

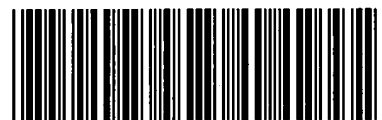
Registration number: 3089273

ITV Ventures Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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ITV Ventures Limited

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ITV Ventures Limited

Strategic Report for the Year Ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of ITV Ventures Limited ("the Company") continues to be the production, marketing and distribution of a wide range of video products on DVD and related new technologies. The company also licences a range of brands for worldwide merchandise.

Fair review of the business

The results for the Company show a profit for the period of £5,948,017 (2015: profit of £6,710,409). At the balance sheet date the Company had net assets of £45,360,820 (2015: £39,411,217).

Key Performance Indicators

Market share for the ITV DVD label is 1% (2015: 0.8%)

Market share KPI has been sourced from the British Video Association, a trade body that represents the interest of publishers and rights owners of video home entertainment.

Future developments

The Company continues to respond to the slow decline in the physical UK DVD market by focusing on maximising profit from sales of the existing catalogue, and acquiring new appealing content where it is deemed appropriate from a financial and operational point of view. The company consider itself well positioned to benefit from future developments in digital media.

Principal risks and uncertainties


We consider the following to be the most significant risk factors, relating to the company's operations. The risks listed do not necessarily comprise all those associated with ITV Ventures Limited, and are not set out in any order of priority. Additional risks and uncertainties not presently known, or that the company currently deem immaterial, may also have an adverse effect on its business.

ITV Ventures Limited

Strategic Report for the Year Ended 31 December 2016

Risk description	Impact	Mitigation
Lack of volume of programme and brand supply for sales exploitation	Loss of revenue	Continually building new relationship with independent producers and brand owners to source programmes and brand with high appeal. Increased focus on exploiting the existing catalogue in new and traditional media
Retention of key employees	Loss of profit	Incentivisation schemes for key talent
Technology: a move away from DVD to downloads	Loss of profit	Continually building new relationship with online retailers
Technology: a move away from DVD to downloads	Loss of revenue	Working with existing customer base on new technology initiatives as well as DVD

Approved by the Board on ~~9 August 2017~~ and signed on its behalf by:


.....
Duncan Walker
Director

ITV Ventures Limited

Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Directors' of the company

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

Maria Kyriacou

Duncan Walker

Directors' liabilities

The Directors benefit from third party insurance provisions in place during the financial year and at the date of this report.

Dividends

The Directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2016 (2015: £Nil).

Going concern

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

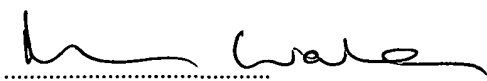
Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditor

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

Approved by the Board on ~~9 AUGUST 2017~~ and signed on its behalf by:



.....
Duncan Walker
Director

Registered office

The London Television Centre
Upper Ground
London
SE1 9LT

ITV Ventures Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report To The Members Of ITV Ventures Limited

We have audited the financial statements of ITV Ventures Limited for the year ended 31 December 2016, set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and Directors' Report for the financial year is consistent with the financial statements.

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

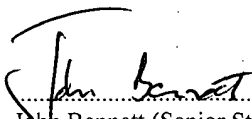
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report To The Members Of ITV Ventures Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



John Bennett (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 9/8/17

ITV Ventures Limited

Income Statement for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Revenue	3	14,283	15,884
Cost of sales		<u>(6,669)</u>	<u>(8,557)</u>
Gross profit		7,614	7,327
Administrative expenses		<u>(3,407)</u>	<u>(2,859)</u>
Operating profit	4	4,207	4,468
Interest receivable and similar income	5	1,735	2,787
Interest payable and similar expenses	6	<u>-</u>	<u>(767)</u>
Profit before tax		5,942	6,488
Tax on profit on ordinary activities	10	<u>6</u>	<u>222</u>
Profit for the year		<u><u>5,948</u></u>	<u><u>6,710</u></u>

The above results were derived from continuing operations.

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

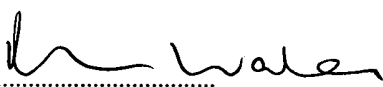
ITV Ventures Limited

(Registration number: 3089273)

Statement of Financial Position as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Non-current assets			
Intangible assets	12	266	266
Deferred tax assets	10	21	13
		<u>287</u>	<u>279</u>
Current assets			
Inventory	13	639	707
Trade and other receivables	14	61,335	53,822
Cash and cash equivalents	15	12	3
		<u>61,986</u>	<u>54,532</u>
Current liabilities			
Trade and other payables	16	(16,912)	(15,396)
Deferred income		-	(4)
Current liabilities		<u>(16,912)</u>	<u>(15,400)</u>
Net current assets		<u>45,074</u>	<u>39,132</u>
Net assets		<u>45,361</u>	<u>39,411</u>
Capital and reserves			
Share capital	19	1,315	1,315
Capital redemption reserve		11,598	11,598
Retained earnings		<u>32,448</u>	<u>26,498</u>
		<u>45,361</u>	<u>39,411</u>

Approved by the Board on 9 AUGUST 2017 and signed on its behalf by:



Duncan Walker

Director

The notes on pages 10 to 23 form an integral part of these financial statements.

ITV Ventures Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share Capital	Capital redemption reserve	Retained earnings	Total
	£000	£000	£000	£000
At 1 January 2016	1,315	11,598	26,498	39,411
Profit for the year	-	-	5,948	5,948
Tax on items taken directly to equity	-	-	2	2
At 31 December 2016	1,315	11,598	32,448	45,361

	Share capital	Capital redemption reserve	Retained earnings	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2015	1,315	11,598	19,788	32,701
Profit for the year	-	-	6,710	6,710
At 31 December 2015	1,315	11,598	26,498	39,411

The notes on pages 10 to 23 form an integral part of these financial statements.

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as disclosed by the EU ("Adopted IFRS") 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.

Summary of disclosure exemptions

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

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

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- 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 Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Going Concern

The Company participates in the Group's intra-group cash pool policy. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to / from ITV plc. The Company is therefore dependent on ITV plc for its funding. The Directors of the Company have no reason to believe that this financial support will not be forthcoming in the event that it is required. On this basis, and on their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of this report. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Amounts due (to) / from group undertakings

The Company participates in an intra-group cash pool policy with other 100% owned UK subsidiaries of the ITV Group. The pool applies to bank accounts where there is an unconditional right of set off and involves the daily closing cash position for participating subsidiaries whether positive or negative, being cleared to £nil via daily bank transfers to/from ITV plc. These daily transactions create a corresponding intercompany creditor or debtor which can result in significant movements in amounts owed to and from subsidiary undertakings in the Company statement of financial position.

Revenue

All amounts recognised as revenue are stated net of VAT or equivalent sales taxes and net of rebates and refunds. Revenue is earned on the publishing, selling of video products on DVD and distributing via digital media in the UK. Exploitation of right is recognised as revenue at the point at which the right sold is available for exploitation by the licensee. The right is available when a binding commitment exists with a customer, the product is available for exploitation and the physical material is available for delivery.

Royalties receivable in excess of minimum guarantees are recognised at the point at which such royalties become due and payable to the Company.

Revenue is attributable to the production, marketing and distribution of video products on DVD in the UK and Ireland. The Company also licenses a range of brands for worldwide merchandise. Internal other revenue relates to the Digital Income including I-tunes, Sky and new deals for Talktalk Amazon and YouTube.

Foreign currency transactions and balances

The primary economic environment in which the Company operates is the UK and therefore the financial statements are presented in pounds sterling ('£').

Where the Company transacts in foreign currencies, these transactions are translated into pounds sterling at the exchange rate on the transaction date. Foreign currency monetary assets and liabilities are translated into pounds sterling at the year end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year end, a foreign exchange gain or loss is recognised in the profit and loss account.

Hedge accounting is implemented on certain foreign currency firm commitments, which allows for the ineffective portion of any foreign exchange gains or losses to be recognised in other comprehensive income.

Where a forward currency contract is used to manage foreign exchange risk and hedge accounting is not applied, any movement in currency is taken to the profit and loss account.

Non-monetary assets and liabilities, measured at historical cost are translated into pounds sterling at the exchange rate on the date of the transaction.

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Tax

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

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

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

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

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

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

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

Property, plant and equipment

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

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over their estimated useful lives. The 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
Vehicles, equipment and fittings	3 - 20 years

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Intangible assets

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the result for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

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

Amortisation

Amortisation is charged to the profit and loss account 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.

Asset class	Amortisation method and rate
Goodwill	Not amortised

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

Cash and cash equivalents

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

Trade 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 its customers on credit terms.

Estimates are used in determining the level of receivables that will not, in the opinion of the Directors, be collected. These estimates include such factors as historical experience, the current state of the UK and overseas economies and industry specific factors. A provision for impairment of trade receivables is established when there is sufficient evidence that the Company will not be able to collect all amounts due.

Inventory

Inventory is stated at the lower of cost and net realisable value.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less estimated costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Trade 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.

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.

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

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

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

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

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies (continued)

Share based payments

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

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

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

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

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

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.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements often requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. For the current year, there were no significant judgements that require disclosure.

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

3 Revenue

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

	2016	2015
	£ 000	£ 000
Sale of DVD goods	7,287	6,630
Licensing revenue	3,965	6,547
Internal other revenue	3,031	2,707
	<u>14,283</u>	<u>15,884</u>

4 Operating profit

Arrived at after charging/(crediting)

	2016	2015
	£ 000	£ 000
Foreign exchange losses/(gains)	<u>167</u>	<u>(8)</u>

5 Other interest receivable and similar income

	2016	2015
	£ 000	£ 000
Interest from group undertakings	<u>1,735</u>	<u>2,787</u>

6 Interest payable and similar expenses

	2016	2015
	£ 000	£ 000
Foreign exchange losses	-	1
Interest payable	<u>-</u>	<u>766</u>
	<u>-</u>	<u>767</u>

7 Auditor's remuneration

The auditor's remuneration of £500 (2015: £500) was borne by another group Company.

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

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

8 Staff costs

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

	2016	2015
	£ 000	£ 000
Wages and salaries	975	1,157
Social security costs	114	141
Pension costs, defined contribution scheme	82	71
Pension costs, defined benefit scheme	59	48
Share-based payment expenses	38	71
	<u>1,268</u>	<u>1,488</u>

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

	2016	2015
	No.	No.
Sales and Distribution	2	2
Administration	12	13
	<u>14</u>	<u>15</u>

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.

9 Directors' remuneration

The Directors were remunerated by other ITV plc Group companies. The Directors received no remuneration in respect of their qualifying services to the Company (2015: £nil).

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

10 Income tax

Tax charged/(credited) in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	-	-
Total current income tax	-	-
Deferred taxation		
Arising from origination and reversal of temporary differences	(6)	(222)
Tax receipt in the income statement	(6)	(222)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	5,942	6,488
Corporation tax at standard rate of 20% (2015 : 20.25%)	1,188	1,314
Effect of expense not deductible in determining taxable profit	(6)	229
Group relief claimed	(1,180)	(1,541)
UK deferred tax credit relating to changes in tax rates or laws	(8)	(224)
Total tax credit	(6)	(222)

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

The Finance Act 2015 provides for a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016, which was substantively enacted on 15 September 2016, provides for a reduction in the main rate of corporation tax to 17% from 1 April 2020 (this supersedes the reduction to 18% which was provided for in the Finance Act 2015). These rate reductions have been reflected in the calculation of deferred tax at the statement of financial position date.

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

10 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2016	
Accelerated tax depreciation	7
Share-based payment	14
	<u>21</u>
2015	Asset £ 000
Accelerated tax depreciation	10
Share-based payment	3
	<u>13</u>

Deferred tax movement during the year:

	At 1 January 2016 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	10	(3)	-	7
Share-based payment	3	9	2	14
Net tax assets/(liabilities)	<u>13</u>	<u>6</u>	<u>2</u>	<u>21</u>

Deferred tax movement during the prior year:

	At 1 January 2015 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2015 £ 000
Accelerated tax depreciation	13	(3)	-	10
Share-based payment	9	-	(6)	3
Net tax assets/(liabilities)	<u>22</u>	<u>(3)</u>	<u>(6)</u>	<u>13</u>

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Property, plant and equipment

	Vehicles, equipment and fittings £ 000	Total £ 000
Cost or valuation		
At 1 January 2016	15	15
At 31 December 2016	15	15
Depreciation		
At 1 January 2016	15	15
At 31 December 2016	15	15
Carrying amount		
At 31 December 2016	-	-
At 31 December 2015	-	-

12 Intangible assets

	Goodwill £ 000
Cost	
At 1 January 2016	266
At 31 December 2016	266
Carrying amount	
At 31 December 2016	266
At 31 December 2015	266

13 Inventory

	2016 £ 000	2015 £ 000
Production supplies	-	37
Work in progress	60	82
Finished goods and goods for resale	579	588
	639	707

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

14 Trade and other receivables

	2016 £ 000	2015 £ 000
Trade receivables	3,774	1,459
Amounts due from group undertakings	55,524	50,593
Accrued income	995	1,707
Prepayments	-	63
Other receivables	1,042	-
	<u>61,335</u>	<u>53,822</u>

Included in amounts due from group undertakings are amounts of £54,350,718 (2015:£50,303,042) which relate to balances associated with the ITV plc group treasury pooling arrangements. This balance is repayable on demand and attracts interest of 3% above base rate per annum.

The remaining balance of £1,173,669 (2015:£289,915) 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.

15 Cash and cash equivalents

	2016 £ 000	2015 £ 000
Cash at bank	<u>12</u>	<u>3</u>

16 Trade and other payables

	2016 £ 000	2015 £ 000
Trade payables	405	649
Accred expenses	547	1,148
Amounts due to group undertakings	5,862	4,661
Social security and other taxes	806	706
Other payables	9,292	8,232
	<u>16,912</u>	<u>15,396</u>

Included in amounts due to group undertakings of £5,862,448 (2015:£4,661,126) 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 Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

17 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £81,872 (2015 - £71,502).

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.

The pension cost charge for the year represents contribution payable by the Company to the scheme and amounted to £59,312 (2015:£48,126).

18 Share-based payments

The Company utilises share award schemes as part of its employee remuneration packages, and therefore operates a number of Group 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 then this will also fall under a share-based transaction.

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 Save As You Earn scheme (SAYE), a Black-Scholes model, taking into account the terms and conditions of the individual scheme.

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

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

The weighted average share price of share options exercised during the year was 55.33p (2015: 16.65p). The options outstanding at the year end have an exercise price in the range of nil to 206.83p (2015: Nil to 206.83p) and a weighted average contractual life of one year (2015: one year).

ITV Ventures Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

19 Share capital

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	1,315	1,315	1,315	1,315
	<u>1,315</u>	<u>1,315</u>	<u>1,315</u>	<u>1,315</u>

20 Contingent liabilities

Under a Group registration the Company is jointly and severally liable for the VAT at 31 December 2016 of £47 million (2015: £59 million).

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

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

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

22 Parent and ultimate parent undertaking

The Company's immediate parent is Carlton Content Holdings Limited.

The ultimate parent is ITV plc.

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

The ultimate controlling party is ITV plc.