

Registered number 05982502

Bedder 6 Limited

**Directors' report and financial statements
for the year ended 31 March 2011**



Contents

Directors' report	3
Statement of directors' responsibilities	6
Independent auditors' report to the members of Bedder 6 Limited	7
Profit and Loss Account	8
Balance Sheet	9
Cash Flow Statement	10
Notes	11

Directors' report

The directors present their directors' report and the audited financial statements of Bedder 6 Limited (the "Company") for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The principal activity of the Company during the year has been to continue to develop and exploit the Top Gear brand. The directors do not anticipate any major changes in the foreseeable future.

RESULTS AND DIVIDENDS

Turnover for the year was £40,602,000 compared to £32,926,000 for the prior year. Turnover for the current and prior year relates to Top Gear branded programmes and products and comprises sales or commissions from magazine and DVD publishing and television programme, format and merchandise sales. Top Gear appeals to global audiences and is particularly popular in the US and Australia.

This activity resulted in a gross profit of £17,944,000 (2010 £12,969,000) and profit before taxation of £15,179,000 (2010 £9,061,000).

Dividends of £5,953,000 were paid in the year (2010 £1,680,000). The directors do not propose a final dividend (2010 £nil).

The Company does not use a separate bank account. All cash transactions are received or settled by BBC Worldwide Limited on behalf of the Company. Details of related party transactions in the current and prior year, including those with BBC Worldwide Limited, are disclosed in note 13.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are consistent with those of the BBC Worldwide group, full details of which are given on pages 30 and 31 of the BBC Worldwide consolidated financial statements which are available from the address in note 14. The principal risks and uncertainties which the Company shares with BBC Worldwide include:

- **People risk** – Retention of key skills, talent, relationships and knowledge to continue to develop the Top Gear brand. These risks are addressed through a focus on people development, training, appropriate incentives to reward performance.
- **International expansion risk** – Inherent risks involved with international expansion and overseas markets. These risks are mitigated through BBC Worldwide Executive Board members given regional accountability and regional Executive Vice Presidents to be put in place for each region (dedicated management already in place for USA and Australia), market and risk assessments from local experts including due diligence on third parties, compulsory training in all areas for editorial and commercial compliance for nominated roles, implementation of policies and procedures that underpin BBC Worldwide's values.

Directors' report *(continued)*

- **Reputation risk** – Unethical activities (including those of suppliers and service providers) that are not consistent with the BBC Values in respect of ethical standards, may jeopardise the value of the brand. This risk is mitigated by Common Values incorporated into the ethical sourcing programme, requiring all licensees and vendors to operate to a high ethical standard.
- **Strategic execution risk** - Execution of business priorities may not meet strategic targets. This risk is mitigated by progress on strategic delivery being regularly reviewed by the Company's and BBC Worldwide's management Board. There is a regular review of strategy in the context of the market and prompt revision of plans to reflect changing circumstances.

OUTLOOK

The directors are satisfied with the outlook for the Company. Future results will include contribution from the next seasons of the US and Australian versions of the Top Gear programme, which have been recommissioned by The History Channel and Channel Nine respectively.

DIRECTORS

The directors who held office during the year were as follows

Jeremy Clarkson
Andy Wilman
Kevin Langford
Adam Waddell
M Arthur (appointed 30 September 2010)
W Garvie (resigned 09 September 2010)

The Company's company secretary, Jane Earl, resigned on 16 April 2010. Anthony Corriette was appointed as company secretary by the Board on the same date.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations during the year (2010: £nil).

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future, and accordingly the going concern basis continues to be adopted in the preparation of the accounts.

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

Directors' report *(continued)*

AUDITORS

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

By order of the board



Anthony Corriette
Company Secretary
27 October 2011

Registered Office
Media Centre
201 Wood Lane
London W12 7TQ

Statement of directors' responsibilities

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Bedder 6 Limited

We have audited the financial statements of Bedder 6 Limited for the year ended 31 March 2011 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 6, the directors are 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 Directors' 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.



P Korolkiewicz (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

24 October 2011

Profit and Loss Account for the year ended 31 March

	<i>Note</i>	2011 £000	2010 £000
Turnover	1	40,602	32,926
Cost of sales		(22,658)	(19,957)
Gross profit		17,944	12,969
Administrative expenses		(3,165)	(3,908)
Operating profit		14,779	9,061
Income from fixed asset investment	6	400	-
Profit on ordinary activities before taxation	2	15,179	9,061
Tax on profit on ordinary activities	4	(4,349)	(2,509)
Profit for the financial year	11a	10,830	6,552

The profit for the current and prior year was from continuing operations


There were no recognised gains and losses other than those recognised in the profit and loss account
Accordingly, no separate statement of total recognised gains and losses has been presented

Balance Sheet

As at 31 March

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Investment in programmes for future sale	5	1,498	476
Investment in joint venture	6	-	-
Current assets			
Debtors	7	14,318	8,586
Creditors, amounts falling due within one year	8	(3,673)	(1,796)
Net current assets		10,645	6,790
Total assets less current liabilities		12,143	7,266
Net assets		12,143	7,266
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11a	12,143	7,266
Total equity shareholders' funds		12,143	7,266

These financial statements were approved by the board of directors on 27 October 2011 and were signed on its behalf by



Adam Waddell
Director

Cash Flow Statement for the year ended 31 March

	2011 £000	2010 £000
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	14,779	9,061
Amortisation charges	2,472	852
Increase in debtors	(5,732)	(5,746)
Net cash inflow from operating activities	11,519	4,167
Cash flow statement		
Cash flow from operating activities	11,519	4,167
Dividends from joint ventures	400	-
Taxation	(2,472)	(1,487)
Capital expenditure and financial investment	(3,494)	(1,000)
Equity dividends paid	(5,953)	(1,680)
Increase/ (decrease) in cash in the period	-	-

The Company does not use a separate bank account. All cash transactions are received or settled by BBC Worldwide on behalf of the Company.

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

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

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

After making enquiries, the directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future, and accordingly the going concern basis continues to be adopted in the preparation of the accounts.

Turnover

Turnover comprises amounts which the Company is contractually entitled to receive and relate to the exploitation of the Top Gear brand.

Turnover is recognised on an accruals basis when earned, in accordance with the applicable rights, distribution or licensing agreement. Turnover is reported net of VAT and other sales taxes.

Foreign currencies

Transactions in foreign currencies are translated into sterling at a monthly average exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at 31 March. Surpluses and deficits arising from the translation of monetary assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the profit and loss account.

Investment in programmes for future sale

Investment in programmes for future sale is stated at cost less accumulated amortisation and after writing off the costs of programmes that are considered irrecoverable.

Amortisation of investment in programmes for future sale is charged to the profit and loss account to match the average revenue profile of the programme genre, over the estimated average marketable life of the programme genre, estimated to be between two and ten years.

Investments

Investments are stated at cost less any provision for impairment. Dividends received or receivable are credited to the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

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.

Notes to the financial statements (continued)

2 Notes to the profit and loss account

2a Profit on ordinary activities before taxation is stated after charging

	2011 £000	2010 £000
Amortisation of investment in programmes for future sale	2,472	852

2b Auditors' remuneration

	2011 £000	2010 £000
Audit of these financial statements	6	6

3 Directors' remuneration and staff costs

The Company had no employees during the current and prior year and directors of the Company did not receive emoluments from the Company in connection with their services to the Company as directors (2010 £nil). The amounts paid by the Company to J Clarkson and A Wilman during the period, under talent agreements for media production, are disclosed in note 13.

4 Taxation

4a Analysis of charges for the year

The charge for the year, based on a rate of corporation tax of 28% (2010 28%), comprised

	2011 £000	2010 £000
UK corporation tax:		
Current tax on income for the period	4,138	2,537
Adjustments in respect of prior periods	211	(28)
Total current tax	4,349	2,509
Tax on profits on ordinary activities	4,349	2,509

Notes to the financial statements (continued)

4b Factors affecting the tax charge

The current tax charge for the period is higher (2010 lower) than the standard rate of corporation tax in the UK (28%, 2010 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	15,179	9,061
Current tax at 28%	4,250	2,537
Effects of Non-taxable income	(112)	-
Adjustments to tax charge in respect of previous periods	211	(28)
Total current tax charge	4,349	2,509

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

4c Factors that may affect future tax charges

Prior to the balance sheet date, the UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 24%, with the first 1% reduction taking effect from 1 April 2011 (and substantively enacted on 20 July 2010). On 23 March 2011, the UK Government announced an additional 1% reduction in the main UK corporation tax rate to 26% taking effect from 1 April 2011 (and substantively enacted on 29 March 2011). A further three reductions of 1% will follow annually, reducing the corporation tax rate to 23% from 1 April 2014. The impact of the future rate reductions will be accounted for in future periods, to the extent that they are enacted at the balance sheet date, however it is estimated that this will not have a material effect on the Company.

5 Investment in programmes for future sale

	Total £000
Cost	
At 1 April 2010	2,953
Additions	3,494
At 31 March 2011	6,447
Amortisation	
At 1 April 2010	2,477
Charged in year	2,472
At 31 March 2011	4,949
Net book value	
At 31 March 2011	1,498
At 31 March 2010	476

Notes to the financial statements (continued)

6 Interests in joint ventures

	£
Cost and net book value	
At 1 April 2010 and 31 March 2011	1

The Company has a 50% investment in Sub-Zero Events Limited, a Company incorporated in England and Wales. The principal activity of Sub-Zero is to provide motoring live stage performances based on the Top Gear brand.

Dividends of £400,000 (2010: £nil) were received from Sub-Zero Events Limited by the Company during the year.

7 Debtors: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed by BBC Worldwide Limited	14,318	8,586

8 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Corporation tax payable	3,673	1,796

9 Capital Commitments

At 31 March 2011 the Company has £nil (2010: £895,000) capital commitments until 31 March 2012 relating to investment in television programming.

10 Called up share capital

Company	2011 £	2010 £
<i>Authorised</i>		
- A shares 3,000 shares of £0.01 each	30	30
- B shares 2,000 shares of £0.01 each	20	20
- C shares 5,001 shares of £0.01 each	50	50
- Ordinary shares 79,999 shares of £0.01 each	800	800
- Deferred shares 10,000 shares of £0.01 each	100	100
	1,000	1,000
<i>Issued, allotted, called up and fully paid</i>		
- A shares 3,000 shares of £0.01 each	30	30
- B shares 2,000 shares of £0.01 each	20	20
- C shares 5,001 shares of £0.01 each	50	50
- Deferred shares 10,000 shares of £0.01 each	100	100
	200	200

The A shares are held by J Clarkson (director) and the B Shares are held by A Wilman (director).

The A shares, B shares and C shares are separate classes of ordinary shares and carry equal votes in general meetings of the Company and in respect of distributions by the Company. The deferred shares do not confer any entitlement to vote or to distributions.

Notes to the financial statements (continued)

11 Reserves

11a Profit and loss account

	Profit and loss account £000
At 1 April 2010	7,266
Profit for the year	10,830
Dividends on shares classified in shareholders' funds	(5,953)
At 31 March 2011	12,143

11b Dividends

The aggregate amount of dividends comprises

	2011 £000	2010 £000
Interim dividends paid	5,953	1,680

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is £nil (2010 £nil)

12 Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	10,830	6,552
Dividends on shares classified in shareholders' funds	(5,953)	(1,680)
Retained profit	4,877	4,872
Opening shareholders' funds	7,266	2,394
Closing shareholders' funds	12,143	7,266

Notes to the financial statements (continued)

13 Related party transactions

The related party transactions of the Company in the period have been presented in accordance with FRS8 Related Party Disclosures. Related parties of Bedder 6 Limited include its shareholders and directors and companies under common control.

(i) British Broadcasting Corporation ('BBC')

Ultimately, the Company is controlled by the BBC and therefore related parties include BBC Worldwide Limited (the immediate parent undertaking) and other companies which are also controlled by the BBC.

Year ended 31 March 2011			
Name of related party	How related	Nature of transactions	Value of transactions (payable) to related parties £000
BBC Worldwide Limited	Parent undertaking	Licence fee and distribution fees payable	(6,264)
BBC Worldwide Limited	Parent undertaking	Recharged costs and overheads	(12,506)
BBC Group	Common control	Acquisition of rights	(1,720)
Total			(20,490)

Year ended 31 March 2010			
Name of related party	How related	Nature of transactions	Value of transactions (payable) to related parties £000
BBC Worldwide Limited	Parent undertaking	Licence fee and distribution fees payable	(4,607)
BBC Worldwide Limited	Parent undertaking	Recharged costs and overheads	(13,398)
BBC Group	Common control	Acquisition of rights	(1,000)
Total			(19,005)

The Company's turnover of £40,552,000 (2010 £32,926,000) is invoiced by BBC Worldwide Limited (or BBC controlled companies) on behalf of the Company and credited to the Company by BBC Worldwide.

In addition, BBC Worldwide Limited settles other direct costs, such as royalty payments, on behalf of the Company and deducts such amounts from amounts payable to the Company. The value of this recharge for the period (included within cost of sales and administrative expenses) was £4,581,000 (2010 £5,008,000).

The net amount receivable from BBC Worldwide Limited by the Company at the period end was £14,318,000 (2010 £8,586,000) (note 7). Taxation group relief payable balances with fellow BBC Group subsidiaries are disclosed in note 8.

Notes to the financial statements (continued)

13 Related party transactions (continued)

(ii) Other related party transactions

Other transactions in the period, with related parties other than the BBC, were as follows

Year ended 31 March 2011				
Name of related party	How related	Nature of transactions	Value of transactions (payable) to related parties	Net debtors/ (creditors) balance
			£000	£000
J Clarkson	Director	Payment for services	(350)	-
A Wilman	Director	Payment for services	(60)	-
Total			(410)	-

Year ended 31 March 2010				
Name of related party	How related	Nature of transactions	Value of transactions (payable) to related parties	Net debtors/ (creditors) balance
			£000	£000
J Clarkson	Director	Payment for services	(350)	-
A Wilman	Director	Payment for services	(60)	-
Total			(410)	-

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

14 Parent undertaking and controlling party

The Company's immediate parent is BBC Worldwide Limited, and the Company's ultimate parent undertaking and controlling party 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 they are consolidated is that headed by BBC Worldwide Limited incorporated in the United Kingdom. The consolidated accounts of BBC may be obtained online at www.bbc.co.uk/annualreport

15 Subsequent events

Subsequent to the balance sheet date, the Company has entered into production agreements totalling £4,684,000. These primarily relate to the production of additional seasons of the US and UK versions of Top Gear, which were commissioned subsequent to the balance sheet date.