

# **STV Services Limited**

## **Report and financial statements**

**31 December 2019**

**Registered number: SC174088**

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## Strategic report for the year ended 31 December 2019

The directors present their strategic report on the company for the year ended 31 December 2019.

### Review of the business

The principal activity of the company is to provide central resources to the Group.

Turnover for the year was £15,822,000 (2018: £16,024,000), a decrease of 1% reflecting cost savings made in the operation.

Profit before tax was £754,000, an increase of £271,000 on the prior year. The main components of the increase were the reduction in non-recurring exceptional expenses of £211,000 to £350,000 (2018: £561,000), partially offset by the impact of the change to accounting for leases following adoption of IFRS16, which resulted in interest costs of £317,000 being recognised in the current year.

The profit for the financial year amounted to £338,000 (2018: £396,000).

As at 31 December 2019, the company had net assets of £2,353,000 (2018: £1,813,000), with the increase reflecting the profit made in the year.

### Principal risks and uncertainties

The company is a subsidiary in the group headed by STV Group plc which has been impacted by the Covid-19 global pandemic and its effect on the trading environment. The priority of the company over recent months has been to control costs as far as possible, and support the broader Group through reducing cash outflows.

### Key performance indicators

The directors of STV Group plc manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business the company.

On behalf of the board



Lindsay Dixon  
**Director**

10 December 2020

## Directors' report for the year ended 31 December 2019

### Registered no. SC174088

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

### Directors of the company

The directors of the company at 31 December 2019, all of whom have been directors for the whole year and up to the date of signing the financial statements, except where noted, are listed below:

George Watt (resigned 23 April 2019)

Simon Pitts

George Harris (appointed 23 April 2019; resigned 21 May 2019)

Lindsay Dixon (appointed 21 May 2019)

In accordance with the Articles of Association, the directors do not retire by rotation.

### Dividends

The directors do not recommend the payment of a final dividend (2018: £nil).

### Future developments

The company aims to continue to efficiently manage central resource costs.

### Financial risk management

The company, as a wholly owned subsidiary of STV Group plc ("Group") is exposed to a variety of financial risks that arise from and apply to the Group's activities: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the Board of Directors of STV Group plc with financial risks being identified, evaluated and hedged in close co-operation with the Group's operating divisions. The board of STV Group plc provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investing excess liquidity.

The principal financial risk that is faced by the company is that of credit risk, namely the risk of losses due to the failure of the Group's customers to meet their payment obligations towards the Group, which in turn impacts the ability of fellow subsidiary undertakings to meet their obligations to the company. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Independent credit ratings are sought for all potential customers and based on the outcome of the feedback from the ratings agency, a judgement is made on the appropriate level of credit to be given. Derivative transaction counterparties are limited to high-credit/quality financial institutions.

## Directors' report for the year ended 31 December 2019 (continued)

### Going concern

The company is in current liability position as at 31 December 2019 and 31 December 2018.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business review section of the Strategic report on page 1.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's ultimate parent to their enquiries have no reason to believe that material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of STV Group plc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 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 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 also 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 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 of the persons who are directors at the time of this report the following applies:

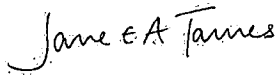
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he or she has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's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

**Directors' report for the year ended 31 December 2019 (continued)**

**Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



Jane Tames  
**Company Secretary**

10 December 2020

## Independent auditors' report to the members of STV Services Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, STV Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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, comprising 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 Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

#### 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.

### **Independent auditors' report to the members of STV Services Limited (continued)**

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, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

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 2019 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.

### **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 set out on page 3, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Independent auditors' report to the members of STV Services Limited (continued)**

### *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.

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

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

- we have not received 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.



Michael Timar (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
16 December 2020



## STV Services Limited

### Income statement for the year ended 31 December 2019

	Note	2019 £000	2018 £000
<b>Turnover</b>		<b>15,822</b>	16,024
Other administrative expenses		<b>(14,718)</b>	(14,980)
Exceptional expenses		<u><b>(350)</b></u>	<u>(561)</u>
<b>Operating profit</b>	3	<b>754</b>	483
Finance costs	9	<u><b>(317)</b></u>	<u>-</u>
<b>Profit before tax</b>		<b>437</b>	483
Tax on profit	5	<u><b>(99)</b></u>	<u>(87)</u>
<b>Profit for the financial year</b>		<u><b>338</b></u>	<u>396</u>

The results are derived wholly from continuing operations.

There is no material difference between the profit before taxation and the profit for the financial years stated above and their historical cost equivalents.

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

### Statement of comprehensive income For the year ended 31 December 2019

	2019 £000	2018 £000
<b>Profit for the financial year</b>	<b>338</b>	396
Items that will not be reclassified to profit or loss:		
Deferred tax (charge)/credit to equity	<u><b>(23)</b></u>	<u>69</u>
Other comprehensive (expense)/income	<u><b>(23)</b></u>	<u>69</u>
<b>Total comprehensive income for the year</b>	<u><b>315</b></u>	<u>465</u>

# STV Services Limited

## Balance sheet as at 31 December 2019

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	7	440	618
Property, plant and equipment	8	2,713	2,528
Right-of-use assets	9	11,987	-
		<u>15,140</u>	<u>3,146</u>
<b>Current assets</b>			
Trade and other receivables	10	39,444	35,442
Cash and cash equivalents		791	95
		<u>40,235</u>	<u>35,537</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(42,476)</u>	<u>(36,732)</u>
<b>Net current liabilities</b>		<u>(2,241)</u>	<u>(1,195)</u>
<b>Total assets less current liabilities</b>		<b>12,899</b>	<b>1,951</b>
Creditors: amounts falling due after more than one year	9	(10,546)	-
Provisions for liabilities	12	-	(138)
<b>Net assets</b>		<u><b>2,353</b></u>	<u><b>1,813</b></u>
<b>Equity</b>			
Called up share capital	14	-	-
Retained earnings		2,353	1,813
<b>Total shareholders' funds</b>		<u><b>2,353</b></u>	<u><b>1,813</b></u>

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

The financial statements on pages 8 to 22 were approved by the board on 10 December 2020 and were signed on its behalf by:



Lindsay Dixon  
Director

## STV Services Limited

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### Statement of changes in equity For the year ended 31 December 2019

	Retained earnings £000
Balance at 1 January 2018	1,348
Profit for the financial year	396
Other comprehensive income	69
Total comprehensive income for the year	<u>465</u>
<b>Balance at 31 December 2018</b>	<b>1,813</b>
Implementation of IFRS 16 (note 9)	225
<b>Balance at 1 January 2019</b>	<b><u>2,038</u></b>
Profit for the financial year	338
Other comprehensive expenses	(23)
<b>Total net comprehensive income for the year</b>	<b><u>315</u></b>
 <b>Balance at 31 December 2019</b>	 <b><u>2,353</u></b>

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

## Notes to the financial statements Year ended 31 December 2019

### 1. General information

STV Services Limited is a private limited company, limited by shares, and incorporated and domiciled in Scotland, UK. The address of the registered office is Pacific Quay, Glasgow, G51 1PQ. The nature of the company's operations and its principal activities are set out in the review of the business on page 1.

### 2. Summary of significant 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

The financial statements of STV Services Limited have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies applying FRS 101.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent, STV Group plc, and fellow subsidiaries.

The directors of the company, having carried out an assessment of the current balance sheet position and the expected cash flows of the company, and, having enquired with and obtained written confirmation of support from the directors of STV Group plc, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group and company to continue as a going concern or its ability to continue with the current banking arrangements. On this basis, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting has been applied in the preparation of the annual financial statements.

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. STV Services Limited has no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 91 to 99 of IFRS 13 "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1 "Presentation of financial statements" comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1
  - paragraph 73(e) of IAS 16 Property, plant and equipment
- The following paragraphs of IAS 1 "Presentation of financial statements":
  - 10(d) (statement of cash flows)
  - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
  - 16 (statement of compliance with all IFRS)

## Notes to the financial statements (continued) Year ended 31 December 2019

### 2. Summary of significant accounting policies (continued)

- 38A (requirement for a minimum of two primary statements, including cash flow statements)
- 38B-D (additional comparative information)
- 40A-D (requirements for a third balance sheet)
- 111 ) cash flow statement information) and
- 134-136 (capital management disclosures)
- IAS 7 "Statement of cash flows"
- Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors"
- Paragraph 17 of IAS 24 "Related party disclosures" (key management compensation)
- The requirements of IAS 24 "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.

#### **New and amended standards adopted by the company**

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the company's financial statements – see note 9. There are no other amendments to accounting standards, or IFRIC interpretations effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

#### **Turnover**

Turnover represents income from services provided to other group companies, and is recognised when the service has been provided.

#### **Exceptional items**

Exceptional items are items that are unusual because of their size, nature or incidence and which the Directors consider should be disclosed separately to enable a full understanding of the results.

#### **Taxation**

Taxation expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the year, using tax rates that are in force during the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

**Notes to the financial statements (continued)**  
**Year ended 31 December 2019****2. Summary of significant accounting policies (continued)****Taxation (continued)**

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Property, plant and equipment**

The Company's policy is to state property, plant and equipment at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost of the assets, less estimated residual values, in equal annual instalments as follows:

Leasehold land and buildings -improvements	between 2% and 4%
Plant and technical equipment	between 10% and 20%

Residual values and useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal, from the date of addition or to the date of disposal.

Any impairment in value is charged to the income statement.

**Intangible assets**

Other intangible assets are held at cost less accumulated amortisation and any provision for impairment. Included within intangible assets are assets in the course of construction which comprise primarily web development projects including directly attributable costs to bring the assets into use and may include capitalised borrowing costs. Amortisation is charged through other administrative expenses in the Income Statement and is provided at the following rates per annum to write off the costs of other intangible assets, less residual value, on a straight line basis from the date on which they are brought into use:

Web development	5 years
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**Impairment of assets**

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 income statement for the amount by which the asset's carrying value exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## Notes to the financial statements (continued) Year ended 31 December 2019

### 2. Summary of significant accounting policies (continued)

#### **Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **Leases**

Up to 31 December 2018, all of the Company's leases were defined, and accounted for, as operating leases. The costs in respect of these operating leases were charged on a straight-line basis over the lease term.

From 1 January 2019 the Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

#### *Lease liability*

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of purchase options, if the Company is reasonably certain to exercise those options; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the STV Group plc's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost element is charged to the income statement over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### *Right-of-use assets*

Right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**2. Summary of significant accounting policies (continued)**

**Leases (continued)**

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

**Pensions**

Employees of the company are eligible for membership of the main retirement benefits schemes operated by STV Group plc.

Payments to the group defined contribution retirement benefit scheme are charged as an expense as they fall due. Payments made to the group defined benefit retirement schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The company participates in a group defined benefit pension scheme which is the legal responsibility of one of its fellow subsidiaries as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (revised 2011), the company recognises a cost equal to its contributions payable for the year.

**3. Operating profit**

Operating profit is stated after charging:

	<b>2019</b>	2018
	<b>£000</b>	£000
Wages and salaries	<b>5,692</b>	6,225
Social security costs	<b>458</b>	503
Other pension costs (note 15)	<b>149</b>	155
<b>Staff costs</b>	<b><u>6,299</u></b>	<u>6,883</u>
Depreciation on property, plant and equipment	<b>480</b>	497
Amortisation of intangible assets	<b>178</b>	176
Depreciation on leased assets	<b><u>1,785</u></b>	<u>-</u>

In 2019, the company incurred exceptional expenses of £350,000 (2018: £561,000). The company recognised the impairment of a loan to STV ELM Limited in 2019 and in 2018 recognised a provision for restructuring the company's operations (£482,000) and costs in relation to the sale of STV2 (£79,000).

Audit fees were borne by another group company in the current and preceding year.



**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**4. Employees and directors**

**Employees**

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	<b>2019</b> <b>Number</b>	2018 Number
Established	<b>60</b>	68
Contract	<b>2</b>	2
	<b>62</b>	70

**Directors**

The directors' emoluments were as follows:

	<b>2019</b> <b>£000</b>	2018 £000
Aggregate emoluments	<b>1,542</b>	2,028

Post-employment benefits are accruing to no directors (2018: none) under the group's defined benefit pension schemes.

**Highest paid director**

The highest paid directors' emoluments were as follows:

	<b>2019</b> <b>£000</b>	2018 £000
Aggregate emoluments	<b>1,103</b>	1,500

The emoluments of Simon Pitts, Lindsay Dixon and George Watt were paid the company. They are also directors of the ultimate holding company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly there are no emoluments disclosed in respect of these directors. The total emoluments for Simon Pitts, Lindsay Dixon and George Watt are included in the aggregate directors' emoluments disclosed in the financial statements of the ultimate parent undertaking STV Group plc.

## Notes to the financial statements (continued) Year ended 31 December 2019

### 5. Tax on profit

	2019 £000	2018 £000
Current tax:		
UK corporation tax on profit of the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	162	97
Adjustment in respect of prior periods	(63)	(10)
Total deferred tax	99	87
<b>Tax charge for the year</b>	<b>99</b>	<b>87</b>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2018: 19%). The actual tax for the current and prior years differs to the standard rate for the reasons set out in the following reconciliation:

	2019 £000	2018 £000
<b>Profit before taxation</b>	<b>437</b>	<b>484</b>
Profit before taxation multiplied by standard rate in the UK 19% (2018: 19%)	83	92
Effects of:		
Expenses not allowable for tax purposes	31	16
Changes in tax rates or laws	(19)	(11)
Adjustment in respect of prior periods	(63)	(10)
Group relief	67	-
<b>Tax charge for the year</b>	<b>99</b>	<b>87</b>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 6 September 2016. These included a reduction to the main rate to reduce it to 17% from 1 April 2020. In March 2020, the government reversed this decision with the announcement that the corporation tax rate for the years beginning 1 April 2020 and 1 April 2021 would remain at 19%, and this was substantively enacted later in the month. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

### 6. Investments

The company's investment in STV SIP Trustees Limited (£1), was written off during the year as that company was dissolved on 17 August 2019.

Notes to the financial statements (continued)  
Year ended 31 December 2019

7. Intangible assets

	Web development £000
<b>Cost</b>	
At 1 January and 31 December 2019	<u>904</u>
<b>Accumulated amortisation and impairment</b>	
At 1 January 2019	286
Charge for year	178
At 31 December 2019	<u>464</u>
<b>Net book value</b>	
At 31 December 2019	<u>440</u>
At 31 December 2018	<u>618</u>

8. Property, plant and equipment

	Leasehold land and buildings improvements £000	Plant and technical equipment £000	Total £000
<b>Cost</b>			
At 1 January 2019	399	7,785	8,184
Additions	-	665	665
Amounts written off	-	(24)	(24)
At 31 December 2019	<u>399</u>	<u>8,426</u>	<u>8,825</u>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2019	142	5,514	5,656
Charge for year	30	450	480
Amounts written off	-	(24)	(24)
At 31 December 2019	<u>172</u>	<u>5,940</u>	<u>6,112</u>
<b>Net book value</b>			
At 31 December 2019	<u>227</u>	<u>2,486</u>	<u>2,713</u>
At 31 December 2018	<u>257</u>	<u>2,271</u>	<u>2,528</u>

**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**9. Right-of-use assets**

The Company adopted IFRS 16 on 1 January 2019. The standard has resulted in some current operating leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The Company has applied the modified retrospective transition method, and consequently comparative information is not restated.

On transition to IFRS 16, within opening balances as at 1 January 2019, the Company has recognised £13,599,000 of right-of-use assets and an equal, corresponding IFRS 16 lease liability, the latter representing the obligation to make lease payments. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the STV Group plc's incremental borrowing rate as at 1 January 2019, which was 2.3%.

For each lease, the lease term has been calculated as the non-cancellable period of the lease contract, except where the Company is reasonably certain that it will exercise contractual extension options.

In adopting IFRS 16, the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases or low-value assets. The amounts relating to these leases are not material.

The balance sheet transition impact by line item on the closing 2018 balance sheet is shown in the table below:

	Impact of IFRS 16 £000
Balance sheet:	
Right-of-use assets	13,599
Lease liability	(13,599)
Retained earnings	(225)
Accruals	225

The £225,000 relates to property lease accruals written off and adjusted through retained earnings.

The balance sheet shows the following amounts relating to leases:

	2019 £000	2018 £000
<b>Right-of-use assets</b>		
Property	11,972	-
Vehicles	15	-
	<b>11,987</b>	-
<b>Lease liabilities</b>		
Current	1,676	-
Non-current	10,546	-
	<b>12,222</b>	-

Additions to right-of-use assets in 2019 were £173,000.

**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**9. Right-of-use assets (continued)**

The income statement shows the following amounts relating to leases:

	<b>2019</b> <b>£000</b>	2018 £000
<b>Depreciation of right-of-use assets:</b>		
Property	<b>1,776</b>	-
Vehicles	<b>9</b>	-
	<b>1,785</b>	-
 <b>Interest expense (included in Finance costs)</b>	 <b>317</b>	 -

**10. Trade and other receivables**

	<b>2019</b> <b>£000</b>	2018 £000
Trade receivables	<b>50</b>	127
Amounts owed by group undertakings	<b>33,729</b>	29,143
Other receivables	<b>655</b>	714
Prepayments and accrued income	<b>574</b>	900
Deferred tax asset (note 13)	<b>4,436</b>	4,558
	<b>39,444</b>	35,442

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**11. Creditors: amounts falling due within one year**

	<b>2019</b> <b>£000</b>	2018 £000
Trade creditors	<b>367</b>	365
Amounts owed to group undertakings	<b>37,048</b>	32,663
Taxation and social security costs	<b>168</b>	179
Accruals and other creditors	<b>3,217</b>	3,525
Lease liabilities (note 9)	<b>1,676</b>	-
	<b>42,476</b>	36,732

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**12. Provisions for liabilities**

	<b>Reorganisation provision £000</b>	<b>Onerous lease £000</b>	<b>Total £000</b>
At 1 January 2019	43	95	138
Utilised in the year	(43)	-	(43)
Written off during the year	-	(95)	(95)
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>

The reorganisation provision related to costs associated with a restructure within the group business, initially recognised in 2018.

The onerous lease provision related to a shortfall on the sub-lease of surplus property at the Group's Pacific Quay, Glasgow premises and Craigshaw, Aberdeen premises.

**13. Deferred taxation**

The analysis of the deferred tax balances is as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Deferred tax asset:		
Deferred tax to be recovered after more than one year	<b>(4,436)</b>	<b>(4,558)</b>
	<b>(4,436)</b>	<b>(4,558)</b>
Net deferred tax asset	<b>(4,436)</b>	<b>(4,558)</b>

	<b>Accelerated capital allowances £000</b>	<b>Losses £000</b>	<b>Other temporary differences £000</b>	<b>Total £000</b>
At 1 January 2018	(371)	(3,718)	(487)	(4,576)
(Credit)/charge to income	(253)	304	36	87
Credit to equity	-	-	(69)	(69)
At 31 December 2018	(624)	(3,414)	(520)	(4,558)
Charge/(credit) to income	191	(108)	16	99
Charge to equity	-	-	23	23
<b>At 31 December 2019</b>	<b>(433)</b>	<b>(3,522)</b>	<b>(481)</b>	<b>(4,436)</b>

**Notes to the financial statements (continued)**  
**Year ended 31 December 2019**

**14. Called up share capital**

	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Number</b>	Number	<b>£</b>	£
<b>Allotted and fully paid</b>				
Ordinary shares of £1	<b>1</b>	1	<b>1</b>	1

The total authorised number of ordinary shares is 1,000 shares (2018: 1,000 shares) with a par value of £1 per share (2018: £1 per share).

**15. Retirement benefit schemes**

**Defined contribution**

The Group operates a defined contribution scheme, the STV Pension Scheme, of which the Company is a participating employer. At 31 December 2019 there were no contributions outstanding in relation to the current year (2018: £nil).

**Defined benefit**

The company is also a participating employer in the Scottish and Grampian Television Retirement Benefit Scheme, a closed, defined benefit pension scheme.

There is no contractual agreement or stated policy for charging the net defined benefit pension scheme cost. In accordance with IAS 19 (revised 2011), the Company recognises a cost equal to its contributions payable for the year.

The cost charged to income in the year for both the Scottish and Grampian Television Retirement Defined Benefit Scheme and the STV Pension Scheme amounted to £149,000 (2018: £155,000).

Further details of the Group's defined benefit schemes are disclosed on pages 102-105 of the Group consolidated financial statements which are available from the address shown in note 16.

**16. Controlling parties**

The immediate parent undertaking is STV Group plc.

The ultimate parent undertaking and controlling party is STV Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of STV Group plc consolidated financial statements can be obtained from the company secretary at Pacific Quay, Glasgow, G51 1PQ.