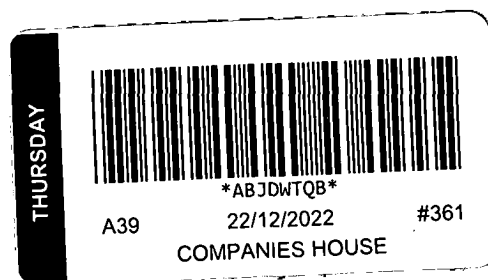


BBC World Distribution Limited

Annual report and financial statements

for the year ended 31 March 2022

Registered number 04514408



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Strategic report

The directors present their annual reports and the audited financial statements of BBC World Distribution Limited (the 'Company') for the year ended 31 March 2022.

Principal activity

The principal activity of the Company is the worldwide distribution of the channel BBC World News.

Results and dividends

The profit for the year after taxation was £12,284,000 (2021: £7,977,000) and has been transferred to reserves. No interim dividend was paid during the year ended 31 March 2022 (2021: £0). The directors do not recommend the payment of a final dividend (2021: £nil).

Business review

On 1st July 2021, 100% of the shareholding of the parent company, BBC Global News Ltd, was acquired by BBC Studios Distribution Ltd ("BBC Studios") from BBC Commercial Holdings Ltd, bringing the BBC's commercial news operations into BBC Studios and opening up further opportunities to develop its news services for international audiences. On the same date, editorial control and operation of the BBC World News channel became part of the public service news operation, with its international advertising and distribution provided by the Company.

2021/22 saw gradual recovery of the Company from the pandemic, notably in its out-of-home (OOH) sector as global travel slowly reopened. In the final quarter, the Ukraine crisis affected the business and resulted in the withdrawal of the World News channel from Russia.

- Turnover of £36.1m down 4% on prior year (2021: 14.4% decrease), principally due to the loss of the BBC World News licence in China in Feb-20 as well as general TV market decline
- Gross profit increased by 12% to £17.6m (2021: £15.7m), and operating profit increased 72% to £15.1m (2021: £8.8m), largely as a result of foreign currency movements being £6.6m better than last year.
- Net assets increased to £33.8m during the year (2021: £21.5m). The Company did not incur any interest or depreciation and amortisation costs in either 2022 or 2021, with year on year increase in Profit before tax of £6.2m in line with the operating profit performance.
- Income from fixed asset investments of £0.1m remained flat year on year.

Strategic report (continued)

Principal risks and uncertainties

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

Risks and Uncertainties	Mitigations
•Protecting the brand, reputation and standards •Risk that global audiences and customers lose confidence in the integrity of the Company and its; editorial standards if it fails to successfully represent the values of the BBC across all its content and services. •Risk that a third party does not share or fails to meet our values and standards or acts unlawfully.	•The Company is aligned to the BBC Code of Conduct. This sets out the commitments for staff to follow. Including: respecting each other, doing the right thing, acting with integrity and living up to the highest legal and ethical standards. The Code is supported by a speak up culture and a programme of training. •Proportionate controls ensure that third parties are appropriate partners, share our values and meet legal and regulatory obligations.
•Looking after people •Risk that the Company fails to protect the health, safety and wellbeing of its people, which may result in a person being harmed or suffer adverse health effects. •Living with Covid-19 strategy adopted in the UK. However, there is ongoing risk of further disruption due to outbreaks and new variants.	•There are policies, processes, plans and governance structures in place to manage the safety of Company activities. •The Company continues to work with the industry to ensure a consistent approach to protecting its people and output.
•Economic and geopolitical climate •Ongoing global economic uncertainty due to rising inflation and interest rates and the current crisis in Ukraine. •Living with Covid-19 strategy adopted in the UK. However, there is ongoing risk of further disruption due to outbreaks and new variants. Geopolitical instability and Environment, Social and Governance risks presents challenges to achieving the Company's growth strategy in certain countries.	•The Company is diversified across production and distribution as well as channels and streaming. It operates across many geographical regions as well as having key global customers and partnerships. Performance has remained strong and growth plans are in place to ensure the business continues to grow by launching new services. •Measures are in place to ensure commercial interests are balanced against international purpose, meet our editorial goals and align to our values. Also, that the Company selects appropriate partners and manages compliance and ethical risks across its operations.
•Customers and competition •Traditional linear broadcasters are under increasing margin pressure, due to competition for audiences, leading to reduction in subscribers and advertising revenues •Advertising transitioning from pure media to sponsored content and from TV to mobile •Risk that diversification into OTT and subscription revenues may not be successful in an unproven market	•Customer Management approach with a remit across all lines of business in order to build, coordinate and optimise relationships with a portfolio of most valuable customers. Pricing initiatives reflect market. Actively growing business with new customers. •The Company has set objectives to agree a view of top strategic customers and build engagement and senior level relationships. It is also seeking to establish and grow relationships with smaller customers, e.g. Advertising supported platforms and to explore emerging business models/customers. e.g. Free advertising-supported streaming television.

Strategic report (continued)

The Board keeps risks under regular review, and reports on the development and effectiveness of risk management plans as part of BBC Group risk management and reporting.

Future outlook

Going into 2022-23 financial year, amid continuing demand for trusted, high quality news content, the business expects to build on the prior year momentum in advertising sales whilst significantly investing in digital, including expansion of our channel OTT offering and launch of a new subscription product.

It is a stated BBC priority to build commercial income, and the Company's future creative and financial success will be vital to the BBC's continuing impact in the years ahead. With this level of commercial ambition, the business has a stretching target for growth over the next five years, which should see sales increase over the period. To achieve this, the business expects to significantly increase investment in content and product over the short to medium term, which may depress short-term profitability in order to deliver long-term growth.

Going concern

The Board continues to forecast profits within the Company and therefore continues to adopt the going concern basis in preparing the annual financial statements (see note 2b). The Company has a net current asset and net asset position at the balance sheet date. Furthermore, at the balance sheet date, the parent company, Global News Limited, had access to a £375m loan facility made available to BBC Studios Limited by BBC Commercial Limited. Post year-end, this loan facility has been replaced by a £380m sterling loan facility, expiring December 2023.

A letter of support has been provided where BBC Studios Distribution Limited confirms that it will transfer funds to the parent company, BBC Global News Ltd, for the purposes of enabling it to pay its debts, which includes those of its subsidiaries, as and when they fall due, should this be required, until at least the end of 12 months from the date of signing of the financial report.

Post balance sheet events

As part of the ongoing integration of the business into BBC Studios, accountability for channel distribution sales transferred into BBC Studios Distribution Ltd to better align and maximise commercial opportunities across BBC Studios' portfolio of channels. The intercompany agreement between BBC Global News Ltd and BBC World Distribution Ltd, for the exclusive distribution of the BBC World News channel globally, has been terminated and replaced with a sub-distribution agreement between BBC Global News Ltd and sub-distributors, BBC Studios Distribution Ltd and BBC World Distribution Ltd, on 1st April 2022.

Intercompany agreement between BBC World Distribution Ltd and BBC Global News Japan Ltd, for the distribution of the BBC World News channel in the specified territory, has been terminated and replaced with a distribution agreement between BBC Studios Distribution Ltd and BBC Global News Japan Ltd on 1st April 2022.

Intercompany agreement between BBC World Distribution Ltd and BBC Global News India (Private) Ltd, for the distribution of the BBC World News channel, in the specified territory, has been terminated and replaced with a distribution agreement between BBC Studios Distribution Ltd and BBC Global News India (Private) Ltd in the specified territory on 1st April 2022. The business is also reviewing the group legal entity structure with a view to simplification. 100% Ownership of BBC Global News Japan is targeted to transfer to BBC Studios Distribution Ltd before the end of the financial year ending 31st March 2023.

Strategic report (continued)

Promoting the success of the Company and Section 172 Statement of the Companies Act 2006 ('the Act')

The Directors are aware of their duty under Section 172 of the Act to behave in a way which they consider, in good faith, would be most likely to promote the success of the Company, in doing so, to have regard (amongst other matters) to the factors detailed in section 172(1) of the Act. In discharging their duties under s. 172, the Directors have had regard for these factors taking them into consideration when decisions are made. This includes:

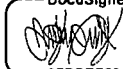
- likely consequences of any decisions on the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining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

As a result of the governance structured embedded within the Company and the BBC Group, the matters that it is responsible for considering under Section 172 have been considered to an appropriate extent by the wider group in relation to this Company. The Directors have also considered relevant matters were 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 Limited, which does not form part of this report.

By order of the board

DocuSigned by:



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Anthony Corriette

Company Secretary

Date: 15 December 2022

Registered Office
1 Television Centre
101 Wood Lane
London W12 7FA

Directors' report

Proposed dividends

No interim dividend was declared during the year ended 31 March 2022 (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

Directors and Officers

The directors serving during the year, and up to the date of this report, were:

David Weiland (resigned 3 August 2021)
Charles Villar (resigned 24 August 2021)
Maggy Chan (appointed 24 August 2021, resigned 15 August 2022)
Marie Eleonore Pieczanski (appointed 24 August 2021)
Lorraine Burgess (appointed 15 August 2022)
Simon Armitage (appointed 15 August 2022)

Company Secretary Anthony Corriette (appointed 1 April 2021).

Directors' interests and indemnities

No Director had any interest in the share capital of the Company throughout the financial year or in the prior 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. The Directors were covered by Directors' and Officers' liability insurance in place throughout the financial year as appropriate.

Financial instruments

The Company's financial risk management operations are managed by BBC Group Treasury, within parameters defined formally in the policy agreed by the Company's Board. All treasury activities are routinely reported and are subject to review by management.

BBC Group Treasury uses financial instruments to raise finance and manage financial risk arising from the Company's operations in accordance with its objectives which are:

- to ensure its business is funded in the most efficient manner and remains compliant with borrowing ceilings;
- to protect the value of its assets, liabilities and cash flows from the effects of adverse interest rates and foreign exchange fluctuations; and
- to maximise the return on surplus funds, whilst ensuring sufficient cash is retained to meet foreseeable liquidity requirements.

The Company's financial instruments, other than those used for treasury risk management purposes, principally comprise cash and liquid resources, a debt facility provided by its parent, and various items such as trade receivables and payables that arise directly from its operations. The Company finances its operations from these financial instruments. The Company does not undertake speculative treasury transactions.

Health and safety

Responsibility for health and safety across the Company is vested at board level.

Directors' report (continued)

Donations

The Company did not make any political or charitable donations during the year (2021: nil).

Auditor

The National Audit Office served as independent external auditors for the year ended 31 March 2022 and 31 March 2021. The National Audit Office have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the board meeting where this report is approved.

Statement as to disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

DocuSigned by:



Anthony Corfette

Company Secretary

Date: 15 December 2022

Registered Office
1 Television Centre
101 Wood Lane
London W12 7FA

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBC WORLD DISTRIBUTION LIMITED

Opinion on financial statements

I have audited the financial statements of BBC World Distribution Limited ("the Company") for the year ended 31 March 2022 which comprise the Company's:

- Statement of financial position as at 31 March 2022;
- Statement of comprehensive income and Statement of changes in equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and its 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 requirements of the Companies Act 2006

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Company's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBC WORLD DISTRIBUTION LIMITED *(continued)*

Matters on which I report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic report or the Directors' report.

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

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

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Company's accounting policies, and key performance indicators;
- inquiring of management, the BBC Group Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Company's controls relating to the Company's compliance with the Companies Act 2006, Corporation Tax, and Employee Tax;
- discussing among the engagement team and involving relevant internal and external specialists, including IT and Taxation Specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBC WORLD DISTRIBUTION LIMITED (continued)

As a result of these procedures, I considered the opportunities and incentives that may exist within the Company for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates including impairment reviews. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Company's framework of authority as well as other legal and regulatory frameworks in which the Company operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations I considered in this context included Companies Act 2006, Employment Law and other Tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the BBC Group Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation included the review of Board Minutes, meeting with in-house legal counsel, review and recalculation of Corporation Tax balances and assessing the design and implementation of controls and performance of substantive testing over revenue.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

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.

DocuSigned by:

18 December 2022
37201B1421E8452...
Greg Wilson (Senior Statutory Auditor)

For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
16 December 2022

Statement of comprehensive income

for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Turnover	3	36,062	37,539
Cost of sales		(18,459)	(21,879)
Gross profit		17,603	15,660
Administrative expenses		(4,818)	(2,592)
Foreign exchange (losses)/gains		2,275	(4,293)
Operating profit		15,060	8,775
Income from fixed asset investments	6	64	151
Profit on ordinary activities before taxation	4	15,124	8,926
Tax on profit on ordinary activities	7	(2,840)	(949)
Profit for the financial year		12,284	7,977
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		12,284	7,977

The notes on pages 14 to 25 form part of these financial statements.

The above results are derived from continuing operations.

There is no difference in the profit for the current or prior year as reported compared to a historical cost basis.

Statement of financial position


at 31 March 2022

	Note	2022 £000	2021 £000
Fixed assets and other non-current assets			
Investment in subsidiary undertakings	8	265	265
Deferred tax assets due after more than one year	7d	2	1
		267	266
Current assets			
Debtors	9	33,499	20,286
Cash at bank and in hand		1,519	3,356
		35,018	23,642
Creditors: amounts falling due within one year	10	(1,496)	(2,403)
Net current assets		33,522	21,239
Total assets less current liabilities		33,789	21,505
Net assets		33,789	21,505
Capital and reserves			
Called up share capital	11	3,759	3,759
Retained earnings		30,030	17,746
Shareholders' funds		33,789	21,505

The notes on pages 14 to 25 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised to be signed on its behalf by:

DocuSigned by:

267FC5EB1D0A454...
Lorraine Burgess

Director

Date: 15 December 2022

Company registration no. 04514408

Statement of changes in equity*at 31 March 2022*

	Called up share capital £000	Retained earnings £000	Total £000
Balance at 1 April 2020	3,759	9,769	13,528
Changes in equity for the year ended 31 March 2021			
Total comprehensive income	-	7,977	7,977
Dividends declared	-	-	-
Balance at 31 March 2021	3,759	17,746	21,505
Changes in equity for the year ended 31 March 2022			
Total comprehensive income	-	12,284	12,284
Dividends declared	-	-	-
Balance at 31 March 2021	3,759	30,030	33,789

Notes to the financial statements

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

These financial statements were prepared in accordance with Companies Act 2006, 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 thousand pounds (£000) except when 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 BBC Global News Limited.

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

2 Principal accounting policies

A summary of the Company's principal accounting policies, which have been applied consistently throughout the year and in the preceding year, is set out below.

2a Basis of accounting

These financial statements were prepared in accordance with Companies Act 2006, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2021.

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

- (i) 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*
- (ii) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- (iii) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- (iv) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- (v) The requirements of IAS 7 *Statement of Cash Flows*.
- (vi) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.
- (vii) The requirements of paragraphs 17 and 18A of IAS 24 *Related Party Disclosures*.
- (viii) The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group
- (ix) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.
- (x) The requirements of paragraphs 110(ii), 113(a), 114, 115, 118, 119(a), 119(b), 119(c), 120 - 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*
- (xi) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases*.

2b Going concern

The Company has net assets of £33.8m, and net current assets of £32.5m, as at 31 March 2022.

As set out on page 3, the parent company, Global News Limited, had access to a £375m loan facility made available to BBC Studios Limited by BBC Commercial Limited at the balance sheet date. Post year-end, this loan facility has been replaced by a £380m sterling loan facility, expiring December 2023.

Furthermore, a letter of support has been provided where BBC Studios Distribution Limited confirm that they will transfer funds to the parent company, BBC Global News Ltd, for the purposes of enabling it to pay its debts, which includes those of its subsidiaries, as and when they fall due, should this be required, until at least the end of 12 months from the date of signing of the financial report.

The directors are therefore comfortable that the business will have sufficient funds to meet its liabilities as they fall due

Notes to the financial statements (continued)

2 Principal accounting policies (continued)

2c Cash flow statement

Under FRS 101 Reduced Disclosure Framework, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements.

2d Revenue recognition

The company has adopted IFRS 15 Revenue from Contracts with Customers. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The company has determined there is no material change to revenues following the adoption of this standard.

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

Subscription fees

Subscription fees on the BBC World News channel are recognised as earned, pro rata over the subscription period. The provision of access to the channel over the license period represents the performance obligation by the Company. The licence is a 'right to access' IP and access to the channel is provided over the whole license period so the Company recognises revenue based on the contract terms.

Distribution fees

For distribution fee revenue, the global distribution of the BBC World News channel represents the performance obligation by the Company. The performance obligation is fulfilled by the Company when the channel is distributed to the end user and based on the usage (average no. of households). In this case, the revenue is a royalty and the Company recognises revenue at a point in time. The payment terms are over the term of the contract.

Accrued income

For all revenue streams within the Company, income is accrued when the contractual performance obligation has been met, and prior to the production of an invoice.

Deferred income

For all revenue streams within the Company, income is deferred when the contractual performance obligation has not been met but the customer has been invoiced and this invoice has been settled by the customer.

2e Dividends on shares presented within shareholders' 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.

2f Dividend income

The Revenue is recognised when the Company's right to receive payment is established.

Notes to the financial statements (continued)

2 Principal accounting policies (continued)

2g Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. 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. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date.

2h Investments in subsidiaries

Investments in subsidiaries are stated at cost, less provision for impairment.

2i Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date or at forward rates where related hedging contracts are in place. Surpluses and deficits arising from the translation of assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the profit and loss account.

2j 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. The impairment of trade receivables and other contract assets are presented in a separate line item in the statement of profit or loss where material. Impairment losses on other financial assets are presented separately under finance costs.

2k Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its investments 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 investment's carrying amount exceeds its recoverable amount.

2l Cash and cash equivalents

Cash comprises cash in hand and deposits repayable within three months. Liquid resources are current asset investments which are readily convertible into known amounts of cash at, or close to, their carrying values. They comprise money market deposits and liquidity funds with a notice period in excess of one working day.

Notes to the financial statements (continued)

2 Principal accounting policies (continued)

2m Lease payments

Under IFRS 16, at inception of a contract the Company assesses whether a contract contains a lease; defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- the contract involves the use of an identified asset - either specified explicitly or implicitly - and should be (or represent substantially all the capacity of) a physical asset. If the supplier has substantive substitution rights, then the asset is not identified;
- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset, which is when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to all contracts entered into, or changed, on or after 1 April 2019

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relevant stand alone prices as determined by the underlying contract.

As a lessee

The Company recognises a right of use asset and a lease liability upon lease commencement. The right of use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date, plus any initial direct costs and an estimate of restoration costs, less incentives received.

The right of use asset is subsequently depreciated using a straight line method from the commencement date over the lease term (which is equal to, or shorter than, the asset's useful life). The right of use asset is periodically reduced by impairment losses and adjustments for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of unpaid lease payments at commencement, discounted using the Company's incremental borrowing rate (unless the interest rate implicit in the lease can be readily determined).

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable payments dependant on an index or rate, measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option or lease payments in an optional renewal period that the Company is reasonable certain to exercise, and early termination penalties of a lease unless the Company is reasonable certain not to terminate early.

The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, change in estimate of the amount expected to be payable under a residual value guarantee, a change in the lease term or a change in the assessment of an option being exercised.

When the lease liability is remeasured a corresponding adjustment is made to the carrying amount of the right of use asset. If the carrying value has been reduced to zero then any further reductions are recorded in the income statement.

Right of use assets will be presented in "property, plant and equipment" and lease liabilities are presented in borrowings in the statement of financial position.

The Company has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets, which are expensed.

Notes to the financial statements (continued)

2 Principal accounting policies (continued)

2n Lease payments

IFRS 16 Leases was adopted on 1 April 2019 and replaced IAS 17. IFRS 16 impacts the accounting for lessees. For applicable lease agreements IFRS 16 requires the recognition of lease assets and lease liabilities, representing the right to use the leased item and the respective future lease payments. The rental expense previously recognised within the income statement is replaced by a depreciation charge and a finance charge. This will apply to all relevant leases unless the term is less than 12 months or the underlying asset has a low value. The Company has chosen not to apply IFRS 16 to intangible assets.

The Company has adopted IFRS 16 on a cumulative 'catch-up' basis and therefore the cumulative impact on previous years results is recognised within equity at the beginning of the period. On transition, as at 1 April 2019 the company recognised £nil Right of Use Assets and £nil Lease Liabilities under IFRS 16.

When valuing a lease, future payments are discounted to present value to evaluate the book value of liabilities. In order to determine the appropriate discount rate to use, the Company applies an incremental borrowing rate where the rate implicit in the lease is not available.

The Company uses the following practical expedients when applying IFRS 16 to previously classified operating leases:

- Adjusted the right of use assets by any onerous contract provision immediately before initial application;
- Did not recognise right of use assets and liabilities for leases with a less than 12 month term;
- Excluded initial direct costs from measuring right of use assets at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For previously classified finance leases, the carrying amount of the right of use asset and the lease liability at 1 April 2019 are determined at the carrying amount of the lease asset and liability immediately as at 31 March 2019.

Adjustments upon transition are not required for leases in which the Company acts as a lessor, except for sub leases when classification is determined with reference to the right of use asset, not the underlying asset.

Notes to the financial statements *(continued)*

3 Revenue

3a Turnover analysed by type of business

The Company turnover relates to subscription fees of global news through the BBC World News television channel and through mobile devices and a distribution fee to its parent company BBC Global News Limited for incremental advertising revenues. Turnover analysed by geographical market destination is set out in note 3b.

	2022	2021
	£000	£000
Subscriptions	26,649	28,627
Distribution fees	9,413	8,912
Total revenue	36,062	37,539

3b Turnover analysed by geographical destination

	2022	2021
	£000	£000
America	10,024	8,775
Asia	7,754	10,785
Australia	1,369	1,482
Europe	3,694	3,916
Rest of World	13,221	12,581
Total revenue	36,062	37,539

3c Contract balances

Contract assets (accrued income) primarily relate to the Group'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 Contract liabilities balances are disclosed in Note 10 Creditors. The Company currently has no contract assets (2021: Nil)

All revenue that was included in the contract liability balance at the beginning of the period has been recognised in the year.

Notes to the financial statements (continued)

4 Profit on ordinary activities before taxation

	2022 £000	2021 £000
Profit on ordinary activities is stated after (charging)/crediting:		
(Increase)/Decrease in provision for bad debt	(1,646)	(186)
Foreign exchange (loss)/gain	2,275	(4,293)

In 2022 auditor's remuneration of £79k (2021: £77k) was incurred and recorded on behalf of the UK incorporated entities within the BBC Global News Limited group in BBC Global News Limited. The Company's auditor provides no non-audit services to the Company.

5 Employees and remuneration

5a Staff numbers and costs

The Company had no employees during the year or in the prior year. All sales services are provided by BBC Studios Distribution Limited, BBC Global News Limited and BBC Global News India Private Limited.

5b Directors' remuneration

The directors who served during the year and previous year were also directors of BBC Global News Limited, the Company's immediate parent.

The directors who served until the end of the year were remunerated by BBC Studios Distribution Limited and accrued benefits in respect of their services as directors for BBC Global News Limited.

The directors who served during the previous year were remunerated by BBC Global News Limited and accrued benefits in respect of their services as directors for BBC Global News Limited, of the Company and other companies in aggregate.

	2022 £000	2021 £000
Directors' emoluments	1,092	384
	1,092	384
Amounts paid to third parties in respect of directors' services	0	165
	1,092	549

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director for the year ended 31 March 2022 was £358,352 (2021: £238,593). No pension supplement was paid during 2022 (2021: £nil). The highest paid director is a member of a defined benefit scheme, under which the pension accrued at the year end was £31,204 (2021: £24,384).

Amounts paid to third parties in 2021 were in respect of a recharge for the services of directors of BBC Global News Limited, BBC World Distribution Limited and BBC.com Limited. Payments in 2021 comprised emoluments of £122,191, associated pension costs of £26,315 and associated social security and other costs of £16,308.

	2022 Number of directors	2021 Number of directors
At the end of the year, retirement benefits were accruing to the following number of directors under:		
Defined benefit schemes	1	2

Notes to the financial statements (continued)

6 Income from fixed asset investments

	2022 £000	2021 £000
Dividends received in the year from BBC Global News Japan Limited	64	151

7 Taxation

7a Analysis of tax charge for the year

The charge/(credit) for the year, based on a rate of corporation tax of 19% (2021: 19%), comprises:

	2022 £000	2021 £000
Current tax:		
UK corporation tax	435	579
Group relief payable	2,427	1,089
Overseas tax	872	1,157
Double taxation relief	(435)	(579)
Adjustments in respect of prior years	(459)	(1,297)
Total current tax	2,840	949
Deferred tax:		
Tax rate reduction	(1)	-
Total deferred tax (note 7d)	(1)	-
Total tax charge for the year	2,840	949

7b Factors affecting the tax charge

	2022 £000	2021 £000
Profit before tax	15,124	8,926
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	2,874	1,696
Effects of:		
Non-taxable dividend income	(12)	(29)
Disallowed expenditure	1	1
Tax differential re overseas earnings	437	578
Prior year adjustments to current tax	(459)	(1,297)
Tax rate reduction	(1)	-
Total tax charge for the year (note 7a)	2,840	949

Factors affecting future tax expense

The UK corporation tax rate continues to be 19%.

The Chancellor announced on 3 March 2021 that the current Corporation Tax rate of 19% would increase to 25%, with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore the deferred tax liabilities arising have been recognised using a rate of 25%.

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.

Notes to the financial statements *(continued)*

7 Taxation (continued)

7c Deferred tax analysis

In accordance with IAS 12, Deferred 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 25% (2021: 19%).

	2022	2021
	£000	£000
Deferred tax asset:		
Deferred tax asset at start of the year	1	1
Deferred tax credit (note 7a)	1	-
Deferred tax asset at end of the year	2	1
	2022	2021
	£000	£000
Accelerated capital allowances	2	1
Deferred tax asset	2	1

Notes to the financial statements (continued)

8 Investments in subsidiaries

	£000
Cost and net book value	
At beginning and end of year	265

The Company owns 100% of the share capital of BBC Global News Japan Limited, a company incorporated and registered in Japan.

Registered address: Tokyo Club Bldg., 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo, 100-0013, Japan

9 Debtors

	2022	2021
	£000	£000
Trade debtors	2,502	2,439
Amount owed by immediate parent undertaking	23,448	10,954
Amounts owed by group undertakings	1,425	-
Amounts owed by subsidiary undertaking	2,955	2,002
Amounts owed by fellow subsidiaries	164	919
Other debtors	39	17
Prepayments and accrued income	2,966	3,955
	33,499	20,286

Trade debtors includes a reduction of £908k (2021: reduction of £916k) and Accrued income includes a reduction of £1,653k relating to expected credit losses which are deemed irrecoverable in accordance with IFRS 9 Financial Instruments (see Note 15).

10 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	184	145
Amounts owed to BBC	35	35
Other creditors including tax and social security	297	712
Accruals and deferred income	807	1,395
Contract liabilities	173	116
	1,496	2,403

Notes to the financial statements *(continued)*

11 Called up share capital

	2022	2021
	£000	£000
Authorised, allotted, called up and fully paid		
3,759,281 ordinary shares of £1 each	3,759	3,759

12 Financial commitments

The Company had no capital or other financial commitments which require disclosure as at 31 March 2022 and 2021.

13 Related party transactions

The Company is a 100% owned subsidiary of BBC Global News Limited and the British Broadcasting Corporation (BBC). As a result, the Company has elected to adopt the exemption set out in IAS 24 and has not disclosed transactions between the Company and the BBC or its subsidiaries.

The directors confirm that there are no further related party transactions which require disclosure in these financial statements.

14 Parent undertaking and controlling party

The Company's immediate parent undertaking is BBC Global News Limited and its 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 intermediate parent company, which heads the smallest group in which the accounts of the Company are consolidated, is BBC Commercial Limited. The consolidated accounts of the BBC may be obtained from The Secretary, BBC Broadcasting House, Portland Place, London, W1A 1AA.

Notes to the financial statements (continued)

15 Expected credit losses

Included in the Company's trade and other receivables at 31 March 2022 are balances of £1.6m (2021: £1.7m) which are past due at the reporting date, but not impaired. The aged analysis of these balances is as follows:

	2022 £000	2021 £000
Up to 3 months	1,057	890
3 to 6 months	147	335
Over 6 months	415	494
Balance at the end of the year	1,619	1,719

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, as well as future considerations around the current state of the UK and overseas economies and any industry specific issues. 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 £2.6m at 31 March 2022 (2021: £0.9m).

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

	2022 £000	2021 £000
Balance at the beginning of the year	916	730
Impairment losses recognised	1,727	24
Amounts recovered during the year	-	-
Amounts written off as uncollectible	(81)	162
Balance at the end of the year	2,562	916

16 Post balance sheet events

As part of the ongoing integration of the business into BBC Studios, accountability for channel distribution sales transferred into BBC Studios Distribution Ltd to better align and maximise commercial opportunities across BBC Studios' portfolio of channels. The intercompany agreement between BBC Global News Ltd and BBC World Distribution Ltd, for the exclusive distribution of the BBC World News channel globally, has been terminated and replaced with a sub-distribution agreement between BBC Global News Ltd and sub-distributors, BBC Studios Distribution Ltd and BBC World Distribution Ltd, on 1st April 2022.

The intercompany agreement between BBC World Distribution Ltd and BBC Global News Japan Ltd, for the distribution of the BBC World News channel in the specified territory, has been terminated and replaced with a distribution agreement between BBC Studios Distribution Ltd and BBC Global News Japan Ltd on 1st April 2022.

The intercompany agreement between BBC World Distribution Ltd and BBC Global News India (Private) Ltd, for the distribution of the BBC World News channel, in the specified territory, has been terminated and replaced with a distribution agreement between BBC Studios Distribution Ltd and BBC Global News India (Private) Ltd in the specified territory on 1st April 2022.

The business is also reviewing the group legal entity structure with a view to simplification. 100% Ownership of BBC Global News Japan is targeted to transfer to BBC Studios Distribution Ltd by 31st March 2023.