Channel 4: Property, Plant, Equipment and Intangible Assets 2007

11 Property, plant and equipment

Group and Channel 4	Freehold land and building £m	Fixtures, fittings and equipment £m	Total £m
Cost or valuation			
At 1 January 2006	43.0	87.6	130.6
Additions	–	14.5	14.5
Disposals	–	(0.2)	(0.2)
Revaluation	4.5	–	4.5
At 31 December 2006	47.5	101.9	149.4
At 1 January 2007	47.5	101.9	149.4
Additions	–	10.6	10.6
Reversal of impairment	0.9	–	0.9
Revaluation	9.9	–	9.9
At 31 December 2007	58.3	112.5	170.8
Depreciation			
At 1 January 2006	–	73.8	73.8
Charge for the year	0.6	5.9	6.5
Reversal of impairment	(0.6)	–	(0.6)
At 31 December 2006	–	79.7	79.7
At 1 January 2007	–	79.7	79.7
Charge for the year	0.6	8.3	8.9
Impairment	–	8.0	8.0
Reversal of impairment	(0.6)	–	(0.6)
At 31 December 2007	–	96.0	96.0
Net book value			
At 1 January 2006	43.0	13.8	56.8
At 31 December 2006	47.5	22.2	69.7
At 1 January 2007	47.5	22.2	69.7
At 31 December 2007	58.3	16.5	74.8

Details of commitments to purchase Property, plant and equipment are given in note 21 and assets held under finance leases in note 19. No assets have been pledged for security (2006: none).

Impairment losses of £8.0 million (2006: £nil) and reversals of impairment losses of £1.5 million (2006: £5.1 million) have been recognised in other operating expenditure within the income statement.

Following plans to substantially outsource Channel 4's broadcast and transmission services, assets have been writen down to their value in use, except for certain assets identified with resale value carried at fair value less costs to sell. Fair value less costs to sell have been determined with reference to market value for such assets. In addition, following the announcement of a video-on-demand joint venture with the BBC and ITV plc in November 2007 a review of fixtures, fittings and equipment associated with 4oD has been undertaken and certain assets relating to 4oD pc-based service have been written down to fair value less costs to sell based on anticipated payments from the new venture pending finalisation of contracts.

11 Property, plant and equipment (continued)

Valuation of freehold property

The freehold property, comprising the office, studio and transmission centre at 124 Horseferry Road, London SW1, was valued as at 31 December 2007, by external valuers Atisreal Ltd in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The property was valued on the basis of open market value. The open market value (which the members believe approximates to current value) for this property was £58.3 million (2006: £47.5 million). Of the increase in valuation, £1.5 million (before depreciation of £0.6 million) in the year (2006: £5.1 million (before depreciation of £0.6 million)) has been taken directly to the income statement as it reduces a previously recognised impairment on the same asset with the remaining £9.9 million revaluation taken directly to equity.

If freehold property had not been revalued it would have been included in the financial statements at the following amounts:

	2007 £m	2006 £m
Cost	62.3	62.3
Accumulated depreciation	(13.9)	(13.1)
Net book value based on cost	48.4	49.2

12 Intangible assets

	Channel 4	Other		Group
	Developed software £m	Broadcasting licence £m	Radio licences £m	Total £m
Cost				
Balance as at 1 January 2006	10.5	–	1.0	11.5
Internally developed	1.2	–	–	1.2
Balance as at 31 December 2006	11.7	–	1.0	12.7
Balance as at 1 January 2007	11.7	–	1.0	12.7
Acquired through business combinations	–	4.6	–	4.6
Internally developed	3.9	–	–	3.9
Disposal	–	–	(1.0)	(1.0)
Balance as at 31 December 2007	15.6	4.6	–	20.2
Amortisation				
Balance as at 1 January 2006	6.3	–	–	6.3
Amortisation for the year	1.8	–	0.2	2.0
Balance at 31 December 2006	8.1	–	0.2	8.3
Balance as at 1 January 2007	8.1	–	0.2	8.3
Amortisation for the year	3.0	0.5	0.2	3.7
Disposal	–	–	(0.4)	(0.4)
Balance at 31 December 2007	11.1	0.5	–	11.6
Carrying amount				
At 1 January 2006	4.2	–	1.0	5.2
At 31 December 2006	3.6	–	0.8	4.4
At 1 January 2007	3.6	–	0.8	4.4
At 31 December 2007	4.5	4.1	–	8.6

Developed software represents amounts capitalised on internally developed computer software, principally in relation to the management of advertising and sponsorship revenues. Assets are amortised on a straight line basis over five years from the date the asset is available for use. The amortisation charge for developed software is recognised in the depreciation/amortisation line (note 2).

The broadcasting licenses acquired as part of the acquisition of Life One Broadcasting Ltd (note 8) are treated as having a useful economic life of six years and are amortised over this period. At the year end no impairment of these assets was identified.

Oneword Radio Ltd was disposed of by the group on 12 December 2007 for nominal consideration and the carrying amount of the related broadcast licence was written off to the income statement during the year. This licence was being amortised over the duration of the licence (six years). The amortisation charge was recognised in the depreciation/amortisation line (note 2).