Consolidated income statement
Year ended 31 December 2022

	Note	**2022** Before exceptional items £m	**2022** Exceptional items (note 6) £m	**2022** Results for year £m	2021 Before exceptional items £m	2021 Exceptional items (note 6) £m	2021 Results for year £m
Revenue	5	**137.8**	**–**	**137.8**	144.5	-	144.5
Net operating expenses		**(112.0)**	**(0.5)**	**(112.5)**	(121.2)	(1.7)	(122.9)
Operating profit		**25.8**	**(0.5)**	**25.3**	23.3	(1.7)	21.6
Finance costs							
- borrowings		**(1.1)**	**-**	**(1.1)**	(1.2)	-	(1.2)
- defined benefit pension schemes		**(1.4)**	**-**	**(1.4)**	(0.8)	-	(0.8)
- lease interest		**(0.5)**	**-**	**(0.5)**	(0.3)	-	(0.3)
Provision for impairment losses – ELM debtor		**-**	**-**	**-**	-	0.3	0.3
Total finance costs		**(3.0)**	**-**	**(3.0)**	(2.3)	0.3	(2.0)
Share of loss of an associate		**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
Gain on sale of non-current asset		–	**-**	**-**	–	0.6	0.6
Profit before tax		**22.7**	**(0.5)**	**22.2**	20.9	(0.8)	20.1
Tax (charge)/credit	7	**(5.0)**	**0.1**	**(4.9)**	(1.0)	0.3	(0.7)
Profit for the year		**17.7**	**(0.4)**	**17.3**	19.9	(0.5)	19.4
Attributable to:							
Owners of the parent		**17.9**	**(0.4)**	**17.5**	19.9	(0.5)	19.4
Non-controlling interests		**(0.2)**	**-**	**(0.2)**	-	-	-
		17.7	**(0.4)**	**17.3**	19.9	(0.5)	19.4
Earnings per share							
Basic	8	**39.3p**		**38.3p**	43.8p		42.7p
Diluted	8	**37.5p**		**36.6p**	42.1p		41.0p

A reconciliation of the statutory results to the adjusted results is included at note 19. The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
Year ended 31 December 2022

	2022 £m	2021 £m
Profit for the year	**17.3**	19.4
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit pension schemes	**6.5**	(17.2)
Deferred tax (charge)/credit	**(1.5)**	8.5
Revaluation loss on listed investment to market value	**(0.3)**	(2.3)
Other comprehensive expense – net of tax	**4.7**	(11.0)
Total comprehensive income for the year	**22.0**	8.4
Attributable to:		
Owners of the parent	**22.2**	8.4
Non-controlling interests	**(0.2)**	-
	22.0	8.4

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet
At 31 December 2022

	Note	**2022** **£m**	2021 £m
Non-current assets			
Intangible assets	10	**1.2**	1.6
Property, plant and equipment	11	**10.6**	9.8
Right-of-use assets	12	**18.6**	19.9
Investments	13	**2.5**	1.9
Deferred tax asset	14	**21.9**	26.5
Trade and other receivables		**1.5**	0.4
		56.3	60.1
Current assets			
Inventories		**47.0**	17.7
Trade and other receivables		**39.9**	30.1
Cash and cash equivalents		**11.3**	14.7
		98.2	62.5
Total assets		**154.5**	122.6
Equity			
Ordinary shares	16	**23.3**	23.3
Share premium		**115.1**	115.1
Capital redemption reserve		**0.2**	0.2
Merger reserve		**173.4**	173.4
Other reserve		**1.8**	1.4
Accumulated losses		**(321.8)**	(339.2)
Shareholders' equity		**(8.0)**	(25.8)
Non-controlling interests		**(0.3)**	(0.1)
Total equity		**(8.3)**	(25.9)
Non-current liabilities			
Borrowings	15	**26.4**	14.4
Lease liabilities		**18.7**	19.7
Retirement benefit obligations	18	**63.1**	79.4
		108.2	113.5
Current liabilities			
Trade and other payables		**53.7**	33.8
Lease liabilities		**0.9**	1.2
		54.6	35.0
Total liabilities		**162.8**	148.5
Total equity and liabilities		**154.5**	122.6

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
Year ended 31 December 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Other reserve £m	Accumulated losses £m	Attributable to owners of the parent £m	Non-controlling interest £m	Total equity £m
At 1 January 2022	23.3	115.1	0.2	173.4	1.4	(339.2)	(25.8)	(0.1)	(25.9)
Profit/(expense) for the year	-	-	-	-	-	17.5	17.5	(0.2)	17.3
Other comprehensive expense	-	-	-	-	-	4.7	4.7	-	4.7
Total comprehensive income/(expense) for the year	-	-	-	-	-	22.2	22.2	(0.2)	22.0
Net share based compensation	-	-	-	-	0.4	0.3	0.7	-	0.7
Dividends paid (note 9)	-	-	-	-	-	(5.1)	(5.1)	-	(5.1)
At 31 December 2022	23.3	115.1	0.2	173.4	1.8	(321.8)	(8.0)	(0.3)	(8.3)
At 1 January 2021	23.3	115.1	0.2	173.4	1.0	(342.8)	(29.8)	(0.1)	(29.9)
Profit for the year	-	-	-	-	-	19.4	19.4	-	19.4
Other comprehensive expense	-	-	-	-	-	(11.0)	(11.0)	-	(11.0)
Total comprehensive income for the year	-	-	-	-	-	8.4	8.4	-	8.4
Net share based compensation	-	-	-	-	0.4	(0.4)	-	-	-
Dividends paid (note 9)	-	-	-	-	-	(4.4)	(4.4)	-	(4.4)
At 31 December 2021	23.3	115.1	0.2	173.4	1.4	(339.2)	(25.8)	(0.1)	(25.9)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
Year ended 31 December 2022

	Note	**2022** **£m**	2021 £m
Operating activities			
Cash generated by operations	17	**11.5**	34.8
Interest and fees paid in relation to banking facilities		**(1.1)**	(1.4)
Corporation tax received/(paid)		**0.2**	(1.2)
Pension deficit funding – recovery plan payment		**(9.5)**	(9.3)
Contingent cash payment to pension schemes		**(2.4)**	(0.3)
Net cash (used in) / generated by operating activities		**(1.3)**	22.6
Investing activities			
Proceeds from sale of investments		**-**	4.7
Proceeds from disposal of subsidiary		**-**	0.6
Purchase of investment in associate		**(0.9)**	(0.6)
Loan notes provided to associate		**-**	(0.4)
Production finance provided to associate		**(2.4)**	(0.6)
Purchase of intangible assets		**(0.5)**	(0.4)
Purchase of property, plant and equipment		**(3.4)**	(2.5)
Net cash (used in)/generated by investing activities		**(7.2)**	0.8
Financing activities			
Payment of obligations under leases		**(1.8)**	(1.5)
Borrowings drawn		**38.0**	3.1
Borrowings repaid		**(26.0)**	(11.1)
Dividends paid		**(5.1)**	(4.4)
Net cash generated by/(used in) financing activities		**5.1**	(13.9)
Net (decrease)/increase in cash and cash equivalents		**(3.4)**	9.5
Cash and cash equivalents at beginning of year		**14.7**	5.2
Cash and cash equivalents at end of year		**11.3**	14.7

Notes to the preliminary announcement
Year ended 31 December 2022

1. General information

STV Group plc ("the Company") and its subsidiaries (together "the Group") is listed on the London Stock Exchange, limited by shares, and incorporated and domiciled in the UK. The address of the registered office is Pacific Quay, Glasgow, G51 1PQ. The principal activities of the Group are the production and broadcasting of television programmes, provision of internet services and the sale of advertising airtime and space in these media. Up to its sale on 20 August 2021, the Group also operated a non-core external lottery management company.

2. Basis of preparation

The financial information set out in the audited preliminary announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2022 within the meaning of Section 434 of the Companies Act 2006 and has been extracted from the full audited financial statements for the year ended 31 December 2022.

Statutory financial statements for the year ended 31 December 2021, which received an unqualified audit report, have been delivered to the Registrar of Companies. The reports of the auditors on the financial statements for the year ended 31 December 2021 and for the year ended 31 December 2022 were unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The financial statements for the year ended 31 December 2022 will be delivered to the Registrar of Companies and made available to all shareholders in due course.

Going concern

At 31 December 2022, the Group was in a net debt position of £15.1m (excluding lease liabilities), comprising drawdowns under its banking facility of £26.4m partially offset by a gross cash balance of £11.3m. The Group is in a net current asset position and generates cash from operations that enables the Group to meet its liabilities as they fall due, and other obligations.

The Group has in place a £60m revolving credit facility, with £20m accordion, that matures in March 2026 following exercise of both one-year extension options that were available to the Group (the second being exercised in March 2023). The covenant package remains unchanged and includes the key financial covenants of net debt to EBITDA (leverage), which must be less than 3 times, and interest cover, which must be greater than 4 times.

As part of the going concern review, the Group considers forecasts of the total advertising market, from which the Group generates the majority of its cash inflows, to determine the impact on liquidity. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current available funding and financial covenants.

The directors performed a full review of principal risks and uncertainties during the year and approved the Group's updated three-year plan covering the period to 31 December 2025 in December 2022. As part of this process, the Board gave specific consideration and challenge to the first year of this plan and approved it as the budget for FY23. A severe but plausible downside scenario was identified against the base assumptions in that budget that reflected crystallisation of a number of risks, principally in relation to advertising revenues and the number and scale of programme commissions. Even under this scenario, the Group generated sufficient cash to enable it to continue in operation and remain within covenant levels under the Group banking arrangements. Therefore, the Board concluded that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show it will be able to operate within the level of its current available funding and covenant levels.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022. There were no changes to accounting standards in the year that had any material impact on the financial statements.

4. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The carrying value of non-derivative financial assets and liabilities, comprising cash and cash equivalents, trade and other receivables, trade and other payables and borrowings is considered to materially equate to their fair value.

5. Business segments

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is by product. The Group's operating segments are Broadcast, Digital and Studios. The trade of STV ELM is included within 'Other' up to the date of disposal in August 2021.

	Broadcast		**Digital**		**Studios**		**Other**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	£m	£m	**£m**	£m	**£m**	£m	**£m**	£m	**£m**	£m
Sales	**107.6**	108.8	**19.0**	17.8	**23.9**	27.0	**–**	1.0	**150.5**	154.6
Inter-segment sales	**(12.5)**	(9.7)	**–**	–	**(0.2)**	(0.4)	**–**	–	**(12.7)**	(10.1)
Segment revenue	**95.1**	99.1	**19.0**	17.8	**23.7**	26.6	**–**	1.0	**137.8**	144.5
Segment result										
Adjusted operating profit	**20.7**	21.8	**8.5**	7.9	**1.4**	1.3	**–**	–	**30.6**	31.0
Unallocated corporate expenses									**(4.8)**	(5.8)
Adjusted operating profit									**25.8**	25.2
Exceptional items (note 6)									**(0.5)**	(0.8)
HETV tax credits									**-**	(1.9)
Finance costs									**(3.0)**	(2.3)
Share of loss of an associate									**(0.1)**	(0.1)
Profit before tax									**22.2**	20.1
Tax charge									**(4.9)**	(0.7)
Profit for the year									**17.3**	19.4

Adjusted operating profit (as shown above) is the statutory operating profit before exceptional items and includes High-End Television (HETV) tax credits receivable. The HETV tax credits relate solely to the Studios operating segment. In the current year, no HETV tax credit claims were made (2021: £1.9m) and so there is no impact on the adjusted operating profit metric from this adjustment (2021: statutory operating loss of £0.6m).

There has been no significant change in total assets from the amount disclosed in the last annual financial statements.

6. Exceptional items

To provide the users of the consolidated financial statements with a transparent view of significant and/or non-recurring items and their impact on the underlying trading of the Group, the Group presents items recognised in profit or loss for each year analysed between:

I. Profit before exceptional items; and
II. The effect of exceptional items

The table below analyses the exceptional items in the current financial year and their impact on key financial statement lines in the consolidated income statement.

	2022 Before exceptional items £m	**2022 Exceptional items £m**	**2022 Results for the year £m**	2021 Before exceptional items £m	2021 Exceptional items £m	2021 Results for the year £m
Operating profit (i)	**25.8**	**(0.5)**	**25.3**	23.3	(1.7)	21.6
Finance costs (ii)	**(3.0)**	**-**	**(3.0)**	(2.3)	0.3	(2.0)
Share of loss of an associate	**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)
Gain on sale of non-current asset (iii)	**-**	**-**	**-**	-	0.6	0.6
Profit before tax	**22.7**	**(0.5)**	**22.2**	20.9	(0.8)	20.1
Tax charge (iv)	**(5.0)**	**0.1**	**(4.9)**	(1.0)	0.3	(0.7)
Profit for the year	**17.7**	**(0.4)**	**17.3**	19.9	(0.5)	19.4
Earnings per share						
Basic	**39.3p**		**38.3p**	43.8p		42.7p
Diluted	**37.5p**		**36.6p**	42.1p		41.0p

(i) Operating profit

On 8 December 2022, the Group announced an extended partnership with ITV for digital content and advertising sales. The agreement is effective from 1 January 2023, however there were a small number of one-off costs incurred in 2022 as part of the agreement reached, principally redundancy and legal costs, that have been presented as exceptional in the current year.

In May 2021, the Group repaid the full amount of furlough grants received in 2020 under the Government's Coronavirus Job Retention Scheme (£1.7m) before resuming payment of cash dividends to shareholders. The Group presented the cost of repayment as exceptional so as not to distort the underlying trading results of the business.

(ii) Finance costs

In the prior year, an exceptional credit of £0.3m was recognised relating to amounts recovered from the Scottish Children's Lottery (SCL) in excess of the expected credit loss provided for in 2020.

(iii) Gain on sale of non-current asset

In 2021, an exceptional gain of £0.6m was recognised, being net proceeds received on disposal of STV ELM Ltd.

(iv) Tax (charge)/credit

Tax adjustments are the tax effects of the exceptional items recognised in both years.

7. Tax

	2022	2021
	£m	£m
The charge for taxation is as follows:		
Charge for the year before exceptional items	**5.0**	1.0
Tax effect on exceptional items	**(0.1)**	(0.3)
Charge for the year	**4.9**	0.7

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 on 10 June 2021. These included an increase in the UK corporation tax rate to 25% effective from 1 April 2023. The deferred tax balances at 31 December 2022 have been stated at a rate of 25% (2021:25%), which is the rate at which the temporary differences are expected to unwind.

8. Earnings per share

The calculation of earnings per share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held for use by the STV Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one type of dilutive potential ordinary shares namely share options granted to employees.

The adjusted earnings per share figures that have also been calculated are based on earnings before adjusting items that are significant in nature and/or quantum and not expected to recur every year and are therefore considered to be distortive. The adjusting items recognised in the current and prior years are operating and non-operating exceptional items and the IAS19 net financing cost, as well as the related tax effect. Adjusted earnings per share has been presented to provide shareholders with an additional measure of the Group's year on year performance.

Earnings per share	**2022**	2021
	Pence	Pence
Basic earnings per ordinary share	**38.3p**	42.7p
Diluted earnings per ordinary share	**36.6p**	41.0p
Basic earnings per ordinary share (before exceptional items)	**39.3p**	43.8p
Diluted earnings per ordinary share (before exceptional items)	**37.5p**	42.1p
Adjusted basic earnings per share	**42.3p**	45.6p
Adjusted diluted earnings per share	**40.4p**	43.8p

The following reflects the earnings and share data used in the calculation of earnings per share:

Earnings	£m	£m
Profit for the year attributable to equity shareholders	**17.5**	19.4
Exceptional items (net of tax)	**0.4**	0.5
Profit for the year (before exceptional items)	**17.9**	19.9
Excluding IAS19 financing cost	**1.4**	0.8
Adjusted profit	**19.3**	20.7

Number of shares	Million	Million
Weighted average number of ordinary shares in issue	**45.6**	45.5
Dilution due to share options	**2.2**	1.8
Total weighted average number of ordinary shares in issue	**47.8**	47.3

9. Dividends

	2022 per share	2021 per share	**2022 £m**	2021 £m
Dividends on equity ordinary shares				
Paid final dividend	**7.3p**	6.0p	**3.3**	2.7
Paid interim dividend	**3.9p**	3.7p	**1.8**	1.7
Dividends paid	**11.2p**	9.7p	**5.1**	4.4

A final dividend of 7.4p per share (2021: 7.3p per share) has been proposed by the Board of Directors and is subject to approval by shareholders at the 2023 AGM scheduled for 27 April 2023. The proposed dividend would be payable on 26 May 2023 to shareholders who are on the register at 14 April 2023. The ex-dividend date is 13 April 2023. This final dividend, amounting to £3.4m has not been recognised as a liability in these financial statements.

10. Intangible assets

	Web development £m
Cost	
At 1 January 2022	6.1
Additions	0.5
At 31 December 2022	**6.6**
Accumulated amortisation and impairment	
At 1 January 2022	4.5
Amortisation	0.9
At 31 December 2022	**5.4**
Net book value at 31 December 2022	**1.2**
Net book value at 31 December 2021	1.6

11. Property, plant and equipment

	Leasehold improvements £m	Plant, technical equipment and other £m	Assets under construction £m	Total £m
Cost				
At 1 January 2022	0.4	33.8	0.8	35.0
Additions	-	-	3.4	3.4
Transfers	-	2.3	(2.3)	-
At 31 December 2022	**0.4**	**36.1**	**1.9**	**38.4**
Accumulated depreciation and impairment				
At 1 January 2022	0.2	25.0	-	25.2
Charge for year	-	2.6	-	2.6
At 31 December 2022	**0.2**	**27.6**	**-**	**27.8**
Net book value at 31 December 2022	**0.2**	**8.5**	**1.9**	**10.6**
Net book value at 31 December 2021	0.2	8.8	0.8	9.8

12. Right of use assets

	Property £m	Vehicles £m	Total £m
Cost			
At 1 January 2022 and 31 December 2022	**24.9**	**0.3**	**25.2**
Accumulated depreciation			
At 1 January 2022	5.1	0.2	5.3
Depreciation charge for the year	1.3	-	1.3
At 31 December 2022	**6.4**	**0.2**	**6.6**
Net book value at 31 December 2022	**18.5**	**0.1**	**18.6**
Net book value at 31 December 2021	19.8	0.1	19.9

13. Investments

	2022 £m	2021 £m
Listed	**-**	0.3
Associates	**2.4**	1.5
Other	**0.1**	0.1
	2.5	1.9

Listed investments comprise entirely of shares held in Mirriad Advertising plc and are measured at fair value through the Consolidated Statement of Comprehensive Income.

The movement in investments in associates during 2022 relates to the acquisition of a 25% stake in quiz show producer, Mighty Productions Limited, for cash consideration of £0.9m in March 2022. The investment was initially recognised at cost and has subsequently been updated to reflect the Group's share of post-acquisition losses (less than £0.1m) in accordance with the equity method of accounting. The Group acquired a 25% shareholding in the unscripted production company, Hello Mary, for consideration of £0.6m in September 2021 with subsequent recognition of the Group's accumulated share of the loss of £0.1m. The Group also owns a 25% stake in Two Cities Television which has a carrying value of £0.9m at both balance sheet dates. No dividends have been received from any associate undertaking.

14. Deferred tax asset

At 31 December 2022, total deferred tax assets of £21.9m were recognised on the balance sheet (31 December 2021: £26.5m). Of this, £15.7m relates to the deficit on the Group's defined benefit pension schemes (31 December 2021: £19.8m) and the balance of £6.2m relates to tax losses, accelerated capital allowances and short-term timing differences (31 December 2021: £6.7m).

15. Borrowings

Since March 2021, the Group has had in place a £60m revolving credit facility, with £20m accordion. The original tenor was 3 years, however two one-year extension options have been exercised (in February 2022 and March 2023) with the facility now extending to March 2026. Commercial terms are in line with the existing facility and the covenant package also remains unchanged. Key covenants are net debt to EBITDA (leverage) must be less than 3 times, and interest cover must be greater than 4 times.

16. Share capital

	Number of shares (thousands)	Ordinary shares £m	Share premium £m	Total £m
At 1 January 2022 and 31 December 2022	**46,723**	**23.3**	**115.1**	**138.4**

The total authorised number of ordinary shares is 63 million shares (2021: 63 million shares) with a par value of £0.50 per share (2021: £0.50 per share). All issued shares are fully paid.

17. Notes to the consolidated statement of cash flows

	2022	2021
	£m	£m
Operating profit	**25.3**	21.6
Adjustments for:		
Depreciation and amortisation	**4.8**	5.3
Share based payments	**0.8**	0.5
Increase in inventories	**(29.3)**	(2.3)
Increase in trade and other receivables (excluding STV ELM Ltd)	**(10.6)**	(2.3)
Increase in trade and other payables (excluding STV ELM Ltd)	**20.5**	11.2
Net decrease in STV ELM Ltd working capital	**-**	0.8
Cash generated by operations	**11.5**	34.8

Net debt reconciliation

	Long-term borrowings £m	**Cash and cash equivalents £m**	**Net (debt) /cash £m**	**Lease liabilities £m**	**Net (debt)/cash including lease liabilities £m**
At 1 January 2022	(14.4)	14.7	0.3	(20.9)	(20.6)
Cash flows	(11.8)	(3.4)	(15.2)	1.8	(13.4)
Non-cash flows (i)	(0.2)	–	(0.2)	(0.5)	(0.7)
At 31 December 2022	**(26.4)**	**11.3**	**(15.1)**	**(19.6)**	**(34.7)**

(i) Non-cash movements relate to the amortisation of borrowing costs (for long-term borrowings), the acquisition of right-of-use assets and corresponding lease liabilities and lease interest.

Operating cash conversion, calculated as cash generated by operations divided by operating profit and expressed as percentage was 45% (2021: 161%).

18. Retirement benefit schemes

The Group operates two defined benefit pension schemes. The schemes are trustee administered and the schemes' assets are held independently from those of the Group. Pension costs are assessed in accordance with the advice of an independent professionally qualified actuary.

The schemes are the Scottish and Grampian Television Retirement Benefit Scheme and the Caledonian Publishing Pension Scheme. Both are closed schemes and accounted for under the projected unit method.

Contribution rates to the scheme are determined by a qualified independent actuary on the basis of a triennial valuation using the projected unit method. The most recent triennial valuation was carried out as at 31 December 2020. This valuation resulted in a deficit of £116m on a pre-tax basis at 30 September 2021 compared to £127.0m on a pre-tax basis at the previous settlement date of 28 February 2019. The next triennial valuation will take place as at 31 December 2023.

Deficit recovery plans, which end on 31 October 2030, have been agreed with aggregate monthly payments unchanged from the previous recovery plans. The 2022 deficit recovery payments totalled £9.5m, with annual payments then increasing at the rate of 2% per annum over the term of the recovery plans. A contingent cash mechanism is also in place, which triggers contingent funding payments equivalent to 20% of any outperformance above a benchmark of available cash to be paid to the schemes.

The recovery plans are designed to enable the schemes to reach a fully funded position, using prudent assumptions about the future, by 2030.

The fair value of the assets and the present value of the liabilities in the Group's defined benefit pension schemes at each balance sheet date was:

Assumptions used to estimate the scheme obligations
The significant actuarial assumptions used for accounting purposes reflect prevailing market conditions in the UK and are as follows:

	2022	2021
	%	%
Rate of increase in salaries	**nil**	nil
Rate of increase of pensions in payment	**3.45**	3.55
Discount rate	**4.85**	1.90
Rate of price inflation (RPI)	**3.45**	3.55

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each scheme and are reflected in the table below (average life expectations of a pensioner retiring at age 65).

	2022	2021
Retiring at balance sheet date:		
Male	**20.9**	21.0
Female	**23.1**	23.2
Retiring in 25 years		
Male	**22.1**	22.3
Female	**24.4**	24.6

The fair value of the assets in the schemes and the present value of the liabilities in the schemes at each balance sheet date was:

	At 31 December 2022			At 31 December 2021		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
	£m	**£m**	**£m**	£m	£m	£m
Investment funds	**-**	**86.5**	**86.5**	9.1	149.1	158.2
Debt instruments	**151.5**	**6.0**	**157.5**	201.9	26.5	228.4
Cash and cash equivalents	**25.4**	**(4.0)**	**21.4**	21.7	5.0	26.7
Derivatives	**-**	**9.7**	**9.7**	-	7.1	7.1
Annuity policies	**-**	**14.7**	**14.7**	-	19.6	19.6
Fair value of schemes' assets	**176.9**	**112.9**	**289.8**	232.7	207.3	440.0
Present value of defined benefit obligations			**(352.9)**			(519.4)
Deficit in the schemes			**(63.1)**			(79.4)

Note, the prior year comparative has been updated to reflect £7.5m of assets previously disclosed within unquoted investment funds to unquoted derivatives to be consistent with current year classification.

A related, offsetting deferred tax asset for the Group of £15.7m (2021: £19.8m) is included within non-current assets. Therefore, the pension scheme deficit net of deferred tax for the Group was £47.4m at 31 December 2022 (2021: £59.6m).

19. Reconciliation of statutory results to adjusted results

In reporting financial information, the Group presents alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The Group makes certain adjustments to the statutory profit measures to exclude the effects of exceptional items and adjust for other material amounts that it believes are distortive to the underlying trading performance of the Group. By presenting these alternative performance measures, the Group believes it is providing additional insight into the performance of the business that may be useful to stakeholders.

Below sets out a reconciliation of the statutory results to the adjusted results:

	2022			2021		
	Operating profit	**Profit before tax**	**Basic earnings per share**	**Operating profit**	**Profit before tax**	**Basic earnings per share**
	£m	**£m**	**Pence**	**£m**	**£m**	**Pence**
Statutory result	**25.3**	**22.2**	**38.3p**	**21.6**	**20.1**	**42.7p**
Exceptional items (note 6)	0.5	0.5	1.0p	1.7	0.8	1.1p
Result for the year before exceptional items	**25.8**	**22.7**	**39.3p**	**23.3**	**20.9**	**43.8p**
IAS19 net finance costs	-	1.4	3.0p	-	0.8	1.8p
High-End Television tax credit	-	-	-	1.9	1.9	-
Adjusted result	**25.8**	**24.1**	**42.3p**	**25.2**	**23.6**	**45.6p**

IAS19 related items, principally the net finance cost included in the consolidated income statement, are excluded from non-statutory measures as they are non-cash items that relate to legacy defined benefit pension schemes.

The Group meets the eligibility criteria to claim HETV tax relief through the production of certain dramas created in its Studios division. This incentive was introduced in the UK to support the creative industries and is a critical factor when assessing the viability of investment decisions in the production of high-end drama programmes. These production tax credits are reported within the total tax charge in the Consolidated Income Statement in accordance with IAS 12. However, STV considers the HETV tax credits to be a contribution to production costs and therefore more aligned to working capital in nature. Therefore, the adjusted results for the Group reflect these credits as a contribution to operating cost and not a tax item. There were no HETV tax credits claimed in the current year.