BBC Ventures Group Limited

Director's Report and Financial Statements

Year ended 31 March 2016

Registered number 04463546

Contents

Strategic report

The director presents his report and the audited financial statements for the year ended 31 March 2016.

Principal activities of the Group

BBC Ventures Group Limited ('the Company') is the holding company for BBC Studioworks Limited (previously BBC Studios and Post Production Limited) and BBC Worldwide Limited.

The company receives dividend income from its subsidiary companies.

The director expects the company to continue with these activities for the foreseeable future.

Objectives, strategy and underlying performance

BBC Worldwide exists to support the BBC public service mission and to maximise income to the Group on its behalf. This was primarily through investment in BBC commissioned content and dividends. Returns from BBC Worldwide support an ongoing commitment to manage financial performance sustainably and protect the interest of licence fee payers.

BBC Worldwide's mission is to grow the BBC brand around the world by increasing its global presence and future profitability resulting in sustainable and rising returns to the BBC. During the year new channel brands were launched in Poland, the Nordics, South Africa and Latin America and most of the other thematic BBC channels are expected to re-brand during 2016/17.

BBC Studioworks Limited provides facilities, equipment and services for use in programme production. The year ended 31 March 2016 witnessed the decision to close the Digital Media Services division, which subsequently ceased trading on 31 March 2016 as part of a business strategy to focus on core, profitable studios and post production related activities. Whilst the closure decision partly explains a year-on-year reduction in revenues, it is expected to positively improve underlying operating profits going forward.

The company returned an operating profit of £1.3million on its underlying activities excluding DMS during the year, representing a significant improvement on the prior year and delivered through a mix of successful business development and cost management initiatives.

Principle risks and uncertainties

The principal risks and uncertainties are those relating to the underlying performance of the subsidiary companies.

Results and dividends

The retained profit for the year was £105.5million (2015: £111.4million). Dividends of £123.9million were declared during the year (2015: £111.3million).

By order of the Board,

Charles. A. Villar

Charlie Villar
Director

25 July 2016

Room BC2 A5
Broadcast Centre
201 Wood Lane
London
W12 7TP

Director's report

Director

Charlie Villar

Political contributions

The Company did not make any political donations in the year (2015: £nil).

Financial instruments

The Company's financial risk management operations are managed by BBC Group Treasury. All treasury activity is routinely reported and is subject to review by management.

Insurance indemnities

The Group maintains liability insurance for its director which is renewed on an annual basis.

Going concern

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis 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.

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 has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board.

Charlie. A. Villar

Charlie Villar
Director

25 July 2016

Room BC2 A5
Broadcast Centre
201 Wood Lane
London
W12 7TP

Statement of director's responsibilities

The director is responsible for preparing the Director's Report, Strategic 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 he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. The director has responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of BBC Ventures Group Limited

We have audited the financial statements of BBC Ventures Group Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Movements in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement (set out on page 4), the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Richard Wilson (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Ernst & Young LLP

1 More London Place
London
SE1 2AF

25 July 2016

Profit and loss account

for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Income from shares in group undertakings		105,479	111,339
Interest receivable and similar income	5	45	63
Profit on ordinary activities before taxation		105,524	111,402
Tax on profit on ordinary activities	7	14	6
Profit for the financial year		105,538	111,408

All amounts above are derived from continuing activities.

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

The notes on pages 10 to 15 form part of the financial statements

Balance Sheet
as at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments in subsidiaries	9	155,009	155,009
Current assets			
Debtors			
- due within one year	10	9	18,402
Creditors: Amounts falling due within one year	11	-	(23)
Net current assets		9	18,379
Total assets less current liabilities		155,018	173,388
Net Assets		155,018	173,388
Capital and reserves			
Called up share capital	12	1,300	1,300
Profit and loss account		153,718	172,088
Total shareholders' funds		155,018	173,388

The financial statements of BBC Ventures Group Limited, registered number 04463546, were approved by the director on 25 July 2016:

Charles A. Villar

Charlie Villar
Director

Statement of changes in equity
for the year ended 31 March 2016

	Share capital £'000	Profit and loss reserve £'000	Total £'000
At 1 April 2014	1,300	172,019	173,319
Profit for the year	-	111,408	111,408
Total comprehensive income/(loss) for the year	-	**111,408**	**111,408**
Dividends declared in year	-	(111,339)	(111,339)
At 31 March 2015	1,300	172,088	173,388
Profit for the year	-	105,538	105,538
Total comprehensive income/(loss) for the year	-	**105,538**	**105,538**
Dividends declared in year	-	(123,908)	(123,908)
At 31 March 2016	**1,300**	**153,718**	**155,018**

Notes to the financial statements

For the year ended 31 March 2016

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the Company for the year ended 31 March 2016 were authorised for issue by the director on 25 July 2016. BBC Ventures Group Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of the BBC Commercial Holdings Limited. The group accounts of Commercial Holdings Limited are available to the public and can be obtained as set out in note 13.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. 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.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions under FRS101:

- IFRS 2 Share based payments
- IFRS 3 Business combinations
- IFRS 5 Non-current assets held for sale and discontinued operations
- IFRS 7 Financial instruments
- IFRS 13 Fair value measurement
- IAS 1 Presentation of financial statements
- IAS 7 Statement of cashflows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 24 Related party disclosures
- IAS 36 Impairment of assets

Reconciliation with previously United Kingdom Generally Accepted Accounting Practice

In preparing the accounts, the directors have considered whether in applying the accounting policies required by FRS 101 a restatement of comparative items was needed. No restatements were required. See note 14 for further details.

Going concern

Although the Company is not immune from the effects of the current economic environment, the director believes the business is well placed to manage the risks effectively, and has adequate resources to continue in operation for the foreseeable future. As a result the going concern basis has been adopted in the preparation of the financial statements.

2 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or there has been a substantial transfer of the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired.

Dividend and Interest Income

Dividends are recognised in the year in which they are declared, once any eligibility events have occurred.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profits for the year.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Dividends on shares provided within shareholder's funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

3 Judgements and key sources of estimation uncertainty (continued)

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired required estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present value. The carrying amount of investments in subsidiaries at the balance sheet date was £155,008,744 with no impairment loss recognised in 2015 or 2016.

4 Auditor's remuneration

The audit fee relating to the Company, which was borne by the parent undertaking, was £2,000 (2015: £2,000).

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, 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, BBC Commercial Holdings Limited.

5 Other interest receivable and similar income

	2016 £'000	2015 £'000
Interest receivable on loan to parent undertaking	45	63

6 Employees and director's remuneration

The Company did not have any employees during the year.

The director received no emoluments from the Company during the year (2015: £nil).

The director is employed under service contracts with the British Broadcasting Corporation.

7 Taxation

7a Analysis of tax credit for the eyar

The tax charge comprises:

	2016 £'000	2015 £'000
Current tax		
UK Corporation tax - current tax credit for the year	(14)	(6)
Total credit for the year	(14)	(6)

Corporation tax is calculated at 20% (2015: 21%) of the estimated assessable UK profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7b Reconciliation of the total tax charge

The effective rate of tax for the year ended 31 March 2016 was different from the standard rate of tax in the UK of 20% (2015: 21%) as a result of the following:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	105,524	111,402
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	21,105	23,394
Non-taxable dividend income	(21,116)	(23,381)
Adjustment to tax charge in respect of prior periods	(3)	(19)
Total tax credit for the year	(14)	(6)

There were no amounts relating to tax recognised in other comprehensive income.

7c Factors that may affect future tax charges

On 26 October 2015, The Summer Finance Bill 2015, which reduces the main rate of corporation tax to 19% from April 2017 and 18% from April 2020 were substantively enacted. As these reductions to the rate were substantively enacted at the balance sheet date, the deferred tax assets have been calculated at 18% in line with when the company anticipates temporary differences to unwind.

The Chancellor announced his Budget 2016 on 16 March 2016 including the publication of the Business Tax Road Map, which sets out a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020, and measures relating to the OECD Base Erosion and Profit Shifting Actions. These include limiting the utilisation of brought forward losses and interest deductions, to be effective from 1 April 2017. Whilst a full analysis cannot be presently carried out until final legislation is published, it is expected that these measures will have limited impact on these current year financial statements.

8 Dividends

Dividends payable on ordinary equity shares	2016 £'000	2015 £'000
Dividends were paid/proposed as follows:		
March 2015 of 8,564.52p per share	-	111,339
December 2015 of 9,531.34p per share	123,908	-
Total dividends	**123,908**	111,339.0

9 Investments in subsidiaries

	2016 £'000	2015 £'000
Cost		
At 1 April 2014 and 31 March 2016	172,809	172,809
Provisions for impairment		
At 1 April 2014 and 31 March 2016	(17,800)	(17,800)
Net book value	**155,009**	155,009

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 Studios and Post Production Limited	Provision of equipment, facilities and services for use primarily in programme making and broadcasting

The investments in subsidiaries are all stated at cost less provision for impairment.

10 Debtors: due within one year

	2016 £'000	2015 £'000
Amounts owed by parent undertaking	-	18,383
Corporation tax	9	19
	9	18,402

Amounts owed by parent undertaking in the prior year related to interest-bearing loan. Interest on the loan was charged at the Bank of England base rate. This wa repaid during 2015/16.

11 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts due to parent undertaking	-	(23)
	-	(23)

Notes to the financial statements continued

12 Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid:		
1,300,003 ordinary share of £1 each	**1,300**	1,300

13 Ultimate controlling party

The Company's immediate parent undertaking is BBC Commercial Holdings Limited. The Company's ultimate parent undertaking is the British Broadcasting Corporation (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 the results of the Company are consolidated is headed by BBC Commercial Holdings Limited. Copies of the financial statements of the BBC can be obtained from the BBC Trust Unit, 180 Great Portland Street, London, W1W 5QZ.

14 Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statement in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 April 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards", and following review, no adjustments to the financial statements of the Company were required on transition to FRS 101 Reduced Disclosure Framework.