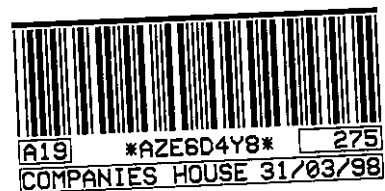


Registered number: 1420028

**BBC Worldwide Limited**

**Report and financial statements for  
the year ended 31 March 1997**



# BBC Worldwide Limited

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## **BBC Worldwide Limited**

### **Directors' report**

The directors present their report and the audited consolidated financial statements of the group for the year ended 31 March 1997.

### **Results**

The consolidated profit after taxation and minority interests for the year was £1,614,000 (1995/96: £8,962,000) which will be added to reserves. The directors do not recommend the payment of a dividend (1995/96: £nil).

### **Principal activities and business review**

The group co-produces and subsequently licenses television programmes worldwide, publishes books and magazines, and distributes videos, tapes and programme related products. The activities are organised under various operating divisions and subsidiaries. The objective is to maximise the multiple media potential throughout the world for British Broadcasting Corporation ("BBC") products and to reinvest into BBC programming.

During the year, together with our partners Pearson and Foxtel, we have launched an entertainment channel in Australia. In September 1996 we announced an alliance with ICL to develop a commercial BBC on line service that will be available over the Internet.

In March 1997 a joint venture was set up with Flextech to provide an 8 channel digital service.

### **Post balance sheet events**

European Channel Management ("ECM") will become a wholly owned subsidiary of BBC Worldwide Limited.

### **Employees and health and safety**

The group continues to determine and implement appropriate conditions of service and personnel strategies commensurate with its commercial objectives and strategies and to develop fully the potential of its staff in rapidly changing circumstances.

The group's policy is to facilitate the employment of disabled persons. Disabled persons, whether registered as such or not, are fully and fairly considered for vacancies arising within the group and are given equal opportunities with other staff in relation to training, career development and promotion. Existing employees who become disabled are retained in the group's employment wherever possible, after the provision of any necessary rehabilitation or training.

It is group policy to make information available to employees to enable them to take a wider interest in the group and its performance. This objective is achieved through regular consultative meetings, handbooks, newspapers and noticeboards.

## **BBC Worldwide Limited**

### **Directors' report (cont'd)**

#### **Directors**

The directors who served during the year were:

R W Phillis	(Chairman)(resigned 30 November 1997)
M C Young	
Dr J A G Thomas	(resigned 21 March 1997)
N J Chapman	(resigned 31 July 1997)
R J Emery	
J S Younger	
P R Teague	(appointed 6 January 1997)
M J Phillips	(appointed 6 January 1997)

The directors who were appointed after the year end were:

C Fairbairn	(appointed 1 July 1997)
J P Mayhew	(appointed 1 July 1997)
P S Phippen	(appointed 1 July 1997)
J E Taylor	(appointed 1 July 1997)

#### **Directors' interests**

No director had any interest in the share capital of the company at 1 April 1996 or 31 March 1997. According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

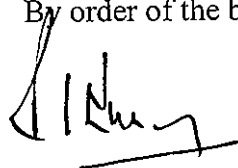
#### **Creditor payment policy**

It is BBC Worldwide Limited's policy to comply with the CBI prompt payment code in relation to the payment of suppliers. BBC Worldwide Limited monitors compliance against the terms of this code.

#### **Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company was passed at the Annual General Meeting.

By order of the board



**R J Emery**  
**Director**

**Date:** 23rd March 1998

**Registered Office**  
**Woodlands**  
**80, Wood Lane**  
**London W12 0TT**

**BBC Worldwide Limited****Statement of directors' responsibility for the preparation of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period.

In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**BBC Worldwide Limited****Auditors' report to the members of BBC Worldwide Limited**

We have audited the financial statements on pages 5 to 28.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG**  
**Chartered Accountants**  
**Registered Auditors**  
**London**

**Date:** 23 March 1998

**BBC Worldwide Limited****Consolidated profit and loss account for the year ended 31 March 1997**

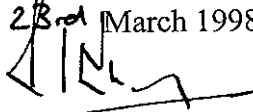
	Note	1997 £'000	1996 £'000
Turnover	2	353,797	338,412
Cost of sales		<u>(243,133)</u>	<u>(229,912)</u>
Gross profit		110,664	108,500
Net operating expenses	3	<u>(105,139)</u>	<u>(96,975)</u>
Operating profit	4	5,525	11,525
Income from interests in associated undertakings		<u>1,146</u>	<u>1,212</u>
		6,671	12,737
Net interest payable	5	<u>(2,003)</u>	<u>(937)</u>
Profit on ordinary activities before taxation	6	4,668	11,800
Taxation on profit on ordinary activities	8	<u>(3,048)</u>	<u>(2,838)</u>
Profit on ordinary activities after taxation		1,620	8,962
Minority interests		<u>(6)</u>	<u>-</u>
Retained profit for the financial year	20	<u>1,614</u>	<u>8,962</u>

The above results are derived from continuing operations.

**BBC Worldwide Limited****Consolidated balance sheet as at 31 March 1997**

	Note	1997 £'000	1996 £'000
<b>Fixed assets</b>			
Tangible assets	9a	9,447	15,561
Investment in programmes for future sale	10	84,793	73,597
Investment in products	11	3,493	-
Investments in associated undertakings	13a	(203)	212
Other investments	14	<u>776</u>	<u>906</u>
		<u>98,306</u>	<u>90,276</u>
<b>Current assets</b>			
Stocks	15	9,942	12,283
Debtors	16	96,457	88,209
Investments		205	527
Cash at bank and in hand		<u>8,289</u>	<u>9,652</u>
		114,893	110,671
<b>Creditors: amounts falling due within one year</b>	17	<u>(130,191)</u>	<u>(128,653)</u>
<b>Net current liabilities</b>		<u>(15,298)</u>	<u>(17,982)</u>
<b>Total assets less current liabilities</b>		83,008	72,294
<b>Creditors: amounts falling due after more than one year</b>	17	(27,301)	(17,107)
<b>Provisions for liabilities and charges</b>	18	-	-
<b>Net assets</b>		<u>55,707</u>	<u>55,187</u>
<b>Capital and reserves</b>			
Called up share capital	19	250	250
Profit and loss account	20	<u>55,443</u>	<u>54,930</u>
<b>Equity shareholders' funds</b>		55,693	55,180
<b>Minority interests</b>		<u>14</u>	<u>7</u>
		<u>55,707</u>	<u>55,187</u>

The financial statements on pages 5 to 28 were approved by the board of directors on 23 March 1998 and were signed on its behalf by:



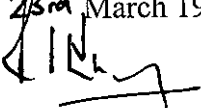
R J Emery  
Director



**BBC Worldwide Limited****Company balance sheet as at 31 March 1997**

	Note	1997 £'000	1996 £'000
<b>Fixed assets</b>			
Tangible assets	9b	8,206	14,407
Investment in programmes for future sale	10	67,957	60,412
Investment in products	11	3,493	-
Investments in subsidiary undertakings	12	16,653	17,677
Investments in associated undertakings	13b	83	1
Other investments	14	<u>776</u>	<u>906</u>
		<u>97,168</u>	<u>93,403</u>
<b>Current Assets</b>			
Stocks	15	9,942	12,283
Debtors	16	83,826	81,981
Investments		205	527
Cash at bank and in hand		<u>1,356</u>	<u>5,294</u>
		95,329	100,085
<b>Creditors: amounts falling due within one year</b>	17	<u>(121,356)</u>	<u>(130,559)</u>
<b>Net current liabilities</b>		<u>(26,027)</u>	<u>(30,474)</u>
<b>Total assets less current liabilities</b>		71,141	62,929
<b>Creditors: amounts falling due after more than one year</b>	17	(27,301)	(17,107)
<b>Provisions for liabilities and charges</b>	18	-	-
<b>Net assets</b>		<u>43,840</u>	<u>45,822</u>
<b>Capital and reserves</b>			
Called up share capital	19	250	250
Profit and loss account	20	<u>43,590</u>	<u>45,572</u>
<b>Equity shareholders' funds</b>		<u>43,840</u>	<u>45,822</u>

The financial statements on pages 5 to 28 were approved by the board of directors on 23<sup>rd</sup> March 1998 and were signed on its behalf by:



R J Emery  
Director

**BBC Worldwide Limited****Consolidated statement of total recognised gains and losses**

	1997 £'000	1996 £'000
Profit for the financial year	1,614	8,962
Other net gains and losses recognised in reserves:		
Exchange translations effect on:		
profit for the financial year	(18)	(58)
foreign currency net assets	(917)	790
Total recognised gains and losses for the year	<u>679</u>	<u>9,694</u>

**Reconciliation of movements in shareholders' funds**

	1997 £'000	1996 £'000
Total recognised gains and losses	679	9,694
Goodwill written off on acquisitions	(166)	-
Transfer of goodwill previously written off to the profit and loss account	—	60
Net increase in shareholders' funds	<u>513</u>	<u>9,754</u>
Equity shareholders' funds at 1 April	<u>55,180</u>	<u>45,426</u>
Equity shareholders' funds at 31 March	<u>55,693</u>	<u>55,180</u>

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997****1. Principal accounting policies**

The principal accounting policies which have been applied consistently are set out below.

**a) Basis of preparation**

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

**b) Basis of consolidation**

The results of subsidiary companies are consolidated into the financial statements of BBC Worldwide Limited. A share of the results of associated undertakings are incorporated. Management information is used where the year end of the associate is non-coterminous with that of the group.

As permitted by Section 230 of the Companies Act 1985 no profit and loss account has been presented in respect of the holding company. The company's loss after taxation for the year dealt with in the financial statements of BBC Worldwide Limited was £1,982,000 (1996: £5,627,000 profit).

**c) Turnover**

Turnover, which excludes value added tax and trade discounts, represents licence fees from the distribution of joint productions, agency income and commission from the distribution of programmes on behalf of the BBC and from other producers' titles and from the publication of magazines, books, videos, records and tapes, character merchandising, transmission, and other facilities.

**d) Foreign currency translation**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at 31 March. Any gains or losses on translation are included in the profit and loss account.

For consolidation purposes, differences on exchange arising from the re-translation of the opening net investment of a subsidiary undertaking, and from the translation of the results of that undertaking at month-end rates, are taken to reserves.

# **BBC Worldwide Limited**

## **Notes to the financial statements for the year ended 31 March 1997 (cont'd)**

### 1. Principal accounting policies (cont'd)

#### e) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the identifiable net assets acquired and is written off immediately against reserves. On disposal goodwill previously written off against reserves is transferred to the profit and loss account for the year.

#### f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service.

The useful lives for depreciation purposes of the principal categories of assets are:

Land and Buildings	
Long leasehold buildings	40 years
Short leasehold buildings	unexpired term of the lease
Plant and machinery	3 - 5 years
Furniture and fittings	3 - 5 years

#### g) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

#### h) Investment in programmes for future sale

Investment in programmes for future sale are stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Amortisation of investment in programmes for future sale is charged against income over the average marketable life which is estimated to be five years. The cost and accumulated amortisation of investment in programmes for future sale are reduced by the original cost of programmes over five years old.

#### i) Investment in products

Investment in products, primarily investments in new media formats for re-sale, including CD Roms, are stated at cost less accumulated amortisation. Amortisation of investment in products is charged against income over 2 years from the date of launch.

#### j) Stocks

Stocks comprising records, books and paper stock and work in progress are stated at the lower of cost and net realisable value.

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

## 1. Principal accounting policies (cont'd)

## k) Pension costs

## Defined benefit scheme

The BBC operates a defined benefit pension scheme, details of which can be found in the BBC Annual Report and Accounts for 1996/97. Contributions to the scheme are based on pension costs across the BBC as a whole. They are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

## Defined contribution scheme

BBC Worldwide Limited operates its own defined contribution scheme. Contributions to the scheme are charged to the profit and loss account when payable.

## l) Deferred taxation

Deferred taxation has been provided at 31 March 1997 at expected applicable rates to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. Provision is made only to the extent that it is, in the opinion of the directors, probable that an actual liability will crystallise in the foreseeable future.

## m) Segmental reporting

As permitted by paragraph 55 (5) schedule 4 of the Companies Act 1985 and Statement of Standard Accounting Practice 25 the group has not presented segmental information on profit before taxation and net assets as, in the view of the directors, such disclosure would be seriously prejudicial to its interests.

## n) Cash flow statement

The cash flows of the group are included in the consolidated group cash flow statement of the BBC, the ultimate parent. The group is thus exempt, under the terms of Financial Reporting Standard No.1 (revised), from preparing a cash flow statement.

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31st March 1997 (cont'd)****2. Turnover**

Turnover analysed by type of business	1997 £'000	1996 £'000
Television	142,693	140,786
Magazines	118,141	104,792
Consumer Publishing	68,568	70,948
International Publishing	11,417	11,014
Learning	9,251	9,686
New Media	<u>3,727</u>	<u>1,186</u>
	<u>353,797</u>	<u>338,412</u>
Turnover analysed by geographical destination (all turnover originates from within the UK)		
UK	213,921	213,461
Rest of world	<u>139,876</u>	<u>124,951</u>
	<u>353,797</u>	<u>338,412</u>

Television sales include licensing for standard television, cable, and simultaneous relay and channel sales. Co-production contributions to the BBC are administered by BBC Worldwide Limited but not included in the above turnover.

3. Net operating expenses	1997 £'000	1996 £'000
Distribution costs	75,013	63,295
Administrative expenses	<u>30,126</u>	<u>33,680</u>
	<u>105,139</u>	<u>96,975</u>

**4. European Channel Management Limited**

At 31 March 1997 BBC Worldwide Limited was owed £9 million by its associated company European Channel Management Limited ("ECM"). The financial position of ECM at that date was such that it was unable to pay the amount due. After the year end a loan was made by a third party to ECM which enabled ECM to pay £5 million to BBC Worldwide Limited.

Subsequent to 31 March 1997, BBC Worldwide Limited have continued to trade with ECM whilst negotiations took place over the future of ECM. The result of these negotiations is such that ECM will become a wholly owned subsidiary of BBC Worldwide Limited.

**BBC Worldwide Limited**
**Notes to the financial statements  
for the year ended 31st March 1997 (cont'd)**
**4. European Channel Management Limited (cont'd)**

As at 31 March 1997 a provision of £4 million has been made against the amounts due by ECM. A further substantial provision will be made in the year ending 31 March 1998 in relation to the debt then outstanding.

5. Net interest payable	1997 £'000	1996 £'000
Interest receivable	326	572
Interest payable:		
BBC loan	(2,282)	(1,484)
Bank loans and overdrafts	(10)	(22)
Other	<u>(37)</u>	<u>(3)</u>
	<u>(2,003)</u>	<u>(937)</u>

**6. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	1997 £'000	1996 £'000
Depreciation - owned assets	6,528	4,973
Amortisation of investment in programmes for future sale	43,215	31,392
Amortisation of investment in products	1,395	-
Auditors' remuneration		
- company audit fee	84	80
- subsidiaries audit fee	62	43
- other fees	71	55
Operating lease rentals - plant and machinery	1,441	805
- land and buildings	765	1,324
Profit on sale of current asset investments	1,431	-
Exchange losses/(gains)	1,167	(490)

**7. Directors and employees**

a) Employees	1997 £'000	1996 £'000
Staff costs - wages and salaries (excluding redundancies)	40,924	33,413
- social security costs	3,057	3,038
- other pension costs	<u>1,110</u>	<u>1,164</u>
	<u>45,091</u>	<u>37,615</u>

# **BBC Worldwide Limited**

## **Notes to the financial statements for the year ended 31 March 1997 (cont'd)**

### **7. Directors and employees (cont'd)**

In addition to the above, redundancy costs of £819,000 (1995/96: £380,000) were incurred in the year.

The average number of persons employed by the group during the year was:

	1997 Number	1996 Number
Television	260	278
Magazines	482	464
Consumer publishing	148	127
International publishing	47	37
Learning	57	53
New Media	43	19
Service departments	<u>210</u>	<u>203</u>
	<u>1,247</u>	<u>1,181</u>
b) Pensions		

#### **BBC Pension scheme**

Many employees are members of the BBC Pension Scheme, which provides salary related pension benefits on a defined benefit basis. Details of this scheme can be found in the BBC Annual Report and Accounts for 1996/97.

The pension charge in the BBC Worldwide Limited financial statements for the year was £832,000 (1995/96: £830,000). This includes a proportion of scheme surplus amortised over the average remaining service lives of the contributing members. A provision of £216,000 is included in creditors (1996: provision of £116,000), this being the excess of the accumulated pension cost over the amount funded.

#### **BBC Worldwide Limited group schemes**

The group also operates its own defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £278,000 for the year (1995/96: £334,000).

### **c) Directors' emoluments**

The remuneration paid to the directors of the parent company was:	1997 £'000	1996 £'000
Emoluments (including pension contributions and benefits in kind)	832	988
Compensation for loss of office	<u>301</u>	<u>250</u>
	<u>1,133</u>	<u>1,238</u>



**BBC Worldwide Limited**
**Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**
**7. Directors and employees (cont'd)**

The emoluments of the chairman (which for 1996/97 represent the proportion of emoluments borne by the group), who was also the highest paid director in 1995/96 (excluding pension contributions) were £95,000 (1995/96: £243,000). The emoluments of the highest paid director (excluding pension contributions) were £179,000.

The number of directors (including the chairman) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1997 Number	1996 Number
£ 0 - £ 5,000	1	6
£ 35,001 - £ 40,000	-	1
£ 40,001 - £ 45,000	2	-
£ 90,001 - £ 95,000	1	-
£115,001 - £120,000	-	1
£125,001 - £130,000	1	-
£135,001 - £140,000	-	1
£145,001 - £150,000	-	1
£150,001 - £155,000	1	-
£155,001 - £160,000	-	1
£170,001 - £175,000	1	-
£175,001 - £180,000	1	-
£240,001 - £245,000	-	1

**8. Taxation on profit on ordinary activities**

	1997 £'000	1996 £'000
UK corporation tax at 33% (1995/96: 33%)	2,167	838
Group relief payable	-	3,752
Deferred taxation (see note 18)	(3,802)	(3,118)
Double taxation relief	<u>(2,055)</u>	<u>(1,096)</u>
	(3,690)	376
Overseas taxation	<u>5,464</u>	<u>2,918</u>
	1,774	3,294
Share of associated undertakings' tax	559	511
Prior year adjustments:		
Corporation tax	197	(2,423)
Group relief payable	(3,284)	(502)
Deferred taxation (see note 18)	3,802	1,814
Associated undertakings	<u>-</u>	<u>144</u>
	<u>3,048</u>	<u>2,838</u>

**BBC Worldwide Limited**
**Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**
**9. Tangible fixed assets**
**a) Group**

	Buildings £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 1996	6,371	24,977	10,163	41,511
Additions	-	2,641	1,475	4,116
Disposals	(5,675)	(4,521)	(46)	(10,242)
Transfers	9	798	(807)	-
Exchange adjustment	(43)	-	(81)	(124)
At 31 March 1997	<u>662</u>	<u>23,895</u>	<u>10,704</u>	<u>35,261</u>
<b>Depreciation</b>				
At 1 April 1996	2,006	15,430	8,514	25,950
Charge for the year	145	5,443	940	6,528
Eliminated in respect of disposals	(2,058)	(4,504)	(33)	(6,595)
Transfers	24	523	(547)	-
Exchange adjustment	(4)	-	(65)	(69)
At 31 March 1997	<u>113</u>	<u>16,892</u>	<u>8,809</u>	<u>25,814</u>
<b>Net book value:</b>				
At 31 March 1997	<u>549</u>	<u>7,003</u>	<u>1,895</u>	<u>9,447</u>
At 31 March 1996	<u>4,365</u>	<u>9,547</u>	<u>1,649</u>	<u>15,561</u>

The net book value of buildings contains the following amounts in respect of leasehold and freehold property:

	1997 £'000	1996 £'000
Short leasehold	549	623
Long leasehold	-	3,742
	<u>549</u>	<u>4,365</u>

**BBC Worldwide Limited**
**Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**
**9. Tangible fixed assets (cont'd)**
**b) Company**

	Buildings £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 1996	5,694	24,252	8,790	38,736
Additions	-	2,305	1,407	3,712
Disposals	(5,675)	(4,521)	(46)	(10,242)
Transfers	<u>9</u>	<u>798</u>	<u>(807)</u>	<u>-</u>
At 31 March 1997	<u>28</u>	<u>22,834</u>	<u>9,344</u>	<u>32,206</u>
<b>Depreciation</b>				
At 1 April 1996	1,938	14,890	7,501	24,329
Charge for the year	102	5,374	789	6,265
Eliminated in respect of disposals	(2,058)	(4,504)	(32)	(6,594)
Transfers	<u>24</u>	<u>523</u>	<u>(547)</u>	<u>-</u>
At 31 March 1997	<u>6</u>	<u>16,283</u>	<u>7,711</u>	<u>24,000</u>
<b>Net book value:</b>				
At 31 March 1997	<u>22</u>	<u>6,551</u>	<u>1,633</u>	<u>8,206</u>
At 31 March 1996	<u>3,756</u>	<u>9,362</u>	<u>1,289</u>	<u>14,407</u>

The net book value of buildings contains the following amounts in respect of leasehold and freehold property:

	1997 £'000	1996 £'000
Short leasehold	22	14
Long leasehold	-	3,742
Freehold	<u>-</u>	<u>-</u>
	<u>22</u>	<u>3,756</u>

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

10. Investment in programmes for future sale	Group £'000	Company £'000
Cost		
At 1 April 1996	141,426	96,975
Additions	55,668	40,344
Transfer	(475)	(475)
Written off during the year	(4,304)	(4,304)
Less: cost of programmes fully amortised	(14,258)	(14,258)
Exchange adjustment	<u>(2,947)</u>	<u>-</u>
At 31 March 1997	<u>175,110</u>	<u>118,282</u>
Amortisation		
At 1 April 1996	67,829	36,563
Amortisation for the year	43,215	32,324
Amortisation on programmes written off during the year	(4,304)	(4,304)
Less: accumulated amortisation on programmes fully amortised	(14,258)	(14,258)
Exchange adjustment	<u>(2,165)</u>	<u>-</u>
At 31 March 1997	<u>90,317</u>	<u>50,325</u>
Net book value:		
At 31 March 1997	<u>84,793</u>	<u>67,957</u>
At 31 March 1996	<u>73,597</u>	<u>60,412</u>

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

11. Investment in products	Group £'000	Company £'000
Cost		
At 1 April 1996	-	-
Additions	2,296	2,296
Transfer from WIP	4,913	4,913
Transfer from investment in programmes for future sale	<u>475</u>	<u>475</u>
At 31 March 1997	<u>7,684</u>	<u>7,684</u>
Amortisation		
At 1 April 1996	-	-
Amortisation for the year	1,395	1,395
Transfer from WIP	<u>2,796</u>	<u>2,796</u>
At 31 March 1997	<u>4,191</u>	<u>4,191</u>
Net book value:		
At 31 March 1997	<u>3,493</u>	<u>3,493</u>
At 31 March 1996	<u>-</u>	<u>-</u>

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

## 12. Investments in subsidiary undertakings (company)

	Shares in subsidiary undertakings £'000
Cost	
At 1 April 1996	20,332
Additions	<u>164</u>
At 31 March 1997	<u>20,496</u>
Provisions	
At 1 April 1996	(2,655)
Additions	<u>(1,188)</u>
At 31 March 1997	<u>(3,843)</u>
Net book value	
At 31 March 1997	<u>16,653</u>
At 31 March 1996	<u>17,677</u>

The principal subsidiaries of the company as at 31 March 1997 were:

% Interest	Name	Principal activity
100	BBC Worldwide Americas Inc*	Co-producer and distributor of television programmes and multi-media exploitation
100	Woodlands Publishing Limited	Magazine publishing
100	BBC Worldwide (France) SARL**	Programme licensing and multi-media exploitation
100	BBC Worldwide (Investments) Limited	Investment company
100	BBC Worldwide (Germany) GMBH***	Programme licensing and multi-media exploitation
100	Broadcasting Data Services Limited	Publisher of listings data
75	European Channel Broadcasting Limited	Satellite broadcaster
*	registered in Delaware, USA	
**	incorporated in France	
***	incorporated in Germany	

All of the above are incorporated in England and Wales, except where otherwise indicated, and have been included in the consolidated financial statements.

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

## 13. Investments in associated undertakings

	Interests in associated undertakings £'000	Net loans to associated undertakings £'000	Total £'000
a) Group			
Cost			
At 1 April 1996	248	750	998
Additions	518	-	518
Transfer from trade investments	28	-	28
Transfer	10	(10)	-
Disposal	-	74	74
At 31 March 1997	<u>804</u>	<u>814</u>	<u>1,618</u>
Share of post acquisition reserves			
At 1 April 1996	(529)	-	(529)
Retained profits less losses	558	-	558
Distributions	(1,086)	-	(1,086)
Transfer to loan provision	344	-	344
Disposal	(74)	-	(74)
At 31 March 1997	<u>(787)</u>	<u>-</u>	<u>(787)</u>
Provisions			
At 1 April 1996	(257)	-	(257)
Provided in year	62	-	62
Transfer from trade investments	(25)	-	(25)
Transfer from share of post acquisition reserves	-	(344)	(344)
Transfer from creditors	-	(470)	(470)
At 31 March 1997	<u>(220)</u>	<u>(814)</u>	<u>(1,034)</u>
Net book value			
At 31 March 1997	<u>(203)</u>	<u>-</u>	<u>(203)</u>
At 31 March 1996	<u>(538)</u>	<u>750</u>	<u>212</u>

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

## 13. Investments in associated undertakings (cont'd)

Interests in  
associated  
undertakings  
£'000

## b) Company

## Cost

At 1 April 1996	473
Additions	20
Disposals	<u>(225)</u>
At 31 March 1997	<u>268</u>

## Provisions

At 1 April 1996	(472)
Released in year	82
Provided in year	(20)
Disposals	<u>225</u>
At 31 March 1997	<u>(185)</u>

## Net book value

At 31 March 1997	<u>83</u>
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At 31 March 1996	<u>1</u>
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The principal associates of the group as at 31 March 1997 are:

% Interest	Name	Principal activity
23	Frontline Limited	Distribution of magazines
50	Galleon Limited	Magazine subscription fulfilment management
50	BBC Haymarket Exhibitions Limited	Organisation of trade and public exhibitions
50	Audio International Limited	Music distribution
45	European Channel Management Limited	Channel distribution
20	UK TV Australia *	Channel distribution

\* unincorporated joint venture in Australia

All of the above are incorporated in England and Wales, except where otherwise indicated.



# **BBC Worldwide Limited**

## **Notes to the financial statements for the year ended 31 March 1997 (cont'd)**

### 13. Investments in associated undertakings (cont'd)

European Channel Management Limited, is regarded as an associated undertaking of BBC Worldwide Limited, but BBC Worldwide Limited has no obligation to provide it with financial support under the investment agreement. As a result BBC Worldwide Limited's share of post-tax losses for the year to 31 March 1997 of £4.5m (1995/96 £6.3m), and net liabilities at 31 March 1997 of £15.0m (1996 £10.1m) have not been included within these financial statements.

### 14. Other investments

	Group £'000	Company £'000
Cost		
At 1 April 1996	1,296	1,293
Transfer to associate investment	(3)	-
At 31 March 1997	<u>1,293</u>	<u>1,293</u>
Provisions		
At 1 April 1996	(390)	(387)
Provided in year	(127)	(130)
At 31 March 1997	<u>(517)</u>	<u>(517)</u>
Net book value		
At 31 March 1997	<u>776</u>	<u>776</u>
At 31 March 1996	<u>906</u>	<u>906</u>

The principal investments (all of which are unlisted) of the group are as follows:

% Interest	Name	Principal Activity
20	UK Gold Television Limited	Satellite broadcaster
20	Satellite News Corporation Limited	Satellite broadcaster

In the opinion of the directors, the group is not in a position to exercise significant influence over the operating and financial policies of UK Gold Television Limited and Satellite News Corporation Limited, largely because of the disposition of the other shareholders and the voting arrangements, and has no requirement to provide financial support. The group's interest in both entities has therefore been accounted for as a trade investment.

# **BBC Worldwide Limited**

## **Notes to the financial statements for the year ended 31 March 1997 (Cont'd)**

### 14. Other investments (cont'd)

On 25 April 1997, BBC Worldwide Investments Limited disposed of its entire shareholding in UK Gold Television Limited. The shares were acquired by Flextech plc in exchange for the issue to BBC Worldwide Investments Limited of 5,443,548 new ordinary shares in Flextech plc. The new shares received by BBC Worldwide Investments Limited are quoted on the London Stock Exchange. On 26 June 1997 3,832,395 of these shares were sold for £23,186,000.

### 15. Stocks

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Raw materials and consumables	2,158	2,829	2,158	2,829
Work in progress	1,663	5,053	1,663	5,053
Finished goods and goods for resale	<u>6,121</u>	<u>4,401</u>	<u>6,121</u>	<u>4,401</u>
	<u>9,942</u>	<u>12,283</u>	<u>9,942</u>	<u>12,283</u>

### 16. Debtors

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	63,135	58,716	45,208	44,453
Amounts owed by subsidiary undertakings	-	-	14,865	13,509
Amounts owed by associated undertakings	16,605	18,716	8,245	13,708
Amounts owed by fellow subsidiary undertakings	3,027	-	3,027	-
Other debtors	8,883	2,548	8,277	2,114
Corporation tax	2,316	-	2,250	-
Prepayments and accrued income	<u>2,491</u>	<u>8,229</u>	<u>1,954</u>	<u>8,197</u>
	<u>96,457</u>	<u>88,209</u>	<u>83,826</u>	<u>81,981</u>

**BBC Worldwide Limited**
**Notes to the financial statements  
for the year ended 31 March 1997 (Cont'd)**
**17. Creditors**

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade creditors	65,746	55,235	60,116	54,032
Amounts owed to the BBC	20,218	20,461	14,989	17,772
Amounts owed to subsidiary undertakings	-	-	12,856	11,342
Amounts owed to associated undertakings	165	-	165	560
Amounts owed to fellow subsidiary undertakings	1,515	1,634	1,515	1,634
Other creditors	2,146	2,275	2,303	1,200
Corporation Tax	3,604	5,061	1,715	4,933
Social security and other taxes	1,011	843	1,011	843
Accruals and deferred income	<u>35,786</u>	<u>43,144</u>	<u>26,686</u>	<u>38,243</u>
	<u>130,191</u>	<u>128,653</u>	<u>121,356</u>	<u>130,559</u>
Amounts falling due after more than one year:				
Loan owed to the BBC	<u>27,301</u>	<u>17,107</u>	<u>27,301</u>	<u>17,107</u>

The loan to the BBC is not repayable before April 1998 and bears interest at market rates.

**BBC Worldwide Limited****Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)**

## 18. Provisions for liabilities and charges

Deferred taxation (Group and Company)	£'000
At 1 April 1996	-
Current year credit (see note 8)	(3,802)
Prior year charge (see note 8)	3,802
	<hr/>
At 31 March 1997	<hr/> <hr/>

19. Called up share capital	1997 £'000	1996 £'000
Authorised 1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued, allotted, called up and fully paid 250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>

20. Profit and loss account	Group £'000	Company £'000
At 1 April 1996	54,930	45,572
Retained profit for the year	1,614	(1,982)
Exchange adjustment	(935)	-
Goodwill written off	<u>(166)</u>	<u>-</u>
At 31 March 1997	<u>55,443</u>	<u>43,590</u>

The cumulative goodwill arising on acquisition previously written off to reserves is £18,897,000, (1996/97: £18,731,000).

21. Capital commitments	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Contracted but not provided for:				
Programme investments	39,801	15,826	35,329	11,067
Authorised but not contracted for:				
Programme investments	3,779	31,059	3,779	29,690
Fixed assets	1,648	2,545	1,370	2,545

# **BBC Worldwide Limited**

## **Notes to the financial statements for the year ended 31 March 1997 (cont'd)**

### **22. Operating leases**

Future minimum rental payments under non cancellable operating leases, payable in the next year, are as follows:

	Land & buildings 1997 £'000	Land & buildings 1996 £'000	Plant & machinery 1997 £'000	Plant & machinery 1996 £'000
Expiring:				
within one year	47	-	317	86
between two and five years	18	296	850	1,063
after more than five years	<u>652</u>	<u>675</u>	<u>-</u>	<u>-</u>
	<u>717</u>	<u>971</u>	<u>1,167</u>	<u>1,149</u>

### **23. Contingent liabilities**

The company, together with its subsidiary BBC World Service Television Limited and fellow subsidiary BBC Subscription Television Limited has entered into a group banking arrangement with Midland Bank plc whereby the balances on the accounts of the three companies are offset. To comply with banking regulations, the three companies have provided unlimited guarantees in respect of the overdrafts and loan facilities of the other participants.

In April 1997 the company settled the litigation with its fellow shareholder in Audio International Ltd. On 9 April 1997, Audio International Limited became a wholly owned subsidiary of BBC Worldwide Limited.

The company is the subject of litigation for contract and copyright disputes. It is not practicable to make an estimate of any financial effect of the litigation. However, the company is strenuously contesting these proceedings and the directors do not consider that these actions will result in a material effect on the financial condition of the group.

### **24. Related party transactions**

Under FRS 8, the company is exempt from the requirements to disclose related party transactions with the BBC on the grounds that it is a wholly owned subsidiary undertaking of the BBC, whose financial statements are publicly available.

Included in the profit and loss account are net charges from associated undertakings of £18,700,000. The charges relate to the distribution of BBC Worldwide Limited's television channels, BBC World and BBC Prime, and its magazines. Terms of trade were negotiated on an arm's length basis.

Amounts owed by/(to) associated undertakings at the year end are disclosed within notes 16 and 17.

**BBC Worldwide Limited**

\* \* \*

**Notes to the financial statements  
for the year ended 31 March 1997 (cont'd)****25. Ultimate holding and controlling company**

The company's ultimate controlling party and parent undertaking is the BBC which is incorporated in the United Kingdom by Royal Charter. Copies of the financial statements of BBC may be obtained from BBC Information Services, 201 Wood Lane, London, W12 7TS.