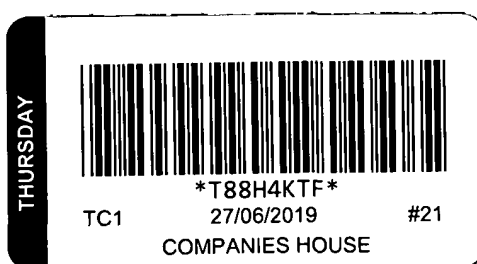


BBC Studios Distribution Limited

Registered number 01420028

Annual Report and Financial Statements

For the year ended 31 March 2019



Officers and advisors

Directors

Tim Davie
Thomas Fussell

Company secretary

Anthony Corriette

Registered office

1 Television Centre
101 Wood Lane
London
W12 7FA

Auditor

National Audit Office
157 - 197 Buckingham Palace Road
London
SW1W 9SP

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Strategic report

The Directors present their annual report for BBC Studios Distribution Limited (the 'Company'), for the year ended 31 March 2019. The Company financial statements have been prepared in accordance with FRS 101: Reduced Disclosure Framework for all periods presented and these can be seen on pages 12 to 34.

Principal activities

The principal activity of the Company is to invest in content and IP for global distribution and exploitation through content sales, channels and ancillaries. On 1 October 2018, the Company's name was changed from BBC Worldwide Limited to BBC Studios Distribution Limited. The Company's profits contribute to significant financial returns that are reinvested into the BBC for the benefit of the UK licence fee payer.

Business review

The Company results for the year were strong with earnings before interest, tax, depreciation and amortisation ('EBITDA') of £115.2m (2018: £68.6m). This strong performance was driven from the benefit of foreign exchange, focus on cost control and successful content sales activity.

In content sales, the Company broadened and deepened strategic relationships with key customers, entering into a wider set of partnerships and securing long-term commitments, as demonstrated by the content partnership with Discovery outlined below. Creative deal-making came to the fore as the value of the distribution business continued to evolve from pure licensing to funding creativity, as shown in deals for titles such as His Dark Materials, Dracula and Good Omens.

At the end of the financial year, the Company reached three significant commercial transactions with Discovery. First, an agreement on the future of the 50/50 joint venture for UKTV's channels business in the UK. This will see the division of channel assets to complement the strategic focus and commercial business of both organisations. The Company will acquire the seven channels most closely aligned to the BBC's content strategy – Alibi, Dave, Drama, Eden, Gold, Yesterday and W – along with digital player UKTV Play, and the UKTV brand. Alongside this, it will make balancing payments of £173m to Discovery, over two years.

BBC programmes currently deliver half the viewing for these seven channels. The Company will look to grow investment into UK programming, including original content, for the UKTV channels it will own, and in turn the transaction will secure an important element of the Company's business for the long term. It will also simplify the way the Company can offer its rights to market in the UK.

Separately, the Company has agreed a multi-year global content partnership with Discovery in two parts. This will see the Company provide premium factual series, including natural history landmarks, for Discovery's new global streaming service, and a bespoke development deal for the Company to create ideas for future Discovery commissions.

Taken together, these commercial transactions cement an important partnership that will deliver long-term returns for the Company, underpinning investment in original content for UK audiences, as well as a boost for those enjoying the BBC's programming internationally.

The consumer products business saw a significant further structural decline in the physical media market. As a result of this market decline, the investment value relating to the 2Entertain business was part-impaired with this being in part offset by a profit generated by the sale of the Good Food business, a high-performing but non-core area in August.

Future outlook

While the external commercial environment is expected to remain competitive in 2019, the Company is well positioned to cope with potential adverse economic conditions.

Strategic report continued

Risks and uncertainties

The Company considers its key risks and uncertainties to be as follows:

Risk	Strategic impacts	Mitigation
Brand, reputation and standards Audiences lose confidence in the integrity of the business or its content and editorial values. Failure to represent the values of the BBC to global audiences, or improve workforce diversity, representation and gender pay balance.	Harm to our reputation, our relationship with audiences and to the credibility of the BBC brand.	Leadership, managers and staff embody behaviours consistent with BBC values, supported by internal communications, leadership briefings, and HR processes. Editorial Policy framework supported by specialists, with experienced genre heads and deal approval frameworks. Executive sponsored programme for increasing ethnic and gender diversity. External review of disclosure and transparency.
Joint venture and associate relationships Failure to achieve the full potential from an independent production company, joint venture (JV) and associate relationships.	Lower commercial returns for independents and the UK licence fee payer. Curtailing of ambitions and strategy for each invested service or entity.	Defined accountabilities for indie and joint venture relationships. Business expertise with representation on indie and joint venture Boards. Approvals framework incorporates appropriate safeguards over BBC editorial values and control.
Information and content security Risk that information security controls could be compromised and systems disrupted. Significant commercial and reputational damage from any uncontrolled release of content. Sales and margin erosion from piracy.	Loss of confidence in the Company's role as a global distributor. Reduced editorial or commercial value from disclosed assets.	Robust information security infrastructure and controls. Careful supplier management and risk assessment with appropriate contracting. Technical controls include forensic watermarking and content attribution.
Economic climate and trading performance Uncertainty in UK and international economic conditions. Advertising sales revenues are the most vulnerable and risk third-party commissioning budgets and UKTV returns. Risk from adverse exchange rate movements.	Adverse impact on cash flows and reported financial results.	Business is diversified across regions, titles and revenue streams. Central management of budgets, cash flow forecasting and prudent debtor management. Debt headroom with much improved cash conversion and balance sheet strength.

Strategic report continued**Risk and uncertainties continued**

Risk	Strategic impacts	Mitigation
Business continuity, safety and security Disruption to operations, infrastructure and loss of revenue following a major incident. Global terrorism and the continued risk of physical threats.	Potential for injury, death and loss of infrastructure and services with disruption to business operations. Reputational risk if we fail to protect our staff and all others in our care.	Security and safety management arrangements supported by specialists, policy frameworks, forums, communications and risk assessments. Offices and business operations with business continuity leads and up-to-date continuity plans. Travel safety training, terrorism awareness training and a global emergency notification system.
Global distribution competitors and customer risk Risk we don't reshape our business and sales strategy to remain global distributor of choice for Independent production companies. Risk we are not transforming our business fast enough to keep pace with extraordinary content inflation, ongoing consolidation in the creative sector, and competitors with increasing financial strength.	Lower visibility for BBC content internationally. Overdependence on key customers, lower commercial returns for indies and the UK licence fee payer.	Expertise inherent in the business and in-depth local knowledge of markets. Sales strategy, sales infrastructure, people skills and business relationships in the best place to respond to challenges and offer a competitive return to the licence fee payer and indies. Business Development teams focused on new opportunities. Internal transformation to support margins and growth.

By order of the Board,



Anthony Corriette
Company Secretary

18 June 2019

Registered address

1 Television Centre
101 Wood Lane
London
W12 7FA

Directors' report

Directors

The Directors who served during the year and up to the date of this report unless otherwise stated, are as follows:

- Tim Davie
- Tom Fussell

Financial instruments

The Company's financial risk management operations are carried out by a BBC Group Treasury function, within parameters defined formally by the policies and procedures manual agreed by the BBC Board.

Directors' interests and indemnities

No Director had any interest in the share capital of the Company throughout the financial year. No rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year. Directors' and Officers' liability insurance cover was in place throughout the financial year as appropriate.

Employee participation

The Company participates in a range of approaches in ensuring employee participation and involvement. Employee feedback, thoughts and views are measured and tracked through a range of methods including staff surveys, which are subsequently used to develop detailed action plans. The Company also has a range of staff leadership and personal development programmes and is committed to fostering constructive relations with our recognised trade unions.

Diversity

Recruiting and developing a diverse workforce that is representative of contemporary British society is central to the modern BBC and to the Company as a subsidiary of the BBC. Creating a diverse workforce is part of the BBC's Diversity Strategy.

This has been developed into a workable framework and mechanisms for systematic action planning and reporting across four key areas:

- corporate strategy and business planning – ensuring equality and diversity are part of all strategic decision-making and business planning;
- audiences – understanding and responding to our diverse audiences, through research, audience engagement and outreach initiatives;
- output – creatively reflecting the diversity of our audiences across all our platforms, and in the development of new services and technology; and
- workforce – a workforce that reflects the diversity of modern Britain and an inclusive work environment.

Training and development

Staff in all areas have opportunities to develop their skills. The Company organises comprehensive in-house and external training programmes, covering job-specific skill enhancement and management development.

Health and safety

The Company ensures that appropriate training is provided to staff in relation to health and safety. This is reinforced further by appropriate policies and procedures being in place.

Disabled persons

Disabled persons are fully and fairly considered for vacancies arising within the Company and are given equal opportunities in relation to training, career development and promotion. Existing employees who become disabled are retained in employment wherever possible, after the provision of any necessary rehabilitation or training.

The environment

The Company does not operate in industries where there is potential for serious industrial pollution, however it recognises its responsibility to be aware of and take steps to control and minimise any damage its business might cause to the environment.

Directors' report continued**Corporate governance**

The 2016 UK Corporate Governance Code, issued by the Financial Reporting Council and setting out principles of good corporate governance is not applicable to the Company as a private limited company but the Company voluntarily complies where appropriate. Disclosure of how the BBC Group complies may be obtained from www.bbc.co.uk/annualreport.

Political and charitable contributions

The Company made no political donations or contributions to charity during the year.

Dividends

Dividends of £62.5m were declared by the Company during the year (2018: £71.4m).

Future developments

See the Strategic report for details on the future developments of the Company.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Post balance sheet events

On 11 June 2019, the UKTV group, a joint venture previously owned by the Company and Southbank Media Limited, was demerged and had its ownership restructured. The three leisure-themed channels were separated from the group, and the Company obtained 100% ownership and control of UKTV Holdings Limited and its remaining seven entertainment channels, as well as UKTV Play and the UKTV brand. Please refer to note x for further details.

Auditor

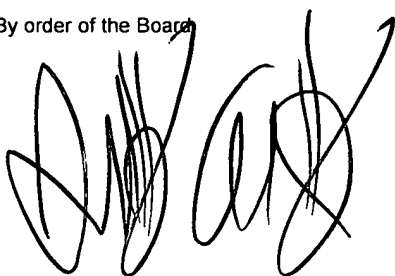
In accordance with the Royal Charter, the Comptroller and Auditor General has been appointed as Auditor of the Company from 1 April 2017 and have expressed their willingness to continue in office.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

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

By order of the Board



Anthony Corriette
Company secretary

18 June 2019

Registered address

1 Television Centre
101 Wood Lane
London
W12 7FA

Statement of directors' responsibilities

The Directors are responsible for preparing the annual report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice, comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing the 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;
- prepare the financial statements on the going concern basis until it is inappropriate to presume that the Company will continue in business;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors report to the members of BBC Studios Distribution Limited**Opinion on Financial Statements**

I have audited the financial statements of BBC Studios Distribution Limited for the year ended 31 March 2019 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the Companies Act 2006.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of BBC Studios Distribution Limited in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BBC Studios Distribution Limited's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditors report to the members of BBC Studios Distribution Limited
(continued)

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BBC Studios Distribution Limited's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Other Information

Directors are responsible for the other information. The other information comprises information included in the annual report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



Stephen Smith (Senior Statutory Auditor)

18 June 2019

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Income statement
for the year ended 31 March 2019

	Note	2019 £m	2018 £m
Revenue		571.4	563.4
Dividends received		61.7	61.3
Total revenue		633.1	624.7
Staff costs	e	(72.1)	(78.8)
Other operating costs		(456.6)	(486.3)
Operating profit		104.4	59.6
Operating profit reconciled as:			
EBITDA		115.2	68.6
Depreciation and amortisation		(10.8)	(9.0)
		104.4	59.6
Impairment of subsidiary investments		(67.4)	(0.2)
Impairment of goodwill		(13.8)	(0.3)
Other gains and losses		34.2	15.3
Financing income		1.3	0.7
Financing costs		(2.3)	(1.2)
Profit before taxation		56.4	73.9
Taxation	q	(14.0)	(8.2)
Profit for the year		42.4	65.7

**Statement of comprehensive income
for the year ended 31 March 2019**

	2019	2018
	£m	£m
Profit for the year	42.4	65.7
Items that are or may be reclassified to the income statement in the future:		
Tax on cash flow hedges taken directly to other comprehensive income	(0.3)	(4.9)
Net gains on foreign exchange cash flow hedges	1.7	25.9
Other comprehensive income for the year (net of tax)	1.4	21.0
Total comprehensive income for the year	43.8	86.7

Balance sheet
as at 31 March 2019

		2019	2018
	Note	£m	Restated* £m
Non-current assets			
Goodwill	g	-	13.8
Distribution rights	h	173.0	136.7
Other intangible assets	i	23.9	17.2
Tangible fixed assets	j	18.0	19.9
Investments	k	167.2	229.9
Deferred tax assets	q	8.3	7.9
Trade and other receivables	m	6.2	19.9
		396.6	445.3
Current assets			
Programme rights and other stock	l	35.5	29.1
Current tax receivable		2.0	6.2
Trade and other receivables	m	306.2	354.5
Cash at bank and in hand		20.8	13.6
		364.5	403.4
Current liabilities			
Provisions for liabilities	p	13.5	7.1
Trade and other payables	o	357.7	398.1
Net current liabilities		(6.7)	(1.8)
Total assets less current liabilities		389.9	443.5
Non-current liabilities			
Provisions for liabilities	p	2.7	1.0
Trade and other payables	o	183.9	217.0
Net assets		203.3	225.5
Capital and reserves			
Called up share capital	r	0.2	0.2
Hedging reserve	t	1.1	(0.3)
Retained earnings		202.0	225.6
Shareholder's funds		203.3	225.5

*Certain amounts shown here do not correspond to the financial statements for the year ended 31 March 2018 as they reflect adjustments made, refer to note b.

These financial statements of BBC Studios Distribution Limited, registered number 1420028, were approved by the Board of Directors and authorised for issue on 18 June 2019, and were signed on its behalf by:



Tom Fussell
Chief Financial Officer

**Statement of changes in equity
for the year ended 31 March 2019**

	Share capital	Hedging reserve	Available-for-sale reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m
At 31 March 2017 (restated see note b)	0.2	(21.3)	6.8	231.3	217.0
Profit for the financial year	-	-	-	65.7	65.7
Recognition and transfer of cash flow hedges (note t)	-	25.9	-	-	25.9
Tax on items taken directly to equity (note t)	-	(4.9)	-	-	(4.9)
Total comprehensive income for the year	-	21.0	-	65.7	86.7
Release of available for sale reserve	-	-	(6.8)	-	(6.8)
Equity dividends paid	-	-	-	(71.4)	(71.4)
At 31 March 2018	0.2	(0.3)	-	225.6	225.5
IFRS 15 cumulative catch up adjustment	-	-	-	(3.5)	(3.5)
At 31 March 2018 (restated see note b)	0.2	(0.3)	-	222.1	222.0
Profit for the financial year	-	-	-	42.4	42.4
Recognition and transfer of cash flow hedges (note t)	-	1.7	-	-	1.7
Tax on items taken directly to equity (note t)	-	(0.3)	-	-	(0.3)
Total comprehensive income for the year	-	1.4	-	42.4	43.8
Equity dividends paid	-	-	-	(62.5)	(62.5)
At 31 March 2019	0.2	1.1	-	202.0	203.3

Notes to the financial statements

a. Principal accounting policies

BBC Studios Distribution Limited (the 'Company') is a company domiciled and incorporated in the United Kingdom, and its registered address is 1 Television Centre, 101 Wood Lane, London, W12 7FA.

The Company's immediate parent is BBC Studios Limited, which is in turn 100% owned by BBC Commercial Holdings Limited. The ultimate parent undertaking and controlling party is the British Broadcasting Corporation, which is incorporated in the United Kingdom by Royal Charter. The largest group in which the results of BBC Studios Distribution Limited are consolidated is that headed by the BBC ('the BBC Group'). The consolidated accounts of the BBC Group may be obtained online at www.bbc.co.uk/annualreport.

This section explains the Company's main accounting policies, which have been applied consistently throughout the year and in the preceding year.

Basis of accounting

The separate financial statements of the Company are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

The results and financial position of the company are expressed in pounds sterling to the nearest £100,000, which is the functional currency of the Company, and the presentation currency for these financial statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations, equivalent disclosures have been included in the consolidated financial statements of the BBC Studios Group;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (e) the requirements of paragraphs 10(d), 10(f), 16, 38(a)-(d), 40(a)-(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- (f) the requirements of IAS 7 Statement of Cash Flows;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (h) the requirements of paragraph 17 and 18a of IAS 24 Related Party Disclosures;
- (i) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- (k) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers'.

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the year ended 31 March 2019.

Non-statutory financial performance measures

EBITDA is defined as operating profit plus production tax credits, excluding depreciation and amortisation with the exception of amortisation relating to distribution rights or programming. Depreciation and amortisation include any impairments or write-downs of assets (tangible or intangible).

Going concern

The Directors remain satisfied with the Company's funding and liquidity position.

At the balance sheet date, the Company's primary source of funding is a £270.0m multicurrency loan facility with the immediate parent, BBC Commercial Holdings Limited, expiring in September 2020. As at the year-end the Company had drawn down £138.9m of the facilities available (2018: £171.0m).

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with the levels of its existing facilities for a period of no less than 12 months from the date of signing these financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the annual report and accounts.

Investments

Fixed asset investments in subsidiaries, joint ventures and associates are shown at cost less any provision for impairment.

Foreign currency

The Company's presentational and functional currency is sterling. Transactions in foreign currencies are translated into sterling at a monthly average exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the balance sheet date at the rate of exchange ruling at that date. Surpluses and deficits arising from the translation of monetary assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the profit and loss account.

Distribution rights

Distribution rights represent rights to programmes and associated intellectual property acquired with the primary intention of exploiting the rights commercially as part of the Company's long-term operations. Distribution rights are either purchased, generated internally or licensed following the payment of an advance on royalties. Where the Company controls the respective assets and the risks and rewards attached to them, rights are initially recognised at acquisition cost or production cost. The carrying amount is stated at cost less accumulated amortisation and provision for impairment.

Amortisation of distribution rights is charged to the income statement to match the average revenue profile over its estimated average marketable life.

Where the carrying value of any individual set of rights exceeds management's best estimate of future exploitation revenues, a provision for impairment is recorded in the income statement immediately.

Notes to the financial statements continued

a. Principal accounting policies continued

Other intangible assets

Internally-generated intangible assets: development expenditure

An internally-generated intangible asset arising from the Company's development, including software and website development, is recognised when the asset is technically and commercially feasible, sufficient resources exist to complete the development and it is probable that the asset will generate future economic benefits. Any expenditure on research or development activities that does not meet the aforementioned criteria is recognised as an expense in the period in which it is incurred.

Intangible assets with finite lives are amortised over their useful lives using the straight-line method. Amortisation expense is recorded within total operating costs in the income statement. The useful lives used for intangible assets are as follows:

- Software (including internally-generated software) 1-5 years

Useful lives are reviewed every year and adjustments are made, where applicable, on a prospective basis.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. The complexity of individual contractual terms may require the Company to make judgements in assessing when the triggers for revenue recognition have been met, particularly whether the Company has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised.

Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. A performance obligation must meet one of the three criteria in IFRS15 to meet 'over time' recognition. The default category, if none of these criteria are met, is 'point in time' recognition. Refer to the Company's revenue streams below for which category the revenue recognition generally meets.

IFRS 15 provides more comprehensive guidance for contracts to licence intellectual property, or contracts where licence of intellectual property is a significant component. Each performance obligation is identified and evaluated as to whether it represents a right to access the content (revenue recognised over time) or represents a right to use the content (revenue recognised at a point in time), and all three of the criteria referred to above must be met to meet the definition of a 'right to access' licence. The majority of the Company's contracts to licence intellectual property have defaulted to a 'right to use' licence and recognised at a 'point in time'.

The transaction price, being the amount to which the Company expects to be entitled and has rights to under the contract is allocated to the identified performance obligations. Most of the Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows: Royalties are generally set as a metric/percentage of sales generated.

The allocation of the transaction price to the performance obligations is at the amount that depicts the consideration to which the Company expects to be entitled to in exchange for goods or services transferred. This is generally done in proportion to the stand-alone selling prices.

The Company's main sources of contract revenue are recognised as follows:

Content and format sales

Licence fees from programme content and programme formats are recognised on the later of the start of the licence period (taking into account any holdback dates) or when the Company's performance obligations have been satisfied. For content sales the performance obligation will generally be to deliver the associated programme to the customer, therefore revenue is recognised 'episodically' - on delivery of each episode. For format sales, there are two performance obligations - to provide the format 'bible' and in some cases production assistance. Revenue is allocated to each of these performance obligations based on stand-alone selling prices and recognition at the two separate 'points in time'. The payment terms are over the term of the contract.

Production revenue

Production revenue is recognised on delivery of the related programme or on a stage of completion basis, depending on the nature of the contract with the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. The payment terms are over the term of the contract.

Subscription fees

Subscription fees on pay channel platforms and from subscriptions to print and online publications and services are recognised as earned, pro rata over the subscription period. The performance obligation is to provide the subscription service over the period of the contract. This performance obligation meets the definition of 'right to access' as the customer simultaneously receives and consumes the benefits as the Company provides the service. Therefore, subscription fee revenue is recognised 'over time'. Minimum guarantees related to subscription fee revenue are recognised pro-rata straight line over the contract life, in line with 'over time' recognition. The payment terms are quarterly in arrears.

Advertising revenue

Advertising revenue is recognised on transmission or publication of the advertisement. The performance obligation is satisfied at this 'point in time' - when each advertisement occurs. The payment terms are over the term of the contract.

Consumer products

Revenue generated from the sale of consumer products is recognised at the time of delivery. Revenue from the sale of goods is stated net of deductions for actual and expected returns based on management judgement and historical experience. The performance obligation is delivery of the products, and therefore revenue is recognised at a 'point in time'. The payment terms are over the term of the contract.

Notes to the financial statements continued**a. Principal accounting policies continued***Royalties*

Royalty income arising from sales and usage-based royalties are recognised at the later of when the subsequent sales or usage occurs, or the performance obligation has been satisfied. Minimum guarantees related to royalty income are recognised on delivery of the completed content to the customer, with any subsequent royalties recognised as earned. Therefore, royalty income is recognised at a 'point in time'. The payment terms are over the term of the contract.

Costs of obtaining long-term contracts and costs of fulfilling contracts

The cost of fulfilling contracts does not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset is transferred to the customer on a continuing basis as work is carried out. Consequently, no asset for work in progress is recognised.

The Company has taken advantage of the practical exemptions:

- Not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Tangible fixed assets

Tangible fixed assets are stated at cost after any provision for impairment, less accumulated depreciation.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is charged so as to write off the cost of assets to their residual value, over their expected useful lives using the straight-line method. Depreciation commences from the date an asset is brought into service.

The useful lives for depreciation purposes for the principal categories of assets are:

- | | |
|--------------------------|----------------------|
| • Leasehold improvements | Unexpired lease term |
| • Plant and machinery | 3 to 8 years |
| • Fixtures and fittings | 3 to 7 years |

Leased assets

Operating lease rentals payable are recognised on a straight-line basis over the term of the lease. The Company has no finance leases.

Impairment of fixed assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets (including distribution rights) to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, an impairment loss is recognised in the income statement for the amount by which an asset's carrying amount exceeds its recoverable amount. Where an asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Programme rights and stocks

Stocks, comprising of merchandising, are stated at the lower of cost and net realisable value. Programme rights for broadcasting refer to the programme rights acquired for the future broadcast on one of the Company's television channels. The carrying amount is stated at cost less accumulated amortisation, and after writing off the costs of programme rights that are considered irrecoverable.

Financial instruments

Financial assets and liabilities are initially recognised as either financial assets/liabilities at fair value through profit or loss, loans and receivables, available for sale financial assets or held to maturity investments and are measured at fair value less any directly attributable transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Policies applied by the Company in respect of financial instruments are consistent with those applied by the BBC Studios Group, the Company has therefore adopted the FRS 101 paragraph 8(d) disclosure exemptions.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation arising from past events and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions, other than those for deferred tax, that are payable over a number of years are discounted to net present value at the balance sheet date using a discount rate appropriate to the particular provision concerned.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the BBC Studios Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Pension costs

Contributions to defined contribution pension schemes are charged to the income statement as they fall due.

Employees of the Company also participate in defined benefit schemes operated by the Company's ultimate parent, the British Broadcasting Corporation. The defined benefit schemes provide benefits based on pensionable pay. The assets of the BBC's main pension scheme, the BBC Pension Scheme, to which the majority of employees belong, are held separately from those of the BBC Group.

The BBC Pension Scheme is a group-wide scheme and there is no contractual agreement or stated policy for charging the net defined benefit cost to scheme participants. The contribution rates are set by the pension scheme trustees based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities. Valuations of the scheme are performed by Willis Towers Watson, consulting actuaries, with formal valuations undertaken at least every three years. Accordingly, the Company accounts for contributions payable to the scheme as if the schemes were defined contribution schemes, as is required by IAS 19 Employee Benefits.

Notes to the financial statements continued

a. Principal accounting policies continued

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgement and to make estimates in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Revenue recognition

The timing of revenue recognition requires judgement, as does the amount to be recognised. This may involve estimating the fair value of consideration before it is received. In making these judgements, the company considers the revenue recognition criteria set out in IFRS 15 *Revenue from contracts with customers* and, in particular, whether the company had transferred the significant risks and rewards of the goods/services to the customer.

The complexity of individual contractual terms may require the company to make judgements in assessing when the criteria for recognising revenue have been met, particularly whether the company has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised.

Fair value of financial instruments

Certain financial instruments are carried on the balance sheet at fair value, with changes in fair value reflected in the income statement. Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques.

Impairment of financial assets

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence of impairment. Judgement is required when considering the factors in determining whether there is objective evidence of impairment; which include significant financial difficulty of the counterparty and breach of contract. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. All impairment losses are recognised in the income statement.

The company uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers. Loss rates are based on actual credit loss experience over the past five years which are adjusted to reflect differences between customer base during the period over which the historical data has been collected, as well as any forward looking information regarding the Group's view of economic and industry wide conditions over the expected lives of the receivables.

Deferred tax

Deferred tax arises due to certain temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets therefore involves judgement regarding timing and level of future taxable income.

Distribution rights and programme rights

The assessment of the appropriate profile over which to recognise the amortisation of distribution rights and programme rights involves a certain degree of judgement. Amortisation is charged to the income statement to match the average revenue profile of the programme genre over its estimated average marketable life.

Provisions

Judgements are employed in determining if a past event has given rise to a present obligation that will result in probable payment by the company that can be measured reliably. Estimation techniques are used, following the review of such events, if it is determined that a provision is required. Such techniques are used in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the company. This can be complex, especially when there is a wide range of possible outcomes. The Company reassesses whether there has been a change in this liability based on the facts and circumstances at each balance sheet date. Any provisions that are payable over a number of years (other than deferred tax) are discounted to net present value at the balance sheet date using a discount rate appropriate to the particular provision concerned.

Rights creditors

Rights creditors arise from obligations to pay rights holders for the exploitation of content. These rights holders include third party profit participants; contributors; talent unions; and collecting societies. An element of the rights creditors is subject to judgement when the information is not yet available to calculate the rate payable. In these cases, the rate is estimated based on the best information available.

Notes to the financial statements continued

a. Principal accounting policies continued

Changes in Accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has also adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of trade receivables and other contract assets to be presented in a separate line item in the statement of profit or loss where material. Impairment losses on other financial assets are to be presented separately under finance costs, similar to the presentation under IAS 39.

The adoption of IFRS 9 did not result in a material adjustments to previously reported results.

A summary of the changes in classification of financial instruments resulting from the new accounting standards are disclosed in the table below:

	Classification under IAS 39	Classification under IFRS 9
Forward foreign currency contracts - effective designated hedges	Fair value through other comprehensive income	Fair value through other comprehensive income
Forward foreign currency contracts - fair value through profit/loss	Fair value through profit/loss	Fair value through profit/loss
Unquoted equities	Available for sale	Fair value through profit/loss
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
Bank loans	Loans and receivables	Amortised cost
Loan from immediate parent undertaking	Loans and receivables	Amortised cost
Trade and other payables	Loans and receivables	Amortised cost
Other creditors (put options)	Fair value through profit/loss	Fair value through profit/loss

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 with a date of initial application of 1 April 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company has applied IFRS 15 using the cumulative effect method - i.e. by recognising the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

The cumulative catch up adjustment required under the cumulative effect method is made up of exclusively from content and format sales other than an £1.3m adjustment to interests in joint ventures and associates that relates to production fee revenue. Overall the effect on revenue is immaterial due to similar contract values over the year ending 31 March 2019. Comparative prior year periods have not been adjusted.

b. Prior period adjustments

In Note v, 'Operating lease arrangements', the 2018 balance incorrectly included leases belonging to BBCS Americas Inc, one of the Company's subsidiaries, totalling £10.1m in outstanding lease commitments. Of this balance, £3.4m related to 'Within one year' and £6.7m related to 'Between two and five years'. The comparatives have been restated to reflect the corrected balances.

As at 31 March 2014, the Company held an investment in and a receivable from its subsidiary, BBC Studios Australia Holdings Pty Ltd (formerly BBC Worldwide Australia Holdings Pty Ltd), both of which had been fully provided against to reflect their recoverable amount. On 31 March 2014, the Company transferred its investment in BBC Studios Australia Pty Ltd (formerly BBC Worldwide Australia Pty Ltd), an Australian-based trading subsidiary, to BBC Studios Australia Holdings Pty Ltd in a share-for-share exchange. This restructure was an event upon which the impairments against the investment and the loan balances should have been reviewed. As a result, the Company's retained earnings for the year ended 31 March 2014 were understated by £124.8m.

The affected financial statements line items for the prior periods have been corrected as follows:

	31 March 2017			31 Mar 2018		
Investments in subsidiaries	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Cost	195.4	-	195.4	196.4	-	196.4
Provision	(101.9)	97.1	(4.8)	(100.6)	97.1	(3.5)
Net book value	93.5	97.1	190.6	95.8	97.1	192.9
Amounts owed by subsidiary undertakings	95.0	27.7	122.7	85.5	27.7	113.2
Impact on net assets:		124.8			124.8	
Impact on retained earnings:	106.5	124.8	231.3	100.8	124.8	225.6

Notes to the financial statements continued

c. Revenue

Geographical location of revenue

The Company's geographical reportable segments reflect management reporting lines and do not solely correspond to the country or region after which they are named. The Company's revenue by country of destination was as follows:

	2019	2018
	£m	£m
External sales:		
UK	121.6	143.4
America	167.4	170.3
Australia	25.2	30.8
Rest of world	257.2	218.9
Total	571.4	563.4

The allocation of sales to geographic segments is based upon the business region in which the sales are generated. No individual country within the rest of world category is more than 3% of total sales.

Disaggregation of revenue

In the following table, revenue is disaggregated by lines revenue streams as described in the principal accounting policies.

	2019	2018*
	£m	£m
Revenue streams:		
Content and format sales	301.7	288.5
Production fees	100.1	97.7
Royalties	20.2	19.1
Advertising revenue	3.0	6.4
Subscription fees	113.1	112.9
Sale of physical and digital products	33.3	38.8
Total	571.4	563.4

*The Company has applied IFRS15 using the cumulative effect method. Under this method, the comparative information is not restated. See further information in this note.

Contract balances

Contract assets (accrued income) primarily relates to the Company's right to consideration for work completed but not billed at the reporting date. Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

The following table provides analysis on significant changes to contract liabilities during the year.

	Contract liabilities
	£m
Balance transferred from deferred income following adoption of IFRS 15	(31.6)
Decrease due to revenue recognised in the period	22.7
Increase due to cash received in advance and not recognised as revenue during the year	(91.0)
At 31 March 2019	(99.9)
Presented within:	
Current	(78.8)
Non-current	(21.1)
	(99.9)

The Company has no contract assets as at 31 March 2019.

Notes to the financial statements continued

d. Auditor's remuneration

	2019	2018
	£m	£m
For the audit of BBC Studios Distribution Limited's annual accounts	0.4	0.4
Total fees paid	0.4	0.4

The National Audit Office served as independent external auditors for the Company for the years ended 31 March 2019 and 31 March 2018.

e. Staff costs

The average monthly number of persons (including Directors) employed:

	2019	2018
	Number	Number
Average monthly persons employed	1,445	1,596

Within the averages above, 90 (2018:84) part-time employees have been included at their full-time equivalent of 66 (2018:62).

The Company also employed an average full-time equivalent of 47 (2018:56) persons on a casual basis.

The aggregate remuneration recognised in the Company income statement in respect for all employees, including casual staff, comprised:

	2019	2018
	£m	£m
Salaries and wages	60.1	64.6
Social security costs	6.8	7.6
Other pension costs	5.2	6.6
Total	72.1	78.8

f. Key management personnel compensation

Directors remuneration is as follows:

	Date appointed to Board	Salary	Benefits	Pension	Performance Related	Total
2019		£'000	£'000	£'000	£'000	£'000
Tim Davie (highest paid director)	1 November 2012	400	2	32	200	634
Tom Fussell	3 May 2016	314	2	-	157	473
Total directors		714	4	32	357	1,107

The Company has made no contributions to money purchase schemes for its Directors in the year (2018: nil).

Tim Davie is a member of the BBC defined benefit pension scheme and had accrued entitlements of £18,000 (2018: £15,000) under the scheme at the end of the year. The defined benefit pension reflects 31.4% employer contribution, some of which is borne by another group entity in 2018/19.

	Date appointed to Board	Salary	Benefits	Pension	Performance Related	Total
2018		£'000	£'000	£'000	£'000	£'000
Tim Davie (highest paid director)	1 November 2012	400	2	41	248	691
Tom Fussell	3 May 2016	292	2	-	181	475
Dharmash Mistry	16 February 2015	11	-	-	-	11
Howard Stringer	16 February 2015	11	-	-	-	11
Total directors		714	4	41	429	1,188

Dharmash Mistry and Howard Stringer both resigned on 18 September 2017.

Notes to the financial statements continued**g. Goodwill**

	£m
At 1 April 2018	13.8
Impairment	(13.8)
At 31 March 2019	-

Goodwill arose in the year ended 31 March 2013 following the hive-up of trade and assets from the Company's then subsidiary, Bedder 6 Limited. This goodwill was written off in the year ended 31 March 2019 as a result of an impairment review.

h. Distribution rights

	£m
Cost	
At 1 April 2018	1,047.0
Additions	187.6
Exchange differences	1.5
At 31 March 2019	1,236.1
Amortisation	
At 1 April 2018	910.3
Charge for the year	151.5
Exchange differences	1.3
At 31 March 2019	1,063.1
Net book value at 31 March 2019	173.0
Net book value at 31 March 2018	136.7

Notes to the financial statements continued

i. Other intangible assets

	£m
Cost	
At 1 April 2018	27.3
Additions	14.5
Disposals	(3.3)
At 31 March 2019	38.5
Amortisation	
At 1 April 2018	10.1
Charge for the year	7.0
Disposals	(2.5)
At 31 March 2019	14.6
Net book value at 31 March 2019	23.9
Net book value at 31 March 2018	17.2

j. Tangible fixed assets

	Leasehold improvements £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost				
At 1 April 2018	7.5	37.6	3.3	48.4
Additions	-	0.6	0.4	1.0
At 31 March 2019	7.5	38.2	3.7	49.4
Depreciation				
At 1 April 2018	1.4	25.5	1.6	28.5
Charge for the year	0.6	1.8	0.5	2.9
At 31 March 2019	2.0	27.3	2.1	31.4
Net book value at 31 March 2019	5.5	10.9	1.6	18.0
Net book value at 31 March 2018	6.1	12.1	1.7	19.9

The Company does not hold any assets under finance leases (2018: £nil).

Notes to the financial statements continued

k. Investments

	Subsidiaries	Joint ventures	Associates	Other investments	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2017	195.4	0.4	32.8	14.4	243.0
Additions	12.0	-	6.3	-	18.3
Share capital return	(9.5)	-	-	-	(9.5)
Disposals	(1.5)	-	(2.2)	(11.1)	(14.8)
At 31 March 2018	196.4	0.4	36.9	3.3	237.0
Provisions for impairment					
At 1 April 2017 (restated see note b)	4.8	-	1.7	0.9	7.4
Charge for the year	0.2	-	1.1	(0.1)	1.2
Disposals	(1.5)	-	-	-	(1.5)
At 31 March 2018	3.5	-	2.8	0.8	7.1
Net book value at 31 March 2018	192.9	0.4	34.1	2.5	229.9
Cost					
At 1 April 2018	196.4	0.4	36.9	3.3	237.0
Additions	17.7	-	3.0	-	20.7
Reclassified from associates	6.6	-	(6.6)	-	-
Share capital return	(14.1)	-	-	-	(14.1)
At 31 March 2019	206.6	0.4	33.3	3.3	243.6
Provisions for impairment					
At 1 April 2018	3.5	-	2.8	0.8	7.1
Charge for the year	67.4	0.4	1.0	0.5	69.3
At 31 March 2019	70.9	0.4	3.8	1.3	76.4
Net book value at 31 March 2019	135.7	-	29.5	2.0	167.2

Impairment charge for the year

The £67.4m impairment charge for the year on subsidiary balances is made up of an two investment impairments detailed below:

2 entertain Limited

The acquisition of 2 entertain Limited occurred on 6 August 2009, when the previously owned joint venture became a subsidiary of the Company. For the purpose of the impairment test, the investment's value-in-use was calculated using the cash flow projections for the entity and its subsidiary, 2 entertain Video Limited. These projections cover a five year period after which cash flows have been extrapolated using an expected long term growth rate of -34% (2018: -4%). A discount rate of 8.8% (2018: 9.3%) has been applied to the cash flows. The main assumption on which the forecast cash flows are based is the trends in the global DVD market which is declining. As a result of the changes in the global DVD market, management made the decision to impair the investment balance in 2 entertain Limited by £58.7m in 2018/19.

BBC Studios Australia Holdings Pty Limited

BBC Studios Australia Holdings Pty Limited was incorporated on 19 September 2007 and is a wholly-owned subsidiary of the Company. For the purpose of the impairment test, the investment's value-in-use was calculated using the cash flow projections for the entity and its subsidiary, BBC Studios Australia Pty Limited. These projections cover a five-year period, after which cash flows have been extrapolated assuming no growth. A discount rate of 8.6% has been applied to the cash flows. The forecasted cash flows are predominantly based on the expected activity in BBC Studios Australia Pty Limited, which is a trading entity primarily involved in the licensing of programmes to broadcasters, production, and ownership and control of subscription TV broadcasting services. As a result of the recently contracted terms, as at 31 March 2019, management made the decision to impair the investment balance in BBC Studios Australia Holdings by £8.7m.

Notes to the financial statements continued

k. Investments continued

	Note	Country of incorporation or establishment	Principal activity	Ownership interest
Principal Subsidiary Undertakings				
2 entertain Limited	1, +	United Kingdom	Holding company	100.0%
Baby Cow Productions Limited	2, +	United Kingdom	Content production	70.0%
BBC Studios Americas Incorporated	3, +	USA	Holding company	100.0%
BBC Studios Australia Holdings Pty Ltd	4, +	Australia	Holding company	100.0%
BBC Studios Canada Limited	5, +	Canada	Programme distributor	100.0%
BBC Studios France	6, +	France	Programme distributor	100.0%
BBC Studios Germany GmbH	7, +	Germany	Programme distributor	100.0%
BBC Worldwide Holdings B.V	8, +	Netherlands	Holding Company	100.0%
BBC Studios Japan Limited	9, +	Japan	Programme distributor	100.0%
Rapid Blue Pty Limited	10, +	South Africa	Programme distributor	70.0%
Sid Gentle Films Limited	2, +	United Kingdom	Content production	51.0%
Tonto Films and Television Limited	1, +	United Kingdom	Content production	100.0%
UK Programme Distribution Limited *	1, +	United Kingdom	Programme distributor	100.0%
BBC Studios Channel Investments Limited	1, +	United Kingdom	Holding company	100.0%
Lookout Point Limited	2, +	United Kingdom	Content production	100.0%

	Note	Country of incorporation or establishment	Ownership interest		Note	Country of incorporation or establishment	Ownership interest
Other Subsidiary undertakings							
2 Entertain Management Ltd	1	United Kingdom	100.0%	Moone Boy (UK) Limited	2	United Kingdom	50.0%
2 entertain Video Ltd	1	United Kingdom	100.0%	Nine Productions1 Incorporated	23, +	Canada	100.0%
2004370 Ontario Incorporated	11	Canada	100.0%	Philomena Lee Limited	2	United Kingdom	50.0%
Adjacent Productions, LLC	27	USA	100.0%	A suitable Company Limited		United Kingdom	100.0%
Alan Partridge Limited	2	United Kingdom	100.0%	AMP 1 Limited		United Kingdom	100.0%
Baby Cow Animation (Warren) Ltd	2	United Kingdom	100.0%	Evergreen Television Limited		United Kingdom	100.0%
Baby Cow Animation (Wussywat) Ltd	2	United Kingdom	100.0%	LOOKOUT POINT (LES MISERABLES) Limited		United Kingdom	100.0%
Baby Cow Animation Limited	2	United Kingdom	100.0%	LOOKOUT POINT (SHIBDEN) Limited		United Kingdom	100.0%
Baby Cow Films (Zoe) Limited	2	United Kingdom	100.0%	Lookout Point (The Collection) Limited		United Kingdom	100.0%
Baby Cow Films Limited	2	United Kingdom	100.0%	Lookout Point Acquisition Limited		United Kingdom	100.0%
Baby Cow Manchester Limited	2	United Kingdom	100.0%	Off Stone Productions Limited		United Kingdom	100.0%
Baby Cow Productions (Hunderby) Ltd	2	United Kingdom	100.0%	BBC Studios Polska	18, +	Poland	100.0%
BBC Video Ltd	1	United Kingdom	100.0%	BBC Studios Productions (Africa) (Pty) Ltd	19	Africa	100.0%
BBC Studios (Africa) (Pty) Ltd	12	Africa	100.0%	BBC Studios Productions (UK) Ltd	1, +	United Kingdom	100.0%
BBC Studios Americas (401) k Plan Trustees	3	USA	100.0%	BBC Studios Productions Nordics ApS	20, +	Denmark	100.0%
BBC Studios Australia Productions Pty Ltd	13	Australia	100.0%	BBC Studios Reality Productions LLC	27	USA	100.0%
BBC Studios Australia Pty Ltd	4	Australia	100.0%	BBC.com US, Incorporated	21, +	USA	100.0%
BBC Studios PTE Limited	14, +	Singapore	100.0%	beeb Rights Ltd**	1, +	United Kingdom	100.0%
BBC Worldwide Channels Mexico S.A de C.V	15, +	Mexico	100.0%	Crimson Productions Ltd	1, +	United Kingdom	100.0%
BBC Studios Corporate Services Ltd	1, +	United Kingdom	100.0%	Rapid Blue Africa Ltd	26	Nigeria	100.0%
BBC Studios Intermediadora de				Sid Gentle Films (Corfu) Limited	2	United Kingdom	100.0%
Programadora Estangeira Ltd	16, +	Brazil	100.0%	Sid Gentle Films (Gaiman) Limited	2	United Kingdom	100.0%
BBC Studios Investments Ltd	1, +	United Kingdom	100.0%	Sid Gentle Films (Killing Eve) Limited	2	United Kingdom	100.0%
BBC Studios Media Private Ltd	17	India	100.0%	Sid Gentle Films (SS-GB) Limited	2	United Kingdom	100.0%
BBC Studios Mexico S.A de C.V	15, +	Mexico	100.0%	Sid Gentle Films (The Durrells) Limited	2	United Kingdom	100.0%
Baby Cow Productions (Partridge) Limited	2	United Kingdom	100.0%	Sun Never Sets Productions LLC	27	USA	100.0%
Baby Cow Productions (Red Dwarf) Ltd	2	United Kingdom	100.0%	The Last Holiday Limited	2	United Kingdom	100.0%
Bad Wolf Productions LLC	27	USA	100.0%	BBC Studios Americas Investments Incorporated	28	USA	100.0%
BBC Earth MD (WWD) Ltd	1, +	United Kingdom	100.0%	BBC Studios Channel Investments (Ontario) Ltd	24	Canada	100.0%
BBC Earth Productions (Giant Films) Ltd	1	United Kingdom	100.0%	BBC Studios Competition Productions LLC	27	USA	100.0%
BBC Earth Productions (Life) Ltd	1, +	United Kingdom	100.0%	Worldwide Knowledge (Beijing) Business			
BBC Earth Productions Ltd	1, +	United Kingdom	100.0%	Consulting Company Ltd	25	China	100.0%
BBC Magazine Holdings Ltd	1, +	United Kingdom	100.0%	Sid Gentle Films (OLIVE) Limited		United Kingdom	100.0%
Demon Music Group Ltd	1	United Kingdom	100.0%	Sid Gentle Films (TD4) Limited		United Kingdom	100.0%
Demon Records Ltd	1	United Kingdom	100.0%				
Earth Film Productions Ltd	1	United Kingdom	100.0%				
Erste Weltweit Medien GmbH	22, +	Germany	100.0%				
F-Beat Records Ltd	1	United Kingdom	100.0%				
Global Hybrid Productions LLC	27	USA	100.0%				
Lime Grove Productions LLC	27	USA	100.0%				
Lost Child Limited	2	United Kingdom	50.0%				
MCI Music Publishing Ltd	1	United Kingdom	100.0%				

Notes to the financial statements continued

k. Investments continued

	Note	Country of incorporation or establishment	Ownership interest		Note	Country of incorporation or establishment	Ownership interest
Associates				Joint Ventures			
72 Films Limited	+	United Kingdom	15.0%	BB Rights, LLC		USA	50.0%
Amazing Productions Limited	+	United Kingdom	25.0%	BBC Earth Productions (Africa) Ltd	+	United Kingdom	100.0%
Burning Bright Productions Limited	+	United Kingdom	25.0%	Britbox, LLC		USA	40.5%
Children's Character Books Limited	+	United Kingdom	25.0%	JV Programs LLC		USA	50.0%
Clerkenwell Films Limited	+	United Kingdom	48.1%	Sub-Zero Events Limited	+	United Kingdom	50.0%
Cliffhanger Productions Limited	+	United Kingdom	25.0%	Tower Productions GmbH	+	Germany	50.0%
Curve Media Limited	+	United Kingdom	25.0%	UKTV Media Holdings Limited	+	United Kingdom	50.0%
Educational Publishers LLP	+	United Kingdom	15.0%				
Expectation Entertainment Limited	+	United Kingdom	22.6%	Investments			
Firebird Pictures Limited	+	United Kingdom	25.0%	Masher Technologies	+	United Kingdom	5.4%
House Productions Limited	+	United Kingdom	25.0%	MSM-Worldwide Factual Media Private Limited	+	United Kingdom	26.0%
Jasper Broadcasting Incorporated		Canada	50.0%	NC Internet Limited	+	United Kingdom	10.0%
Knowledge-West Communications Inc.		Canada	50.0%				
Mighty Productions Limited	+	United Kingdom	25.0%	Subsidiaries dissolved during the year			
MoonAge Pictures Limited	+	United Kingdom	15.0%	DVDS3 Limited	+	United Kingdom	100.0%
New Video Channel America LLC***		USA	50.1%	Baby Cow Pictures Limited	+	United Kingdom	80.0%
Original Talent Limited	+	United Kingdom	10.0%				
Rapid Blue Format Limited		Nigeria	38.0%				
Red Planet Pictures (Entertainment) Ltd	+	United Kingdom	22.7%				
Sprout Pictures (TV) Limited	+	United Kingdom	25.0%				
Two Cities Television Limited	+	United Kingdom	25.0%				
Various Artists Limited	+	United Kingdom	20.0%				
Woodlands Books Limited	+	United Kingdom	15.0%				

+ Held directly by BBC Studios Distribution Limited

* BBC Studios Distribution Limited holds 92.7% of the issued share capital but the non-controlling shareholders have no right to distributions.

** BBC Studios Distribution Limited holds 88.4% of issued share capital but the non-controlling shareholders have no right to distributions.

*** BBC Studios Distribution Limited holds 50.1% of the issued share capital but has limited power over the operational activities and therefore accounts for its interest as an associate.

**** BBC Studios Distribution Limited holds 54.7% of the issued share capital but is only entitled to 49.9% of the distributions.

Listed below are subsidiaries controlled by the Company, where the Directors have taken the exemption from having an audit of its financial statements for the year ended 31 March 2019. The exemption is taken in accordance with Companies Act 2006 s479A.

Subsidiary	Reg. No.
2 Entertain Management Ltd	05087003
BBC Earth Productions (Africa) Ltd	07451708
BBC Earth Productions (Life) Ltd	05705186
BBC Magazines Holdings Limited	05699560
BBC Video Limited	04840888
BBC Studios Investments Ltd	02701369
Crimson Productions Limited	02270191
Demon Music Group Limited	01622224
MCI Music Publishing Limited	02994545
BBC Studios Channel Investments Limited	03309240
BBC Studios Drama Productions Limited	08305652
BBC Studios Productions (UK) Limited	08305652
Earth Film Productions Limited	09142155
BBC Earth Productions Giant Films Limited	0813155
BBC Earth Productions Limited	07787231
Tonto Films and Television Limited	05221185

Notes to the financial statements continued**k. Investments continued****Address reference**

- (1) 1 Television Centre, 101 Wood Lane, London, W12 7FA, United Kingdom
- (2) Ground Floor Charles House 5-11 Regent Street, London, SW1Y 4LR, United Kingdom
- (3) 1120 Avenue of the Americas, 5th Floor, New York 10036-6700, United States
- (4) Level 1, 35-51 Mitchell Street, McMahon's Point 2060, Sydney, Australia
- (5) 409 King Street West, 5th Floor, Toronto M5V 1K1, Canada
- (6) 18-20 Quai du Point du Jour, Bat. A, Boulogne-Billancourt 92100, France
- (7) Kaiser-Wilhelm-Ring 17-21, Köln 50672, Germany
- (8) Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands
- (9) Tokyo Club Building, Floor 10, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo, 100-0013, Japan
- (10) 263 Oak Avenue, Randburg, Johannesburg, 2194, South Africa
- (11) 66 Wellington Street West 470, Toronto Dominion Bank Tower, Toronto M5K 1E6, Canada
- (12) Office 003H3 Ground Floor, 10 Melrose Boulevard, Melrose Arch, Melrose North 2196, South Africa
- (13) 1st Floor, No.1 Amwell Street, London EC1R 1UL, United Kingdom
- (14) #12-08/08 Shaw Tower, 100 Beach Road, Singapore 189702, Singapore
- (15) Calle Andres Bello 10 Piso 10, Chapultepec Polanco, Delg. Miguel Hidalgo, Ciudad de Mexico CP 11560, Mexico
- (16) Rue Ferreira de Araujo, 741 Andar 1, Pinheiros, Sao Paulo SP 05.428-002, Brazil
- (17) Construction House A Wing, 401-4th Floor, Off Linking Road 24th Road, Khar West, Mumbai 400 052, India
- (18) Pl. Bankowy 1, 00-139, Warsaw, Poland
- (19) 24 18th Street, Menlo Park 0081, Mazars House, 5 St Davids Place, Parktown 2193, South Africa
- (20) Mosedalvej 14, Valby, 2500, Denmark
- (21) Corporation Trust Centre, 1209 Orange Street, Wilmington, 19801, United States
- (22) Kaiser-Wilhelm-Ring 17-21, Köln, 50672, Germany
- (23) 650-699 Howe Street, Vancouver, British Columbia, V6C0B4, Canada
- (24) Toronto Dominion Bank Tower, Toronto Dominion Center, Toronto, M5K1E6, Canada
- (25) Unit 7, Floor 9, West Tower, Genesis Building, 8 Xinyuan South Road, Chaoyang District, 100027, China
- (26) Bamako Studios, 1 Bamako Street, Omole Phase 1, Ojuda Berger, Lagos, Nigeria
- (27) 10351 Santa Monica Boulevard, Suite 250, Los Angeles 90025, United States
- (28) 1209 Orange Street, Wilmington, 19801, United States

Notes to the financial statements continued

I. Programme rights and other stock

	2019 £m	2018 £m
Programme rights for broadcasting	29.0	24.8
Programmes in the course of production	6.5	4.1
Finished goods for resale	-	0.2
Total	35.5	29.1

m. Trade and other receivables

	2019 £m	2018 £m
Amounts falling due within one year:		
Trade receivables	116.4	114.8
Prepayments and accrued income	95.0	66.8
Amounts owed by subsidiary undertakings (restated see note b)	47.1	113.2
Amounts owed by fellow subsidiary undertakings	-	17.9
Amounts owed by joint ventures and associates	40.4	26.3
Derivative financial instruments	1.0	2.4
Other receivables	6.3	13.1
	306.2	354.5
Amounts falling due after more than one year:		
Trade receivables	3.2	19.8
Amounts owed by subsidiary undertakings	2.5	-
Derivative financial instruments	0.5	0.1
	6.2	19.9
Total	312.4	374.4

n. Expected credit losses

Included in the Company's contract assets and trade and other receivables at 31 March 2019 are balances of £21.7m (2018: £17.7m) which are past due at the reporting date but not impaired. The aged analysis of these balances is as follows:

	2019 £m	2018 £m
Up to 3 months	14.9	11.9
3 to 6 months	2.5	4.2
Over 6 months	4.3	1.6
Total	21.7	17.7

In determining the recoverability (likelihood of receiving payment) of a trade and other receivable the Company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Receivables are provided for based on the probability of expected credit losses for each receivable.

Amounts charged to the impairment provision are written off when there is no expectation of recovery. Subsequent recoveries of amounts previously written off are credited to the income statement. The impairment provision stands at £6.0m at 31 March 2019 (2018: £2.8m).

The movement in the allowance for expected credit losses is set out below:

	2019 £m	2018 £m
Balance at the beginning of the year	2.8	7.2
Charge for the year	3.1	0.2
Amounts recovered during the year	0.4	(4.3)
Amounts written off as uncollectable	(0.3)	(0.3)
Total	6.0	2.8

No significant amount has been provided for items that is not yet due for payment.

The £3.1m charge for the year relates to two specific customer provisions in addition to general provisions.

Notes to the financial statements continued

o. Trade and other payables

	2019 £m	2018 £m
Amounts falling due within one year:		
Bank loans and overdraft	30.2	28.2
Trade payables	26.4	30.4
Rights creditors	113.1	116.9
Accruals and deferred income	110.2	62.9
Amounts owed to ultimate parent undertaking	28.3	26.1
Amounts owed to subsidiary undertakings	2.0	78.4
Amounts owed to fellow subsidiary undertakings	19.9	28.2
Amounts owed to joint ventures and associates	9.7	1.2
Derivative financial instruments	1.1	2.0
Other payables including other taxes and social security	16.8	23.8
	357.7	398.1
Amounts falling due after more than one year:		
Loan owed to intermediate parent undertaking	138.9	171.0
Derivative financial instruments	0.3	0.6
Rights creditors and deferred income	44.7	45.4
	183.9	217.0
Total	541.6	615.1

The Company and some of its subsidiaries operate a cash pooling arrangement. All the cash balances within the pool belong to the legal entity to which they relate, although the Company has access to all funds and each cash pool participant is jointly and severally liable for any overdraft balance.

Notes to the financial statements continued

p. Provisions for liabilities

	Property related £m	Other provisions £m	Total £m
At 31 March 2018	1.0	7.1	8.1
Provided during the year	0.1	11.5	11.6
Released in the year	-	(2.5)	(2.5)
Utilised in the year	(0.1)	(0.8)	(0.9)
Released to the income statement	-	(0.1)	(0.1)
At 31 March 2019	1.0	15.2	16.2

Property-related provisions include onerous leases in respect of properties held under non-cancellable leases, when the expected benefits to be derived by the Company from subletting those properties are lower than the unavoidable costs payable over the remaining term of the respective leases, together with provisions for dilapidations in respect of leasehold properties.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Other provisions primarily comprise legal and restructuring costs. No further disclosures have been made due to commercial sensitivity.

Further deferred contingent consideration may be payable in connection with acquisitions made by the Company. No provision has been made where the likelihood and magnitude of additional payments cannot be assessed with reasonable certainty.

Provisions are analysed between current and non-current as follows:

	2019 £m	2018 £m
Current	13.5	7.1
Non-current	2.7	1.0
	16.2	8.1

q. Taxation

Analysis of charge for the period

The charge for the year, based on a rate of corporation tax of 19% (2018: 19%) comprises:

	2019 £m	2018 £m
Current tax:		
Group Relief Payment Receipt	-	(0.2)
UK Corporation Tax	14.6	-
Double Tax Relief	(7.5)	-
Adjustments in respect of previous years	(0.4)	1.2
Foreign Tax	7.9	8.4
Total current tax	14.6	9.4
Deferred tax:		
Origination and reversal of temporary differences	(0.6)	-
Tax rate reduction	-	-
Adjustment in respect of prior years	-	(1.2)
Total deferred tax	(0.6)	(1.2)
Total charge for the year	14.0	8.2

Notes to the financial statements continued

Factors affecting the tax charge

	2019 £m	2018 £m
Profit on ordinary activities before tax	56.4	73.9
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	10.7	14.0
Effects of:		
Other disallowable expenditure	15.2	(1.6)
Non-taxable income - dividends from JV's	(11.6)	(11.7)
Tax differential re overseas earnings	0.3	6.9
Investment write-offs	(0.3)	0.5
	3.6	(5.9)
Prior year adjustments:		
Current tax	(0.4)	1.2
Deferred tax	-	(1.1)
	(0.4)	0.1
Temporary differences:		
Depreciation less than capital allowances	(1.4)	0.4
Other temporary differences	2.0	(0.4)
Origination and reversal of temporary differences	(0.5)	-
	0.1	-
Current tax charge for the year	14.0	8.2

Deferred tax analysis

In accordance with IAS 12, Income Tax, the company provides for all deferred tax liabilities in full and deferred tax assets where they are expected to be realised in the foreseeable future at a rate of 17%.

	2019 £m	2018 £m
Deferred tax provision		
Provision at start of year	(7.9)	(11.6)
Deferred tax credit	(0.4)	(1.2)
Charged to reserves	-	4.9
Provision at end of year	(8.3)	(7.9)
Deferred tax (asset)/liability		
Accelerated capital allowances	(5.2)	(6.4)
Other temporary differences	(2.9)	(1.4)
Financial instruments	(0.2)	(0.1)
Provision at end of year	(8.3)	(7.9)

Factors that may affect future tax charges

The Finance Bill 2016 was enacted on 6 September 2016. This reduced the corporation tax rate to 17% from April 2020. As this reduction to the rate has been substantively enacted at the balance sheet date, the deferred tax assets have been calculated at 17% in line with when the company anticipates temporary differences to unwind.

As part of the 2016 Budget the Chancellor announced the Business Tax Road Map, which included measures to limit the utilisation of brought forward losses and interest deductions. These were included in Finance (No. 2) Act 2017, which was substantially enacted on 31 October 2017, and applied from 1 April 2017.

There are many future changes to worldwide taxation systems as a result of the potential adoption by the UK and individual territories of measures relating to the OECD Base Erosion and Profit Shifting Actions. The Company continues to actively monitor any developments and evaluate their potential impact. The Company does not expect the future tax rate to be materially impacted by these changes to the international tax landscape.

r. Called up share capital

	2019 £m	2018 £m
Issued and fully paid		
250,000 Ordinary shares of £1 each	0.2	0.2

The Company has one class of ordinary shares, which carry no right to fixed income.

Notes to the financial statements continued

s. Dividends

	2019	2018
	£m	£m
Amounts recognised as distributions to equity holders in the period:		
Interim dividends for the current year of £249.80 per share (2018: £285.40 per share)	62.5	71.4
	62.5	71.4

t. Reserves

Available-for-sale Reserve

The available-for-sale reserve is used to record the fair value movement of the Company's investments.

Hedging Reserves

The hedging reserve is used to record the effective portion of cumulative net changes in the fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred (net of tax). During the current year, losses of £4.0m were removed from the hedging reserves and recognised in revenue in the income statement (2018: losses of £17.4m).

u. Acquisitions

Subsidiary Acquisition - Lookout Point Limited

BBC Studios Distribution Limited previously held a 49.9% share in Lookout Point Limited (LPL) and on 5 July 2018 purchased an additional stake taking the shareholding to 100%, thus LPL becoming a wholly owned subsidiary of BBC Studios Distribution. The fair value of Lookout Point Limited on acquisition was £24.3m. On acquisition date, £28.2m of work in progress, £33.2m of deferred income and £8.2m of cash was recognised. Since acquisition, Lookout Point Limited have recognised revenue of £39.2m and profit of £1.4m including high end tax credits.

v. Commitments and contingent liabilities

Contracts placed for future capital expenditure not provided are as follows:

	2019	2018
	£m	£m
Capital commitments		
Distribution rights	158.1	113.5
	158.1	113.5
Other financial commitments		
Programme rights for broadcast	0.6	1.1
Other commitments	49.0	37.3
	49.6	38.4
Total unrecognised commitments	207.7	151.9

The Company has given guarantees in relation to the BBC Commercial Holdings Limited revolving credit facility agreement. At 31 March 2019, total amounts drawn down under this facility were nil (2018: £nil). In addition the Company has given guarantees in relation to a US private placement in the name of BBC Commercial Holdings Limited which at year end was £193.2m (2018: £181.6m). At 31 March 2019, the total amount of this debt was £193.2m (2018: £181.6m).

Included in Other commitments is £21.7m to Associates.

w. Operating lease arrangements

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018 (restated see note b)
	£m	£m
Within one year	3.2	2.9
Between two and five years	12.5	11.8
After more than five years	65.2	70.1
Total	80.9	84.8

The majority of operating leases relate to property. The rent payable under these leases is subject to renegotiation at the various intervals specified in the agreements.

Notes to the financial statements continued

x. Related party transactions

The Company's consolidated financial statements for the year ended 31 March 2019 contain related party disclosures. Consequently, the Company has taken advantage of the exemption under FRS 101 (IAS 24 Related Party Disclosures) not to disclose transactions with other members of the BBC Group. The value of transactions conducted with non wholly-owned subsidiaries and with other related parties was as follows:

Name of related party	Relationship	Income 2019	Expense 2019	Dividends received 2019	Income 2018	Expense 2018	Dividends received 2018
		£m	£m	£m	£m	£m	£m
UKTV Media Holdings Limited	Joint Venture	52.6	-	14.5	54.8	-	30.0
Other joint ventures	Joint Venture	0.4	-	-	-	-	-
New Video Channel America LLC	Associate	19.5	-	-	29.0	-	-
Other associates	Associate	1.5	(9.8)	0.6	1.4	(27.1)	0.6
Total		74.0	(9.8)	15.1	85.2	(27.1)	30.6

The following amounts were outstanding with related parties at the balance sheet date:

Name of related party	Relationship	Receivables 2019	Payables 2019	Net balance 2019	Receivables 2018	Payables 2018	Net balance 2018
		£m	£m	£m	£m	£m	£m
UKTV Media Holdings Limited	Joint Venture	35.1	(9.7)	25.4	19.5	-	19.5
Other joint ventures	Joint Venture	0.7	-	0.7	0.3	-	0.3
New Video Channel America LLC	Associate	2.1	-	2.1	2.5	(1.2)	1.3
Other associates	Associate	2.5	-	2.5	6.6	-	6.6
Total		40.4	(9.7)	30.7	28.9	(1.2)	27.7

At 31 March 2019, the Company also had an outstanding balance of £1.0m (2018: £1.0m) payable to a joint venture of the Company's ultimate parent in respect of group relief. This balance is included within other payables.

y. Post balance sheet events

On 11 June 2019, the UKTV group, a joint venture previously owned by BBC Studios Distribution Limited and Southbank Media Limited (see note j), was demerged and had its ownership restructured. The three leisure-themed channels were separated from the Company, and BBC Studios Distribution Limited obtained 100% ownership and control of UKTV Holdings Limited and its remaining seven entertainment channels, as well as UKTV Play and the UKTV brand. The principal reason for this acquisition was that these channels are closely aligned to BBC Studio Distribution Limited's own content strategy and supply. The total cash payment due from BBC Studio Distribution Limited of £173m is payable over two years. This includes a cash consideration of £106m in relation to the channels acquisition, and the assumption of £67m of debt, previously financed by the joint venture counterparty. This acquisition was financed through existing borrowing facilities. For the year ended 31 March 2019, UKTV had total revenues of £332m and profit of £53m, and had gross assets of £266m and net assets of £94m. Owing to the timing of the transaction occurring close to the date of signing of the 2019 financial statements, full acquisition accounting has not yet been completed, including calculation of goodwill on acquisition and potential recognition of other intangible assets. Full acquisition accounting information is expected to be provided in the financial statements for the year ending 31 March 2020.