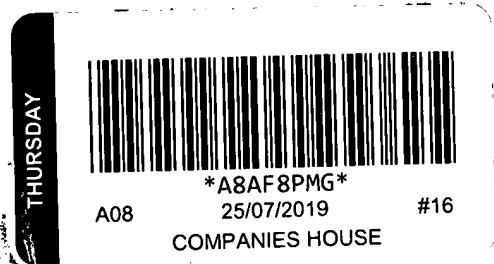


BBC World Service Trading Limited

Registered number 08101280

Annual Report and Financial Statements

For the year ended 31 March 2019



## Contents

- 2 Directors' Report
- 3 Statement of Directors' Responsibilities
- 4 Income Statement
- 5 Balance Sheet
- 6 Statement of Changes in Equity
- 7 Notes to the Financial Statements

## Directors' Report

### Principal Activities

BBC World Service Trading Limited ('the Company') is a wholly owned subsidiary of the British Broadcasting Corporation ('BBC').

The principal activity of the Company is to exploit commercial opportunities for BBC World Service content.

### Directors

The directors who held office during the year and at the date of this report, unless otherwise stated, were:

- Neil Ashton
- Simon John Kendall
- Hilary Frances Bishop (appointed 16 January 2019)
- Sarah Jane Gibson (resigned 20 April 2018)

Mark James Hodge is the Company Secretary.

### Results and dividends

The retained profit for the year of £1,790,687 (2018: £1,000,032) has been credited to reserves. The directors do not recommend the payment of a dividend (2018: £nil).

### Political and charitable contributions

The Company did not make any political or charitable donations in the year (2018: £nil).

### Strategic review

The Company is exempt by virtue of its size from the requirement to prepare a strategic report.

### Financial instruments

The Company's financial risk management operations are managed by a BBC Group Treasury function, within parameters defined formally within the policies and procedures manual agreed by the BBC Board.

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue 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.

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

By order of the Board



Neil Ashton

Director

23 July 2019

BBC New Broadcasting House  
Portland Place  
London W1A 1AA

BBC World Service Trading Limited  
Registered number: 08101280  
31 March 2019

## 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. The directors have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Income Statement

for the year ended 31 March 2019

|                               | Note | 2019<br>£ | 2018<br>£ |
|-------------------------------|------|-----------|-----------|
| Revenue                       |      | 2,851,035 | 1,874,125 |
| Other operating expenses      |      | (640,310) | (639,518) |
| Profit before taxation        |      | 2,210,725 | 1,234,607 |
| Taxation                      | 4    | (420,038) | (234,575) |
| Profit for the financial year |      | 1,790,687 | 1,000,032 |

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.

## Balance Sheet

as at 31 March 2019

|   | Note | 2019<br>£          | 2018<br>£          |
|---|------|--------------------|--------------------|
| <b>Current assets</b>                                 |      |                    |                    |
| Debtors due within one year                           | 5    | 2,227,280          | 841,851            |
| Cash at bank and in hand                              |      | 2,581,268          | 2,031,694          |
|   |      | <b>4,808,548</b>   | <b>2,873,545</b>   |
| <b>Creditors: amounts falling due within one year</b> | 6    | <b>(1,186,912)</b> | <b>(1,042,597)</b> |
| <b>Net current assets</b>                             |      | <b>3,621,636</b>   | <b>1,830,948</b>   |
| <b>Net assets</b>                                     |      | <b>3,621,636</b>   | <b>1,830,948</b>   |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               | 7    | 1                  | 1                  |
| Retained earnings                                     |      | 3,621,635          | 1,830,947          |
| <b>Shareholders' Funds</b>                            |      | <b>3,621,636</b>   | <b>1,830,948</b>   |


The notes on pages 7 to 10 form part of the financial statements.

For the year ended 31 March 2019 the Company was entitled to exception from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476.
- The directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts.

The financial statements of BBC World Service Trading Limited, registered number 08101280, were approved and authorised for issue by the board of directors on 23 July 2019 and were signed on its behalf by:



Neil Ashton  
Director

**Statement of Changes in Equity**  
for the year ended 31 March 2019

|   | Share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>£ |
|---|-----------------------|---------------------------|------------|
| At 1 April 2017                         | 1                     | 830,916                   | 830,917    |
| Profit for the year                     | -                     | 1,000,032                 | 1,000,032  |
| Total comprehensive income for the year | -                     | 1,000,032                 | 1,000,032  |
| At 31 March 2018                        | 1                     | 1,830,948                 | 1,830,949  |
| Profit for the year                     | -                     | 1,790,687                 | 1,790,687  |
| Total comprehensive income for the year | -                     | 1,790,687                 | 1,790,687  |
| At 31 March 2019                        | 1                     | 3,621,635                 | 3,621,636  |

## Notes to the financial statements

For the year ended 31 March 2019

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

The financial statements of the Company for the year ended 31 March 2019 were authorised for issue by the directors on 23 July 2019. BBC World Service Trading 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 British Broadcasting Corporation. The group accounts of the British Broadcasting Corporation are available to the public and can be obtained as set out in note 8.

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. The Company has 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 FRS 101:

- 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

#### Going concern

Although the Company is not immune from the effects of the current economic environment, the directors believe 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.



## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 2 Accounting policies (continued)

#### Financial instruments

Financial assets and liabilities are recognised on the 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.

#### Turnover

Turnover of the Company relates to amounts earned in relation to the sale of BBC World Service content rights. Content rights income is recognised in the profit and loss account over the period of content use. Turnover excludes value added tax.

#### 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 legally 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.

#### Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes to the financial statements (continued)

For the year ended 31 March 2019

### 3 Employees and directors' remuneration

The Company did not have any employees during the year.

None of the directors received any remuneration from the Company in either period.

### 4 Taxation

#### 4a Analysis of tax charge for the year

The tax charge comprises:

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| Current tax  |                  |                  |
| Group relief payment                                       | -                | (234,575)        |
| UK Corporation Tax   | (420,038)        | -                |
| <b>Total current tax charge for the year (see note 4b)</b> | <b>(420,038)</b> | <b>(234,575)</b> |

Corporation tax is calculated at 19% (2018: 19%) of the estimated assessable UK profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

#### 4b Reconciliation of the total tax charge

The effective rate of tax for the year ended 31 March 2018 was the same as the standard rate of tax in the UK of 19% (2018: 19%) as a result of the following:

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| Profit on ordinary activities before tax  | 2,210,725        | 1,234,606        |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%) | (420,038)        | (234,575)        |
| <b>Total tax charge for the year (see note 4a)</b>  | <b>(420,038)</b> | <b>(234,575)</b> |

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

### 5 Debtors due in one year

|   | 2019<br>£        | 2018<br>£      |
|---|------------------|----------------|
| Trade debtors                                 | 969,647          | 94,984         |
| Prepayments and accrued income                | 250,000          | 349,048        |
| Amounts owed by parent undertaking            | 1,007,633        | 397,819        |
| Amounts owed by fellow BBC group subsidiaries | -                | -              |
| <b>Total debtors</b>                          | <b>2,227,280</b> | <b>841,851</b> |

### 6 Creditors: amount falling due within one year

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| Amounts owed to fellow BBC group subsidiaries | 725,932          | 401,710          |
| VAT   | -                | -                |
| Corporation Tax                               | 420,038          | 231,904          |
| Accruals and deferred income                  | 40,942           | 408,983          |
| <b>Total creditors</b>                        | <b>1,186,912</b> | <b>1,042,597</b> |

## Notes to the financial statements continued

For the year ended 31 March 2018

### 7 Called up share capital

|                                     | 2019 | 2018 |
|-------------------------------------|------|------|
|                                     | £    | £    |
| Allotted, called up and fully paid: |      |      |
| 1 ordinary share of £1              | 1    | 1    |

### 8 Ultimate controlling party

The Company's ultimate parent undertaking and controlling party is the British Broadcasting Corporation which is incorporated in the United Kingdom by Royal Charter. The largest and only group in which the results of the Company are consolidated is that headed by the British Broadcasting Corporation. Copies of the financial statements of the BBC may be obtained from [www.bbc.co.uk/annualreport](http://www.bbc.co.uk/annualreport).