

2 Entertain Video Limited
Registered number: 01924997
Annual Report and Financial Statements
For the Year ended 31 March 2023



Contents

Officers and advisors

Directors

Thomas Fussell (Resigned 1 April 2022)
Timothy Seymour (Appointed 1 April 2022)
Stephen Davies

Company Secretaries

Anthony Corriette (Resigned 4 January 2023)
Nicola Chalston (Resigned 24 August 2023)
Jackline Ryland (Appointed 24 August 2023)

Registered Office

1 Television Centre
101 Wood Lane
London
W12 7FA

Contents

Strategic Report	4
Directors' Report	6
Statement of Directors' Responsibilities	8
Income Statement	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Strategic Report

The Directors present their annual report and audited financial statements of 2 Entertain Video Limited (the "Company") for the year ended 31 March 2023. The Company's financial statements have been prepared in accordance with FRS 101: Reduced Disclosure Framework for all periods presented and these can be seen on pages 9 to 18.

Principal activity and business review

The Company is a wholly-owned subsidiary of 2 Entertain Limited. The principal activity of the Company is distributing, publishing and marketing of pre-recorded DVDs.

The Company generated turnover of £11.5m in the year ended 31 March 2023 (2022: £19.9m). An operating profit of £4.2m was recorded during the year (2022: £7.5m).

The Company is in a net asset position with net assets of £21.3m (2022: £18.9m).

Principal risks and uncertainties

The 'physical-format' video DVD market is expected to continue to decline over the next few years, principally because it is a mature market that is experiencing retail price deflation, compounded by the increased importance of digital distribution and subscription services.

The Company derives a portion of its sales from various global markets. It is therefore exposed to fluctuations in foreign currencies - particularly US Dollars and Euros - through the assets and liabilities recorded in these currencies.

Despite the challenging environment, there remains a market for 'physical-format' products. By continuing its consistent delivery of the best, most popular and commercially appealing UK-produced pre-packaged video content, the Company will continue to maximise its overall profitability. Targeted releases will deliver maximum return from high quality content, and the Company will streamline its cost base to protect margins.

The Company continues to be profitable despite a declining headline revenue movement in line with the drop in demand for physical format DVDs and compact discs. The margin has been protected by a streamlined cost base that is now largely variable.

Strategic Report (continued)

Section 172 statement

Section 172 of the Companies Act 2006 requires the Directors to behave in the way they consider, in good faith, would most likely promote the success of the Company as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging their duties under section 172, the Directors have had regard for these factors taking them into consideration when decisions are made. This includes:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

As result of the governance structure embedded within the Company and the wider group, the matters that it is responsible for considering under Section 172 have been considered to an appropriate extent by the Group in relation to this Company. The Directors have also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the entity, a further explanation of how the Company and the wider group has considered the matters set out in the Act is contained within the annual report of the BBC Group or BBC Commercial, which does not form part of this report.

By order of the Board,

DocuSigned by:

D328DBC3FECB4F7
Jackline Ryland
Company Secretary
Date: 12 December 2023

Registered Office:

1 Television Centre
101 Wood Lane
London
W12 7FA

2 Entertain Video Limited
Registered number: 01924997
31 March 2023

Directors' Report

Directors

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

Thomas Fussell (Resigned 1 April 2022)
Timothy Seymour (Appointed 1 April 2022)
Stephen Davies

The Company Secretaries who served during the year were as follows:

Anthony Corriette (Resigned 4 January 2023)
Nicola Chalston (Resigned 24 August 2023)

The Company Secretary is Jackline Ryland (Appointed 24 August 2023)

Political and charitable donations

The Company did not make any political or charitable donations during the year (2022: £nil).

Dividends

No dividends were proposed or paid during the year (2022: £nil) and no further dividends have been proposed by the Directors post year end.

Future developments

The Company will continue to invest in core BBC in-house, leading independent and talent commissions in order to remain the leading UK-owned publisher of DVDs, whilst developing its international markets in order to offer the "Best of British Entertainment" to a wide audience.

Overseas operations

The Company derives a significant portion of its sales from the USA and therefore is exposed to the fluctuations in the US Dollar through the assets and liabilities recorded in this currency. The Company also derives income from other territories where sales are made through licensing partners.

Going concern

As set out on page 12, the Directors have a reasonable expectation that the business has adequate resources to continue in operational existence for a period of no less than 12 months from the date that these accounts were signed and accordingly the going concern basis continues to be adopted in the preparation of the accounts.

Directors' interest and indemnities

The Directors had no interest in the share capital of the Company between 1 April 2022 and 31 March 2023. No rights to subscribe for shares in or debentures of the Company were granted to the Directors or their immediate families, or exercised by them, during the financial year. The Directors were covered by Directors' and Officers' liability insurance in place throughout the financial year as appropriate under the BBC group scheme.

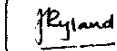
Directors' Report (continued)

Post balance sheet events

No significant events occurred after the balance sheet date.

By order of the Board,

DocuSigned by:



D328DBC3FECB4F7
Jackline Ryland

Company Secretary

Date: 12 December 2023

Registered Office:

1 Television Centre
101 Wood Lane
London
W12 7FA

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable laws 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).

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 its profit or loss of the Company for that period.

In preparing these 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 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.

Income Statement

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	2	11,453	19,885
Cost of sales		(4,957)	(8,324)
Gross Profit		6,496	11,561
Distribution costs		(1,172)	(2,529)
Net foreign exchange (losses)/ gains		(528)	628
Administrative expenses		(588)	(2,155)
Operating profit on ordinary activities before taxation	4	4,208	7,505
Taxation	6	(1,740)	775
Profit for the year		2,468	8,280

The profits for both years presented were from continuing operations.

There are no recognised gains or losses other than those shown above and therefore no separate statement of comprehensive income is presented.

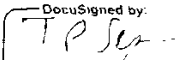
Balance Sheet

As at 31 March	Note	2023 £'000	2022 £'000
Current assets			
Stocks	7	263	1,606
Debtors	8	38,430	39,052
		38,693	40,658
Current liabilities			
Creditors: amounts falling due within one year	9	(17,360)	(21,793)
Net current assets		21,333	18,865
Net assets		21,333	18,865
Capital and reserves			
Called up share capital	10	-	-
Retained earnings		21,333	18,865
Total equity shareholders' funds		21,333	18,865

The notes on pages 11 to 18 form part of these financial statements.

- For the year ending 31 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of the accounts.

The financial statements of 2 Entertain Video Limited, registered number 01924997, were approved by the Board of Directors, authorised for issue and were signed on its behalf by:

DocuSigned by:

 2634275799C1486
 Timothy Seymour

Director

Date: 12 December 2023

2 Entertain Video Limited
 Registered number: 01924997
 31 March 2023

Statement of Changes in Equity
For the year ended 31 March 2023

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021	-	10,585	10,585
Total comprehensive income for the year			
Profit for the year	-	8,280	8,280
Total comprehensive income for the year	-	8,280	8,280
Transactions with owners, recorded directly in equity			
Total distributions to owners	-	-	-
Balance at 31 March 2022	-	18,865	18,865
Total comprehensive income for the year			
Profit for the year	-	2,468	2,468
Total comprehensive income for the year	-	2,468	2,468
Transactions with owners, recorded directly in equity			
Total distributions to owners	-	-	-
Balance at 31 March 2023	-	21,333	21,333

Notes to the financial statements

1 Principal accounting policies

2 Entertain Video 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.

This section explains the Company's main accounting policies, which have been applied consistently throughout the year and in the preceding year to items considered material to the financial statements.

1a Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, for all periods presented.

The financial statements have been prepared in accordance with the Companies Act 2006 and under the historic cost basis.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures of the exemption adopted are given in the Group accounts of BBC Commercial Limited.

The results and financial position of the company are expressed in pounds sterling to the nearest £1,000, which is the functional currency of the Company, and the presentation currency for these financial statements.

1b Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic report on page 4. The Company has diversified its portfolio and has sufficient financial resources in place to cover future fluctuation. As a consequence, the Directors believe that the Company is well-placed to manage its business risks.

After making enquiries, the Directors have a reasonable expectation that the business has adequate resources to continue in operational existence for a period of no less than 12 months from the date that these accounts were signed and accordingly the going concern basis continues to be adopted in the preparation of the accounts.

Notes to the financial statements (continued)

1c Revenue

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 IFRS 15 Revenue from Contracts with Customers to meet 'over time' recognition. The default category, if none of these criteria are met is 'point in time' recognition.

Company revenue represents wholesale sales to retailers, sub-licensing royalties and other income earned during the period.

The basis upon which revenue is recognised is as follows:

Wholesale sales to retailers are recognised at point in time on delivery of the product and are recorded at the fair value of consideration receivable, net of discounts and after deduction of the sales value of actual and estimated returned goods and estimated markdowns by the retailer. Estimated markdowns and returns are based on historic markdown and returns rates.

Licence royalties are recognised as revenue at point in time when the physical sale has been realised. Licence royalties received in advance are included within deferred income until the following criteria are met:

- (i) the licence agreement has been executed by all parties;
- (ii) the licence term has commenced; and
- (iii) the collection of licence royalties is reasonably assured.

All income, including sales commission, is recognised on an accruals basis to match the provision of the related goods or services.

Revenue excludes value added tax and trade discounts and is recognised at the fair value of consideration receivable.

1d Foreign currency translation

Transactions in foreign currencies are translated into sterling at an average exchange rate, with the month end exchange rate used as an appropriate proxy. Balances held at year-end in foreign currencies are translated at the balance sheet date.

1e Stocks

Stocks comprising DVDs, finished goods and other stock and work in progress are stated at the lower of cost and net realisable value. An obsolescence provision is raised against stock believed to have no further sales within a reasonable timeframe. This is estimated based on historic sales data.

Notes to the financial statements (continued)

1f Advance royalties

Advance royalties are stated at cost less amounts recouped against royalties payable on sales and provision for any anticipated recoupable amounts.

1g Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Except where otherwise required by accounting standards full provision without discounting is made for all temporary differences that have arisen but not reversed at the balance sheet date.

1h Dividends on shares presented within shareholders' funds

When a dividend is declared, it is recognised through the equity shareholders' funds in the same period. Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1i Use of estimates and judgements

The preparation of financial statements in conformity with FRS 101 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 timing of revenue recognition, and the amount to be recognised requires judgement, as does the calculation of provisions for bad debt and stock. In making these judgements for revenue, the Company considers whether the significant risks and rewards of goods and services have been transferred to the customer. For bad debt and stock, estimates are used in determining the extent to which the assets are recoverable.

1j Adoption of new and revised accounting standards

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

- Classification of Liabilities as Current and Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax related to assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Insurance Contracts (Amendments to IFRS 17)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practical Statement 2)

The directors do not expect that the adoption of the standards and interpretations above would have a material impact on the financial statements of the Group in future periods.

The Company has consistently applied the accounting policies to all periods presented.

Notes to the financial statements (continued)

2 Segmental Analysis

Revenue represents amounts derived from DVD publishing in the following geographical areas, by destination:

	2023	2022
	£'000	£'000
United Kingdom	9,240	11,451
United States of America and Canada	2,054	8,429
Rest of the World	159	5
	11,453	19,885

Of the total revenue figure above £10,307k (2022: £18,865k) is derived from the sale of goods and £1,146k (2022: £1,020k) is derived from royalties.

3 Revenue

Contract balances

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, which are presented within 'Accruals and deferred income' in note 9 and within Creditors on the balance sheet.

	Contract liabilities
	£'000
At 1 April 2021	878
Decrease due to revenue recognised in the period	(878)
Increase due to cash received in advance and not recognised as revenue during the year	614
At 31 March 2022	614
Decrease due to revenue recognised in the period	(614)
Increase due to cash received in advance and not recognised as revenue during the year	7
At 31 March 2023	7
Presented within:	
Current	7
Non-current	-

The Company has no contract assets as at 31 March 2023.

4 Operating profit on ordinary activities before taxation

Operating profit on ordinary activities before taxation is stated after charging the following:

	2023	2022
	£'000	£'000
Net foreign exchange gains/(losses)	(527)	628

Notes to the financial statements (continued)

5 Staff Costs

The Company had no employees during the current or preceding year. No Director of the Company received any remuneration for qualifying services to the Company during the year (2022: £nil).

6 Taxation

6a Analysis of charge for the year

The charge for the year, based on a rate of corporation tax of 19% (2022: 19%), comprised:

	2023	2022
	£'000	£'000
Current tax:		
Group Relief Payment	-	300
Current tax charge on the profit for the year	799	1,126
Double Tax Relief	(10)	(3)
	789	1,423
Adjustments in respect of prior years	941	(2,201)
Foreign tax	10	3
Tax (receivable)/payable on profits on ordinary activities	1,740	(775)

6b Factors affecting the tax charge

The current tax charge for the period is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The charge is explained below.

	2023	2022
	£'000	£'000
Profit on ordinary activities before tax	4,208	7,505
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	799	1,426
Prior Year adjustments		
Current Tax	941	(2,201)
Total tax charge	1,740	(775)

The Company has no unprovided deferred tax liabilities or unrecognised deferred tax assets.

Notes to the financial statements (continued)**7 Stocks**

	2023	2022
	£'000	£'000
Finished Goods	263	1,606
	263	1,606

Stocks, comprising DVDs and work in progress, are stated at the lower of cost (determined on a standard or average cost basis) and net realisable value.

The cost of inventories recognised as an expense includes £49k (2022: £1,081k) in respect of write-downs of inventory to net realisable value.

8 Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	2,609	2,393
Advance royalties (prepaid)	89	89
<i>Amounts owed by immediate parent undertaking</i>	35,675	36,530
Prepayments and accrued income	57	40
	38,430	39,052

9 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	532	7,938
Contributor costs and royalties payable	4,513	4,779
Amounts owed to fellow subsidiary undertakings	8,186	7,801
Accruals and deferred income	539	783
Corporation tax	702	-
Taxation	2,888	492
	17,360	21,793

The amounts owed to group undertakings are current and do not attract interest.

Notes to the financial statements (continued)**10 Called up share capital**

	2023	2022
	£	£
Authorised, allocated, called up and fully paid		
- Ordinary shares: 100 shares of £1 each	100	100
	100	100

All share capital is equity share capital.

11 Dividends

No dividends were proposed or paid in 2023 (2022: £nil).

12 Post-balance sheet events

There were no events subsequent to the balance sheet date which require disclosure within the financial statements.

13 Related party transactions

The Company is a wholly owned subsidiary of the British Broadcasting Corporation ('BBC') and has taken exemption under FRS 101 from the requirements of IAS 24 Related Party Disclosures as the Company is a wholly owned entity which forms part of the BBC group.

There are no other transactions with related parties that require disclosure.

14 Immediate and ultimate parent undertaking

The Company's immediate parent is 2 Entertain Limited and the Company's ultimate parent undertaking and controlling party is the BBC which is incorporated in the United Kingdom by Royal Charter. The largest group in which the results of the Company are consolidated is that headed by the BBC. The smallest group in which they are consolidated is that headed by BBC Commercial Limited incorporated in the United Kingdom. The consolidated accounts of BBC may be obtained online at www.bbc.co.uk/annualreport.