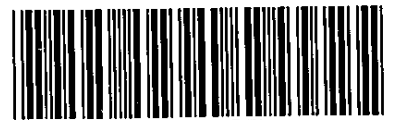


STV Group plc
Interim financial statements (unaudited)

For the period 1 January to 31 March 2014

Company Registration Number: SC203873

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STV Group plc Interim financial statements
Period from 1 January to 31 March 2014

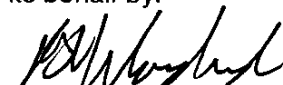
Company Balance Sheet
at 31 March 2014


	Note	31 March 2014 £m	31 December 2013 £m
Fixed assets			
Investments	2	<u>48.2</u>	<u>28.2</u>
Current assets			
Debtors - due within one year	3	28.0	39.9
- due after one year	3	<u>121.1</u>	<u>138.2</u>
		149.1	178.1
Creditors: amounts falling due within one year	4	<u>(24.1)</u>	<u>(67.6)</u>
Net current assets		<u>125.0</u>	<u>110.5</u>
Total assets less current liabilities		173.2	138.7
Creditors: amounts falling due after more than one year	4	(32.1)	-
Provisions for liabilities	6	<u>(0.4)</u>	<u>-</u>
Net assets excluding pension liability		140.7	138.7
Pension liability		<u>-</u>	<u>-</u>
Net assets including pension liability		<u>140.7</u>	<u>138.7</u>
Capital and reserves			
Called up share capital	7	19.5	19.5
Share premium account	7	100.7	112.0
Profit and loss reserves	7	20.2	6.9
Other reserve	7	<u>0.3</u>	<u>0.3</u>
Total equity shareholders' funds		<u>140.7</u>	<u>138.7</u>

The accompanying notes are an integral part of these financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account. The profit for the parent company for the three months ending 31 March 2014 was £2.3m (year to 31 December 2013: £10.5m).

The financial statements on pages 1 to 7 were approved by the Board on 23 April 2014 and were signed on its behalf by:


Rob Woodward
 Director


George Watt
 Director

STV Group plc Interim financial statements

Period from 1 January to 31 March 2014

Notes to the financial statements (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

The taxation liabilities of certain group companies are reduced wholly or in part by losses surrendered by other group companies. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost using the effective interest rate. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. Investments

	£m
Cost	
At 1 January 2013	27.9
Additions	0.3
At 1 January 2014	<u>28.2</u>
Additions	20.0
At 31 March 2014	<u>48.2</u>
Provisions for impairment	
At 1 January 2014 and 31 March 2014	<u>-</u>
Net book value at 31 March 2014	<u>48.2</u>
Net book value at 31 December 2013	<u>28.2</u>

Additions during the three month period to 31 March 2014 relate to a £20.0m increase in the investment in STV News Services brought about by the £20.0m of the £100.0m loan being converted to equity and repaid (see note 3).



STV Group plc Interim financial statements

Period from 1 January to 31 March 2014

Notes to the financial statements

1. Accounting policies

The interim accounts and notes on pages 1 to 7 have been prepared to support the proposed share dividend, in accordance with, and for the purposes of section 830 of the Companies Act 2006. These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

As permitted under Section 408 of the Companies Act 2006, no separate income statement for the company is presented.

Investments

Fixed asset investments are stated at cost, less any provision for impairment.

Impairment

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying value exceeds its recoverable amount.

Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured by use of the Black & Scholes model or Monte Carlo model as relevant. The expected lives used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Full disclosure of share based payment awards is provided within the Group financial statements.

Dividends

The liability for final dividends is recorded when the dividends are approved by the Company's shareholders.

For interim dividends, the liability is recorded when the dividends are paid.



STV Group plc Interim financial statements

Period from 1 January to 31 March 2014

Notes to the financial statements (continued)

Subsidiary undertakings

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to the subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affect the results of the Group:

Undertaking	Country of incorporation or registration and operation	Principal activity
STV Central Limited	Scotland	Television broadcasting
STV North Limited	Scotland	Television broadcasting
STV Productions Limited	Scotland	Programme production
Solutions.tv Ltd	Scotland	Television technical facilities
Ginger Television Productions Limited	England	Programme production

The directors believe that the carrying value of the investments is supported by their underlying net assets.

None of the above investments are held directly by STV Group plc. The investments are stated in the balance sheet at cost less amounts written off for impairment in value. All shares are ordinary shares. All of the above investments are 100% shareholdings within the Group.

3. Debtors

	31 March 2014 £m	31 December 2013 £m
Due within one year		
Amounts owed by group undertakings	25.1	37.0
Prepayments and accrued income	0.8	0.8
Deferred tax (note 8)	2.1	2.1
	<u>28.0</u>	<u>39.9</u>
Due after one year		
Amounts owed by group undertakings	<u>121.1</u>	<u>138.2</u>

Included within amounts owed by group undertakings due after one year is a loan of £100.0m to a subsidiary undertaking. Interest on the loan accrues at a rate of 9% and is payable from 1 April 2010. Interest accrued is capitalised and added to the principal amount. Interest will also accrue on interest which is capitalised in this way. The loan is repayable on 31 March 2020. On 23 February 2014, £20.0m of the loan was converted to equity and repaid.

All remaining amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.



STV Group plc Interim financial statements
Period from 1 January to 31 March 2014

Notes to the financial statements (continued)

4. Creditors

	31 March 2014 £m	31 December 2013 £m
Amounts falling due within one year:		
Trade creditors and accruals	0.1	0.8
Bank overdraft	3.5	-
Amounts due to subsidiary undertakings	8.0	22.3
Bank loans	<u>12.5</u>	<u>44.5</u>
	<u>24.1</u>	<u>67.6</u>
Amounts falling due after more than one year:		
Bank loans	<u>32.1</u>	<u>-</u>

Amounts due to group undertakings are unsecured, interest free and have no fixed date of repayment.

5. Bank loans

	31 March 2014 £m	31 December 2013 £m
Bank loans	<u>44.6</u>	<u>44.5</u>
The borrowings are repayable as follows:		
Expiring within 1 year	12.5	44.5
Expiring in 2 to 5 years	<u>32.1</u>	<u>-</u>
	<u>44.6</u>	<u>44.5</u>

All undrawn committed borrowing facilities are repayable within two years (2013: within one year).

The directors consider that the value of current borrowings approximate their fair value.

The effective interest rates were as follows:

	3 months 2014 %	Year 2013 %
Bank loans (floating)	<u>4.1</u>	<u>4.1</u>

At 31 March 2014, the Company had bank facilities in place totalling £57.5m consisting of a £25.0m term facility and a £32.5m revolving credit and overdraft facility (2013: £25.0m and £32.5m respectively). At 31 March 2014 £12.5m (2013: £12.5m) of the £57.5m (2013: £57.5m) bank facility in place at that date remains undrawn.

As the facilities were due to expire on 31 December 2014, the borrowings as at 31 December 2013 were classified as current liabilities. The renewal of the Channel 3 broadcast licences in February 2014 resulted in the facilities being extended to 31 March 2016.

The term loan partially amortises across the facility term and £12.5m will amortise on 31 December 2014. Security is provided to the debt providers by way of cross guarantees and a share pledge.

STV Group plc Interim financial statements
Period from 1 January to 31 March 2014

Notes to the financial statements (continued)

6. Provisions for liabilities

	Share reduction costs £m
As at 1 January 2014	-
Provided during the year	0.4
As at 31 March 2014	0.4


7. Reserves and movements in shareholders' funds

	Share capital £m	Share premium £m	Profit and loss reserves £m	Other reserve £m	Total £m
At 1 January 2013	19.5	112.0	(11.0)	0.4	120.9
Profit for the year	-	-	10.5	-	10.5
Pension transferred to a fellow group undertaking	-	-	7.3	-	7.3
Equity settled share based payments	-	-	0.1	(0.1)	-
At 1 January 2014	19.5	112.0	6.9	0.3	138.7
Profit for the period	-	-	2.3	-	2.3
Net Share premium reduction	-	(11.3)	11.0	-	(0.3)
At 31 March 2014	19.5	100.7	20.2	0.3	140.7

All of the profit and loss reserves at 31 March 2014 are distributable.

The Caledonian pension scheme was transferred during 2013 to STV Television Limited when it became sponsoring employer of the pension scheme.

On 19 February 2014, the Court of Session granted a reduction in the share premium account of £11.0m.



STV Group plc Interim financial statements
Period from 1 January to 31 March 2014

Notes to the financial statements (continued)

8. Deferred taxation

Deferred taxation is provided as follows:

	£m
At 1 January 2013	-
Provided in year	(2.1)
At 31 December 2013	(2.1)
Provided in period	-
At 31 March 2014	(2.1)
	31
	March
	2014
	£m
Losses	(2.1)
	31
	December
	2013
	£m
	(2.1)

Refer to note 3 for the above deferred tax asset.

9. Transactions with related parties

There were no transactions with any related parties during the period other than those exempt from disclosure under FRS 8.

PA Woodward