

BBC Studios Productions Limited

Registered number 09463829

Annual Report and Financial Statements

For the year ended 31 March 2021



Officers and advisors

Directors

Thomas Fussell

Francis Ralph Lee

Company Secretary

Anthony Corriette

Registered office

1 Television Centre

101 Wood Lane

London

W12 7FA

Auditor

National Audit Office

157 - 197 Buckingham Palace Road

London

SW1W 9SP

Contents

4	Strategic Report
8	Directors' Report
11	Statement of Directors' Responsibilities
12	Independent Auditor's Report to the members of BBC Studios Productions Limited
15	Income Statement
16	Balance Sheet
17	Statement of Changes in Equity
18	Notes to the Financial Statements

Strategic Report

The Directors present their annual report and audited financial statements for BBC Studios Productions Limited (the 'Company') for the year ended 31 March 2021. The Company's financial statements have been prepared in accordance with FRS 101: Reduced Disclosure Framework for all periods presented and these can be seen on pages 15 to 31.

Principal activities

The principal activity of the Company is to develop and produce programme content for the British Broadcasting Corporation (BBC), playing a vital role in delivering quality output and creating valuable intellectual property, as well as competing in the open market for commissions across a broad range of genres.

Business review

The aim of the Company is to inspire global audiences with world-class content that informs, educates and entertains; strengthening the BBC, its partners and the wider industry creatively and financially.

The Company is the BBC's primary supplier of content, making around 2000 hours of high quality programming in a typical year, developed and produced from its 10 hubs across the UK. Its titles include award-winning series like Strictly Come Dancing and This Country, as well as long running series like EastEnders, Horizon and Casualty. The programme genre range spans Factual, Factual Entertainment & Events, Entertainment & Music and Scripted.

The Company has performed well in a challenging year with an EBITDA of £8.4m (2020: £14.1m) and has a good pipeline of commissions for delivery in future years. The Company believes that 'EBITDA' is the non-statutory measure of financial performance that best provides guidance to help understand the performance of the Company on a comparable basis year on year. The intention of this is to illustrate an underlying profitability that can be benchmarked relatively easily and gives a reasonable base from which to link through to cash flow measures.

The production business was impacted by the Covid-19 pandemic. During the first lockdown production was paused on Continuing Drama Series, such as EastEnders, Casualty, Doctors, Pobol y Cwm and Holby City. Production returned in line with strict health and safety protocols earlier than expected and has remained uninterrupted since.

Throughout the pandemic the Company continued to deliver titles including The One Show, Countryfile and Springwatch, as well as a one-off Children In Need - Comic Relief collaboration, The Big Night In, which reached a peak audience of 8.5m.

This year the Company secured 74 new commissions for the BBC and 16 new commissions for third parties in the UK, including Trying series two, a comedy for Apple, and a strong pipeline for future delivery.

New titles launching in the year from the Company included The Watch for BBC America, RTS Award-winning The Surgeon's Cut for Netflix, and Pandemonium for BBC One.

In terms of awards, the Company secured 39 awards over the course of the year and has received 109 nominations. Winning productions during the year include EastEnders, Seven Worlds One Planet, Strictly Come Dancing, Inside No. 9 and The Left Behind.

The Company's contribution to on-screen success will continue in the year ahead. New creative deliveries will include Jimmy McGovern's Time, alongside audience favourites Strictly Come Dancing, EastEnders, Doctor Who and Top Gear.

Strategic Report (continued)

Business review (continued)

Risk and uncertainties

The BBC Studios Productions Limited Board considers its key risks and uncertainties to be as follows:

Risk	Strategic impacts	Mitigation
Protecting the brand, reputation and standards.		
Risk that the Company fails to successfully represent the values of the BBC across all its content and services.	Reputational damage to the brand and the credibility of the global business.	Alignment to the BBC Code of Conduct; it 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.
Risk that global audiences and customers lose confidence in the Company and its editorial standards.	Potential loss of customer confidence and revenue.	
Risk that a third party does not share or fails to meet BBC values and standards.		
Risk of not achieving improved diversity across the workforce and within our content or that we fail to demonstrate industry leadership in meeting our green ambitions.		
		Control measures to ensure third parties are appropriate partners, share the Company's values and meet legal and regulatory obligations.
		Commitment to driving greater inclusion across all activities and with third parties and producers.
		Approved Green strategy. Production activity is comparable to industry leaders.
Looking after people		
Risk that the Company fails to protect the health, safety and wellbeing of its people and contributors which may result in a person being harmed or suffering adverse health effects.	Potential for injury, financial penalties and criminal charges.	Policies, processes, plans and governance structures in place to manage the safety of the Company's activities.
	Reputational risk if the Company fails to protect its staff and all others in its care.	
Risk of breaching Covid-19 guidance and that variants of concern continue to develop and prolong the pandemic.		Overriding priority has been to protect the health and wellbeing of individuals, with extensive support available for those facing work challenges and focussed on maintaining wellbeing in a stressful and uncertain climate.
Managing suppliers and third parties		
Failure of a key supplier could impact the Company's infrastructure and delivery of the Company's content and services.	Customer dissatisfaction and loss of revenue.	Critical third parties closely managed through contracted SLAs with escalation protocols in place.
	Regulatory fines.	

Strategic Report (continued)

Risk and uncertainties (continued)

Risk	Strategic impacts	Mitigation
Market competition in Production		
Intense market competition for creative talent, driven by the shift of power from traditional broadcasters to large global players. These companies can influence pricing of content and are increasingly demanding a greater share of commercial rights. They also increasingly commission and create their own original content.	Inability to deliver a commercially successful creative pipeline and win commissions. Decline in revenues and margins. Inability to grow valuable IP.	The Company continues to attract talent into key creative roles and is constantly reviewing what makes it an attractive proposition. Creative talent continues to develop and deliver successful content and formats. The Company closely manages its top customer portfolio across all lines of business to surface demand and inform the pipeline direction.
BBC tendering recommencing, may lead to further loss of valuable business.		Work underway to prepare for tendering and are to ensure company is aligned to the BBC's commissioning objectives.
Protecting content and assets		
Risk that information security controls are compromised, leading to disruption of systems and services and the loss of sensitive / critical information and key content.	Reduced editorial or commercial value of content, services and assets. Reputational damage and loss of confidence in company's ability as a credible global producer.	Frameworks in place to ensure robust controls to minimise the risk of disruption and loss. Third parties must also meet the Company's expectations. Working closely with other content providers, platforms and customers to act against illegal use of brand and participates in outreach and engagement projects to combat piracy.
Risk of loss, due to illegal piracy of content and services or due to fraud, bribery and theft.		
Regulatory and compliance breaches		
Risk of non-compliance with increasing number of UK and international laws and regulations; many of which have an extra-territorial reach.	Civil or criminal challenge. Fines or penalties. Potential restrictions on business activities.	Frameworks exist to manage compliance risks internationally across the Com with regular updates to Senior Committees. Incident reporting process and corrective action taken.

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 act 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. As a result of the governance structure embedded within the Company and the wider Group, the matters that it is responsible for considering under the Act have been considered to an appropriate extent by the Group in relation to this Company. The Directors have also considered relevant matters where appropriate. The BBC Studios Executive Committee is responsible for providing leadership to the Company – including setting its creative strategy and delivering commercial outcomes. This is achieved whilst promoting and protecting the BBC brand and reputation worldwide, according to the commercial criteria as set out in the Charter and Agreement.

As the UK's biggest producer of content, the Directors have a responsibility towards people and the planet. Consideration was given to steps to improve diversity and inclusion across the Company's content and teams, as well as to the plans for keeping production teams safe while making the programmes audiences love. Consideration was given towards the blueprint for keeping artists, contributors and audiences safe – which often became best practice for Covid-19 rules. Examples included self-applied hair and makeup, drive in audiences, the formation of "bubbles" and makeshift home studios. The Company is the world leader in educating audiences on sustainability through its content. Consideration was given to the impact on the environment when making programmes – including targets around travel reduction, Albert certification, and net zero ambitions.

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 set out in the annual report of BBC Commercial Holdings Limited, which does not form part of this report.

By order of the Board

DocuSigned by:

6FDBEF52C39649E...
Anthony Corriette
Company Secretary
17 June 2021

Registered address
1 Television Centre
101 Wood Lane
London, W12 7FA

Directors' Report

Directors

The Directors, who served during the year and up to the date of this report unless otherwise stated, were as follows:

- Thomas Fussell
- Francis Ralph Lee

Results and dividends

The Company made a profit after tax of £3.0m during the year (2020: £18.2m). No dividends were declared by the Company during the year (2020: £6.0m).

Financial instruments

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

Directors' interests and indemnities

No Director had any interest in the share capital of the Company throughout the financial 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. Directors' and Officers' liability insurance cover was in place throughout the financial year.

Employee participation

The Company launched a dedicated plan to put people first, improve culture and develop talent. A package of wellbeing measures across mental and physical health was accelerated to help teams and individuals thrive in the unprecedented circumstances precipitated by lockdown. Regular staff surveys in the year helped guide the response. A new digital learning platform enabled employees to access training individually and virtually, and initiatives to improve leadership, career journeys and simplify processes across the Company were introduced, as well as a dedicated plan to improve diversity & inclusion.

Diversity

Recruiting and developing a diverse workforce that is representative of contemporary British society is central to the modern BBC and to the Company as a subsidiary of the BBC. Creating a diverse workforce is part of the BBC's Diversity Strategy. Progress against the BBC Group's Diversity and Inclusion targets can be found in the BBC Group Annual Report and Accounts.

This has been developed into a workable framework and mechanisms for systematic action planning and reporting across four key areas:

- corporate strategy and business planning – ensuring equality and diversity are part of all strategic decision-making and business planning;
- audiences – understanding and responding to our diverse audiences, through research, audience engagement and outreach initiatives;
- output – creatively reflecting the diversity of our audiences across all our platforms, and in the development of new services and technology; and
- workforce – a workforce that reflects the diversity of modern Britain and an inclusive work environment.

Training and development

Staff in all areas have opportunities to develop their skills. The Company organises comprehensive in-house and external training programmes, covering job-specific skill enhancement and management development.

BBC Studios Productions Limited

Registered number 09463829

31 March 2021

Directors' Report (continued)

Health and safety

The Company ensures that appropriate training is provided to staff in relation to health and safety, which includes specific training in response to hazards in a production environment. This is reinforced further by appropriate policies and procedures being in place.

Disabled persons

Disabled persons are fully and fairly considered for vacancies arising within the Company and are given equal opportunities in relation to training, career development and promotion. Existing employees who become disabled are retained in employment wherever possible, after the provision of any necessary rehabilitation or training.

The environment

The Company does not operate in industries where there is potential for serious industrial pollution, however it recognises its responsibility to be aware of and take steps to control and minimise any damage its business might cause to the environment. Despite the pandemic and challenges faced over the past year, 100% of productions achieved Albert foot-printing. Streamlined Energy and Carbon Reporting for the Company can be found within the consolidated accounts of the Company's parent, BBC Commercial Holdings Limited.

Corporate governance

The 2018 UK Corporate Governance Code, issued by the Financial Reporting Council and setting out principles of good corporate governance is not applicable to BBC Studios Productions Limited as a private limited company but the BBC Group voluntarily complies where appropriate. Disclosure of how the BBC complies may be obtained from www.bbc.co.uk/annualreport.

Political and charitable contributions

The Company made no political donations or contributions to charity during the year (2020: £nil).

Future developments

See the Strategic Report for detail on the future developments of the Company.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Directors have reviewed trading projections, which are expected to return to pre-Covid-19 levels, with a number of significant production titles scheduled for delivery during 2021/22. This takes into account measures to ensure ongoing compliance with Government and BBC Group Covid-19 filming guidance. Thus the Directors 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.

Post balance sheet events

As discussed in note 16, there were no events subsequent to the balance sheet date which require disclosure within the financial statements.

Auditors

In accordance with the BBC Royal Charter, the Comptroller and Auditor General served as independent external auditor for the year ended 31 March 2021 and 31 March 2020. The National Audit Office have expressed their willingness to continue in office.

BBC Studios Productions Limited

Registered number 09463829

31 March 2021

Directors' Report (continued)

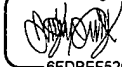
Statement as to disclosure of information to Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

By order of the Board

DocuSigned by:



6FDBEF52C39649E...

Anthony Corriette

Company Secretary

17 June 2021

Registered address

1 Television Centre

101 Wood Lane

London

W12 7FA

BBC Studios Productions Limited

Registered number 09463829

31 March 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual 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 (UK Generally Accepted Accounting Practice, comprising FRS 101 "Reduced Disclosure Framework" 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 of the profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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 Studios Productions Limited

Opinion on financial statements

I have audited the financial statements of BBC Studios Productions Limited for the year ended 31 March 2021 which comprise the income statement, the balance sheet, statement of changes in equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the 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 Companies Act 2006.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and applicable law. 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 BBC Studios Productions Limited 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 BBC Studios Productions Limited'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 BBC Studios Productions Limited'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.

Independent Auditor's Report to the members of BBC Studios Productions Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept by the company, 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 directors' 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 and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing BBC Studios Productions Limited'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 intend 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 express an opinion on the financial statements in accordance with 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the BBC's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to BBC Studios Productions Limited'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 BBC Studios Productions Limited's controls relating to the Companies Act 2006;

Independent Auditor's Report to the members of BBC Studios Productions Limited (continued)


- discussing among the engagement team and involving relevant specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, programme accounting related balances, posting of unusual journals and bias in accounting estimates. These areas were identified as significant risks of material misstatement in my audit and audit procedures were undertaken accordingly; and
- obtaining an understanding of BBC Studios Productions Limited's framework of authorities as well as other legal and regulatory frameworks that BBC Studios Productions Limited operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of BBC Studios Productions Limited. The key laws and regulations I considered in this context included the Companies Act 2006 and applicable taxation, health & safety, employment and Ofcom regulation and legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, those charged with governance and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- 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
- assessing the design and implementation of controls around programme accounting related balances and testing the appropriateness of programme accounting balances including all those related to material commission contracts.

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. 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 June 2021
3720181421E8452...

Greg Wilson
Senior Statutory Auditor
18 June 2021

For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

BBC Studios Productions Limited
Registered number 09463829
31 March 2021

Income Statement

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue		270,825	377,369
Cost of sales		(219,398)	(322,883)
Gross profit		51,427	54,486
Administrative expenses		(49,049)	(42,196)
Operating profit	2	2,378	12,290
Operating profit reconciled as:			
EBITDA		8,403	14,077
Production tax credits		(187)	-
Depreciation and amortisation		(5,838)	(1,787)
Net financing income	5	1,428	8,706
Profit before taxation		3,806	20,996
Taxation	6	(810)	(2,759)
Profit for the year		2,996	18,237

All amounts above are derived from continuing activities.

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

The notes on pages 18 to 31 form part of the financial statements.

Balance Sheet

as at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets		28	36
Property, plant and equipment	7	16,461	4,207
Investments		-	1,540
Deferred tax asset	6c	88	116
		16,577	5,899
Current assets			
Inventory	8	77,970	47,080
Trade and other receivables	9	157,284	137,283
		235,254	184,363
Current liabilities			
Trade and other payables	10	(55,892)	(56,148)
Borrowings		(4,088)	(2,608)
Contract liabilities	1	(59,946)	(23,239)
Provisions	11	(767)	(1,787)
Current tax liabilities	6d	(1,040)	(1,702)
		(121,733)	(85,484)
Non-current liabilities			
Trade and other payables		-	(551)
Borrowings		(10,630)	(664)
Contract liabilities	1	(31,545)	(18,636)
		(42,175)	(19,851)
Net assets		87,923	84,927
Capital and reserves			
Share capital	12	50	50
Retained earnings		87,873	84,877
Shareholders' Funds		87,923	84,927

The financial statements of BBC Studios Productions Limited, registered number 09463829 were approved by the Directors authorised for issue and signed on their behalf by:

DocuSigned by:

 B257037913324AD
 Thomas Fussell
 Director
 17 June 2021

Statement of Changes in Equity

for the year ended 31 March 2021

	Note	Share capital £'000	Retained earnings £'000	Total £'000
At 31 March 2019		50	72,640	72,690
Dividends declared and paid in year	14	-	(6,000)	(6,000)
Profit for the year		-	18,237	18,237
At 31 March 2020		50	84,877	84,927
Dividends declared and paid in year	14	-	-	-
Profit for the year		-	2,996	2,996
At 31 March 2021	13	50	87,873	87,923

Notes to the Financial Statements

for the year ended 31 March 2021

Statement of compliance with FRS 101

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company's financial statements are presented in Sterling and all values are expressed in pounds sterling to the nearest £1,000 unless otherwise stated.

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 Commercial Holdings Limited. The group accounts of the BBC and BBC Commercial Holdings Limited are available to the public and can be obtained as set out in note 15.

Accounting policies

This section explains the Company's main accounting policies, which have been applied consistently throughout the year except where stated.

Basis of accounting

The financial statements have been prepared under the historical cost accounting convention, and in accordance with the Companies Act 2006.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, for all periods presented.

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

- IFRS 7 Financial instruments
- IFRS 13 Fair value measurement
- IAS 1 Presentation of financial statements
- IAS 7 Statement of cash flows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 24 Related party disclosures
- IAS 36 Impairment of assets

Going concern

The Board remains satisfied with the Company's funding and liquidity position. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with the levels of its existing facilities that are provided by the Company's intermediate parent, BBC Commercial Holdings, for a period of no less than 12 months from the date of signing these financial statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. The complexity of individual contractual terms may require the Company to make judgements in assessing when the triggers for revenue recognition have been met, particularly whether the Company has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised.

Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

The Company's main sources of revenue and its policies for recognition of such revenue are summarised as follows:

- Primary commissioning income is recognised on delivery of the related programme or on a stage of completion basis, depending on the nature of the contract with the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. The payment terms are over the term of the contract.
- Secondary rights revenue earned by the Company is recognised on receipt or on an accruals basis where sufficient reliable information is available.

Inventory

Work in progress relates to the costs of programmes in the course of production which were not delivered to the programme commissioner by 31 March 2021 and comprises of direct materials and, where applicable, direct labour costs and those overheads, such as indirect property and staff costs, that have been incurred in bringing the assets to their present location and condition. Inventory is valued at the lower of cost and net realisable value (NRV). NRV represents the estimated selling price less all estimated costs of completion. Revenue and cost of sales are recognised in line with meeting contractual obligations in accordance with IFRS 15.

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 enforceable right exists to offset 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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Financial instruments

Financial assets and liabilities (primarily cash and cash equivalents, trade receivables and trade payables) 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.

Trade and other receivables

Trade and other debtors are recognised at fair value plus directly attributable transaction costs less an allowance for estimated impairment. The allowance is based on objective evidence that the Company will not be able to recover all amounts due, through a review of all accounts and prior experience collecting outstanding balances. Changes in the carrying amount of the allowance are recognised in the profit and loss account.

A provision for impairment of trade and other receivables is recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade and other receivables and contract assets.

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 fair 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 the 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.

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 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 shorter of the lease term and its useful life (on the same basis as owned assets). The right of use asset is periodically reduced by impairment losses and adjustments for certain measurements of the lease liability.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

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 dependent 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 reasonably certain not to terminate early.

The lease liability is measured at amortised cost 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 rate guarantee, or a change in the assessment of an option being exercised.

When the lease liability is remeasured, a corresponding entry is made to the carrying amount of the right of use of asset or, if reduced to zero, recorded in the income statement.

Right of use assets that do not meet the definition of investment property are presented in "property, plant and equipment" and lease liabilities are presented in borrowings in the balance sheet.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight line basis over its estimated useful life. The major categories of property, plant and equipment are depreciated as follows:

- Plant and machinery:
 - Production equipment - 3 to 10 years
 - Other – 3 to 10 years
- Furniture and fittings – 3 to 10 years

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation arising from past events, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions, other than deferred tax, that are payable over a number of years are discounted to net present value at the balance sheet date using a discount rate appropriate to the particular provision concerned.

Retirement benefit plans

Employees of the Company participate in defined benefit schemes operated by the Company's ultimate parent, the British Broadcasting Corporation (BBC). The defined benefit schemes provide benefits based on pensionable pay. The assets of the BBC's main pension scheme, the BBC Pension Scheme, to which the majority of employees belong, are held separately from those of the BBC Group.

The BBC Pension Scheme is a group-wide scheme and there is no contractual agreement or stated policy for charging the net defined benefit cost to scheme participants. The contribution rates are set by the pension scheme trustees based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities. Valuations of the scheme are performed by Willis Towers Watson, consulting actuaries, with formal valuations undertaken at least every three years. Accordingly, the Company accounts for contributions payable to the scheme as if the schemes were defined contribution schemes, as is required by IAS 19 Employee Benefits.

The amounts charged as expenditure for the defined contribution plans represent the contributions payable by the Company for the accounting period.

Termination benefits

Termination benefits are a component of restructuring provisions and are payable when employment is terminated before the normal retirement date. They are recognised as an expense when the Company is demonstrably committed to termination, being when there is a detailed formal plan to terminate employment without possibility of withdrawal.

Other employee benefits

Other short and long term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgement and to make estimates in the process of applying the Company's accounting policies.

The complexity of individual contractual terms may require the Company to make judgements in assessing when the criteria for recognising revenue have been satisfied, particularly whether the Company has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised. The Company assumes, at the point at which an asset can be exploited by the customer, that contractual obligations have been fulfilled and revenue can be recognised.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Dividends on shares presented within equity

Dividends are recognised through equity in the period in which they are declared. 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.

Adoption of new and revised accounting standards

The following new and revised standards and Interpretations have been adopted for the first time, as they became effective for this financial year:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

- Covid-19 Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The Directors do not expect that the adoption of the standards and interpretations above would have a material impact on the financial statements of the Company in future periods.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

1 Revenue

Contract balances

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service. The following table provides analysis on significant changes to contract liabilities during the year:

	2021 £'000	2020 £'000
At 1 April 2020	(41,875)	(31,781)
Decrease due to revenue recognised in the period	7,989	30,172
Increase due to cash received in advance and not recognised as revenue during the year	(57,604)	(40,266)
At 1 April 2021	(91,491)	(41,875)
Presented within:		
Current	(59,946)	(23,239)
Non-current	(31,545)	(18,636)
At 1 April 2021	(91,491)	(41,875)

Contract costs

There were no capitalised commission fees or any other contract costs in the current year or prior year.

Applying the practical expedient in paragraph 94 of IFRS 15 Revenue from Contracts with Customers, the Company recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

2 Operating profit

Operating profit is stated after charging;		2021 £'000	2020 £'000
	Note		
Staff costs	4	84,206	83,000
Write down of inventory recognised as an expense		7,157	5,058
Depreciation of owned assets	7a	661	477
Depreciation of leased assets	7b	3,588	1,308
Impairment of investments		1,581	-
Expenses relating to short term leases		5,457	8,694
Expenses relating to leases of low value assets, excluding short term leases		274	363
Audit fees payable to the National Audit Office		259	178
Amortisation of intangible fixed assets		9	2

Operating costs directly related to programme expenditure are capitalised within work in progress. Amounts held in work in progress are released to cost of sales on the income statement in line with the revenue recognition policy.

3 Profit on ordinary activities before interest and tax

The Company made an operating profit of £2.4 million (2020: £12.3m) and a profit before tax of £3.8m (2020: £21.0m) for the year ending 31 March 2021.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

4 Staff numbers and costs**4a Persons employed**

The average monthly number of persons (including Directors) employed by the Company during the year was 1,131 (2020: 1,145). Within the averages, 121 (2020: 125) part-time employees have been included at their full-time equivalent of 86 (2020: 88). The Company also employed an average full-time equivalent of 365 (2020: 417) persons on a casual basis.

4b Staff costs (including Directors)	2021	2020
	£'000	£'000
Salaries and wages	64,498	65,265
Social security costs	9,323	8,690
Pension costs	7,674	7,154
Restructuring costs	2,711	1,891
Total staff costs	84,206	83,000

4c Directors' remuneration

One Director (2020: 1) is remunerated by the Company, and accordingly they are the highest paid Director. Their remuneration is as follows:

	2021	2020
	£'000	£'000
Aggregate emoluments	358	381
Pension contributions	32	32
Total Directors' remuneration	390	413

Amounts exclude any charges borne by the Company and recharged to other companies.

The defined benefit pension included in the above reflects 31.4% employer contribution in 2020/21. Post-employment benefits are accruing for one (2020: one) Director under a defined benefit scheme.

5 Net financing income

	2021	2020
	£'000	£'000
Dividends received	-	7,000
Interest received/(paid) on loans	1,428	1,706
Total financing income	1,428	8,706

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

6 Taxation**6a Analysis of charges for the period**

The charge for the year, based on a rate of corporation tax of 19% comprises:

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	846	2,707
Adjustments in respect of previous years	(64)	17
Foreign Tax	-	64
Total current tax	782	2,788
Deferred tax		
Origination and reversal of temporary differences	(10)	(8)
Tax rate reduction	-	(10)
Adjustment in respect of prior years	38	(11)
Total deferred tax	28	(29)
Total tax charge for the year	810	2,759

6b Factors affecting the tax charge

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	3,806	20,996
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	716	3,989
Effects of:		
Other disallowable expenditure	8	40
Non-taxable income - dividends from subsidiaries	-	(1,330)
Tax differential re overseas earnings	-	64
Investment write-offs	300	-
High-end Television Tax Credits	(187)	-
Prior Year Adjustments		
Current Tax	(64)	17
Deferred tax	38	(11)
Temporary differences:		
Depreciation in excess of capital allowances	10	8
Origination and reversal of temporary differences	(10)	(8)
Tax rate reduction	-	(10)
Total tax charge for the year	810	2,759

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

6c Deferred tax analysis

In accordance with IAS 12, Income 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 19%.

	2021	2020
	£'000	£'000
Deferred tax provision		
Provision at start of year	(116)	(87)
Deferred tax credit	28	(29)
Provision at end of year	(88)	(116)

	2021	2020
	£'000	£'000
Deferred tax asset		
Accelerated capital allowances	(81)	(108)
Other temporary differences	(7)	(7)
Total deferred tax asset	(88)	(116)

6d Current tax liabilities

The current tax liability totalling £1.0m (2020: £1.7m) relates to corporation tax due to HMRC.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

7 Property, plant and equipment**7a Owned assets**

	Plant and machinery £'000	Furniture and fittings £'000	Assets under construction £'000	Total £'000
Cost				
At 1 April 2019	2,148	-	52	2,200
Additions	-	-	1,592	1,592
Transfers	1,030	-	(1,014)	16
Disposals	(447)	-	-	(447)
At 31 March 2020	2,731	-	630	3,361
Additions	-	-	849	849
Transfers	1,050	58	(1,108)	-
Disposals	(224)	(1)	-	(225)
At 31 March 2021	3,557	57	371	3,985
Depreciation				
At 1 April 2019	995	-	-	995
Charge for the year	477	-	-	477
Disposals	(284)	-	-	(284)
At 31 March 2020	1,188	-	-	1,188
Charge for the year	655	6	-	661
Disposals	(223)	(1)	-	(224)
At 31 March 2021	1,620	5	-	1,625
Net book value				
At 31 March 2021	1,937	52	371	2,360
At 31 March 2020	1,543	-	630	2,173

7b Right of use assets

	Land and Buildings £'000	Plant and machinery £'000	Vehicles £'000	Total £'000
At 1 April 2019	1,351	794	101	2,246
Additions	684	526	101	1,311
Disposals	(179)	-	(36)	(215)
Less: Charge for the year	772	435	101	1,308
At 31 March 2020	1,084	885	65	2,034
Additions	-	14,476	52	14,528
Disposals	1,092	-	(77)	1,015
Less: Charge for the year	1,002	2,505	(31)	3,476
At 31 March 2021	1,174	12,856	71	14,101

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

8 Inventory

	2021	2020
	£'000	£'000
Work in progress	77,970	47,080
Total inventory	77,970	47,080

The work in progress balance comprises the cost of programmes in the course of production that were not delivered to the commissioner by 31 March 2021. Amounts held in work in progress are released to the income statement in line with the revenue recognition policy. During 2020/21, £219.4m (2020: £322.9m) was released to the income statement from work in progress, along with an associated revenue of £246.4m (2020: £350.5m).

9 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts due within one year:		
Intercompany receivables	150,477	130,107
Trade receivables	3,495	4,333
Tax Asset	187	-
VAT	1,354	1,643
Other receivables	1,771	1,200
Total receivables	157,284	137,283

10 Trade and other payables

	2021	2020
	£'000	£'000
Amounts due within one year:		
Intercompany payables	12,339	17,996
Trade payables	3,101	3,287
Accruals and deferred income	33,009	26,213
Other payables	4,662	5,417
Taxation and social security	2,781	3,235
Total payables	55,892	56,148

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

11 Provisions

	At 1 April 2020 £'000	Charge for the year £'000	Utilised during the year £'000	Released during the year £'000	At 31 March 2021 £'000
Amounts due within one year:					
Provision for restructuring costs	1,721	747	(1,701)	-	767
Other provisions	66	-	(56)	(10)	-
Total provisions	1,787	747	(1,757)	(10)	767

Restructuring provisions are determined by the probable costs relating to reorganisations, relocations and redundancies in the Company

12 Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid:		
50,000 Ordinary shares of £1 each	50	50
Total share capital	50	50

The Company has one class of ordinary shares which carry no right to fixed income.

13 Reserves

The retained earnings reserve reflects the combination of results from operations in the current and previous years. Share capital represents the total value of shares issued to the company's parent company.

14 Dividends

	2021 £'000	2020 £'000
Dividends payable on ordinary equity shares		
March 2020 of £0.12 per share	-	6,000
Total dividends	-	6,000

15 Ultimate controlling party

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 Company's immediate parent and controlling party is BBC Studios Limited, a company registered in England and Wales. The results of the Company are consolidated within BBC Commercial Holdings Limited and the British Broadcasting Corporation. Copies of the financial statements of the BBC can be obtained from www.bbc.co.uk/annualreport.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

16 Post-balance sheet events

There were no events subsequent to the balance sheet date which require disclosure within the financial statements.

17 Subsidiary undertakings

The Company owns 100% of the issued share capital of the following companies recognised at cost, which are incorporated in Great Britain and registered in England and Wales:

	Investment value £	Holding of ordinary shares %
<i>Directly owned subsidiaries</i>		
BBC Grafton House Productions Limited	2	100
BBC Comedy Productions Limited	2	100
BBC Natural History and Factual Productions Limited	2	100
Nice and Accurate Productions Limited (Incorporated 8 January 2021)	1	100
Mortimer Productions Limited	1	100
BBC Natural History Giant Screen Limited	1	100
BBC Studios Productions (Clifton) Limited	1	100

Registered address of subsidiaries: 1 Television Centre, 101 Wood Lane, London, United Kingdom, W12 7FA.

18 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. There were no other material transactions with related parties during the current or prior year. Transactions with related parties are made on an arm's length basis.