

Carlton Digital Channels (formerly
Carlton Digital Channels Limited)

Directors' report and financial
statements

Registered number 3085853

Year ended 31 December 2007

SATURDAY



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007
The comparatives are for the year ended 31 December 2006

Principal activities and business review

Carlton Digital Channels ("the Company") continues to be engaged in investing activities

The results for the Company show a profit of £2 for the year (2006 loss of £65)

The Company has met the requirements in Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review

Principal transactions and post balance sheet events

During the year the ITV plc group continued the operational and legal restructuring programme, commenced in 2004, to simplify the corporate structure

Dividends

On 23 March the Company paid an interim dividend of £35 (year to 31 December 2006 £nil) The directors do not recommend the payment of a final dividend (year to 31 December 2006 £nil)

Re-registration as an unlimited company

On 23 March 2007 the Company re-registered as an unlimited company and subsequently changed its name from Carlton Digital Channels Limited to Carlton Digital Channels

Capital Reduction

On 23 March 2007 a reduction of the Company's authorised share capital from 80,000,000 ordinary shares with a nominal value of £1 per share to 80,000,000 ordinary shares with a nominal value of £0 00000001605 per share was effected A reduction of the Company's issued ordinary share capital from 62,301,293 ordinary shares with a nominal value of £1 to 62,301,293 ordinary shares with a nominal value of £0 00000001605 per share was also effected

The resulting credits have been applied to the profit and loss account The reduction became effective on 23 March 2007, being the date of registration at Companies House

Directors

The following were directors of the Company during the year ended 31 December 2007

	Appointment Date	Resignation Date
Granada Nominees Limited	20 March 2007	
ITV Productions Limited	20 March 2007	
Clive Jones		20 March 2007
Helen Tautz		20 March 2007

Donations

Grants and charitable donations made during the period amounted to £nil (year to 31 December 2006 £nil) There were no political contributions made during the year (year to 31 December 2006 £nil)

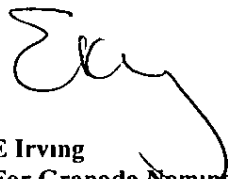
Auditors and disclosure of information to auditors

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

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Financial Statements before the Company in a General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985

Directors' report (Continued)

By order of the Board



E Irving
For Granada Nominees Ltd
Director

200 Grays Inn Road
London
WC1X 8HF

21st May 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Carlton Digital Channels (formerly Carlton Digital Channels Limited)

We have audited the financial statements of Carlton Digital Channels for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditor
PO Box 695
8 Salisbury Square
London EC4Y 8BB

Date *3rd June* 2008

Profit and loss account

	<i>Note</i>	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Administrative expenses		-	(65)
Operating (loss)/profit		-	(65)
Interest receivable and similar income	3	-	2
Amount written off investments	4	-	(2)
Profit on disposal of fixed asset investments	6	2	-
Profit/(loss) on ordinary activities before taxation		2	(65)
Taxation on loss on ordinary activities	5	-	-
Profit/(loss) for the year	9	2	(65)

The results stated above are all derived from continuing activities

A statement of total recognised gains and losses has not been included as part of these financial statements as the Company made no gains or losses in the current or prior period other than those disclosed above in the profit and loss account

A note on historical cost profits and losses has not been included as part of these financial statements since the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis

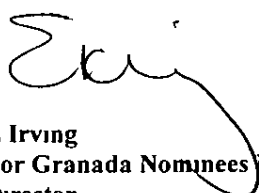
The notes on pages 7 to 11 form part of these financial statements

Balance sheet

		31 December 2007		31 December 2006	
	<i>Note</i>	£	£	£	£
Fixed assets					
Investments	6		-		-
Current assets					
Cash at bank and in hand		-		36	
Debtors		1		-	
		<u>1</u>		<u>36</u>	
Current liabilities					
Creditors amounts falling due within one year	7	-		(2)	
		<u>-</u>		<u>(2)</u>	
Net current assets			<u>1</u>		<u>34</u>
Net assets			<u>1</u>		<u>34</u>
Capital and reserves					
Called up share capital	8	1		62,301,293	
Capital contribution reserve	9	-		42,503,233	
Profit and loss account	9	-		(104,804,492)	
Equity shareholders' funds	9	<u>1</u>		<u>34</u>	

The notes on pages 7 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 21st May 2008 and were signed on its behalf by



E Irving
For Granada Nominees Ltd
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Basis of preparation

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Related party transactions

As the Company is a wholly owned subsidiary of ITV plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of ITV plc, within which this Company is included, can be obtained from the address given in note 11.

Investments

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

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised and computed without discounting. Full provision is made in respect of all timing differences between the treatment of certain items in the financial statements and their treatment for taxation purposes at the balance sheet date. Deferred tax assets are recognised to the extent that it is more likely than not that the asset will be recovered.

Notes (continued)

2 Staff costs, directors' and auditor's remuneration

No director received any emoluments for their services to this Company (2006 £nil). In the current and prior year the auditors' remuneration of £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 instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent ITV plc. There were no employees and hence no staff costs during the year (2006 £nil).

3 Interest receivable and similar income

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Bank interest	-	2

4 Amounts written off investments

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Amount written off investments Subsidiary undertakings	-	2

Notes (continued)

5 Taxation on profit on ordinary activities

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Analysis of charge in year		
<i>Current tax</i>		
UK Corporation tax on loss for the year	-	-
Total current tax (see below)	-	-
Tax on loss on ordinary activities	-	-

The current tax charge for the year ended 31 December 2007 is lower than (*year ended 31 December 2006 credit, lower than*) the standard rate of corporation tax in the UK (year ended 31 December 2007 30%, year ended 31 December 2006 30%) The differences are explained below

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	2	(65)
Current tax (charge)/credit at 30% (2006 30%)	(1)	20
<i>Effects of</i>		
Permanent differences and group relief	1	(20)
Total current tax (charge)/credit (see above)	-	-

6 Dividends

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Interim dividend paid	35	-

Notes (continued)

7 Investments

	£
Cost	
At 1 January 2007	104,803,357
Disposals	(104,803,357)
At 31 January 2007	-
Provisions	
At 1 January 2007	(104,803,357)
Disposal	104,803,357
At 31 January 2007	-
At 31 December 2007	-
At 31 December 2006	-

During the year the Company sold its investments in SelecTV Cable Limited and Carlton Entertainment Limited to another group company for £1 each. As these investments were both held at £nil a resulting £2 profit was booked through the profit and loss account. Therefore, at 31 December 2007, the Company held no investments in subsidiary undertakings.

8 Creditors: amounts falling due within one year

	31 December 2007 £	31 December 2006 £
Amounts due to group undertakings	-	2

Notes (continued)

9 Called up share capital

	31 December 2007 £	31 December 2006 £
Authorised		
80,000,000 Ordinary Shares at £0 00000001605 (2006 £1 each)	1	80,000,000
	<u>1</u>	<u>80,000,000</u>
Allotted, called up and fully paid		
62,301,293 Ordinary Shares at £0 00000001605 (2006 £1 each)	1	62,301,293
	<u>1</u>	<u>62,301,293</u>

10 Reconciliation of movements in shareholders' funds

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 January 2007	62,301,293	42,503,233	(104,804,492)	34
Capital reduction	(62,301,292)	(42,503,233)	104,804,525	-
Profit for the year	-	-	2	2
Dividend paid	-	-	(35)	(35)
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
At 31 December 2007	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

During the year the Company underwent a capital reduction resulting in some of its reserves being reclassified as distributable

11 Ultimate parent company

At 31 December 2007 the Company's immediate parent company was Carlton Content Holdings Limited, a company incorporated and registered in England and Wales and the Company's ultimate parent company was ITV plc, a company incorporated and registered in England and Wales

The largest and smallest group in which the results of the Company were consolidated was that headed by ITV plc. The consolidated accounts of ITV plc are available to the public and may be obtained from the Company Secretary, 200 Gray's Inn Road, London, WC1X 8HF