UTV LIMITED

Report and Accounts

31 December 2011

COMPANIES HOUSE
28 SEP 2012
BELFAST

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JNI 28/09/2012 #49
COMPANIES HOUSE

Registered No. NI 004230

DIRECTORS
J McCann
J Downey (resigned 31 December 2011)
S Taunton
N McKeown
M Wilson

SECRETARY
N McKeown

AUDITORS
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

BANKERS
First Trust Bank
35 University Road
Belfast
BT7 1ND

SOLICITORS
G L Maclaine & Co
13 Lombard Street
Belfast
BT1 1RH

REGISTERED OFFICE
Ormeau Road
Belfast
BT7 1EB

Registered No. NI 004230

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2011.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £11,932,000 (2010: £10,726,000).

The directors paid a dividend of £nil during the year (2010: £34,525,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of UTV Limited ("UTV" or "the Company") is the provision of the regional Channel 3 television service for Northern Ireland.

The Company's key financial and other performance indicators during the year were as follows:

	2011	*2010*	*Change*
	£000	*£000*	*%*
Turnover	38,195	37,650	1.4
Operating profit before exceptional items	8,090	7,449	8.6
Profit after taxation	11,932	10,726	11.2
Current assets as % of current liabilities ('quick ratio')	192.1%	217.0%	(11.5)
Average number of employees	192	194	(1.0)

Total revenue increased by 1.4% to £38,195,000 (2010: £37,650,000), and operating profit increased by 8.6% to £8,090,000 (2010: £7,449,000). This was supported by a reduction in operating costs, due in part to reduced network programming costs associated with the previous year's World Cup. There was a healthy uplift in Online advertising revenue across the year, which increased to £839,000 (2010: £359,000). The UK television advertising market increased by 0.6% in 2011 with advertising revenues across both ITV and UTV declining by 1%. In Belfast, advertising revenue for UTV increased by 4% but was offset by a reduction out of the London and Dublin offices.

UTV remained the most popular television channel in Northern Ireland, increasing its share of peak-time viewership by 4%, with 30% more viewership than ITV1 with an audience share of 26.6%; 49% more viewership than BBC1 Northern Ireland; and more than 4 times the viewership of Channel 4, our nearest commercial competitor.

News and current affairs programming continued to deliver strong audience results, with UTV Live once again confirmed as the most watched news programme in Northern Ireland, achieving an average rating of 34.5% across the year. UTV Live Tonight has also performed well since its launch in 2009, and provided a first-class platform for current affairs programming in 2011, achieving a 16% audience share.

UTV was delighted to be the official Northern Ireland media partner for the 2011 MTV European Music Awards in Belfast, which was the biggest music event to take place in the city. We supported this spectacular event with a series of special on-air and online programmes and promotions, culminating in a special half-hour programme, 'The Day the Music Came to Town – 2011 MTV EMAs' the night after the event.

The Company's website, u.tv, experienced significant growth in 2011 with a 57% increase in visits during the year, while the number of unique users increased by almost 50%. The year saw unprecedented use of social media which allowed our journalists to engage directly with the audience through live 'tweeting' and discussions held online during and after certain programmes. 2011 also saw record traffic from mobile devices, complemented by the launch of dedicated UTV news Apps on multiple mobile platforms. Since the introduction of the UTV Player to our website, traffic has increased substantially, with one in four visitors now viewing programming online. As UTV online access and interactivity increases, we will continue to invest in digital content and explore opportunities to better serve advertising clients who require full integration across multiple platforms.

Registered No. NI 004230

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The current directors of the Company are those listed on page 1.

RISKS AND UNCERTAINTIES

The risk factors that are considered to be most significant to the Company's operations, and where applicable an explanation of how these are managed or mitigated, are outlined below. The risks described do not necessarily comprise all those associated with the Company and are not set out in any particular order of priority. Additional risks and uncertainties that are currently not known by the directors, or that are currently deemed immaterial, may also have an adverse effect on the Company.

Operational

Any material amendment, suspension or revocation of the broadcasting licence could cause disruption to operations of the Company. As the Company requires a broadcasting licence to carry out its business, any material change to this could cause disruption to services and to the business of the Company, thus resulting in a loss of revenue. The regulations are continually under review and variations to the license may be applied. Communications with Ofcom are given high priority, and the Company has controls and checks in place to ensure all requirements of the licence are being met.

The introduction of digital television in 2012 to Northern Ireland will increase the level of competition for television advertising revenue. The aim of the Company is to ensure that we maintain our market leading position towards and after this date by investing in people, programming and new technologies.

Interest and exchange rate movements could impact the Company's profitability and net assets. The Company hedges its interest rate risk by utilising appropriate hedging instruments and hedges the asset position in our balance sheet by allocating and matching the asset profile with debt funding of the operations in the local currency of that operation.

The loss of key personnel could have a short to medium impact on the business. In order to mitigate this risk the Company offers competitive remuneration packages.

Commercial

Revenue streams from advertising, sponsorship and promotions could be affected by a number of factors such as: macro economic conditions, viewer/listener numbers and demographics, quality of content and competition from other television channels. The Company endeavours to maintain its excellent customer relations throughout the difficult trading conditions. It responds to the economic and trading conditions by making strategic pricing, service and marketing decisions which accommodate the customer and designing innovative advertising packages that are attractive to the customer in delivering enhanced value whilst protecting the revenue earning of the business. The Company continually seeks opportunities for its advertising customers outwith traditional advertising formats and there is an active programme for identifying potential new revenue streams.

If ITV1's network programming content quality and share of audience figures were to decline, this could have a material impact on the Company's business given that it is significantly reliant on the network programming content of the ITV1 network for the majority of its programming content. The programme supply contracts with ITV1 network are monitored by Ofcom, and these are reviewed by UTV and updated on a regular basis. In addition, the management of UTV has ongoing communication with ITV and attend council meetings of the ITV1 network which provides regular updates on programme and schedule developments.

DIRECTORS' REPORT

RISKS AND UNCERTAINTIES (Continued)

Strategic

Increasing competition in the television market could impact the Company's revenue streams. In order to maintain its competitive position the Company continues to develop and enhance its product offerings.

The Company's ability to develop its operations and thus the future growth of the Company are restricted due to the television market being highly regulated. Regulations include rules in relation to ownership and control, licencing and programming content. The Company continues to work proactively with the various regulatory bodies on various consultative processes to improve the commercial framework within which it operates.

Financial instruments

Financial instrument risks - The Company's exposure to financial instrument risks, including cash flow interest rate risk, liquidity risk and credit risk and financial management policies are detailed in note 21 to the accounts.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out above. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, intercompany funding and operating leases. Funding is reviewed in line with operational cash flow requirements. The Company's liquidity risk is managed as part of the UTV Media plc Group's treasury function.

The directors have reviewed the 2012 budgets and subsequent forecasts in light of current economic conditions, and having assessed the responses of the directors of UTV Media plc to their enquiries, believe that the bank facilities in place are more than adequate for the future needs of the Group and hence the Company, and that the Group and the Company are well placed to manage their business risks successfully during the incoming period of economic recovery.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of UTV Media plc, the Company's directors have a reasonable expectation that adequate resources are available to enable the Company to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FUTURE DEVELOPMENTS

A new Network Affiliate Agreement was agreed with ITV plc on 5 March 2012. This new agreement will replace the existing network arrangements which no longer provide the appropriate structures to govern the broadcasting, new media, technological, and regulatory realities of the modern Channel 3 network. The Network Affiliate Agreement provides for an agreed fixed fee for the purchase by the Company of multi-platform programme rights to the network schedule.

Total television revenue for the Company was down by 2% in the first half of 2012. Net advertising revenue for the Company was down by 3% in the first half of 2012, an underperformance of the ITV1 network, which was flat. Within this, our television advertising revenue from London was on a par with the ITV1 network while revenue from Ireland was down by 8%.

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Registered No. NI 004230

DIRECTORS' REPORT

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made charitable donations of £5,225 (2010: £8,500). No donations were made for political purposes during the year (2010: £nil).

TREASURY SHARES

The UTV Employee Benefit Trust, which is a discretionary trust for the benefit of employees of UTV Media plc purchased a further 200,000 ordinary shares in UTV Media plc on 8 July 2011 in the market at a price of 131.22p per share, the funds being provided for these acquisitions by the Group. At 31 December 2011 the UTV Employee Benefit Trust, held 699,999 (2010: 499,999) ordinary shares in UTV Media plc. These shares are held to contribute towards the anticipated entitlement of senior executives, the majority of who are employed by UTV Limited, to the vesting of awards in the long term incentive plans.

SUPPLIERS

The Company's normal payment policy is to pay invoices at the end of the month following the month in which the invoices are issued. At 31 December 2011 the Company had an average of 64 days (2010: 58 days) purchases outstanding in trade creditors.

DIRECTORS STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Ernst & Young LLP has expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the board



N McKeown
Secretary
26 September 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping 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. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTV LIMITED

We have audited the financial statements of UTV Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Galbraith (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
Belfast

28 September 2012

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
TURNOVER	2	38,195	37,650
Operating expenses		(30,105)	(30,201)
OPERATING PROFIT	3	8,090	7,449
Forgiveness of debt due to/(from) group undertakings		81	(507)
Interest receivable	5	8,690	9,605
Interest payable and similar charges	6	(2,568)	(3,517)
Other finance income	7	621	235
Exchange loss		(1)	(5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,913	13,260
Tax charge on profit on ordinary activities	8	(2, 981)	(2,534)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,932	10,726

All amounts relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Profit for the financial year		11,932	10,726
Actuarial (loss)/gain recognised on defined benefit pension schemes	20	(3,281)	3,043
Tax on items taken directly to reserves or transferred from equity	8	812	(814)
Exchange difference on translation of foreign borrowings		-	(2,660)
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		9,463	10,295

BALANCE SHEET
as at 31 December 2011

	Notes	2011 £000	2010 £000
FIXED ASSETS			
Tangible fixed assets	11	6,262	5,684
Intangible fixed assets	12	18	75
		6,280	5,759
CURRENT ASSETS			
Stocks	13	526	476
Debtors - due within one year	14	10,200	17,020
Debtors - due after more than one year	14	127,139	111,657
Deferred tax asset		243	170
Cash at bank and in hand		3,145	7,720
		141,253	137,043
CREDITORS: amounts falling due within one year	15	(73,529)	(63,141)
NET CURRENT ASSETS		67,724	73,902
TOTAL ASSETS LESS CURRENT LIABILITIES		74,004	79,661
CREDITORS: amounts falling due after more than one year	16	(35,446)	(52,337)
		38,558	27,324
PROVISIONS FOR LIABILITIES	18	(230)	(262)
NET ASSETS EXCLUDING PENSION LIABILITY		38,328	27,062
Pension liability	20	(6,427)	(4,964)
NET ASSETS		31,901	22,098
CAPITAL AND RESERVES			
Called up share capital	23	1	2,740
Share premium account	24	-	5,609
Treasury shares	24	(1,523)	(1,258)
Profit and loss account	24	33,423	15,007
		31,901	22,098

The financial statements of UTV Limited were approved and authorised for issue by the Board of Directors on 26 September 2012 and were signed on its behalf by:

N McKeown
Director

J McCann
Director

NOTES TO THE ACCOUNTS
at 31 December 2011

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting and financial reporting standards.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction are recognised as an expense when incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

- Freehold land and buildings - nil
- Equipment and vehicles - 3 to 5 years depending on type

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets
Intangible assets acquired separately are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Programmes and sundry stocks
Programmes completed but not transmitted and programmes in the course of production are valued at cost, being directly attributable materials, labour and overheads. Programmes are written off on first transmission. Sundry stocks are valued at the lower of purchase cost and net realisable value. Net realisable value is the estimated selling price less applicable selling expenses.

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Provisions
A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1. ACCOUNTING POLICIES (Continued)

Pensions and other post retirement benefits

The Company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected units method, which attributes entitlement to benefits to the current period and prior periods and is based on actuarial advice. Past service costs are recognised in profit and loss on a straight line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committee to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the profit and loss in the period in which they become payable.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Treasury shares

UTV Media plc shares held by the Company are classified in shareholders' equity as 'treasury shares' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity with any difference between the proceeds from sale and the original cost being taken to the profit and loss reserve. No gain or loss is recognised on the purchase, sale, issue or cancellation of equity shares.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Key classes of revenue are recognised on the following basis:

- Advertising and sponsorship - on transmission
- Provision of other services - on delivery
- Interest - as interest accrues using the effective interest method

1. **ACCOUNTING POLICIES** (Continued)

Current taxation
The tax charge represents the sum of tax currently payable and is charged or credited in the profit and loss account. Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Share based payments
The Company has a long term incentive share scheme under which it makes equity-settled share-based payments to eligible employees. The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is estimated using appropriate models for the particular awards under consideration.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

As allowed under its transitional provisions, FRS 20 Share-based Payment has been applied only to equity-settled awards granted after 7 November 2002.

Cash flow statement
Given that the Company is a subsidiary undertaking where at least 90% of the voting rights are controlled within the group and that group accounts which include the subsidiary are publicly available the Company is exempt from preparing a cash flow statement.

1. ACCOUNTING POLICIES (Continued)

Derivative instruments
The Company uses interest rate swaps to adjust interest rate exposures. The Company considers its derivative instruments qualify for hedge accounting when certain criteria are met:

The Company's criteria for interest rate swaps are:

- The instrument must be related to an asset or a liability; and
- It must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the Company's balance sheet at the year end. If they are terminated early, the gain/loss is spread over the remaining maturity of the original instrument.

Classification of shares as debt or equity
An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or others assets for a fixed number of the Company's own equity instruments.

When shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is a not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instrument is first recognised.

2. TURNOVER

Turnover represents amounts derived from the provision of services in the period which fall within the Company's ordinary activities, stated net of value added tax.

An analysis of turnover and segmental information has not been given since, in the opinion of the directors, this would be seriously prejudicial to the interests of the Company.

3. OPERATING PROFIT

	2011	*2010*
	£000	*£000*
Operating profit after exceptional items is stated after charging:		
Depreciation of tangible fixed assets	605	560
Amortisation of intangible fixed assets	57	55
Operating lease rental	83	95
Profit on disposal of fixed assets	1	3
Auditors' remuneration	18	19

4. AUDITOR'S REMUNERATION

The Company has recognised the following in respect of amounts paid or payable to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2011 *£000*	*2010* *£000*
Audit of financial statements	18	19
Other fees		
Audit of the pension scheme	5	4
Other services relating to taxation	23	42
All other services	50	64
	78	110

The Group Audit Committee approves all work undertaken by professional advisers, and resolved that the skills and experience of Ernst & Young LLP made it a suitable choice for the provision of these non-audit services and were satisfied that appropriate safeguards are in place to ensure that there is no threat to objectivity and independence in the conduct of the audit.

5. INTEREST RECEIVABLE

	2011 *£000*	*2010* *£000*
Bank interest	106	54
Inter-group interest	8,584	9,551
	8,690	9,605

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 *£000*	*2010* *£000*
Bank loans and overdrafts	1,942	2,154
Swap interest	517	1,254
Deferred financing costs	109	109
	2,568	3,517

7. OTHER FINANCE CHARGES

	2011 *£000*	*2010* *£000*
Expected return on pension scheme assets (see note 21)	4,773	4,302
Interest of pension scheme liabilities (see note 21)	(4,152)	(4,067)
Total other finance income	621	235

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2011 £000	*2010* £000
Current tax:		
UK corporation tax at 26.5% (2010: 28%)	265	(243)
Current year group relief payable	2,265	2,418
Adjustment in respect of previous periods	50	(124)
Total current tax charge	2,580	2,051
Deferred tax:		
Origination and reversal of timing differences	(66)	36
Restatement due to change in future corporation tax rate	113	98
Pension payments in excess of charges	378	311
Adjustment in respect of previous periods	(24)	38
Total deferred tax	401	483
Tax on profit on ordinary activities	2,981	2,534

(b) Tax included in statement of total recognised gains and losses

The tax (credit)/charge is made up as follows:

	2011 £000	*2010* £000
Deferred tax:		
Actuarial (loss)/gain on pension scheme	(820)	821
Share based payments	8	(7)
Total tax (credit)/charge	(812)	814

(c) *Factors affecting the current tax charge:*

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are reconciled below:

	2011 £000	*2010* £000
Profit on ordinary activities before tax	14,913	13,260
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 26.5% (2010: 28%)	3,952	3,713
Effects of:		
Expenses not deducted for tax purposes and non-taxable income	(57)	(120)
Forgiveness of intercompany debt	(21)	142
Short term timing differences	16	(77)
Accelerated capital allowances	(18)	(18)
Pension payments in excess of charges	(401)	(323)
Group relief for which no payment is made	(941)	(1,142)
Adjustment in respect of previous periods	50	(124)
Total current tax	2,580	2,051

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(d) Deferred tax

The deferred tax included in the balance sheet (including the deferred tax on defined benefit pension liability) is as follows:

	2011	*2010*
	£000	*£000*
Deferred tax asset	243	170
Included in provisions for liabilities (see note 18)	(230)	(262)
Included in pensions and other post retirement benefits (see note 20)	2,142	1,836
	2,155	1,744
Accelerated capital allowances	(230)	(262)
Other timing differences	243	170
Pension costs	2,142	1,836
Net deferred tax asset	2,155	1,744

	£000
At 1 January 2011	1,744
Deferred tax charged in Company profit and loss account	(401)
Amount credited to statement of total recognised gains and losses	812
At 31 December 2011	2,155

(e) Future corporation tax rate changes

In the emergency budget in June 2010 and in the 2011 and 2012 budgets, changes in future corporation tax rates in the UK have been proposed. As at 31 December 2011 only the revision to 25% from April 2012 has been approved. As the further proposed changes in the UK corporation tax rate have not yet been substantively enacted, deferred tax has been calculated at 25% at 31 December 2011. If the proposed corporation tax rate changes to 24% by April 2012 and of 1% per annum thereafter were to be fully approved and the tax rate reduced to 22% by 2014, the relevant deferred tax assets and liabilities would be restated accordingly resulting in a net exceptional credit of approximately £259,000.

(f) Factors that may affect future tax charges

Group policy is that this company does not pay for tax losses surrendered from non trading group companies. The tax rate in future years will continue to be reduced to the extent that tax losses are available for which no payment is required.

9. DIRECTORS' EMOLUMENTS

	2011	*2010*
	£000	*£000*
Aggregate emoluments in respect of qualifying services	1,231	1,625
Aggregate amounts receivable under long term incentive plans	-	-

	2011	*2010*
	No.	*No.*
Number of directors who received shares in respect of qualifying services	-	-
Number of directors who exercised share options	-	-
Number of directors accruing benefits under defined benefit schemes	1	1

In respect of the highest paid director:	*2010*	*2010*
	£000	*£000*
Aggregate emoluments	553	775
Accrued pension at the end of the year	1,407	1,121

10. STAFF COSTS

	2011	*2010*
	£000	*£000*
Wages and salaries	7,663	8,044
Social security costs	760	716
Other pension costs	340	778
	8,763	9,538

Included in wages and salaries is a charge relating to share based payments of £605,000 (2010: credit of £418,000).

The average monthly number of employees during the year was as follows:

	2011	*2010*
	No.	*No.*
Administration	61	57
Programme	58	57
Operations	73	80
	192	194

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings	*Equipment and vehicles*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2011	7,019	13,214	20,233
Additions	28	1,155	1,183
Disposals	-	(2,690)	(2,690)
At 31 December 2011	7,047	11,679	18,726
Depreciation:			
At 1 January 2011	2,496	12,053	14,549
Provided during the year	-	605	605
Disposals	-	(2,690)	(2,690)
At 31 December 2011	2,496	9,968	12,464
Net book value:			
At 31 December 2011	4,551	1,711	6,262
At 1 January 2011	4,523	1,161	5,684

12. INTANGIBLE FIXED ASSETS

	Website costs
	£000
Cost:	
At 1 January 2011	147
Additions	-
At 31 December 2011	147
Depreciation:	
At 1 January 2011	72
Provided during the year	57
At 31 December 2011	129
Net book value:	
At 31 December 2011	18
At 1 January 2011	75

NOTES TO THE ACCOUNTS
at 31 December 2011

13. STOCKS

	2011 £000	*2010* £000
Own productions	524	463
Sundry stocks	2	13
	526	476

14. DEBTORS

	2011 *£000*	*2010* *£000*
Trade debtors	5,729	4,986
Prepayments and accrued income	1,728	4,768
Other debtors	189	3,018
Amounts owed by group companies	129,693	115,905
	137,339	128,677

The debtors balance includes £127,139,000 2010: £111,657,000) relating to amounts owed by group companies due after more than one year.

15. CREDITORS: amounts falling due within one year

	2011 *£000*	*2010* *£000*
Trade creditors	10,759	12,876
Other taxes and social security costs	1,200	235
Accruals	3,011	3,766
Amounts owed to group companies	52,151	39,749
Other creditors	191	292
Financial liabilities		
- Bank loans	5,000	5,000
- Deferred financing	(109)	(109)
Corporation tax	1,326	1,332
	73,529	63,141

16. CREDITORS: amounts falling due after more than one year

	2011 *£000*	*2010* *£000*
Financial liabilities		
- Bank loans	35,500	52,500
- Deferred financing	(54)	(163)
	35,446	52,337

17. LOANS

Loans repayable, included within creditors, are analysed as follows:

	2011	*2010*
	£000	*£000*
Wholly repayable within 5 years	40,500	57,500
Not wholly repayable within 5 years	-	-
	40,500	57,500

In November 2010 the Group signed an Amendment Agreement in respect of its senior facilities which were financed in July 2008. These amendments were agreed with an increased margin to facilitate additional headroom in the Net Debt to EBITDA ratio covenant while at the same time reducing the revolving credit committed facility "B" by £5m. The effective date of these amendments was 31 March 2010.

The loan facilities consist of a £55m 5 year amortising term loan facility "A" and a £40m revolving credit loan facility "B".

The £55m 5 year amortising term loan facility "A" (current balance of £37.5m) is repayable by ten instalments of £2.5m in June and December each year to 30 June 2013 with the first instalment having been made on 31 December 2008. A final payment or refinancing of £30.0m will be made on 25 July 2013.

The £40m revolving credit loan facility "B" is reduced to £35m and is available to the Company for the period to 25 July 2013 when any amounts drawn will be repaid or refinanced. A commitment fee of 45% of the applicable margin will be payable quarterly on any undrawn portion.

The sterling fixed interest rate swap contracted in 2005 matured in June 2010. To replace this, new contracts were put in place with Bank of Ireland and Barclays Bank. These new fixed interest rate swap contracts mitigate circa 60% of exposure in respect of the interest costs of the Company's borrowing facilities from 30 June 2010 to 30 June 2013.

The remainder of the loan has an interest rate charge of 3 month LIBOR plus the applicable margin.

The applicable margins contracted on the financial liabilities in the current financial year range from 2.00% to 2.85% depending on the Net Debt to EBITDA ratio. The applicable margins paid in the current financial year are detailed below:

Applicable margin Senior Facilities	**From**	**To**
2.45%	1 January 2011	29 June 2011
2.25%	30 June 2011	31 December 2011

There is a bank overdraft facility with a £2m limit. The senior debt facilities and overdraft are secured by a first floating charge over the Company's assets.

18. PROVISIONS FOR LIABILITIES

Deferred tax

The deferred tax included in the balance sheet of the Company is as follows:

	£000
At 1 January 2011	262
Released during the year	(32)
At 31 December 2011	230

19. SHARE BASED PAYMENTS

Long term incentive plan

The parent company currently has a long term incentive plan for certain UTV senior executives. During 2008, 2009, 2010 and 2011 executives were granted awards, with an exercise price of zero, of up to 100% of basic salary which are payable in shares at the end of three years to the extent that performance criteria are met.

Granted awards under the Company's long term incentive plan that were outstanding at the end of the year had the following market prices at the date of award:

End of qualifying period	*Market price on grant date*	*2011 No.*	*2010 No.*
31 December 2010	234.81p	-	552,837
31 December 2011	58.25p	2,609,080	2,609,080
31 December 2012	117.75p	1,217,955,	1,217,955
31 December 2013	135.10p	955,613	-

The awards granted in 2008 with an end qualifying date of 31 December 2010 expired during the financial year. No awards were exercised during the financial year.

The awards and related market prices for the awards granted in 2008 have been restated to reflect the 2 for 3 rights issue of ordinary shares in July 2008.

Awards granted in 2009, 2010 and 2011

These awards have two performance conditions applied:

- For the 2009 award 25%, for the 2010 award 50% and for the 2011 award 65% is based on growth in diluted, adjusted earnings per share (EPS) per annum over the three financial year period commencing with the financial year in which the awards were granted; and
- For the 2009 award 75%, for the 2010 award 50% and for the 2011 award 35% is based on the ranking of the parent company's total shareholder return (TSR) against a comparator group comprising the companies of the FTSE All Share Media sector over the three financial year period commencing with the financial year in which the awards were granted.

19. SHARE BASED PAYMENTS (CONTINUED)

***Long term incentive plan** (continued)*

EPS performance condition

For the EPS portion of the award, no award will vest unless the annual EPS growth of the consolidated UTV Media plc group over the three financial years commencing with the financial year in which the award is granted exceeds 1% per annum for the 2009 award and the 2010 award and exceeds average RPI by at least 3% per annum for the 2011 award. If this level of growth is achieved, 25% of the award will vest. Additional vesting will be achieved on a straight line basis for further growth above this up to the maximum 100% for EPS growth in excess of 3% per annum for the 2009 award and the 2010 award and in excess of average RPI by at least 6% for the 2011 award. In determining the fair value of the awards, the fair value of the EPS portion of the awards is equal to the share price at the time of grant multiplied by the number of shares under award and the percentage vesting based on EPS performance spread over the period of vesting. It is assumed that all recipients of awards will fulfil their service conditions. Based on current market forecasts, it is not expected that the 2009 or 2011 EPS performance criteria will be achieved to satisfy the vesting of these awards and therefore no charge has been made to the accounts in respect of these awards (2010: £nil). However, it is expected that the 2010 EPS performance criteria will be achieved in full and therefore a charge of £274,000 (2010: £202,000) has been made to the accounts.

TSR performance conditions

The amount of the award that vests to each senior executive increases in accordance with the level of performance achieved. Under the TSR portion of the award, no award will vest unless the Company's TSR compared to the TSR of the members of the comparator group is ranked at the median over the three financial year period commencing with the financial year in which the awards were granted. If this level is achieved then 25% of the award will vest. Additional vesting will be achieved on a pro rata basis if the ranking is between the median and upper quartile up to a maximum of 100% if the ranking is in the upper quartile. For the TSR portion of the awards the fair value of the awards has been derived using the Monte-Carlo simulation model, taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used for the awards granted and the derived fair value of each share awarded.

	2011	*2010*
Dividend Yield (%)	0	0
Expected share price volatility (%)	57.8	32.1
Risk-free interest rate (%)	1.35	1.82
Expected life of options (years)	3	3
Share price (p)	135.10	117.75
Fair value derived (p)	94.71	70.10

The expected share price volatilities are estimated as the average of all the 3 year historical share price volatilities in the five years preceding grant date.

On vesting of the awards the participants are entitled to cash or shares equal in value to the dividends that would have been paid on those shares between the date of grant and the date of vesting. The fair value of the awards has been calculated on the assumption that the dividend right is settled in shares.

No other feature of awards granted was incorporated into the measurement of the fair value.

The valuation of these awards has resulted in a charge to the accounts of £331,000 (2010: £216,000). Based on the interim performance monitoring at 31 December 2011 it is not expected that the TSR performance criteria for both awards will be achieved to satisfy the vesting of these awards. All awards may be exercisable in the six month period from the date of vesting.

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS

The Company has a defined benefit pension scheme designed to provide retirement benefits to some of its employees. The assets of the scheme are held in the Ulster Television Pension and Assurance Scheme ("the UTV Scheme"), a separate trustee administered fund. With effect from the 31 December 2009 the Radio Partnership Plan was merged into the UTV Scheme.

The pension cost relating to the defined benefit section of the UTV scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The last actuarial valuation of the scheme was at 30 June 2011. The assumptions that have the most significant effect on the valuation of the defined benefit section are those relating to the rate of return on investments, rate of increase in dividends and the rates of increase in salaries and pensions.

At the date of the last actuarial valuation, at 30 June 2011, the market value of the scheme assets was £75,039,000. The actuarial value of the assets was sufficient to cover 93 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assets and liabilities of the scheme at 31 December are:

	Long-term rate of return expected at 31 December 2011 %	*Value at 31 December 2011 £000*	*Long-term rate of return expected at 31 December 2010 %*	*Value at 31 December 2010 £000*
Equities	6.30	49,060	7.35	54,931
Bonds	3.84	21,047	4.80	15,662
Cash	0.50	402	0.50	213
Fair value of scheme assets		70,509		70,806
Present value of scheme liabilities		(79,078)		(77,606)
Defined benefit pension scheme deficit		(8,569)		(6,800)
Related deferred tax asset		2,142		1,836
Net liability in the balance sheet		(6,427)		(4,964)

The amounts recognised in the Company's profit and loss account and in the Company's Statement of Total recognised Gains and Losses for the year are analysed as follows:

Recognised in the Profit and Loss account

	2011 £000	*2010 £000*
Current service cost	(921)	(897)
Expected return on scheme assets	4,773	4,302
Interest on obligation	(4,152)	(4,067)
Total recognised in the Profit and Loss account	(300)	(662)

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS (CONTINUED)

Recognised in the Statement of Total Recognised Gains and Losses

	2011	*2010*
	£000	*£000*
Actual Return in scheme assets	454	9,944
Less: expected return on scheme assets	(4,773)	(4,302)
	(4,319)	5,642
Other actuarial losses	1,038	(2,599)
Actuarial (loss)/gain recognised in Statement of Total Recognised Gains and Losses	(3,281)	3,043

Pension costs are assessed in accordance with the advice of a professionally qualified actuary and are accounted for on the basis of charging the cost of providing pensions over the period during which the Company derives benefit from the employees' services.

Scheme assets are stated at their market value at the respective balance sheet dates. To develop the expected long term rate of return on assets, the company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long term rate of return on asset assumptions for the portfolio.

	31 December 2011	*31December 2010*
Assumptions:		
Rate of salary increases	3.45%	3.85%
Rate of increase in pension in payment	2.95%	3.35%
Expected rates of return on scheme assets	5.53%	6.77%
Discount rate	4.80%	5.40%
Inflation assumption	2.95%	3.35%
Assumed life expectancy for a 65 year old:		
Male pensioner	21.2	21.0
Female pensioner	24.0	24.1
Male non-pensioner	23.6	23.2
Female non-pensioner	26.4	26.5

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS (CONTINUED)

Changes in the present value of the defined benefit obligations are analysed as follows:

	£000
At 1 January 2010	(72,391)
Service cost	(897)
Members contributions	(272)
Benefits paid	2,620
Interest cost on scheme liabilities	(4,067)
Actuarial gains and losses	(2,599)
At 31 December 2010	(77,606)
Service cost	(921)
Members contributions	(257)
Benefits paid	2,820
Interest cost on scheme liabilities	(4,152)
Actuarial gains and losses	1,038
At 31 December 2011	(79,078)

Changes in the fair value of the schemes assets are analysed as follows:

	£000
At 1 January 2010	61,392
Expected return on scheme assets	4,302
Employer contribution	1,818
Members contribution	272
Benefits paid	(2,620)
Actuarial gains and losses	5,642
At 31 December 2010	70,806
Expected return on scheme assets	4,773
Employer contribution	1,812
Members contribution	257
Benefits paid	(2,820)
Actuarial gains and losses	(4,319)
At 31 December 2011	70,509

History of experience gains and losses

	2011	*2010*	*2009*	*2008*	*2007*
	£000	*£000*	*£000*	*£000*	*£000*
Fair value of scheme assets	70,509	70,806	61,392	50,758	63,759
Present value of defined benefit obligation	(79,078)	(77,606)	(72,391)	(59,081)	(65,228)
Deficit in the scheme	(8,569)	(6,800)	(10,999)	(8,323)	(1,469)
Experience adjustments arising on plan liabilities	4,071	466	(555)	1,356	(511)
Experience adjustments arising on plan assets	(4,319)	5,642	7,568	(17,343)	(78)

20. PENSIONS AND OTHER POST RETIREMENT BENEFITS (CONTINUED)

The defined benefit obligation comprises £7,162,000 (2010: £5,679,000) from plans that are wholly or partly funded and £1,407,000 (2010: £1,121,000) arising from unfunded plans.

The cumulative amount of actuarial gains and losses recognised since 1 January 2002 in the Statement of Total Recognised Gains and Losses is £19,449,000, (2010: £16,168,000 loss).

The estimated normal Company contributions for the next financial period are £649,000 (2010: £561,000). In 2011 the Company made additional funding towards the actuarial deficit on the UTV scheme amounting to £1,181,000 (2010: £1,181,000). The Company has also agreed to fund a further £1,181,000 each year to 2014 in addition to normal contributions. This revised schedule of payments was agreed as part of the merger of the Radio Partnership Plan into the UTV scheme.

In addition in 2009 the Company transferred certain properties to the scheme and entered into a five year lease of those properties at an annual rent of £92,000 per annum. The Company and the trustees of the UTV scheme have also entered into an agreement which provides both parties with an option to effect a transfer of the properties from UTV scheme to the Company at the end of the lease term for consideration of £1,450,000. For accounting purposes these transactions are treated as part of the schedule of contributions and hence are accounted for on cash basis, with no de-recognition of the properties or recognition of any future liabilities in the Company's financial statements.

The Company also operates a defined contribution pension scheme in Northern Ireland. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. Contributions in the year amounted to £94,000 (2010: £78,000).

The Company also makes contributions to the personal pension plans of certain employees.

The most significant factor in deriving the pension liability is the discount rate. In applying sensitivity to this factor of plus or minus 0.5% (2010: 0.5%) the impact on the scheme liabilities could be a decrease of 7.8% (2010: 6.9%) or an increase of 8.5% (2010: 7.7%). However movements in this sensitivity could result in other offsetting factors such as salary inflation.

21. DERIVATIVES

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Other financial assets of the Company comprise cash and cash equivalents which are therefore subject to minimal credit risk. Since the Company trades only with recognised third parties there is no requirement for collateral.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. The Company's policy is reviewed in line with operational cash flow requirements and investment strategy. Repayment terms and conditions are approved by the Board in advance of acceptance of any facility.

21. DERIVATIVES (CONTINUED)

Cash flow interest rate risk

Cash flow risk is the risk of exposure to variability in cash flow that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's medium term debt obligations with a floating interest rate. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts, with between 40% and 60% of its total borrowing facilities at fixed rates of interest. To manage this mix in a cost efficient manner, the Board has authorised interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. Details of the swaps are included at the bottom of this note.

A new sterling 3 year fixed interest rate swap was contracted on the 30 April 2010 for 60% of the projected outstanding sterling borrowings with a forward start date of 30 June 2010 until maturity of the facilities in June 2013 at a rate of 2.37% plus the applicable margin.

Interest rate swaps

The Company purchases interest rate swaps to manage interest rate risk volatility. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values were as follows:

	2011	*2010*
	£000	*£000*
Interest rate swaps	(601)	(735)

22. DIVIDENDS

	2011	*2010*
	£000	*£000*
Equity dividends on ordinary shares		
Declared and paid during the year		
Final dividend for 2011: £nil (2010: £0.63)	-	34,525

23. ALLOTTED AND ISSUED SHARE CAPITAL

	2011	*2010*	*2011*	*2010*
	No.	*No.*		
	thousands	*thousands*	*£000*	*£000*
Allotted, called up and fully paid				
Ordinary shares of 5p each	21	54,801	1	2,740

On 21 January 2011 the allotted share capital of the company was reduced as part of a restructure of the capital of the Company as outlined in more detail in note 24.

24. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Premium £000	*Called up share capital £000*	*Treasury shares £000*	*Profit and loss account £000*	*Total £000*
Balance at 1 January 2011	5,609	2,740	(1,258)	15,007	22,098
Total recognised gains and losses	-	-	(265)	9,463	9,198
Share based payment	-	-	-	605	605
Capital restructuring	(5,609)	(2,739)	-	8,348	-
Balance at 31 December 2011	-	1	(1,523)	33,423	31,901

On 21 January 2011, pursuant to Chapter 2 of the Companies Act 2006, the directors passed a resolution to restructure the capital of Company by:

(i) Reducing the amount standing to the credit of the share premium account of the Company immediately prior to the passing of this resolution by the sum of £5,609,000 to zero.

(ii) Reducing the paid up share capital of the company from £2,740,000 to £1,000 cancelling 54,780,000 of the ordinary shares which are in issue and which are fully paid up

25. OFF BALANCE SHEET ARRANGEMENTS AND OBLIGATIONS UNDER LEASES

The company enters into operating lease arrangements for the hire of motor vehicles as these arrangements are a cost efficient way of obtaining the short term benefits of these assets. The lease rental charge in respect of these arrangements is disclosed in note 3. The company's annual commitments under these arrangements are disclosed below. There are no other material off balance sheet arrangements.

Annual commitments under non-cancellable operating leases are as follows:

	2011 £000	*2010 £000*
Operating leases which expire		
Within 1 year	23	10
Within 2 – 5 years	15	65
After five years	-	-
	38	75

26. RELATED PARTY TRANSACTIONS

The Company, as a 100% subsidiary, has taken advantage of the exemption under FRS8 Related Party Disclosures not to disclose transactions with other group companies and these transactions form part of the consolidated financial statements prepared by the group.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is UTV Media plc, a company registered in Northern Ireland.

28. GROUP ACCOUNTS

The parent undertaking of the smallest and largest group which prepares consolidated accounts is UTV Media plc. Copies of its accounts which include the Company can be obtained from Ormeau Road, Belfast, BT7 1EB.