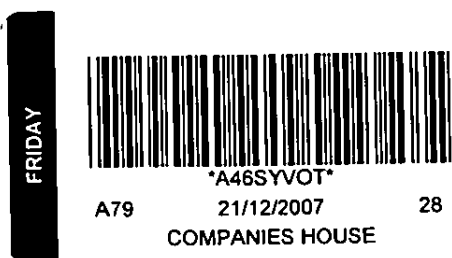


BBC Ventures Group Limited

(Registered number 04463546)

**Director's report and company
financial statements**

Year ended 31 March 2007



Officers and advisers

Director

J Smith

Company Secretary

P Ranyard

Registered office

Broadcasting House
1 Portland Place
London
W1A 1AA

Auditors

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

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Director's report

The director presents his report and the audited financial statements for the year ended 31 March 2007

Principal activities

BBC Ventures Group Limited ("the Company") is the holding company for BBC Resources Limited, BBC Worldwide Limited and BBC Vecta Limited

Results and dividends

The profit after taxation for the year was £76,843,000 (2006 £133,253,000) Interim dividends of £100,899,000 were paid during the year (2006 £98,700,000) No final dividend was declared or paid in the year

Post Balance Sheet Events

On 30 May 2007, BBC Worldwide Limited's Board proposed and approved the payment of an additional interim dividend of £6,000,000 to BBC Ventures Group Limited in respect of additional profits generated in the 2007 financial period On 22 June 2007, BBC Ventures Group Limited proposed and approved the payment of an additional interim dividend of £12,400,000 to BBC Commercial Holdings Limited

Director and director's interests

The director who served during the year, and up to the date of this report, was as follows

John Smith

The director did not have any interest in the share capital of the Company as at 31 March 2007 No rights to subscribe for shares or debentures of the Company or any other company within the BBC Group were granted to the director or his immediate family, or exercised by him, during the financial period

Charitable and political donations

The Company does not make political donations During the year it made no charitable donations (2006 £nil)

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

Corporate governance

As a wholly owned subsidiary of the BBC, the Company fully supports the recommendations of the Combined Code Disclosure of how the BBC complies with the requirements of the Combined Code is given in its annual report and consolidated accounts, which may be obtained from the BBC Trust Unit, Room 211, 35 Marylebone High Street, London W1U 4AA

Auditors

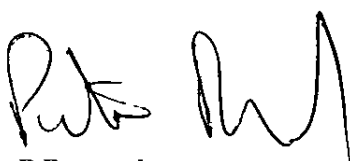
In accordance with Section 384 of the Companies Act 1985, a resolution is to be proposed at the forthcoming annual general meeting for the re-appointment of KPMG LLP as auditors of the Company

Director's report (continued)

Statement as to disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



P Ranyard
Company Secretary
Date: 25 July 2007

Registered Address
Broadcasting House
1 Portland Place
London
W1A 1AA

Statement of director's responsibilities

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Principles)

The financial statements are required by law to 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 these financial statements, the director is required to

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

The director is responsible for keeping proper accounting records that 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditors' report to the member of BBC Ventures Group Limited

We have audited the financial statements of BBC Ventures Group Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholder's Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of the Company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants and Registered Auditor
8 Salisbury Square, London EC4Y 8BB

Date *26 July 2007*

Company profit and loss account
for the year ended 31 March 2007

	Note	2007 £'000	2006 £'000
Turnover		-	-
Gross profit		-	-
Administrative (expenditure) / income before exceptional provision against investment in and loans to subsidiary undertaking		(30)	2
Exceptional provision against investment in and loans to subsidiary undertaking		-	(3,427)
Total administrative expenses		(30)	(3,425)
Operating loss		(30)	(3,425)
Profit on sale of subsidiary undertaking	3	-	129,308
(Loss)/profit on ordinary activities before interest and taxation	1	(30)	125,883
Income from shares in group undertakings		75,298	7,201
Other interest receivable and similar income	4	2,197	2,223
Profit on ordinary activities before taxation		77,465	135,307
Tax on profit on ordinary activities	5	(622)	(2,054)
Profit on ordinary activities after taxation	10	76,843	133,253

The above results are derived from continuing operations

There is no difference between the results as disclosed above and the results on a historical cost basis

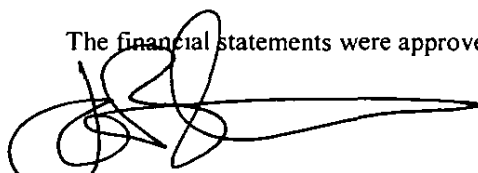
Other than the results for the year, there were no recognised gains and losses during the year

The notes on pages 9 to 12 form part of the financial statements

Company balance sheet
as at 31 March 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments	6	168,300	168,300
Current assets			
Debtors due after more than one year	7	28,696	53,895
Debtors due within one year	7	1,139	315
		29,835	54,210
Creditors – amounts falling due within one year	8	(2,533)	(2,852)
Net current assets		27,302	51,358
Total assets less current liabilities		195,602	219,658
Net assets		195,602	219,658
Capital and reserves			
Called up share capital	9	168,300	168,300
Profit and loss account	10	27,302	51,358
Equity shareholder's funds	10	195,602	219,658

The financial statements were approved by John Smith, sole Director of the Company, on 25 July 2007


John Smith
 Director

**Reconciliation of movements in shareholder's funds
for the year ended 31 March 2007**

	2007 £'000	2006 £'000
Total profit for the year	76,843	133,253
New ordinary share capital issued	-	117,300
Dividends paid in the year	(100,899)	(98,700)
Net (decrease)/increase in equity shareholder's funds	(24,056)	151,853
Opening equity shareholder's funds	219,658	67,805
Closing equity shareholder's funds	195,602	219,658

Accounting policies

This section explains the Company's principal accounting policies which have been applied and are set out below

Basis of accounting

The financial statements are presented in accordance with UK GAAP under the historical cost accounting convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the UK

Basis of preparation

The Company is a wholly owned subsidiary of BBC Commercial Holdings Limited, which in turn is a wholly owned subsidiary of the British Broadcasting Corporation, whose accounts are publicly available. It has therefore taken advantage of the exemption available under Section 228 of the Companies Act 1985 not to prepare consolidated accounts and of the exemption available under FRS 1 not to prepare a cash flow statement. The results disclosed are therefore those of the Company only.

Investments

Investments are recorded on the balance sheet at cost less provision for any impairment in value.

Taxation

Deferred tax is computed under the liability method. Full provision, without discounting, is made in respect of timing differences between certain items in the financial statements and their treatment for taxation purposes at the balance sheet date, except as otherwise required by FRS19 'Deferred tax'. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Dividends on shares presented within shareholder's funds

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.

Notes to the accounts

1 (Loss)/profit on ordinary activities before interest and taxation

1a (Loss)/profit on ordinary activities before interest and taxation excluding auditors' remuneration

The (loss)/profit on ordinary activities before interest and taxation is stated after charging

	2007 £'000	2006 £'000
Exceptional provision against investment in and loans to subsidiary undertaking		
- write off of loans to subsidiary undertaking	-	3,547

1b Auditors' remuneration

The audit fee of £5,000 (2006 £5,000) has been borne by another group company

Amounts receivable by the Company's auditors in respect of services to the Company and its subsidiaries, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, the British Broadcasting Corporation

2 Staff and director's remuneration

The company did not have any employees in the period ending 31 March 2007 (2006 nil)

The director did not receive remuneration in respect of his duties as a director of the Company and was remunerated separately within the BBC Group in relation to professional duties other than as a director of this Company

3 Profit on sale of subsidiary undertaking

	2007 £'000	2006 £'000
Profit on sale of BBC Broadcast Limited	-	114,153
Profit on sale of BBC Technology Holdings Limited	-	15,155
	-	129,308

On 31 July 2005, the Company sold BBC Broadcast Limited, a wholly owned subsidiary, for a total consideration of £166 0million to Creative Broadcast Services Limited, a company owned by Macquarie Capital Alliance Group and Macquarie Bank Limited. BBC Broadcast Limited provided playout and channel management services.

In September 2004 the Company sold BBC Technology Holdings Limited to Siemens Business Services Limited. A profit of £41 6million was recorded in 2005 after providing £21 1million for the estimated pension liability in respect of the expected number of BBC Pension Scheme members transferring to Siemens Business Services Limited. During the current year after confirmation of the actual staff transferred from BBC to the Siemens Pension Scheme the value of the pension liability was confirmed as £5 9million, resulting in a further profit of £15 2million.

Notes to the accounts (continued)

4 Other interest receivable and similar income

	2007 £'000	2006 £'000
Interest receivable on loan to parent undertaking	2,191	1,872
Interest receivable on loans to subsidiary undertakings	-	278
Other interest receivable	6	73
Total interest receivable and other similar items	2,197	2,223

5 Taxation

5a Analysis of charge for the year

The charge for the year based on a rate of corporation tax of 30% (2006 30%) comprised

	2007 £'000	2006 £'000
	<i>Note</i>	
Current tax		
Group relief payment	-	675
UK corporation tax	660	1,373
Adjustments in respect of previous years	(38)	6
Charge for the year	<i>7b</i> 622	2,054

5b Factors affecting the tax charge

The effective rate of tax is different from the standard rate as a result of the following

	2007 £'000	2006 £'000
	<i>Note</i>	
Profit on ordinary activities before taxation	77,465	135,307
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 30%)	23,240	40,592
Effects of:		
Non-taxable sale of trading investment	-	(37,186)
Other disallowable expenditure	9	30
Non taxable dividend income	(22,589)	(2,160)
Non taxable provision against loan/investment	-	772
Adjustment in respect of prior years	(38)	6
Current tax charge for the year	<i>7a</i> 622	2,054

5c Factors that may affect future tax charges

It is anticipated that the statutory rate of UK corporation tax will reduce to 28% with effect from 1 April 2008

Notes to the accounts (continued)

6 Investments

6a Movements in year

	2007 £'000
Cost	
At 1 April 2006 and 31 March 2007	171,300
Provision	
At 1 April 2006 and 31 March 2007	(3,000)
Net book amount	
At 31 March 2007	168,300
At 31 March 2006	168,300

6b Subsidiary undertakings

The Company owns 100% of the issued share capital of the following companies which are incorporated in England and Wales

	Activity
BBC Worldwide Limited	Acquisition, development, exploitation and licence and sale of media and publishing intellectual property
BBC Resources Limited	Provision of equipment, facilities and services for use primarily in programme making and broadcasting
BBC Vecta Limited	Discontinued operations

7 Debtors

	2007 £'000	2006 £'000
Receivable within one year		
Amounts owed by subsidiary undertakings	201	201
Other debtors	938	114
Total current debtors	1,139	315
Receivable after more than one year		
Amounts owed by parent undertaking	28,696	53,895
Total long-term debtors	28,696	53,895
Total debtors	29,835	54,210

8 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to ultimate parent undertaking	1,474	1,474
Corporation tax	1,059	1,373
Accruals and deferred income	-	5
Total	2,533	2,852

9 Share capital

	2007 £'000	2006 £'000
Authorised		
168,300,003 Ordinary shares of £1 each	168,300	168,300
Allotted, called up and full paid		
168,300,003 Ordinary share capital	168,300	168,300

Notes to the accounts (continued)

10 Reserves

The movements in reserves during the year were as follows

	Share capital £'000	Profit and loss account £'000	Total £'000
Opening balances	168,300	51,358	219,658
Profit for financial year	-	76,843	76,843
Dividends	-	(100,899)	(100,899)
At 31 March 2007	168,300	27,302	195,602

11 Post balance sheet events

On 30 May 2007, BBC Worldwide Limited's Board proposed and approved the payment of an additional interim dividend of £6 0million to BBC Ventures Group Limited in respect of additional profits generated in the 2007 financial period. On 22 June 2007, BBC Ventures Group Limited proposed and approved the payment of an additional interim dividend of £12 4million to BBC Commercial Holdings Limited.

12 Related party transactions

The Company has taken advantage of the exemptions available under FRS 8 and does not disclose related party transactions with the BBC and any of its subsidiaries on the grounds that it is a wholly owned subsidiary undertaking of the BBC, whose financial statements are publicly available.

13 Ultimate holding and controlling party

The Company's immediate parent undertaking is BBC Commercial Holdings Limited. The Company's 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 the Company are consolidated is that headed by the BBC. The smallest group in which the results of the Company are consolidated is headed by BBC Commercial Holdings Limited. Copies of the financial statements of the BBC may be obtained from the BBC Trust Unit, Room 211, 35 Marylebone High Street, London, W1U 4AA.