor the changing impact of COVID-19 and the Company's performance.

ITV plc has indicated that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company.

On this basis, and on their assessment of the Company's financial position, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Revenue

The Company derives revenue from the transfer of goods and services. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognised) or 'over time' as control of the performance obligation is transferred to the customer.

The transaction price, being the amount to which the Company expects to be entitled and has rights to under the contract is allocated to the identified performance obligations. The transaction price will also include an estimate of any variable consideration where the Company's performance may result in additional revenues based on the achievement of agreed targets such as audience targets. Variable consideration is not recognised until the performance obligations are met.

Revenue, which arises wholly in the United Kingdom, is stated net of VAT.

Customer contracts can have a wide variety of performance obligations, but consist mainly of Advertising (NAR), Sponsorship of programmes and pay TV. For each contract, the performance obligation/(s) are identified and evaluated. The performance obligations under IFRS 15 for each revenue stream are detailed below.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Segment	Major classes of revenue	Payment terms
Total advertising revenue	Net Advertising Revenue (NAR) is generated from selling spot airtime and is recognised at the point of transmission	Received in the month after transmission
Total advertising revenue	Revenue from the sponsorship of programmes across ITV linear channels and online is recognised over the period of transmission	Received prior to transmission
Other revenue	Revenue from 'pay' is generated from the provision of HD channels, and is recognised either over the term of the contract or per subscriber	Received over the term of the contract
Other revenue	Programme production revenue is recognised on delivery and acceptance by the customer	Received in the month after transmission

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff costs are recognised as other operating income over the periods necessary to match them with the related costs.

Foreign currency transactions and balances

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other (expenses)/income'.

Finance income and costs

Finance income and costs comprise interest income on funds invested and interest expense on borrowings. Interest income and expense is recognised as it accrues in profit or loss, using the effective interest method.

Exceptional items

Exceptional items are typically gains or losses arising from events that are not considered part of the core operations of the business. These items are excluded from operating profit because of their size or nature to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis. Exceptional items are highlighted on the face of the income statement.

Tax

The tax charge for the period is recognised in the income statement, 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 and judgement of the additional taxes that are likely to become due. 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 Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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 statement of financial position 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.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Company has the right of set-off.

Current / non-current distinction

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of the Company's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the Company's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

Property, plant and equipment

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

Right of use assets

A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. These assets are called right of use assets and have been included on the Company's statement of financial position at a value equal to the discounted future lease payments. For leases recognised on transition to IFRS 16 'Leases' the value is also adjusted by any prepayments or lease incentives recognised immediately before the date of initial application.

Depreciation

Depreciation is provided to write off the cost of property, plant and equipment less estimated residual value, on a straight-line basis over their estimated useful lives. The annual depreciation charge is sensitive to the estimated useful life of each asset and the expected residual value at the end of its life. The major categories of property, plant and equipment are depreciated as follows:

Asset class	Depreciation method and rate
Freehold land	not depreciated
Freehold buildings	up to 40 years
Leasehold improvement	shorter of residual lease term or estimated useful life
Vehicles, equipment and fittings	3 - 10 years
Right of use assets	Over the term of the lease
Assets under construction	not depreciated

Assets under construction are not depreciated until the point at which the asset comes into use.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Goodwill

Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. The goodwill recognised by the Company has all arisen as a result of business combinations. Goodwill is stated at its recoverable amount being cost less any accumulated impairment losses and is allocated to the business to which it relates.

Due to changes in accounting standards, goodwill has been calculated using two different methods depending on the date the relevant business was purchased.

Method 1: All business combinations that occurred between 1 January 2004 and 31 December 2008 were accounted for using the purchase method in accordance with IFRS 3 'Business Combinations' (2004). Goodwill on those combinations represents the difference between the cost of the acquisition and the fair value of the identifiable net assets acquired and did not include the value of the non-controlling interest. Transaction costs incurred in connection with those business combinations, such as legal fees, due diligence fees and other professional fees, were included in the cost of acquisition.

Method 2: For business combinations prior to 1 January 2004, goodwill is included at its deemed cost, which represents the amount recorded under UK GAAP at that time less accumulated amortisation up to 31 December 2003. The classification and accounting treatment of business combinations occurring prior to 1 January 2004, the date of transition to IFRS, has not been reconsidered, as permitted under IFRS 1.

Other intangible assets

Intangible assets other than goodwill are those that are distinct and can be sold separately or which arise from legal rights.

Within the Company, other intangible assets relate to software licences and development.

Software licences and developments are stated initially at cost and subsequently at cost less accumulated amortisation. Assets under construction are not amortised until the point at which the asset comes into use by the Company.

Amortisation

Amortisation is charged to the income statement over the estimated useful lives of intangible assets unless such lives are judged to be indefinite. Indefinite life assets, such as goodwill, are not amortised but are tested for impairment at each year end.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the statement of financial position is less than its recoverable amount. The major categories of intangible assets are amortised as follows:

Asset class	Amortisation method and rate
Goodwill	Not amortised
Software licences and developments	Straight line 1 - 10 years

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Impairment

Goodwill is not subject to amortisation and is tested annually for impairment and when circumstances indicate that the carrying value may be impaired.

Other intangible assets are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried in the statement of financial position is less than its recoverable amount.

Determining whether the carrying amount of intangible assets has any indication of impairment requires judgement. Any impairment is recognised in the income statement.

An impairment test is performed by assessing the recoverable amount of each asset, or for goodwill the cash-generating unit ('CGU'), or group of CGUs, related to the goodwill. Total assets (which include goodwill) are grouped at the lowest levels for which there are separately identifiable cash flows.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is based on the present value of the future cash flows expected to arise from the asset.

In testing for impairment, estimates are used in deriving cash flows and the discount rates. Such estimates reflect current market assessments of the risks specific to the asset and the time value of money. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. If different estimates of the projected future cash flows or a different selection of an appropriate discount rate or long-term growth rate were made, these changes could materially alter the projected value of the cash flows of the asset, and as a consequence materially different amounts would be reported in the financial statements.

Impairment losses in respect of goodwill cannot be reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investments

The statement of financial position includes investments at cost less amounts written off in respect of any impairment.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Contract assets and liabilities

Contract assets (accrued income) primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. Production work in progress is treated as a contract asset until the point the programme is completed.

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

Inventory

Inventories are stated at the lower of cost and net realisable value.

Trade and other receivables

Trade receivables are recognised initially at the value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost). Where payments are not due for more than one year, they are shown in the financial statements at their net present value to reflect the economic cost of delayed payment. The Company provides goods and services to substantially all of its customers on credit terms.

The credit risk management practices of the Company include internal review and reporting of the ageing of trade and other receivables by days past due. The Company applies the IFRS 9 simplified approach in measuring expected credit losses, which use a lifetime expected credit loss allowance for all trade receivables.

To measure expected credit losses, trade receivables are grouped by shared credit risk characteristics and days past due. In addition to the expected credit losses, the Company may make additional provisions for the receivables of particular customers if the deterioration of financial position was observed.

Amounts due (to) from group undertakings

The Company participates in the intra-group cash pool arrangement 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 statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than or equal to three months from the date of acquisition. The carrying value of cash and cash equivalents is considered to approximate fair value.

Financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value with the movement recorded in the income statement, except where derivatives qualify for cash flow hedge accounting. In this case, the effective portion of a cash flow hedge is recognised in other comprehensive income and presented in the hedging reserve within equity. The cumulative gain or loss is later reclassified to the income statement in the same period as the relevant hedged transaction is realised. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities.

Determining fair value

The fair value of forward foreign exchange contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate at the reporting date from third parties. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and our current creditworthiness, as well as that of our swap counter parties.

Third-party valuations are used to fair value the Company's interest rate derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Trade and other payables

Trade payables are recognised at the value of the invoice received from a supplier. The carrying value of current and non-current trade payables is considered to approximate fair value.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Leases

Lease liabilities represent the discounted future lease payments. Discount rates are calculated for similar assets, in similar economic environments, taking into account the length of the lease. The unwinding of the discounting is recognised in net financing costs in the income statement.

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases (i.e. lease term less than 12 months) or low-value assets (i.e. under £5,000). The Company will continue to expense the lease payments associated with these leases on a straight-line basis over the lease term.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation arising from past events, it is probable cash will be paid to settle it and the amount can be estimated reliably. Provisions are determined by discounting the expected future cash flows by a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the income statement. The value of the provision is determined based on assumptions and estimates in relation to the amount and timing of actual cash flows, which are dependent on future events.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with the contract.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is neutral, the initial measurement is on a present value basis.

Dividends

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or payment.

Defined contribution pension obligation

A defined contribution plan is a post-employment benefit plan under which the Company pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit pension obligation

Certain of the Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is ITV Services Limited.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies (continued)

Share based payments

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 (LTIP) 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, this will also fall under a share-based transaction. The Company recognises the retained earnings impact of the share-based compensation for the Group as awards are settled in ITV plc shares. The cost of providing those awards is recognised as a cost of investment to the subsidiaries that receive the service from employees. The fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the income statement 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 SAYE scheme, 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, is recognised in the income statement, with a corresponding adjustment to equity.

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.

Financial risk management

The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including in relation to its business model, future performance, solvency and liquidity. The Company's maximum exposure to credit risk is represented by the carrying amount of trade receivables and cash and cash equivalents.

The Company's exposure to credit risk for trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company reviews significant receivables and will seek to take out credit insurance on an individual basis where appropriate.

The ITV Group operates investment guidelines with respect to surplus cash that emphasise preservation of capital. The guidelines set out procedures and limits on counterparty risk and maturity profile of cash placed. Counterparty limits for cash deposits are largely based upon long-term ratings published by the major credit rating agencies.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in applying the Company'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.

The areas involving material judgement or complexity are set out below. Additional detail on the judgements and sources of estimation uncertainty applied by management are set out in the accounting policies section of the relevant notes:

- Revenue recognition (note 1)

In addition to the above, there are a number of areas which involve a high degree of estimation and are significant to the financial statements but are not expected to have a material impact on them in the next 12 months. These areas include the reviews of the carrying value of onerous contract and impairment provisions in relation to sports rights. More detail on each of these items is given in the relevant notes.

3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Total advertising revenue (TAR)	1,233,490	984,774
Other revenue	<u>147,710</u>	<u>117,803</u>
	<u>1,381,200</u>	<u>1,102,577</u>

Revenue, which arises wholly in the United Kingdom, is stated net of VAT.

4 Other expenses

Other expenses of £1,089,146,000 (2020: £901,343,000) includes amounts relating to programming budget costs, transmission costs and other administrative expenses.

Included in other expenses is £802,919,000 (2020: £620,730,000) relating to the transmission of programmes in the year, including amounts resulting from the write-down of inventories of £16,422,000 (2020: £12,325,000), following a review of the Net Realisable Value. Programmes are purchased from another group company and are expensed in full on transmission.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

5 Exceptional Items

Operating exceptional items are analysed as follows:

		2021	2020
	Ref	£ 000	£ 000
Operating exceptional items			
Restructuring and property-related costs	A	-	4,698
COVID-19 directly related net costs	B	-	1,332
Sports rights impairment	C	1,060	6,300
Other	D	25,437	19,545
Total operating exceptional items		26,497	31,875

A - Restructuring costs

Restructuring costs of £Nil (2020: £4,698,000) relate to one-off significant restructuring projects of the business.

B - COVID-19 directly related net costs

Costs directly related to the COVID-19 pandemic of £Nil (2020: £1,332,000) have been recognised as exceptional items. These relate to costs incurred for programmes where production was cancelled as a result of the pandemic.

C - Sports rights impairment

As a result of the impact of COVID-19 on the planned sporting schedule for 2020 and 2021 and the consequential impact on TAR, along with changing forecasts of audience mix and revenues for certain sporting events, the Company has recognised an impairment for these sporting events included in programme rights and programme commitments of £1,060,000 (2020: £6,300,000). It is not possible to split the impairment between that caused by the COVID-19 pandemic and underlying market movements.

D - Other

During 2020, we commenced a review of the efficiency of our transponder capacity usage with a view to reducing our capacity requirements. This has allowed us to reorganise our channels over fewer transponders with the result that we have cleared all channels from one transponder and are no longer utilising it. We have provided for an onerous contract of £16,250,000 (2020: £19,545,000) from the date the transponder was cleared. The transponder efficiency review is ongoing. We have also provided HMRC PAYE provision of £8,637,000 (2020: £Nil) and redundancy costs of £550,000 (2020: £Nil).

6 Other operating income

		2021	2020
		£000	£000
Government grants		-	931

The government grant received relates to the Coronavirus Job Retention Scheme in the UK. There are no unfulfilled conditions in relation to this grant. During the year, the Company received £Nil (2020: £931,000) income under government support schemes resulting from the Covid-19 pandemic.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

7 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£ 000	£ 000
Depreciation expense (see note 16)	10,602	7,970
Amortisation expense (see note 17)	4,107	4,406
Foreign exchange gains	(27)	(389)
Operating lease expense - property	(217)	-
Loss on disposal of property, plant and equipment	226	20
Impairment (gains)/losses (see note 8)	<u>(1,775)</u>	<u>2,050</u>

8 Impairment (gains)/ losses

Impairment (gains)/losses in 2021 relate to a £6,707,000 gain on impairment of fixed asset investment of the Freesat (UK) Limited loan (as a result of a partial release of the provision) and impairment loss of £4,932,000 on provisions made for investments in associated undertakings of the Company. Impairment losses in 2020 of £2,050,000 relate to provisions made for investment in associated undertakings of the Company.

9 Employee benefits expense

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

	2021	2020
	£ 000	£ 000
Wages and salaries	85,141	72,104
Social security costs	9,239	7,580
Pension costs, defined contribution scheme	8,289	8,634
Share-based payment expenses	8,139	1,307
	<u>110,808</u>	<u>89,625</u>

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

	2021	2020
	No.	No.
Production	724	737
Administration and support	43	49
Sales, marketing and distribution	542	576
	<u>1,309</u>	<u>1,362</u>

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

10 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	3,785	4,362
Contributions paid to defined contribution schemes	8	10
	3,793	4,372

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

	2021 No.	2020 No.
Received or were entitled to receive shares under long term incentive schemes	6	4
Accruing benefits under money purchase pension scheme	2	3
	2	3

In respect of the highest paid Director:

	2021 £ 000	2020 £ 000
Remuneration	969	1,480
	969	1,480

In the year to 31 December 2021, 2 directors (2020: 2) were remunerated by other ITV plc Group companies. These directors received no remuneration in respect of their services to this Company (2020: £Nil). There were no payments made to Directors for loss of office in 2021.

11 Auditor's remuneration

The Company's auditor in 2021 is PricewaterhouseCoopers LLP (PwC). In previous years, the position was held by KPMG LLP (KPMG). The auditor's remuneration of £21,000 (2020: £6,138) was borne by ITV Services Limited, 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.

12 Finance income

	2021 £ 000	2020 £ 000
Interest receivable from group undertakings	914	251
Foreign exchange gains	291	251
Other finance income	-	4
	1,205	506

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Finance costs

	2021	2020
	£ 000	£ 000
Interest on bank overdrafts and borrowings	139	72
Interest on lease liabilities	298	369
Foreign exchange losses	284	717
Interest payable to group undertakings	-	33
Other finance costs	1,012	-
	1,733	1,191

14 Taxation

Tax charged/(credited) in the income statement

	2021	2020
	£ 000	£ 000
Current taxation		
UK corporation tax	23,866	6,809
UK corporation tax adjustment to prior periods	(987)	2,094
Group relief payable	-	3,645
Group relief payable - prior year	852	3,153
	23,731	15,701
Total current tax	23,731	15,701
Deferred taxation		
Arising from origination and reversal of temporary differences	(86)	378
Arising from changes in tax rates and laws	(278)	-
Deferred tax adjustment to prior periods	105	-
	(259)	378
Total deferred taxation	(259)	378
Tax expense in the income statement	23,472	16,079

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

14 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	141,287	65,884
Corporation tax at standard rate of 19% (2020: 19%)	26,845	12,518
Deferred tax credited directly to equity	742	-
Deferred tax credited directly to OCI	758	-
(Decrease)/increase in current tax from adjustment for prior periods	(135)	5,247
Decrease from effect of income exempt from taxation	(338)	(64)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	751	722
Group relief claimed	(4,313)	(6,060)
Deferred tax - prior year adjustment	105	(194)
Deferred tax expense relating to changes in tax rates or laws	(943)	265
Payment for group relief	-	3,645
Total tax charge	23,472	16,079

Factors Impacting Future Tax Charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced on 3 March 2021, the rate change was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly and the impact on deferred tax for this entity is forecast to be a £278,000 credit through the income statement and a £665,000 credit through the OCI / equity.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

15 Deferred tax assets

Deferred tax

Deferred tax assets

	Asset £ 000
2021	
Accelerated tax depreciation	346
Share-based payment	3,377
Other items	758
	4,481
2020	Asset £ 000
Accelerated tax depreciation	727
Share-based payment	1,995
Other items	-
	2,722

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	727	(381)	-	-	346
Share-based payment	1,995	640	-	742	3,377
Other items	-	-	758	-	758
Net tax assets/(liabilities)	2,722	259	758	742	4,481

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	527	200	-	727
Share-based payment	1,655	(578)	918	1,995
Other items	-	-	-	-
Net tax assets	2,182	(378)	918	2,722

A deferred tax asset of £3m (2020 : £2m) in respect of capital losses of £13m (2020 : £13m) has not been recognised due to uncertainties as to whether capital gains will arise in the appropriate form and in relevant territories against which such losses could be utilised.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

16 Property, plant and equipment

	Land and buildings £ 000	Vehicles, equipment and fittings £ 000	Right of use assets £ 000	Total £ 000
Cost or valuation				
At 1 January 2021	5,611	60,920	14,144	80,675
Remeasurement of lease term	-	-	(710)	(710)
Additions	-	5,471	-	5,471
Disposals	-	(1,028)	-	(1,028)
At 31 December 2021	<u>5,611</u>	<u>65,363</u>	<u>13,434</u>	<u>84,408</u>
Depreciation				
At 1 January 2021	4,686	36,304	4,260	45,250
Charge for the year	135	8,374	2,093	10,602
Eliminated on disposal	-	(802)	-	(802)
At 31 December 2021	<u>4,821</u>	<u>43,876</u>	<u>6,353</u>	<u>55,050</u>
Carrying amount				
At 31 December 2021	<u>790</u>	<u>21,487</u>	<u>7,081</u>	<u>29,358</u>
At 31 December 2020	<u>925</u>	<u>24,616</u>	<u>9,884</u>	<u>35,425</u>

Included within the net book value of land and buildings above is £527,000 (2020: £558,000) in respect of long leasehold land and buildings and £263,000 (2020: £367,000) in respect of short leasehold land and buildings.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

16 Property, plant and equipment (continued)

Included in net book value of right of use assets is £7,081,000 (2020: £9,645,000) related to properties and £Nil (2020: £239,000) relating to vehicles, equipment and fittings.

In 2021, ROU asset lease end period has been modified from June 2025 to June 2023.

Capital commitments

There is £333,000 of capital commitments at 31 December 2021 (2020: £757,000).

17 Intangible assets

	Goodwill £ 000	Software licences and development £ 000	Software under construction £ 000	Total £ 000
Cost or valuation				
At 1 January 2021	358,187	41,588	2,843	402,618
Additions	-	-	330	330
Transfers	-	(2,802)	(2,106)	(4,908)
At 31 December 2021	<u>358,187</u>	<u>38,786</u>	<u>1,067</u>	<u>398,040</u>
Amortisation				
At 1 January 2021	-	10,079	-	10,079
Amortisation charge	-	4,106	-	4,106
At 31 December 2021	<u>-</u>	<u>14,185</u>	<u>-</u>	<u>14,185</u>
Carrying amount				
At 31 December 2021	<u>358,187</u>	<u>24,601</u>	<u>1,067</u>	<u>383,855</u>
At 31 December 2020	<u>358,187</u>	<u>31,509</u>	<u>2,843</u>	<u>392,539</u>

During the year £3,139,000 of Software licenses and development and £1,768,000 of Software under construction was transferred to The Addressable Platform Limited. Additionally, £337,000 of Software under construction was transferred to Software licenses and developments costs.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

17 Intangible assets (continued)

Goodwill and indefinite life assets considered significant in comparison to the Company's total carrying value amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill		Software-development and licences and software under construction	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
ITV Broadcasting Limited	358,187	358,187	25,668	34,352

When assessing impairment, the recoverable amount of each CGU is based on value in use calculations. In respect of Goodwill, the value in use calculation is performed based on ITV plc Group forecasts, and apportioned accordingly to ITV Broadcasting Limited. These calculations require the use of estimates, specifically: pre-tax cash flow projections; long-term growth rates; and a pre-tax market discount rate. Cash flow projections are based on the Company's current five year plan. Beyond the five year plan, these projections are extrapolated using an estimated nominal long-term growth rate of 2% (2020: 1%). The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the CGUs are located and is appropriate because these are long-term businesses.

The discount rate has been updated for each CGU to reflect the latest market assumptions for the risk-free rate, the equity risk premium and the net cost of debt. There is currently no reasonably possible change in discount rate that would reduce the headroom in any CGU to zero.

The main assumptions on which the forecast cash flow projections for this CGU are based include: the performance and share of the television advertising market; share of commercial impacts; programme and other costs; and the pre-tax market discount rate.

The key assumption in assessing the recoverable amount of Broadcast goodwill is the size of the television advertising market. In forming its assumptions about the television advertising market, the Group has used a combination of long-term trends, industry forecasts and in-house estimates, which place greater emphasis on recent experience. No impairment was identified.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2021	101,718
Additions	1,442
Impairments / fair value adjustments	<u>(2,424)</u>
At 31 December 2021	<u>100,736</u>
Carrying amount	
At 31 December 2021	<u>100,736</u>
At 31 December 2020	<u>101,718</u>

The addition of £1,442,000 from investments in subsidiaries relates to Cirkus Ltd. On 25 January 2021, the Company increased its investment in Cirkus Ltd from 55.67% to 100%. Subsequently, the balance was provided for in full.

Associates

	£ 000
Cost or valuation	
At 1 January 2021	<u>1,047</u>
At 31 December 2021	<u>1,047</u>
Carrying amount	
At 31 December 2021	<u>1,047</u>
At 31 December 2020	<u>1,047</u>

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Investments (continued)

Joint ventures

	£ 000
Cost or valuation	
At 1 January 2021	<u>10,983</u>
At 31 December 2021	<u>10,983</u>
Provision	
At 1 January 2021	<u>10,983</u>
At 31 December 2021	<u>10,983</u>
Carrying amount	
At 31 December 2021	<u><u>-</u></u>
At 31 December 2020	<u><u>-</u></u>

Details of all subsidiaries, joint ventures and associates of the Company as at 31 December 2021 are disclosed in note 37.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

19 Derivative financial instruments

	2021 £ 000	2020 £ 000
Non-current financial assets		
Derivatives used for hedging	1	62
	<u>2021</u>	<u>2020</u>
	£ 000	£ 000
Current financial assets		
Derivatives used for hedging	1	92
	<u>2021</u>	<u>2020</u>
	£ 000	£ 000
Current financial liabilities		
Derivatives used for hedging	(2,236)	(2,021)
	<u>2021</u>	<u>2020</u>
	£ 000	£ 000
Non-current financial liabilities		
Derivatives used for hedging	(897)	(988)
	<u>2021</u>	<u>2020</u>
	£ 000	£ 000

20 Inventory

	2021 £ 000	2020 £ 000
Other inventories	52	-
Commissions	50	-
Sport rights	48	-
	<u>150</u>	<u>-</u>

21 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	122,100	110,169
Amounts due from group undertakings	288,032	144,615
Prepayments	12,676	11,053
Other receivables	13,706	9,823
	<u>436,514</u>	<u>275,660</u>

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

21 Trade and other receivables (continued)

Included in amounts due from group undertakings are amounts of £260,395,000 (2020: £121,883,000) which relate to balances associated with the ITV plc intra-group treasury arrangement. This balance is repayable on demand and attracts interest of 0.5% above base rate per annum.

Included in amounts due from group undertakings is an amount of £27,637,000 (2020: £22,732,000) which represents intercompany trading, has no associated interest and is repayable on demand.

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

22 Contract assets and liabilities

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2021		2020	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	£ 000	£ 000	£ 000	£ 000
Balance at 31 December	1,814	(35,012)	593	(36,689)

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was £36,689,000 (2020: £16,683,000).

23 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	33,801	29,879

24 Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	8,586	10,119
Accrued expenses	32,568	31,316
Amounts due to group undertakings	238,133	212,683
Group relief payable	7,650	6,798
Intercompany - tax creditor	22,936	5,137
Other payables	32,641	32,105
	342,514	298,158

Included in amounts due to group undertakings is an amount of £238,133,000 (2020: £212,683,000) which represents intercompany trading, has no associated interest and is repayable on demand.

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

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

25 Leases

Lease liabilities

Lease liabilities represent the discounted future lease payments. Discount rates are calculated for similar assets, in similar economic environments, taking into account the length of the lease. The unwinding of the discounting is recognised in finance costs in the Income Statement. The following table outlines the maturity analysis of the lease liabilities:

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on discounted cash flow is reported in the table below:

	2021	2020
	£ 000	£ 000
Less than one year	2,093	2,212
Between 2 to 5 years	4,486	7,041
More than 5 years	1,349	1,627
Total lease liabilities	7,928	10,880

	1 January 2021	Net cash flow	Currency and non-cash movements	Modification of lease end period from June 2025 to June 2023	31 December 2021
	£ 000	£ 000	£ 000	£ 000	£ 000
Lease liabilities	10,880	(2,543)	308	(717)	7,928
Total Lease liabilities	10,880	(2,543)	308	(717)	7,928

The following amounts have been included in the income statement

	2021
	£ 000
Interest expense on lease liabilities	298
Operating cost relating to short term leases and low value assets	(156)
Amounts recognised in the income statement	142

26 Dividends

An interim dividend of £Nil (2020: £Nil) per ordinary share totalling £Nil (2020: £Nil) was paid during the year.

The Directors are proposing a final dividend of £Nil (2020: £Nil) per share.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

27 Provisions

	Provisions £ 000
At 1 January 2021	42,807
Additional provisions	19,896
Decrease in existing provisions	<u>(25,868)</u>
At 31 December 2021	<u>36,835</u>
Non-current liabilities	<u>16,276</u>
Current liabilities	<u>20,559</u>

Contract provisions of £36,835,000 (2020: £42,807,000) represent liabilities in respect of onerous contracts in relation to individual sports rights of £5,434,000 (2020: £24,700,000), transmission capacity supply contract of £26,005,000 (2020: £18,107,000), provision for additional covid related production costs of £600,000 (2020: £Nil) and employment provision of £ 4,796,000 (2020: £Nil).

The provision for sports rights is sensitive to the changes in the sporting schedule and consequential impact on TAR. As a result of the impact of COVID-19 and consequential changes to the sporting schedule, along with resulting changing forecasts of audience mix and revenues for certain sporting events, the Company has recognised a provision for the sporting events directly impacted by these changes. In calculating the provision, management has made estimates and used assumptions in determining the nature, amount and timing of potential outflows including the commercial impacts of the target audience that will be generated by those rights, scheduling of the events and revenue forecasts.

The onerous contract for the transmission supply contract has been recognised in the current year as the capacity on the satellite transponder is no longer used by the Company. Management have applied judgement in their assessment that the individual element of the contract is separable from the remaining elements of the contract which are not considered onerous. The capacity on the satellite transponder is no longer used by the Broadcast business and is therefore not generating revenues. The contracted future commitment has therefore been recognised as a provision as there are no future economic benefits expected.

28 Pension and other schemes

Defined contribution pension scheme

Obligations under the Group's defined contribution schemes are recognised as an operating cost in the income statement as incurred. For year, total contributions expensed were £8,289,000 (2020 - £8,634,000).

Defined benefit pension schemes

The Company is a participating employer of the ITV Group Pension. ITV Services Limited is the Principal employer of the Scheme. The full disclosure relating to the ITV Group Pension scheme is publicly available in the Annual Report of ITV plc as well as the publicly available financial statements of ITV Services Limited.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

29 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 (LTIP) 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, this will also fall under a share-based transaction. The Company recognises the retained earnings impact of the share-based compensation for the Group as awards are settled in ITV plc shares. The cost of providing those awards is recognised as a cost of investment to the subsidiaries that receive the service from employees. The fair value of the equity instrument granted is measured at grant date and spread over the vesting period via a charge to the income statement 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 SAYE scheme, 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, is recognised in the income statement, with a corresponding adjustment to equity.

The weighted average share price of share options exercised during the year was 72.3 pence (2020: 87.47 pence) (excluding nil priced share options). The options outstanding at the year end have an exercise price in the range of nil to 162.55 pence (2020: nil to 206.83 pence) and a weighted average contractual life of two years (2020: two years) for all the schemes in place for the Group.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

30 Share capital

Allotted, called up and fully paid

	No. 000	2021 £ 000	No. 000	2020 £ 000
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

All shares rank pari passu

31 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £333,000 (2020 - £757,000).

Other financial commitments

Programming commitments are transactions entered into in the ordinary course of business with programme suppliers, sports organisations and film distributors in respect of rights to broadcast on the ITV network. Pursuant to the "Networking Arrangements" that were agreed between the Channel 3 licensees, and approved by Ofcom, with effect from 1 July 2012, ITV Rights Limited is the primary vehicle through which ITV plc meets its programming supply obligations. ITV Rights Limited is committed to programme suppliers, sports organisations and film distributors in respect of rights which are broadcast on the ITV Network. These rights are recharged to the Company when broadcast. The Company is therefore committed to ITV Rights Limited for the amounts listed below that are not reflected on the statement of financial position.

Transmission commitments are the contracted future payments under transmission supply agreements that require the use of transponder assets for a period of up to ten years with payments increasing over time, limited by specific RPI caps.

Commitments in respect of these transactions, which are not reflected in the statement of financial position, are due for payment as follows:

	31 December 2021	31 December 2021	31 December 2021	31 December 2020	31 December 2020	31 December 2020
	Programmes £ 000	Transmission £ 000	Total £ 000	Programmes £ 000	Transmission £ 000	Total £ 000
Within one year	529,677	25,040	554,717	332,409	34,744	367,153
In two to five years	338,587	42,570	381,157	397,213	95,465	492,678
In over five years	-	-	-	440	-	440
	<u>868,264</u>	<u>67,610</u>	<u>935,874</u>	<u>730,062</u>	<u>130,209</u>	<u>860,271</u>

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

32 Contingent liabilities

Under a Group registration the Company is jointly and severally liable for VAT at 31 December 2021 of £53 million (2020: £124 million).

33 Related party transactions

	2021	2020
	£ 000	£ 000
Sales to Britbox SVOD Limited	8,809	7,498
Recharges to Britbox SVOD Limited	352	-
Balance due from Britbox SVOD Limited	1,391	2,912

Sales to Britbox SVOD Limited primarily relate to marketing services and recharges to Britbox SVOD Limited relate to the recovery of staff costs for work undertaken on their behalf. Britbox SVOD Limited is a fellow subsidiary of ITV plc, the ultimate parent of the Company.

All transactions with Britbox SVOD Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Sales to Freesat (UK) Limited	660	1,241
Purchases from Freesat (UK) Limited	2,288	2,334
Balance due from Freesat (UK) Limited	58	-

Sales to Freesat (UK) Limited relate to airtime. Purchases from Freesat (UK) Limited related to EPG slots. Freesat (UK) Limited is a joint undertaking of ITV plc, the ultimate parent of the Company.

All transactions with Freesat (UK) Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Sales to Digital 3 and 4 Limited	5,985	6,246
Purchases from Digital 3 and 4 Limited	13,810	13,130
Balance due from Digital 3 and 4 Limited	822	1,240

Sales and purchases to Digital 3 and 4 Limited relate to multiplex services. Digital 3 and 4 Limited is a joint venture undertaking of ITV plc, the ultimate parent of the Company.

All transactions with Digital 3 and 4 Limited are in the normal course of business on an arms length basis. None of these balances are secured.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

33 Related party transactions (continued)

	2021	2020
	£000	£000
Purchases from Standard Music Limited	24	-

Sales and purchases to Standard Music Limited relate to music rights / license fees. Standard Music Limited is a joint venture undertaking of ITV plc, the ultimate parent of the Company.

All transactions with Standard Music Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Sales to ITN Limited	497	618
Purchases from ITN Limited	80	1,261
Balance due to ITN Limited	(4,404)	(370)

Sales to and purchases from ITN Limited, an associate of the Company, primarily relate to news services.

All transactions with ITN Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Sales to DTV Services Limited	2,848	3,369
Purchases from DTV Services Limited	3,626	3,670
Balance due from DTV Services Limited	485	722

Sales to DTV Services Limited primarily relate to airtime. Purchases from DTV Services Limited primarily relate to transmission infrastructure. DTV Services Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with DTV Services Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Purchases from Clearcast Limited	1,483	2,265
Balance due to Clearcast Limited	(910)	(573)

Purchases from Clearcast Limited, an associate of the Company, primarily relate to broadcasting services.

All transactions with Clearcast Limited are in the normal course of business on an arms length basis. None of these balances are secured.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

33 Related party transactions (continued)

	2021	2020
	£ 000	£ 000
Sales to Thinkbox Limited	190	597
Purchases from Thinkbox Limited	2,272	2,355
Balance due to Thinkbox Limited	(25)	(129)

Sales to Thinkbox Limited primarily relate to airtime. Purchases from Thinkbox Limited primarily relate to advertising and marketing. Thinkbox Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with Thinkbox Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Purchases from Digital UK Limited	230	230
Balance due to Digital UK Limited	-	(4)

Purchases from Digital UK Limited primarily relate to transmission infrastructure services. Digital UK Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with Digital UK Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£000	£000
Sales to What3Words Limited	1,205	-
Balance due to What3Words Limited	(39)	-

Sales to What3Words Limited primarily relate to airtime. What3Words Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with What3Words Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£000	£000
Sales to Respoke Limited	641	-
Balance due from Respoke Limited	37	-

Sales to Respoke Limited relate to airtime. Respoke Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with Respoke Limited are in the normal course of business on an arms length basis. None of these balances are secured.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

33 Related party transactions (continued)

	2021	2020
	£000	£000
Sales to Feel Holdings Limited	308	-
Purchases from Feel Holdings Limited		
Balance due from Feel Holdings Limited	62	-

Sales to Feel Holdings Limited relates to airtime. Feel Holdings Limited is an associate of ITV plc, the ultimate parent of the Company.

All transactions with Feel Holdings Limited are in the normal course of business on an arms length basis. None of these balances are secured.

	2021	2020
	£ 000	£ 000
Purchases from YouView Limited	750	751

Purchases from YouView Limited, a related part of the Company, relate primarily to transmission infrastructure services.

All transactions with YouView Limited are in the normal course of business on an arms length basis. None of these balances are secured.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

34 Subsequent events

On 12 July 2022, the UK Competition and Markets Authority (CMA) opened an investigation into certain conduct of ITV and other named companies in the sector relating to the production and broadcasting of sports content in the United Kingdom. The investigation is at an early stage and it is not currently possible to reliably quantify any liability that might result from the investigation. ITV is committed to complying with competition law and is cooperating with the CMA's enquiries.

35 Parent of group in whose consolidated financial statements the Company is consolidated

The smallest and largest group in whose consolidated financial statements the Company's financial statements are consolidated is ITV plc.

These financial statements are available upon request from ITV White City, 201 Wood Lane, London, W12 7RU.

36 Parent and ultimate parent undertaking

The Company's immediate parent is Granada Media Limited.

The ultimate parent is ITV plc. ITV plc is incorporated in the UK.

The most senior parent entity producing publicly available financial statements is ITV plc. These financial statements are available upon request from ITV White City, 201 Wood Lane, London, W12 7RU.

The ultimate controlling party is ITV plc.

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

37 Investments

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of Subsidiary	Registered Office	Share Type	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Channel Television Limited	Le Capelain House, Castle Quay, St. Helier, JE2 3EH, Jersey	Ordinary	Jersey	100%
Carlton Active Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Carlton Cinema Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Planet Woo Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Central Television Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Channel Television Holdings Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
The Addressable Platform Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Border Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Breakfast Broadcasting Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Central Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Digital Channels Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV International Channels Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Meridian Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Network Limited	ITV White City, 201 Wood Lane, London W12 7RU	Guarantee	UK	100%
ITV News Channel Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary and Preference	UK	100%
ITV Wales & West Group Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

37 Investments (continued)

Name of Subsidiary	Registered Office	Share Type	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
ITV Wales & West Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV2 Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV3 Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV4 Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
London News Network	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Millbank Studios	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
UTV Limited	City Quays 2, 8th Floor, 2 Clarendon Road, Belfast, BT1 3YD, United Kingdom	Ordinary	UK	100%
Westcountry Television Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
ITV Adventures Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Metavision Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	100%
Cirkus Limited	The Met Building, 22 Percy Street, London, W1T 2BU	Ordinary	UK	100%

Associates

Details of the associates as at 31 December 2021 are as follows:

Name of Associate	Registered Office	Share Type	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Independent Television News Limited	200 Gray's Inn Road, London, WC1X 8HF	Ordinary	UK	40%
Cirkus International Limited	The Met Building, 22 Percy Street, London, W1T 2BU	Ordinary	UK	28%
Digital UK Limited	Fieldfisher Riverbank House, Swan Lane, London, England, EC4R 3TT	Ordinary	UK	33%
Digital UK Trading Limited	Fieldfisher Riverbank House, Swan Lane, London, England, EC4R 3TT	Ordinary	UK	33%

ITV Broadcasting Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

37 Investments (continued)

Joint ventures

Details of the joint ventures as at 31 December 2021 are as follows:

Name of Joint Venture	Registered Office	Share Type	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Digital 3 and 4 Limited	124 Horseferry Road, London, SW1P 2TX	Ordinary	UK	50%
Denipurna Limited	ITV White City, 201 Wood Lane, London W12 7RU	Ordinary	UK	50%
Producers Rights Agency Limited	Fitzrovia House, (3rd Floor), 153-157 Cleveland Street, London, W1T 6QW	Guarantee	UK	50%
Digital Production Partnership Limited	ITV White City, 201 Wood Lane, London W12 7RU	Guarantee	UK	50%
Freesat (UK) Limited	23-24 Newman Street, London, W1T 1PJ	Ordinary	UK	50%