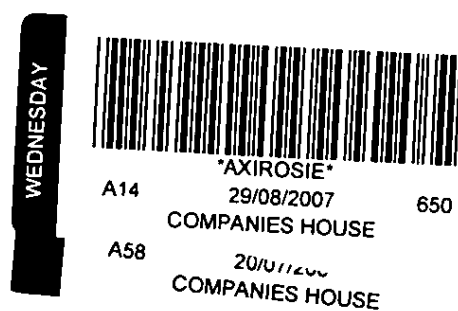


Registered number 1420028

## **BBC WORLDWIDE LIMITED**

### **Annual Report and Financial Statements for the year ended 31 March 2007**



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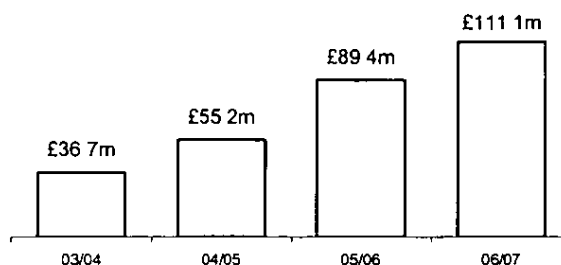
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## Business and Financial Review

BBC Worldwide is firmly focused on profit. Its primary target is growth in profit before interest and taxation. Specific operating and financial performance indicators relevant to individual businesses are highlighted in the trading results below.

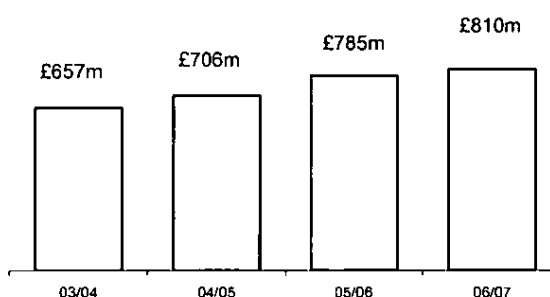
### Profit before interest and taxation

BBC Worldwide has tripled its profit over the three years from 2003/04, following the BBC's Commercial Review that focused the company on the bottom line. Profit before interest and taxation has grown to £111.1 million (2006: £89.4 million). This profit included £10.5 million of exceptional items (2006: £10.5 million). Operating profit before exceptional items has grown 27.5% year on year and exceeds £100 million for the first time (2006: £78.9 million).



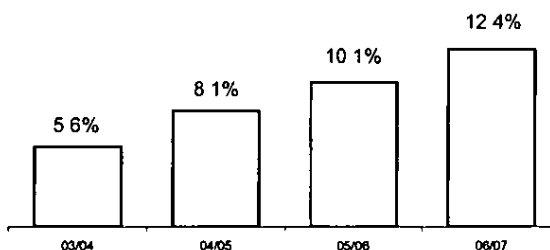
### Turnover

Excluding disposals, turnover grew 7.6% to £807.0 million. Prior year turnover included £35.1 million sales from the books, learning and non-BBC specialist magazine businesses, which were disposed of or terminated during the year. Overall turnover, including share of joint ventures, grew 3.2% to £810.4 million.



### Return on sales

BBC Worldwide is also increasingly focused on margins. Return on sales has increased to 12.4% in the last financial year (2006: 10.1%). Return on sales including exceptional items rose to 13.7% (2006: 11.4%).



### Outlook

The existing portfolio of activities is expected to deliver another year of strong performances in 2007/08. However, the business will also make a substantial reinvestment of profit into new services, including TV channel launches, new web-based services, magazine launches and the roll-out of production businesses. In the short-term, this will depress reported profits, although profits are expected to remain double those of 2003/04.

### 10-Year cashflow target

At the start of the BBC's last charter period, BBC Worldwide was set a 10-year target to quadruple cash generated for the BBC. BBC Worldwide beat this target in 2006/07, delivering over £225 million of BBC Cashflow. This measure is no longer a key performance indicator for BBC Worldwide.

# Business and Financial Review

## OVERVIEW

£ million	Sales (incl share of joint ventures)		Profit before interest and taxation (post exceptional items)	
	2007	2006	2007	2006
Global Channels	169.0	166.1	20.9	6.9
Global TV Sales	216.4	188.9	40.2	33.7
Content & Production	52.9	36.1	9.5	3.2
Magazines	171.3	171.8	20.0	19.5
Home Entertainment	186.9	208.9	24.4	27.7
Digital Media	13.9	13.3	(3.9)	(1.6)
	<b>810.4</b>	<b>785.1</b>	<b>111.1</b>	<b>89.4</b>

Overall profit before interest and taxation (profit) rose 24.3% to £111.1 million (2006 £89.4 million). This follows a period of consistent growth, with profits tripling over the last three years and return on sales before exceptional items more than doubling to 12.4% 2006/07 from 5.6% in 2003/04. EBITDA margin also grew to 27.4% from 20.0% over the same period.

## BUSINESS REVIEW

**Global Channels** grew profits threefold to £20.9 million (2006 £6.9 million) on turnover that held steady at £169.0 million (2006 £166.1 million). Profits generated in the UK grew to £11.0 million (2006 £3.6 million), with overseas profits growing to £9.9 million (2006 £3.3 million).

BBC Worldwide exercised a put option during the year to sell its 25% shareholding in Animal Planet LLC to Discovery Communications Inc (DCI), generating a net exceptional profit on the transaction of £45.8 million. As part of a separate arrangement BBC Worldwide also restructured its relationship with DCI for the provision of services to the BBC America channel resulting in an exceptional charge of £46.0 million (see below).

Despite growing both profit and distribution year on year following the restructure above, the BBC America channel still has work to do on ratings and its newly appointed management team is in the process of revitalising the programme schedule. Underlying performance of the other existing channels remains strong.

The business also operates a portfolio of channels with its joint venture partners, including 10 domestic channels provided via the UKTV joint venture with Virgin Media, with a combined annual reach of 18 million homes. Under the terms of the various agreements with its joint venture partners BBC Worldwide has no obligation to fund losses incurred by the entities or make good their net liabilities and it has no effective obligation to these ventures. BBC Worldwide only recognises its share of the profits from these ventures to the extent that they have become cumulatively profitable. During 2006/07 UK Channel Management Ltd became cumulatively profitable and, therefore, BBC Worldwide equity accounted for £6.5 million in profits for the year (2006 £nil). The share of turnover generated from the principal channels joint ventures, UK Gold Holdings Ltd and UK Channel Management Ltd, was flat year on year at £76.9 million (2006 £77.5 million).

In addition, BBC Worldwide received £4.5 million (2006 £4.0 million) in dividends from UK Gold Holdings Ltd during the year.

The outlook for 2007/08 will be marked by significant investment in the rollout of channels under five thematic brands, including the May 2007 launches of BBC Entertainment and CBeebies in India. From 1 April 2007 the business began representing BBC World, the BBC Global News Division's international news and information channel, for advertising, sales and distribution.

**Global TV Sales** had another record year with profits growing 19.3% to £40.2 million (2006 £33.7 million) on the back of sales that grew to £216.4 million (2006 £188.9 million). Prior year comparatives have been restated to include £15.8 million sales of Children's and learning television programmes that had previously been reported as part of the then standalone Children's division.

## Business and Financial Review

The business remains Europe's largest exporter of programmes with £21.6 million of profit generated on sales outside of the UK (2006: £18.1 million). Profits were buoyed by significant hits in the year including the landmark Planet Earth natural history series, and the success of titles such as Doctor Who, Robin Hood and Primeval. Overall margins improved, with a return on sales of 18.6% compared to 17.8% the previous year. This trend was reversed in the Americas as a result of an increased mix of co-productions and the effect of the US dollar weakening against sterling.

Prospects for 2007/08 are good, with a strong programme catalogue including In the Night Garden and Warriors.

**Content & Production**, a business newly created last year, also saw a threefold profit improvement to £9.5 million (2006: £3.2 million). Europe delivered particularly strong growth with profits rising to £5.7 million (2006: £2.0 million) on the back of a range of formats including the Weakest Link (France), The Generation Game (South Africa) and Honey We're Killing the Kids (Australia). The TV production business operated by the 2 entertain joint venture also delivered a strong return, including a one-off £1.6m profit on capital restructuring. In the US, Dancing with the Stars remained a huge success, being one of the highest rated shows on ABC and Grease: You're the One that I Want also performed well. Margins in the US are in line with those of a production business model, with £2.0 million profit upside in the year delivered from a £14.4 million sales improvement in the territory.

The future success of the business hinges on its ability to develop new content with a global appeal, and the business will invest in developing a format production base in Los Angeles in 2007/08 while also looking at developing local production capability in markets around the world.

**Magazines** profits have been maintained at £20.0 million (2006: £19.5 million) in the face of increasing market pressure. Revenues have held steady at £171.3 million (2006: £171.8 million) despite the sale of non-BBC specialist titles that delivered £10.0 million turnover in the previous year. The children's magazines business has performed particularly well, with profits growing to £3.4 million (2006: £1.6 million) following successful launches of the Doctor Who Adventures and CBeebies Weekly magazines.

In May 2006, BBC Worldwide sold its controlling interest in Origin Publishing Ltd, and all of the non-BBC related titles published by it, to a management buy-out team at a net profit on disposal of £0.2 million. BBC Worldwide retained a 39% stake in the business. The BBC-branded titles that had been produced by Origin Publishing Ltd were retained within a new wholly owned subsidiary of BBC Worldwide called Bristol Magazines Ltd.

The Audit Bureau of Circulations (ABC) reports on magazines performance in the UK every six months. The year-on-year growth rates for the period July to December for the top five titles by circulation were as follows:

Magazines circulation Increase/(decrease)	07	06
Radio Times	(1.1)%	(1.3)%
BBC Good Food	1.7%	0.5%
BBC Gardeners' World	0.2%	(8.5)%
BBC Top Gear	8.5%	5.9%
BBC Good Homes	(6.4)%	4.6%

The business is now focusing increasingly on its digital activities and is investing in key online services including radiotimes.com, topgear.com and bbcgoodfood.com. Investment into these digital initiatives and new launches will result in a dip in profits from this business next year.

**Home Entertainment** restructured during the year with the sale of 85% of its books businesses and the decision to exit the Business Learning and retail shops activities. It has also taken charge of BBC Worldwide's Children's licensing, publishing and events business, previously a small standalone business. By transferring it to Home Entertainment where there is existing publishing and licensing experience, together with the launch of new properties, it is anticipated that Children's will improve its performance. Children's magazine publishing remains managed by the Magazines division, while the management and reporting of sales of Children's television programmes has moved to the Global TV Sales business. Home Entertainment also took over responsibility for the Music and the telephony businesses, both previously managed by Digital Media. Prior year figures have been restated where necessary to enable comparisons to be made on a like-for-like basis.

## Business and Financial Review

Turnover of £186.9 million fell 10.5% year on year (2006 £208.9 million), largely reflecting the decision to reduce the interest in the books and learning businesses. Underlying turnover excluding these items held steady at £179.1 million (2006 £179.6 million).

BBC Worldwide's share of revenue from the 2 entertain joint venture with Woolworths plc delivered £115.3 million turnover (2006 £115.2 million) and £36.3 million share of profit before taxation (2006 £28.2 million). Together with DVD publishing, this figure includes the performance of 2 entertain's TV production business, which is reported within the results of Content and Production, and of a music publishing business, which is reported as part of the Audio and Music segment.

DVD publishing performance continues to perform well despite retail price pressure and increasing talent cost inflation. 2006/07 was, however, also a year of heavy investment into BBC Worldwide's in-house royalty systems, with profits falling to £16.9 million (2006 £23.6 million).

Music profits have fallen to £0.7 million (2006 £4.9 million) following the one-off disposal of a package of rights in the prior year. Audiocall, BBC Worldwide's telephony services business, has seen strong growth in profit to £0.6 million (2006 £0.1 million).

Home Entertainment has now largely completed a major programme of restructuring and the results for the year reflect these decisions. £1.9 million cost of closure of the retail shops business, £0.9 million cost of terminating the business learning operations, and a net £13.3 million profit on disposal of 85% of the books business (see below).

During the year, BBC Worldwide entered into an agreement with Ragdoll Ltd to form two new joint ventures to exploit and manage existing Children's properties and to invest in the development of new intellectual property rights. BBC Worldwide owns a 50% share in both ventures and no gain or loss arose on these transactions.

Despite the success of titles such as Alan Bennett's *The History Boys*, the Audiobooks business has struggled to offset the declining UK retail market, particularly in the cassette format, with a loss of £(0.8) million (2006 £0.5 million).

**Digital Media** was also restructured in the year to enable it to focus on the development of new digital platforms and services, with the music and telephony service businesses now being managed by Home Entertainment. Sales held up year on year at £13.9 million (2006 £13.3 million) although overall losses of £(3.9) million increased from the previous year (2006 £(1.6) million).

The internet/VOD/mobile businesses form the platform from which BBC Worldwide is developing its bbc.com, VOD and commercial media player propositions. BBC Worldwide's investment in these areas generated a loss of £(3.7) million in the year (2006 £(1.4) million), although revenue and profit from key 2006/07 content deals such as the creation of a BBC Worldwide channel on YouTube, will not be recognised until 2007/08.

BBC Motion Gallery, the television clip sales business, has grown its turnover by 17.6% to £12.7 million (2006 £10.8 million) reflecting expansion of its international representation deals, including with ESPN and NHK, although with little impact on profit in the current year. The business is continuing to seek out new ways of improving its profitability and is investing in digitising its extensive archive of video material and making this content available to customers online.

2007/08 will be a year of substantial investment in web-based services, including the proposed bbc.com and commercial media player.

### EXCEPTIONAL ITEMS

Further details in respect of exceptional items are set out below.

#### Animal Planet US

On 30 April 2004, BBC Worldwide exercised a put option to require Discovery to purchase the Group's entire 25% shareholding in Animal Planet LLC. The net book value of the Group's investment in this associate at 31 March 2006 was £nil. On 3 April 2006 consideration of \$80 million (£45.8 million) was paid to BBC Worldwide in respect of this disposal. The profit recognised on disposal was £45.8 million.

# Business and Financial Review

## BBC America

The BBC America television channel (BBCA) was launched in the USA in March 1998. \$139 million was provided by Discovery Communications Inc (DCI), an unrelated third party, to finance the launch and operating costs of the channel. DCI did not have an equity interest in BBCA, but earned a variable commission on advertising sales and affiliate sales at levels designed to be sufficient to recover its sales service cost and its expenditure in BBCA (but with no guaranteed level of return from BBCA).

On 30 June 2006, the channel paid DCI £51.5 million (\$93.0 million) to reduce the level of future commission that DCI would earn for the services provided. This payment, net of amounts accrued in prior years, has resulted in an exceptional profit and loss charge for the year of £46.0 million. This charge is made on the basis that the future benefits are uncertain and do not justify it being carried forward as an asset.

## Disposal of books business

In July 2006, BBC Worldwide sold 85% of its wholly-owned subsidiary, Woodlands Books Limited, to Random House Limited. Woodlands Books Limited holds the assets of BBC Worldwide's books business, which were transferred to it in the prior year. BBC Worldwide received net consideration of £18.1 million and retained a 15% stake in Woodlands Books Limited, generating a profit on disposal of £13.3 million. The Group is accounting for its 15% investment as an associate undertaking given that it has a participating interest and exercises significant influence over the company.

## Retail shops

During the year, BBC Worldwide announced its intention to terminate its retail shops business. Termination costs totalling £1.9 million were charged to the profit and loss account in respect of redundancy, property lease termination provisions and other costs of exit.

## Business learning

BBC Worldwide terminated its business learning activities during the year. Termination costs totalling £0.9 million were charged to the profit and loss account.

## ACCOUNTING POLICIES

BBC Worldwide has documented its accounting policies under UK Generally Accepted Accounting Principles (UK GAAP) to help ensure consistent accounting practices across the Group. These policies have been reviewed and approved by the BBC Worldwide Audit Committee and these accounts comply in all material respects with these policies. The accounting principles require BBC Worldwide to make certain material or complex estimates and judgments with respect to the carrying value of assets and liabilities at the year end and the disclosure of particular contingent liabilities. These estimates are reviewed on a regular basis to ensure that they remain consistent with the best information available at the time, including historical experience and, where appropriate, on the recommendation of independent advisors. Actual results may differ from these estimates.

## FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency are translated at average exchange rates with balance sheet items converted into sterling at the rate prevailing on 31 March 2007. The Group generates a surplus in most currencies in which it operates and 56% of its revenues, excluding joint ventures, are generated overseas (2006: 51%). 46% of total sales, including joint ventures, were generated overseas (2006: 41%). In particular, the Group has been exposed to the weakening value of the US dollar during the year. BBC Worldwide's policy remains to take a risk averse approach to the management of foreign exchange exposures, including the hedging of risk by entering into forward exchange contracts.

# Business and Financial Review

## TAXATION

The total tax charge for the period was £23.6 million (2006 £24.6 million). The effective tax rate of 21% (2006 28%) is lower than the statutory rate of UK corporation tax that is provided at 30% (2006 30%). The effective tax rate has been reduced by the use of capital losses in respect of the disposal of Animal Planet LLC, non-taxable dividend income and prior year over provisions.

The future tax charge will be affected by the mix of profits generated from the different tax jurisdictions in which the Group operates (principally the UK and the US) and the statutory corporation tax rates applicable in these territories. The future Group tax charge will also be higher than the UK statutory rate of corporation tax as a result of expenses disallowable for corporation tax deduction (including goodwill amortisation).

Deferred taxation is provided for at the rates prevailing at the period end date and deferred tax assets are reviewed regularly for their recoverability.

## DIVIDENDS

Dividends of £75.3 million were paid and approved in the year (2006 £57.3 million). On 30 May 2007, BBC Worldwide Limited's Board proposed and approved the payment of a final dividend of £6.0 million to BBC Ventures Group Limited in respect of additional profits generated in the 2006/07 financial period.

## GOODWILL AND INTANGIBLE ASSETS

Total intangible assets at 31 March 2007 were £108.7 million (2006 £125.8 million), of which £98.5 million (2006 £106.5 million) related to investments in programmes for future sale.

BBC Worldwide invested £103.6 million across the year in new programmes (2006 £93.5 million). £96.3 million was invested in in-house and independent programmes commissioned by the BBC (2006 £89.0 million), with the remainder invested in non-BBC commissioned programming.

Amortisation charges for the year of £107.1 million (2006 £82.3 million) reflected an increased proportion of investment into co-productions and the timing of amortisation charges to the profit and loss on investments made on behalf of BBC Worldwide's joint venture partners. Programme investments are amortised over their useful lives and their carrying value is reviewed regularly to ensure that the recoverable amount remains in excess of the assets balance sheet value.

The net book value of goodwill at 31 March 2007 was £10.2 million (2006 £19.1 million), the year-on-year decrease largely reflecting the partial disposal of the Origin Magazines business.

Goodwill balances are amortised over the estimated useful life of the investment to which they relate and are reviewed annually for impairment.

## CASHFLOW

£ million	2007	2006
<b>Net debt at 1 April</b>	<b>(19.5)</b>	<b>(53.9)</b>
Cash generated from operations	205.1	191.8
Operating exceptional	(51.5)	-
Taxation & net interest paid	(17.1)	(17.0)
Capital expenditure	(7.5)	(7.4)
Proceeds from sale of assets	72.4	1.0
Investment in programmes	(109.5)	(74.0)
Investment in joint ventures	(5.5)	-
Dividends paid	(75.3)	(57.1)
Other	(1.4)	(2.9)
<b>Net debt at 31 March</b>	<b>(9.8)</b>	<b>(19.5)</b>



# Business and Financial Review

The main sources of liquidity for the Group include funds flowing from trading operations, dividends from its joint ventures and other associated undertakings and periodic asset disposals

The main uses of liquidity include funds required to manage working capital in support of trading operations, investment in programmes for future sale, dividends, taxation and periodic investment in new businesses

Earnings before interest, taxation, depreciation and amortisation (EBITDA) grew to £222.0 million (2006: £168.9 million) before exceptional items. An operating exceptional payment of £51.5 million (\$93.0 million) was made to Discovery Communications Inc to reduce the level of future commission that it may earn for the services provided in respect of the BBC America channel (see above)

Excluding this item, the underlying improvement against the previous year was driven by trading performance, working capital movements and the timing of certain receipts and payments falling due for settlement at the year end

Expenditure on capital assets was £7.5 million (2006: £7.4 million) reflecting investment to update IT equipment and build software assets, particularly to support the development of online initiatives

## DEBT STRUCTURE AND BORROWINGS

BBC Worldwide had net borrowings of £9.8 million at the balance sheet date (2006: £19.5 million)

The Group maintains a debt facility with BBC Commercial Holdings Ltd, the holding company for the BBC's commercial subsidiaries, on which the outstanding balance at 31 March 2007 was £16.6 million (2006: £39.8 million). This loan was due to expire on 30 September 2007 and is therefore disclosed as a creditor falling due within one year. The loan has been renegotiated since the year end and extended to 30 September 2008

In addition the Group negotiated an external loan facility with the European Investment Bank during the year, on which the drawn down balance at 31 March 2007 was £20.0 million

The Group held £27.3 million in cash or cash equivalents at 31 March 2007 (2006: £25.6 million)

Unsecured loan notes of £0.5m were outstanding at the year end (2006: £5.3 million) being the remaining deferred consideration for the acquisition of Cover to Cover Limited

## TREASURY OPERATIONS

The Group's Treasury activities are principally managed in the UK by a central team employed and directed by the BBC. They operate within parameters set by the BBC Worldwide Board and in conjunction with the BBC's Executive Board. BBC Worldwide takes a risk averse approach to cash and Treasury management activities and seeks to limit its exposure to fluctuations in exchange rates where appropriate. The Group is ultimately funded by a debt facility provided by its parent undertakings and by external loans

## PENSIONS

BBC Worldwide staff are eligible for either defined contribution or defined benefit schemes operated by the BBC Group, into which BBC Worldwide makes employer contributions. In accordance with Financial Reporting Standard 17 (FRS17), BBC Worldwide accounts for its contributions to the BBC Group defined benefit scheme as if it were a defined contribution scheme because its share of the underlying scheme assets and liabilities cannot be determined on a reasonable and consistent basis

# Business and Financial Review

## RISKS AND UNCERTAINTIES

BBC Worldwide has an embedded programme of risk assessment and management, which is described in more detail in the Corporate Governance report

BBC Worldwide operates a broad portfolio of businesses, operating in a number of different markets and territories and, therefore, could be considered lower risk than businesses operating in a single market or media. The Group considers that its principal risks and uncertainties are

Risk	Key Impact	Mitigation
Increased competition for key programmes and talent	All areas	<ul style="list-style-type: none"> <li>- Establishing stronger relationships with BBC Vision Studios and Independent producers</li> <li>- Developing own production capability overseas</li> <li>- Building an in-house format development business</li> </ul>
Advertising sales market fluctuations worldwide and an increasing shift of spend towards online services may challenge existing businesses	TV Channels, Magazines	<ul style="list-style-type: none"> <li>- Developing online services (e.g. bbc.com, radiotimes.com, topgear.com) which will enable BBC Worldwide to offer cross-platform advertising</li> </ul>
Changing technology may undermine core businesses	DVD, TV Channels	<ul style="list-style-type: none"> <li>- Launching complementary services such as the commercial media player, download-to-own and streaming content</li> </ul>
Delays launching new services may impact ability to achieve strategic plan	TV Channels, commercial media player, bbc.com	<ul style="list-style-type: none"> <li>- Careful planning and preparation to obtain BBC and regulatory approval where necessary</li> </ul>
Execution risk for new services in developing markets	Commercial media player, bbc.com	<ul style="list-style-type: none"> <li>- Extensive research and testing of both consumer and advertiser propositions and the underpinning technology</li> <li>- Tight controls in place to ensure editorial integrity at all stages of development and operation of new services</li> <li>- Appointment of management with proven track record of success</li> </ul>
Increasing exposure to fluctuations in major currencies, particularly the US dollar, as the business expands its operations overseas	TV Channels, TV Sales, Children's licensing, US DVD	<ul style="list-style-type: none"> <li>- Hedging process managed by BBC Treasury</li> </ul>

# Business and Financial Review

## INTERNATIONAL FINANCIAL REPORTING STANDARDS

BBC Worldwide has prepared its financial statements in accordance with UK Generally Accepted Accounting Principles (UK GAAP). This is consistent with its ultimate parent company, the British Broadcasting Corporation, which is incorporated under Royal Charter.

A summary of the impact that adopting International Financial Reporting Standards will have on the BBC Group financial statements will be published with the BBC's results for the year ended 31 March 2007.



David King

Chief Financial Officer

BBC Worldwide

15 June 2007

# Directors' Report

The Directors present their report and the audited consolidated summary financial statements of BBC Worldwide Ltd (BBC Worldwide) for the year ended 31 March 2007. A review of business performance, including likely future developments and a description of the principal risks and uncertainties facing the BBC Worldwide Group, is given on pages 3 to 11.

## PRINCIPAL ACTIVITIES OF THE GROUP

The trading activities of BBC Worldwide focus on the acquisition, development, exploitation, licensing and sale of intellectual property. Rights are acquired from the BBC and from independent owners of intellectual property and are exploited through a number of businesses, both wholly-owned and partly-owned through joint ventures, across multiple formats. These businesses are Global Channels, Global TV Sales, Content & Production, Magazines publishing, Home Entertainment (product publishing and licensing) and Digital Media.

## RESULTS AND DIVIDENDS

The consolidated profit after taxation and minority interests for the year was £86.4 million (2006: £62.1 million). Dividends of £75.3 million (2006: £57.3 million) were approved and paid in the year. On 30 May 2007, BBC Worldwide Limited's Board proposed and approved the payment of a final dividend of £6.0 million to BBC Ventures Group Limited in respect of additional profits generated in the 2006/07 financial period.

## SIGNIFICANT ACQUISITIONS AND DISPOSALS

Details of acquisitions and disposals are included in the Business and Financial Review and in the notes to the financial statements.

## DIRECTORS

The Directors who served during the year are set out in the Corporate Governance Report on page 14.

## PAYMENT TO CREDITORS

Operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. Based on the consolidated financial statements, creditor days outstanding were 33 days (2006: 36 days) at 31 March 2007. Rights creditors have been excluded for the purposes of this calculation, as they relate to payments to artists and contributors rather than trade creditors.

## DONATIONS

BBC Worldwide does not make political donations. During the year the Group made a donation of £12,000 to BBC Children in Need. In the prior year £5,726 (\$10,000) was paid to the Hurricane Katrina appeal.

## EMPLOYEE PARTICIPATION

All staff are invited to meetings which communicate the company's performance and activities; these events are called "The Bigger Picture".

Management holds regular meetings with the recognised trade unions, the Broadcasting Entertainment Cinematography and Theatre Trade Union (BECTU) and the National Union of Journalists (NUJ).

The company also operates an employee bonus scheme that enables eligible staff to share in the financial performance of the Group.

# Directors' Report

## DIVERSITY

BBC Worldwide is committed to developing a diverse workforce with opportunities for all, irrespective of race, colour, creed, ethnic or national origin, gender, marital status, sexuality, disability or age

Ethnic and gender targets have been set with the aim of ensuring that the BBC Worldwide workforce reflects the UK's population. Currently we employ over 11% of staff from minority ethnic groups and approximately 50% of BBC Worldwide managers are female

## DISABLED PEOPLE

People with disabilities are fully and fairly considered for vacancies arising within BBC Worldwide and are given equal opportunities in relation to training, career development and promotion. If an employee becomes disabled while in the employment of BBC Worldwide and as a result is unable to perform his/her existing job, every effort is made to offer suitable alternative employment and re-training

## DEVELOPMENT AND TRAINING

Staff in all areas have opportunities to develop their skills. BBC Worldwide organises comprehensive in-house and external training programmes covering job-specific skill enhancement, IT software tuition and management development courses

## GOING CONCERN

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

## DIRECTOR'S INTERESTS AND INDEMNITIES

No Director had any interest in the share capital of BBC Worldwide Ltd at 1 April 2006 or 31 March 2007. 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

Directors' and Officers' insurance cover was in place throughout the financial year as appropriate

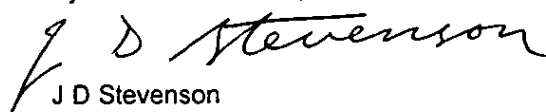
## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

## AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP is to be proposed at the forthcoming annual general meeting

By order of the Board,

  
J D Stevenson

Company Secretary

15 June 2007

Registered Office  
Woodlands  
80, Wood Lane  
London W12 0TT

# Corporate Governance Report

## BBC WORLDWIDE'S COMMITMENT

The Board of BBC Worldwide is committed to high standards of corporate governance and business integrity. The highest standards of integrity, objectivity, fairness and honesty are essential behaviour for all staff in their dealings with customers, suppliers, colleagues and other stakeholders.

The Combined Code, issued by the Financial Reporting Council and setting out principles of good corporate governance, is not applicable to BBC Worldwide as a private limited company, but BBC Worldwide voluntarily complies with the Combined Code where appropriate.

As a wholly owned subsidiary of the BBC, BBC Worldwide is accountable to the BBC rather than to external shareholders. In turn, the BBC is accountable to the public, not shareholders, through the stewardship of the BBC Trust. The BBC Trust acts as trustee for the public interest.

## THE BOARD

### Composition

As part of the new Commercial Governance framework the BBC Trust approved new corporate governance arrangements for BBC Worldwide, effective January 2007. As part of the implementation of these arrangements, two new independent Non-executive Directors, Simon Clift and Thomas Geitner, joined the Board of BBC Worldwide during the year for an initial three-year term.

BBC Worldwide communicates regularly with the BBC, its ultimate parent company, and presents its strategy, financial results and budgets to the BBC for review and approval. In addition, the public service Non-executives, Zarin Patel, Nicholas Eldred and Jana Bennett, represent the key stakeholder.

### The Non-executive Directors who served during the year were

Etienne de Villiers (Chairman), Jana Bennett, Simon Clift (Independent – appointed 1 November 2006), Nicholas Eldred, Thomas Geitner (Independent – appointed 1 February 2007), Zarin Patel.

### The Executive Directors who served during the year were

John Smith (Chief Executive), Darren Childs, Sarah Cooper, Wayne Garvie, Paula Hornby, David King, David Moody, Peter Phippen, David Vine (resigned 21 July 2006), Chris Weller, Mark Young (resigned 1 May 2007).

### Responsibility

The BBC Worldwide Board is responsible to the BBC Executive Board, which is in turn responsible to the BBC Trust, and certain matters are referred to these bodies for approval and authorisation.

The Non-executive Directors share responsibility for carrying out the Board's duties, although their participation is largely supervisory. They provide a key element of BBC Worldwide's external corporate governance and ensure that the Group meets the needs of its key stakeholder, the BBC. In addition to providing independent advice on key issues their responsibilities include:

- providing strategic and operational advice and direction to the Board,
- reviewing performance of the Board and effectiveness of the Directors,
- management of key risks,
- ensuring appropriate standards of conduct and financial probity,
- ensuring a robust and appropriate internal controls environment is embedded in the business,
- compliance and governance.

The Board is satisfied that each Non-executive Director is able to give a sufficient time commitment to the Group.

# Corporate Governance Report

There are clear lines of responsibility between the Chairman and the Chief Executive and other Executive Directors. The Chairman leads the Board, setting its agenda and ensuring that each Director is able to contribute effectively to decision-making. He reviews the information circulated to the Board to ensure that it is sufficient and received in good time. The Chairman has no involvement in the day-to-day business of the Group. The Chief Executive holds day-to-day management responsibility for the Group's businesses, devising and implementing group strategy, as agreed by the Board.

## How the Board operates

The Board holds scheduled meetings at least 11 times a year, including a specific meeting to direct and agree overall strategy. Board meetings follow a formal agenda covering regular reports from the Chief Executive, Chief Financial Officer and Managing Directors of the company's businesses. Senior managers attend as required. Matters considered by the Board will include:

- declaration of dividends,
- approval of strategy,
- review of risks and controls,
- review and authorisation of major transactions or contracts not in the ordinary course of business,
- assessment of the functioning of the Board and its various sub-committees,
- review and approval of the Annual Report and Accounts,
- compliance with the four criteria and commercial protocols,
- approval of remuneration policy for staff, excluding Board Directors,
- monitoring legal, regulatory or environmental policy matters.

The Company Secretary assists the Chairman and ensures that the Board is supplied with the information necessary for its considerations on a timely basis.

In addition, the Non-executive Directors have the opportunity to meet in the absence of the Executive Directors at any time they feel appropriate.

The Company Secretary comprehensively briefs Directors on their responsibilities on appointment to the Board. In addition, Board members are able to seek independent professional advice at BBC Worldwide's expense regarding their responsibilities at any time should they require it.

Certain Executive Directors are also appointed to the Boards of various joint venture and associate undertakings as appropriate, and participate in the oversight and management of those ventures.

The Board has delegated responsibility for certain functions to the BBC Worldwide Executive Board, BBC Worldwide Audit Committee and BBC Worldwide (Programme) Investment Committee. However, the Board takes direct responsibility for the review and monitoring of key areas such as risk management and for approving all programme investments over £5 million.

Matters delegated to management include the day-to-day operation of the business, implementation of the strategy approved by the Board and performance of risk management practices.

Further information on the BBC's Executive Board and the BBC Trust is available in the BBC Annual Report and Accounts.

## EXECUTIVE BOARD

### Composition and remit

The Executive Board is chaired by the Chief Executive and comprises all of the Executive Directors. It deals with certain operational matters delegated to it by the Board, within clearly defined approval limits.

The Executive Board meets weekly and has day-to-day responsibility for managing the operations of the business, devising and implementing strategy agreed by the Board, the identification and management of risk, and for providing assurance to the Board.

# Corporate Governance Report

## ACCOUNTABILITY AND INTERNAL CONTROL

The Board has overall responsibility for maintaining an adequate system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Board of Directors considers that there is an appropriate ongoing process for identifying, evaluating and managing significant risks faced by BBC Worldwide. The Board exercises control through an organisational structure with clearly defined levels of responsibility, authority and reporting procedures.

Documented policies and procedures exist to define clearly the level of delegated authority for operational decision making and to provide structured processes for identifying and managing risk. These policies are applicable across the Group and ensure consistency worldwide. Key policies include Ethics, Standards and Conflicts of Interest, BBC Worldwide Group Accounting Policies, Anti-fraud & Corruption Code of Conduct, Investment & Expenditure Approval and the Recruitment Policy. Local policies are also in place to ensure that all trading businesses comply with local laws and regulations.

Key elements of BBC Worldwide's internal control environment are set out below.

**Risk management** – The BBC Worldwide Board has responsibility for the identification and management of risks facing the business. An assessment of the exposure to risk, and the extent to which these risks are controlled, is updated and presented to the BBC Worldwide Audit Committee every three months. Management assessments are reviewed by the BBC's Internal Audit function, which reports on this matter to the BBC's Audit Committee (see below). This committee considers risk management across the BBC Group as a whole. BBC Worldwide's risk management team monitors risks facing the business and makes recommendations to develop the internal control environment.

**Controls monitoring** – The BBC has an Internal Audit department that is a core part of the Business Assurance function. Internal Audit's authority and independence are assured from its joint independent reporting relationship to the BBC's Audit Committee, the Fair Trading and Compliance Committee and the BBC's Director-General. The work programme of Internal Audit is unrestricted and includes BBC Worldwide. The scope of Internal Audit includes the examination and evaluation of the adequacy and effectiveness of the BBC Worldwide systems of internal control and the quality of performance in carrying out assigned responsibilities. The audit plan for BBC Worldwide, which is reported formally once a year, is based on a continuing assessment of key risks and monitoring compliance of key systems and processes. The results of testing are reported at each meeting of the Audit Committee, which scrutinises the operation of controls throughout the year.

**Operating units** – Key controls over business risks include performance review and exception reporting. The BBC Worldwide (Programme) Investment Committee, a sub-committee of the Board, must approve all programme and product investment over a certain threshold. The Board and the BBC Trust must approve all transactions over certain higher thresholds.

**Treasury activities** – The BBC's Group Treasury Department manages BBC Worldwide's activities in line with BBC Group policies. Each BBC Worldwide operating unit maintains additional financial controls and procedures appropriate to its own business environment and carries out local treasury activities, in both cases conforming to overall standards and guidelines.

**Computer systems** – BBC Worldwide has established controls and procedures over the security of data held on computer systems. Arrangements are in place for computer processing to continue and data to be retained in case BBC Worldwide's own data processing facility fails.

**Financial reporting** – BBC Worldwide has a comprehensive budgeting system, with an annual budget and quarterly forecasts prepared by management and approved by the Board. Monthly financial information, including balance sheets, cash flow statements, trading results and indebtedness are reported against the corresponding figures for the budget and previous year, with corrective action taken by the Directors as appropriate.

**Fraud awareness** – Although incidents of fraud are rare, BBC Worldwide takes its responsibilities to minimise the risk of fraud very seriously. BBC Worldwide operates an Anti-fraud & Corruption Code of Conduct and a Fraud



# Corporate Governance Report

Control Policy, which set out consistent standards across the Group and responsibilities for ensuring adequate controls are in place. In addition, the Risk Management team organises training for key areas. BBC Worldwide has an ongoing process to review its anti-fraud management practices to ensure that they remain appropriate to the scale and complexity of the business. During the year, the BBC's anti-fraud group also continued to meet, chaired by the BBC's Head of Business Assurance, to include representatives from the BBC and its subsidiaries. The key objectives of the group are to embed measures to minimise the risk of fraud and raise overall fraud awareness. BBC Worldwide is responsible for reporting any suspicions of fraudulent activity to the BBC's Investigations Unit.

**Whistle-blowing** – BBC Worldwide has a 'whistle-blowing' policy to help ensure that any suspicions of malpractice are fully reported. An independent external company administers the process to ensure anonymity. Each reported incident is notified to the BBC's Head of Business Assurance who ensures that every incident is investigated and action taken as appropriate.

## AUDIT COMMITTEE

### Composition

The constitution of the BBC Worldwide Audit Committee was revised during the year as part of the new Corporate Governance Framework and now comprises solely Non-executive Directors, Zarin Patel, chairperson, and Nicholas Eldred. In accordance with the Combined Code, the Board is satisfied that the Audit Committee has an appropriate range of financial experience.

### Remit

The responsibilities of the committee are set out in its Terms of Reference and briefly comprise:

- monitoring the integrity of the financial statements including critical accounting policies and practices,
- reviewing the effectiveness of systems in place for identifying and mitigating emerging risks facing the business,
- assessing the effectiveness of systems for internal control and reporting,
- reviewing procedures for detecting fraud and ensuring that adequate arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or otherwise,
- monitoring the effectiveness of the internal audit function and the company's responsiveness to the internal auditor's findings and recommendations,
- reviewing the effectiveness and independence of the external auditors.

BBC Worldwide has implemented a policy to ensure that other services provided by the external auditors do not impair their objectivity and the Audit Committee monitors this on a regular basis. The policy sets out the value of non-audit services that can be provided and the types of service for which the external auditors would not be appropriate. All non-audit services provided by the external auditors greater than £50,000 must be pre-approved by the BBC Audit Committee. This approval limit is reviewed annually. The Group auditors are also appointed as auditors of subsidiary, joint venture and associate undertakings wherever possible.

Matters relating to BBC Worldwide are also considered by the BBC's Audit Committee.

### Meetings

The Audit Committee met three times during the year under its revised constitution, with all members attending each meeting. The Chief Executive, Chief Financial Officer, Head of BBC Business Assurance, external auditors, risk management team and other Executive Board members attend by invitation as appropriate. Both internal audit and external audit functions have the opportunity to meet with the Audit Committee in the absence of executive management at least once a year and have the ability to do so at any other time they consider necessary.

# Corporate Governance Report

## REMUNERATION COMMITTEE

### Composition, remit and meetings

The BBC Remuneration Committee has responsibility for setting the remuneration package for BBC Worldwide's Chief Executive. The Remuneration Committee of BBC Commercial Holdings Ltd, the parent company for the BBC's commercial subsidiaries, has responsibility for setting BBC Worldwide Board remuneration policy, including the remuneration packages for BBC Worldwide's other Executive Directors.

The BBC Commercial Holdings Remuneration Committee comprises Zarin Patel and Etienne de Viliers. The Committee met twice during the year with both members attending each meeting.

The Committee has made no significant changes in Directors' remuneration policy over the year, although a new Long-Term Incentive Plan has been developed for senior management to support the company's objective of delivering long-term growth.

The Chief Executive recommends the remuneration packages for the other Executive Directors, for approval by the Remuneration Committee. The Chief Executive assesses the performance of the Executive Directors before recommending their annual remuneration awards.

The Chief Executive, the Chief Financial Officer, the Director of Human Resources and the BBC's Head of Reward provided assistance to the Committee during the year. The Committee appointed none of these advisers.

### Non-executive Directors

BBC Worldwide aims to remunerate its independent Non-executive Directors in line with fees paid by other organisations of a similar size and complexity. The Non-executive Directors are not eligible for bonuses, long-term incentive schemes, pensions or other performance-related remuneration. The BBC Non-executives, Jana Bennett, Zarin Patel and Nicholas Eldred do not receive remuneration from BBC Worldwide.

### Executive Directors

The Company's policy is to provide remuneration and other benefits sufficient to attract, retain and motivate Board members of the experience and calibre required. Performance-related variable remuneration (bonus and incentive plans) is expected to comprise a significant proportion of remuneration.

## INVESTMENT COMMITTEE

### Composition, remit and meetings

The BBC Worldwide (Programme) Investment Committee's responsibilities included approval of programme and product investments of between £0.5 million and £2.0 million, ensuring that programme investment decisions are consistent with BBC Worldwide's overall strategy and appetite for risk and assessing Post Investment Reviews.

During the year the committee comprised four Board Directors – David King, Mark Young, Wayne Garvie and Darren Childs. Following Mark Young's resignation in May 2007, Chris Weller joined the committee. All Board members receive the agenda prior to each meeting and are able to attend as appropriate. The committee meets fortnightly, with at least two members required on each occasion.

### Approval levels

Authority to approve investment and expenditure is documented in BBC Worldwide's Investment and Expenditure Approval Guidelines, which are available to all staff. Investments valued at over £2.0 million in total, and any other single decision that will result in a commitment to costs of over £0.5 million, must be pre-approved by the BBC Worldwide Executive Board. The limit of £0.5 million enables the majority of operational decisions to be approved by local management boards and for the committee to focus on more significant or contentious decisions.

# How BBC Worldwide Trades

## **FAIR TRADING AT THE BBC**

### **New Fair Trading Regime for 2007/08**

The new BBC Charter and Agreement that took effect on 1 January 2007 requires the BBC Trust to have regard to the competitive impact of the BBC's activities on the wider market. As a result the BBC Trust has developed a Competitive Impact Framework (the Framework) which will come into effect from 1 July 2007.

The Framework will apply to all BBC trading activities, including the BBC's public service and commercial activities. Further information is available at [www.bbc.co.uk/bbctrust/framework/index](http://www.bbc.co.uk/bbctrust/framework/index)

### **BBC commercial activities and Fair Trading**

The scope of the BBC's Fair Trading obligations has historically been enshrined in its Fair Trading Commitment and this has continued to apply during the course of this financial year. Further detail on the Commitment can be found at

[www.bbc.co.uk/foi/docs/commercial\\_activities/commercial\\_policy\\_and\\_fair\\_trading/Fair\\_Trading\\_Commitment](http://www.bbc.co.uk/foi/docs/commercial_activities/commercial_policy_and_fair_trading/Fair_Trading_Commitment)

### **Annual Statement on the BBC's compliance with the Fair Trading Commitment**

The BBC's Fair Trading Commitment is underpinned by the Fair Trading Guidelines which provide a detailed operational framework building on the principles of the Fair Trading Commitment.

Compliance with the Fair Trading Commitment was scrutinised by a standing committee of the Board of Governors up to 31 December 2006. From 1 January 2007 the Trust Fair Trading Policy and Appeals Committee has undertaken this function on behalf of the BBC Trust, with BBC Executive scrutiny being undertaken by the Executive Fair Trading Committee (EFTC). The EFTC comprises three Non-executive Directors and two Executive Board members.

The management of the BBC's fair trading arrangements have been accredited with the ISO 9001 2000 quality standard and performance against this standard is regularly tested by the British Standards Institute. The most recent assessment, conducted in December 2006, confirmed that the procedures are continuing to operate effectively.

The BBC Trust commissions independent auditors, PriceWaterhouseCoopers LLP (PwC), to undertake an annual Fair Trading audit to determine whether BBC management has established and applied a system of internal controls which provide reasonable assurance that it has complied with the Fair Trading Commitment. PwC has confirmed this to be the case for the year ended 31 March 2007. Further details of the audit and opinion can be found at <http://www.bbc.co.uk/bbctrust/research/index.html>

# How BBC Worldwide Trades

## THE NEW BBC CHARTER AND COMPLIANCE

A new governance regime for the BBC's commercial activities, including BBC Worldwide, was implemented from 1 January 2007. The new BBC Charter and Agreement has fundamentally altered the governance of the BBC with the establishment of the BBC Trust and the implementation of a new regime under which the Corporation's performance is measured and ambitions tested.

Since the completion of the Commercial Review in 2004, BBC Worldwide has been engaged in a programme of work which has transformed the company's governance structure and its operations. A key change has been the appointment of three external Non-executive Directors and three BBC Non-executive Directors to the company's main Board. The report on corporate governance details the other changes.

The Charter has brought into effect a new structure of compliance for the BBC's commercial activities whereby BBC Worldwide and its operating divisions have to comply with Four Criteria.

Under the BBC Trust's published Commercial Protocol (available at – [www.bbc.co.uk/bbctrust/framework/protocols/compliance](http://www.bbc.co.uk/bbctrust/framework/protocols/compliance)), the first full year of implementation and compliance will be the 2007/08 financial year. However, in light of the substantial work undertaken since the completion of the Commercial Review (including the disposal of certain businesses) the Board is confident that for the period from 1 January to 31 March 2007, BBC Worldwide's operations reflect and comply with the Four Criteria.

The Company has adopted a range of initiatives to ensure ongoing compliance, including a controls framework, an extensive programme of training, internal reporting and external audit. Each new proposal is measured against the Four Criteria both in its development and implementation. Under the Commercial Protocol, an annual report on compliance will be made to the BBC Trust. The Board will report on the first full year of compliance in 2007/08.

## HOW BBC WORLDWIDE TRADES

BBC Worldwide is committed to ensuring its activities are carried out to the highest possible standards, consistent with its core values and purposes, across the full range of fair trading, ethical, editorial, environmental and brand protection best practices.

Importantly, it is not just BBC Worldwide that aims for high standards. BBC Worldwide also encourages its commercial partners to do so through a range of clear guidelines, contractual commitments and training. BBC Worldwide monitors compliance with these requirements where appropriate.

### The BBC brand

Protection of the BBC brand and its reputation is a fundamental part of BBC Worldwide's role in conducting its activities around the globe. These activities are carried out internationally through a mix of wholly owned activities, joint ventures and other forms of partnership with commercial entities. BBC Worldwide ensures that appropriate steps are taken in each case to ensure the BBC brand is grown and developed in ways that are entirely compatible with core BBC values.

### Branding guidelines

BBC Worldwide ensures compliance with guidelines agreed with the BBC that lay out the values and principles associated with the BBC brand and determine the behaviour of the BBC brand in a commercial environment. There are set procedures for commercial use, which reflect the editorial principles associated with the BBC brand.

# How BBC Worldwide Trades

## Brand protection

BBC Worldwide's brand protection team continue to work with local investigators and enforcement authorities to help control the market for counterfeit goods and other infringements of the Group and its partners' intellectual property rights

The Far East is estimated to account for more than half of all fake goods and so BBC Worldwide's investigators in the region have to be extra vigilant in assessing counterfeit activity and taking preventive measures

In the EU, BBC Worldwide has put in place a pan-European Customs registration that allows Customs authorities in all member states to seize imports of fake products using the BBC, Teletubbies, Tweenies, Fimbles, Doctor Who and In the Night Garden brands

## Editorial guidelines

The BBC's code of ethics is incorporated into its editorial guidelines and offers advice on standards and values including accuracy, impartiality, fairness, taste and decency and the welfare of children. These guidelines apply to all BBC Worldwide commercial activities and are strictly adhered to across all BBC Worldwide activities

## Magazines Editorial Boards

The system of Editorial Advisory Boards continues to be of great benefit to BBC Magazines and the editorial insights of the independent experts have proved helpful. The boards work alongside all BBC magazines and play a key role in ensuring that the portfolio reflects the BBC's public purposes and editorial values and extends the editorial offering of BBC programmes. The Editorial Advisory Boards are overseen by an Annual Review Panel (ARP), consisting of external experts and senior representatives from BBC Magazines, BBC Vision and BBC Audio and Music. It is chaired by the BBC's Chief Adviser, Editorial Policy.

The ARP conducted its second review of BBC magazine output during the course of 2006/07 (the first was completed in May 2006) and concluded that BBC magazines were high quality, attractive publications with high levels of reader satisfaction. The breadth and range of the portfolio was impressive and overall the magazines have strong editorial content with greatly improved connectivity with BBC television and radio programmes.

## Treatment of suppliers

BBC Worldwide is committed to dealing with all suppliers on clear, pre-agreed contractual terms and to paying suppliers (whether large or small) within the agreed payment period.

## Customer service

BBC Worldwide's increasing success not only gives a global platform to the best of British talent but also delivers substantial financial returns to rights holders and producers.

Over half a million statements and cheques relating to BBC Worldwide's activities alone are issued annually to this group. BBC Worldwide is committed to accounting accurately and on time to contributors and producers, and is investing heavily to radically improve its systems and processes to enable them not only to meet the increase in volumes that its success has produced but also to provide a vastly improved level of customer service.

## Environment

BBC Worldwide is actively committed to minimising any negative impact that its activities might have on the environment. Although the business does not operate in areas where there is a risk of serious industrial pollution, it is the UK's third largest publisher of consumer magazines. Recognising its responsibility in this context, it is a founder member of the WWF Forest Trade Network and has played a leading part in the campaign to promote credible forest certification. BBC Magazines was the first consumer magazine publisher in the world to print a magazine on paper labelled with the Forest Stewardship Council (FSC) mark, a gold standard guarantee that the paper is responsibly sourced.

In addition, the Magazines business is working closely with other major publishers to develop recycling solutions in line with government guidelines, with a particular focus on ensuring that all unsold copies have direct recycling routes.

## How BBC Worldwide Trades

BBC Worldwide recognises that respect for the environment begins at home. During the year, the business launched an Environment Champion Project with support from the UK-based independent charity Global Action Plan. The aim was to raise environmental awareness among staff, and embed the principles of sound environmental practice more deeply into the BBC worldwide culture. From management down, staff response to the initiative was highly positive and the campaigns proved effective, helping to achieve a 41% increase in recycling. World is continuing to ensure further progress is made in 2007/08.

### **Ethical Sourcing**

BBC worldwide seeks to conduct its business to the highest possible ethical standards. The business is working to ensure that its suppliers operate according to the principle enshrined in BBC Worldwide's Ethical Sourcing Policy, first drawn up and implemented in 1999. BBC Worldwide's Ethical Trading Policy Board meets regularly to monitor activity and compliance. It pays particular attention to areas of potential risk, notably character licensing and magazine covermounts.

Working with an independent labour standards consultancy, it has embarked on a training and assessment programme designed to help ensure that its covermount suppliers and manufacturers in China meet its ethical sourcing standards.

## **Statement of Directors' responsibilities in respect of the Directors' report and financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The Group and parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

# Independent Auditors' Report to the members of BBC Worldwide Limited

We have audited the Group and parent Company financial statements (the "financial statements") of BBC Worldwide Ltd for the year ended 31 March 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of total recognised gains and losses, the reconciliation of movement in equity shareholders' funds, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 23.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

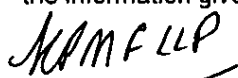
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company'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 the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 March 2007 and of the Group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP  
Chartered Accountants and Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB

Date 20 JUNE 2007



## Consolidated profit and loss account

<b>For the year ended 31 March</b>		2007	2007	2007	2006	2006	2006
	Note	Before exception al items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Turnover (including share of joint ventures)	2	810 4	-	810 4	785 1	-	785 1
Less share of joint ventures	2, 15e	(238 5)	-	(238 5)	(229 1)	-	(229 1)
<b>Group turnover</b>	2	571 9	-	571 9	556 0	-	556 0
Cost of sales		(343 0)	-	(343 0)	(341 3)	-	(341 3)
<b>Gross profit</b>		228 9	-	228 9	214 7	-	214 7
Distribution costs		(136 3)	(46 0)	(182 3)	(139 3)	-	(139 3)
Administrative expenses		(32 7)	-	(32 7)	(27 7)	-	(27 7)
<b>Group operating profit</b>		59 9	(46 0)	13 9	47 7	-	47 7
Share of operating profit of joint ventures	15d	39 8	-	39 8	30 4	-	30 4
Share of operating profit of associates	16c	0 9	-	0 9	0 8	-	0 8
<b>Total operating profit</b>		100 6	(46 0)	54 6	78 9	-	78 9
Profit on disposal of businesses	5a, 5b	-	13 5	13 5	-	1 7	1 7
Profit on sale of fixed assets	6a	-	45 8	45 8	-	9 3	9 3
Loss on termination of business	6b, 6c	-	(2 8)	(2 8)	-	(0 5)	(0 5)
<b>Profit before interest and taxation</b>	2c	100 6	10 5	111 1	78 9	10 5	89 4
Interest receivable	7a	1 8	-	1 8	1 5	-	1 5
Interest payable	7b	(2 9)	-	(2 9)	(4 1)	-	(4 1)
<b>Profit on ordinary activities before taxation</b>	3	99 5	10 5	110 0	76 3	10 5	86 8
Tax on profit on ordinary activities	8	(29 0)	5 4	(23 6)	(21 4)	(3 2)	(24 6)
<b>Profit on ordinary activities after taxation</b>		70 5	15 9	86 4	54 9	7 3	62 2
Equity minority interests		-	-	-	(0 1)	-	(0 1)
<b>Profit attributable to shareholders</b>	22a	70 5	15 9	86 4	54 8	7 3	62 1

There is no difference in the profit for the financial period as reported compared to an historical cost basis in either the current or prior year

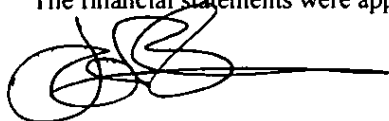
The profit for the current and prior year is derived from continuing operations

Details of changes to the comparative year are set out in Note 1

## Consolidated balance sheet

As at 31 March		2007	2006
	Note	£m	£m
<b>Fixed assets</b>			
Intangible fixed assets	9	10.2	19.3
Tangible fixed assets	11	14.0	12.1
Investment in programmes for future sale	13	98.5	106.5
Interests in joint ventures			
Share of gross assets		172.6	147.0
Share of gross liabilities		(161.8)	(164.4)
Adjustment to reflect effective obligation		32.3	33.8
Loan receivable from joint venture	10b	0.8	-
Goodwill		20.9	26.7
	15a	64.8	43.1
Interests in associated undertakings	16a	1.0	1.1
Interests in trade investments	16e	5.0	-
Total investments		70.8	44.2
		193.5	182.1
<b>Current assets</b>			
Stocks	17	13.0	14.4
	18	152.8	160.4
Current debtors			
Long-term debtors	18	23.9	6.7
Total debtors		176.7	167.1
Cash at bank and in hand		27.3	25.6
		217.0	207.1
<b>Creditors: amounts falling due within one year</b>	19	(252.9)	(263.9)
<b>Net current liabilities</b>		(35.9)	(56.8)
<b>Total assets less current liabilities</b>		157.6	125.3
<b>Creditors: amounts falling due after more than one year</b>	19	(20.0)	-
<b>Provisions for liabilities</b>	20	(18.8)	(14.9)
<b>Net assets</b>		118.8	110.4
<b>Capital and reserves</b>			
Called up share capital	21	0.2	0.2
Profit and loss account	22	118.6	110.2
<b>Total equity shareholders' funds</b>		118.8	110.4

The financial statements were approved by the Board of Directors on 15 June 2007 and were signed on its behalf by

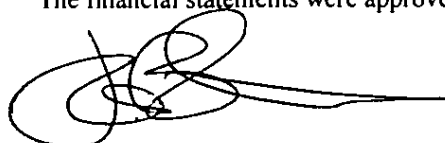


J B Smith  
Director

## Company balance sheet

As at 31 March		2007	2006
	Note	£m	£m
<b>Fixed assets</b>			
Intangible fixed assets	9	0.1	0.4
Tangible fixed assets	12	10.9	7.9
Investment in programmes for future sale	13	98.1	103.9
<b>Investments</b>			
Investments in subsidiary undertakings	14	34.1	42.3
Investments in joint ventures	15a	83.4	67.5
Investment in associated undertakings	16a	4.9	0.1
		122.4	109.9
		231.5	222.1
<b>Current assets</b>			
Stocks	17	3.0	3.7
Current debtors	18	221.2	181.2
Long-term debtors	18	3.3	4.0
Total debtors		224.5	185.2
Cash at bank and in hand		12.0	-
		239.5	188.9
<b>Creditors: amounts falling due within one year</b>	19	(336.2)	(292.2)
<b>Net current liabilities</b>		(96.7)	(103.3)
<b>Total assets less current liabilities</b>		134.8	118.8
<b>Creditors: amounts falling due after more than one year</b>	19	(20.0)	-
<b>Provisions for liabilities</b>	20	(18.8)	(21.9)
<b>Net assets</b>		96.0	96.9
<b>Capital and reserves</b>			
Called up share capital	21	0.2	0.2
Profit and loss account	22	95.8	96.7
<b>Total equity shareholders' funds</b>		96.0	96.9

The financial statements were approved by the Board of Directors on 15 June 2007 and were signed on its behalf by



J B Smith  
Director

## Consolidated statement of total recognised gains and losses

	<b>Group 2007</b>	<b>Group 2006</b>	<b>Company 2007</b>	<b>Company 2006</b>
<b>For the year ended 31 March</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Profit for the financial year	<b>86.4</b>	62.1	<b>74.4</b>	49.3
Effect of foreign currency translation	<b>(2.7)</b>	2.1	-	-
<b>Total recognised gains relating to the financial year</b>	<b>83.7</b>	64.2	<b>74.4</b>	49.3

## Reconciliation of movements in equity shareholders' funds

	<b>Group 2007</b>	<b>Group 2006</b>	<b>Company 2007</b>	<b>Company 2006</b>
<b>For the year ended 31 March</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Total recognised gains for the year	<b>83.7</b>	64.2	<b>74.4</b>	49.3
Dividends 22b	<b>(75.3)</b>	(57.3)	<b>(75.3)</b>	(57.3)
<b>Net increase/(decrease) in equity shareholders' funds</b>	<b>8.4</b>	6.9	<b>(0.9)</b>	(8.0)
Equity shareholders' funds at start of year	<b>110.4</b>	103.5	<b>96.9</b>	104.9
<b>Equity shareholders' funds at end of year</b>	<b>118.8</b>	110.4	<b>96.0</b>	96.9

## Consolidated cash flow statement

For the year ended 31 March	Note	2007 £m	2006 £m
<b>Net cash inflow from operating activities</b>	23	131.2	172 0
<b>Dividends from joint ventures and associates</b>		22.4	19 8
<b>Returns on investments and servicing of finance</b>			
Interest received		1.0	0 6
Interest paid		(2.3)	(4 1)
<b>Net cash outflow from return on investments and servicing of finance</b>		(1.3)	(3 5)
<b>Taxation</b>		(15.8)	(13 5)
<b>Capital expenditure and financial investments</b>			
Purchase of tangible fixed assets	11	(7.5)	(7 4)
Purchase of intangible assets	9	-	(0 4)
Proceeds from sale of fixed assets	6a	45.8	1 0
Investment in programmes for future sale		(109.5)	(74 0)
Drawdown of loan to joint venture	10b	(0.8)	-
Repayment of loan to associated undertaking	16a	0.3	0 4
<b>Net cash outflow for capital expenditure and financial investments</b>		(71.7)	(80 4)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings		-	(0 8)
Purchase of trade investment	16e	(0.9)	(4 1)
Investment in joint ventures	10,15	(5.5)	-
Disposal of business	5	26.6	6 3
<b>Net cash inflow from acquisitions and disposals</b>		20.2	1 4
<b>Cash inflow before distributions and financing</b>		85.0	95 8
<b>Equity dividends paid to shareholders</b>	22b	(75.3)	(57 1)
<b>Cash inflow before financing</b>		9.7	38 7
<b>Financing</b>			
Repayment of loan from parent undertaking		(23.2)	(27 8)
Net cash inflow from bank loan		20.0	-
Outflow in respect of unsecured loan notes		(4.8)	(0 5)
<b>Net cash outflow from financing</b>		(8.0)	(28 3)
<b>Increase in cash in the year</b>	24	1.7	10 4

## Notes to the financial statements

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the Group's principal accounting policies is set out below. These accounting policies have been applied consistently throughout the year and preceding year to items considered material to the financial statements, except as set out in section 1b below.

#### 1a Basis of accounting

The financial statements are presented under the historical cost accounting convention.

#### 1b Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 March 2007. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associated undertaking is one in which the Group has a long-term interest, usually between 20% and 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control.

The Group's share of the profits less losses of associates and joint ventures is included in the consolidated profit and loss account, and its interest in their net assets is included in the consolidated balance sheet, using the equity method to 31 March with the exception of the following investments (as permitted by FRS 9 Associates and joint ventures): the results of the joint ventures and associates within the Discovery agreements have been included using information from unaudited accounts drawn up to 31 December (notes 15 and 16); the results of the 2 entertain Limited joint venture have been included using information from audited accounts drawn up to 31 January (note 15).

In the year ended 31 March 2006 and previously, joint ventures within the Flextech agreements were accounted for using the equity method for the year to 31 December. In these financial statements, the joint ventures are accounted for using the equity method for the year to 31 March, to match the accounting period of the Group. The Group's share of joint venture turnover for the year ended 31 March 2006 has been restated from £228.4m to £229.1m to reflect this change in accounting period. No other restatements have been required to the consolidated profit and loss account and consolidated net assets. Financial information disclosures relating to the Flextech joint ventures have been restated in note 15. Further details of the accounting for Flextech joint ventures are set out in note 15.

The previously reported classification of administrative expenses and distribution costs for the year ended 31 March 2006 has been adjusted in the current year to achieve a consistent and fairer presentation between periods. Administrative expenses in the comparative year have been increased by £7.7 million with a matching £7.7 million decrease in distribution costs.

As permitted by Section 230 of the Companies Act 1985, no profit and loss account has been presented in respect of the Company. The Company's profit after taxation for the year was £74.4 million (2006: £49.3 million). The Company's results form part of the consolidated financial statements.

#### 1c Turnover

Group turnover represents licence fees from television programme sales, licence and production fees from television content and production, distribution and advertising income from television channels, websites and the publication of magazines, income and licence fees from the publication of audiobooks and DVDs and the sale of character merchandising.

The basis upon which turnover is recognised is as follows:

- Distribution, advertising and other sales commission income – recognised on provision or delivery of service
- Licence fees from international television programme sales – recognised at the later of the start of the licence period or the delivery of the programme rights
- Income from content and production – recognised on delivery of the related programme / on provision of service
- Income from publishing sales and the sale of promotional merchandise – recognised at time of delivery / on provision of service

Turnover excludes value added tax and trade discounts and is recognised at the fair value of consideration receivable. Sales of promotional merchandise and publishing are stated after deduction of the sales value of actual and estimated returned goods.

## **1d Foreign currency translation**

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

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at 31 March or at forward rates where related hedging contracts are in place. Surpluses and deficits arising from the translation of assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the consolidated profit and loss account.

The profit and loss accounts and cash flows of overseas subsidiaries are translated into sterling at the average rates for the year. Exchange differences arising from the retranslation of the opening net assets of overseas subsidiaries and any related long-term foreign currency borrowings are taken directly to the profit and loss reserve, together with the differences arising when the profit and loss accounts are translated at average rates compared with rates ruling at the year end. Other exchange differences are taken to the profit and loss account.

## **1e Goodwill and intangible assets**

Purchased goodwill represents the excess of the fair value of the purchase consideration, plus any related costs of acquisition, over the fair value attributable to the separable net assets acquired. Purchased goodwill arising on the acquisition of a business or subsidiary before 1 April 1998, when *FRS 10 Goodwill and Intangible Assets* was adopted, was written off to reserves in the year of acquisition. On disposal, goodwill previously written off to reserves is transferred to the profit and loss account for the year as part of the profit or loss on disposal.

Purchased positive goodwill arising on the acquisition of a business or subsidiary since 1 April 1998 is capitalised and amortised over its estimated useful life, not exceeding 20 years. On the subsequent disposal or termination of a business acquired since 1 April 1998, the profit or loss on disposal is calculated after charging the unamortised amount of any related goodwill.

Other intangible assets are amortised on a straight-line basis over 2-4 years, reflecting the Directors' opinion of its useful economic life in each case.

Goodwill and intangible assets are subject to impairment review when indications of a diminution of value are identified.

## **1f Tangible fixed assets**

Tangible fixed assets are stated at cost after any provision for impairment, less accumulated depreciation.

Expenditure on fixed assets is capitalised together with incremental internal direct costs incurred on capital projects. Depreciation is calculated so as to write off the cost less estimated residual value 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 for the principal categories of assets are

Freehold property	50 years
Short leasehold buildings	Unexpired lease term
Plant and machinery	3 to 8 years
Fixtures and fittings	3 to 5 years

## **1g Operating leases**

Operating lease rentals are charged on a straight-line basis over the term of the lease.

## **1h Research and development**

Where development expenditure is incurred which gives rise to an asset with future economic benefit this spend is deferred until the period in which the associated income is generated. Research expenditure and development expenditure which does not meet the above criteria is written off as incurred.

## **1i Investment in programmes for future sale**

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

Amortisation of investment in programmes for future sale is charged to the profit and loss account to match the average revenue profile of the programme genre, over the estimated average marketable life of the programme genre, estimated to be between two and ten years. Programmes that are fully written off are deducted from the cost and accumulated amortisation of investment in programmes for future sale.

## **1j Stocks**

Stocks comprising DVDs, audiobooks, paper and work in progress are stated at the lower of cost and net realisable value

Programme stock represents programme purchased for the future broadcast on one of the Group's television channels. Programme stocks are stated at cost and are charged to the profit and loss account to match the revenues arising on broadcasts of the programme.

## **1k Pension costs**

The Group operates both defined benefit and defined contribution schemes for the benefit of employees.

### **Defined benefit scheme**

The defined benefit scheme provides benefits based on final pensionable pay. The pension assets of the BBC Main 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 as such the participating employers are unable to identify their shares of the underlying assets and liabilities on a reasonable and consistent basis. Therefore as allowed by FRS 17 'Retirement benefits' BBC Worldwide accounts for the scheme as if it were a defined contribution scheme. The expenditure charged for the year as a result represents the contributions payable in the year.

### **Defined contribution scheme**

BBC Worldwide participates in a group personal pension scheme that is a defined contribution scheme. Contributions to the scheme are charged to the profit and loss account when payable.

## **1l Taxation**

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by accounting standards full provision without discounting is made for all timing differences that have arisen but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is more likely than not that they will be recovered.

## **1m Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.



## 2 Segmental analysis

The comparative segments for the year ended 31 March 2006 have been restated to reflect the Group's management and reporting structure effective during the current year. The principle change relates to the reclassification of the former Children's division segment into the other segments.

### 2a Turnover analysed by type of business

	Group turnover £m	Share of joint ventures £m	Total £m
<b>2007</b>			
Global Channels	78.3	90.7	169.0
Global TV Sales	199.0	17.4	216.4
Content & Production	50.4	2.5	52.9
Magazines	157.9	13.4	171.3
Home Entertainment	72.4	114.5	186.9
Digital Media	13.9	-	13.9
<b>Total</b>	<b>571.9</b>	<b>238.5</b>	<b>810.4</b>

	Group turnover £m	Share of joint ventures £m	Total £m
<b>2006</b>			
Global Channels	76.9	89.2	166.1
Global TV Sales	175.8	13.1	188.9
Content & Production	33.5	2.6	36.1
Magazines	160.2	11.6	171.8
Home Entertainment	96.3	112.6	208.9
Digital Media	13.3	-	13.3
<b>Total</b>	<b>556.0</b>	<b>229.1</b>	<b>785.1</b>

### 2b Turnover analysed by geographical destination

(Substantially all Group turnover originates from within the UK)

	2007 £m	2006 £m
United Kingdom	249.6	274.4
Americas	164.9	142.9
Europe	108.0	94.7
Rest of World	49.4	44.0
Group turnover	571.9	556.0
Share of joint ventures	238.5	229.1
<b>Total</b>	<b>810.4</b>	<b>785.1</b>

## 2c Profit before interest and taxation analysed by type of business

	Group operating profit before exceptional items £m	Share of operating profit of joint ventures/ associates £m	Total operating profit before exceptional items £m	Exceptional items £m	Profit before interest and taxation £m
<b>2007</b>					
Global Channels	9.5	11.6	21.1	(0.2)	20.9
Global TV Sales	40.2	-	40.2	-	40.2
Content & Production	7.1	2.4	9.5	-	9.5
Magazines	19.0	0.8	19.8	0.2	20.0
Home Entertainment	(12.0)	25.9	13.9	10.5	24.4
Digital Media	(3.9)	-	(3.9)	-	(3.9)
<b>Total</b>	<b>59.9</b>	<b>40.7</b>	<b>100.6</b>	<b>10.5</b>	<b>111.1</b>

	Group operating profit before exceptional items £m	Share of operating profit of joint ventures/ associates £m	Total operating profit before exceptional items £m	Exceptional items £m	Profit before interest and taxation £m
<b>2006</b>					
Global Channels	2.4	4.5	6.9	-	6.9
Global TV Sales	33.7	-	33.7	-	33.7
Content & Production	2.4	0.8	3.2	-	3.2
Magazines	18.4	1.1	19.5	-	19.5
Home Entertainment	(7.6)	24.8	17.2	10.5	27.7
Digital Media	(1.6)	-	(1.6)	-	(1.6)
<b>Total</b>	<b>47.7</b>	<b>31.2</b>	<b>78.9</b>	<b>10.5</b>	<b>89.4</b>

## 2d Profit before interest and taxation analysed by geographical destination

	Group operating profit/(loss) before exceptional items £m	Share of operating profit of joint ventures/ associates £m	Total operating profit before exceptional items £m	Exceptional items £m	Profit before interest and taxation £m
<b>2007</b>					
United Kingdom	(2.2)	40.2	38.0	10.7	48.7
Americas	16.7	-	16.7	(0.2)	16.5
Europe	28.7	-	28.7	-	28.7
Rest of World	16.7	0.5	17.2	-	17.2
<b>Total</b>	<b>59.9</b>	<b>40.7</b>	<b>100.6</b>	<b>10.5</b>	<b>111.1</b>

	Group operating profit before exceptional items £m	Share of operating profit of joint ventures/ associates £m	Total operating profit before exceptional items £m	Exceptional items £m	Profit before interest and taxation £m
<b>2006</b>					
United Kingdom	8.8	30.6	39.4	10.5	49.9
Americas	7.6	-	7.6	-	7.6
Europe	21.2	-	21.2	-	21.2
Rest of World	10.1	0.6	10.7	-	10.7
<b>Total</b>	<b>47.7</b>	<b>31.2</b>	<b>78.9</b>	<b>10.5</b>	<b>89.4</b>

## 2e Net assets analysed by geographical location

	Total 2007 £m	Total 2006 £m
United Kingdom	101.6	74.5
Americas	17.2	35.9
Total	118.8	110.4

All net assets are owned, either in the UK and made available for international regional offices, or through the US subsidiary, BBC Worldwide Americas Inc. Further disclosures in respect of net assets by business type have not been provided as assets are shared by business segments and, in the view of the Directors, it is not practical or useful to provide further analysis on a consistent or reliable basis.

## 3 Profit on ordinary activities before taxation

### 3a Profit on ordinary activities before taxation is stated after charging/(crediting):

	2007 £m	2006 £m
Operating lease rentals		
- plant and machinery	1.7	1.7
- land and buildings	5.7	6.7
- satellite costs	3.1	1.0
Depreciation	5.5	4.6
Amortisation of investment in programmes for future sale	107.1	82.3
Amortisation of intangible fixed assets	1.3	1.4
Foreign exchange gain	(0.2)	(1.3)
Research and development expenditure	3.1	1.6

### 3b BBC America

The BBC America television channel (BBCA) was launched in the USA in March 1998. \$139m was provided by Discovery Communications Inc (DCI), an unrelated third party, to finance the launch and operating costs of the channel. DCI did not have an equity interest in BBCA, but earned a variable commission on advertising sales and affiliate sales at levels designed to be sufficient to recover its sales service cost and its expenditure in BBCA (but with no guaranteed level of return from BBCA).

On 30 June 2006, BBCA paid DCI £51.5m (\$93.0m) to reduce the level of future commission that DCI would earn for the services provided. This payment, net of amounts accrued in prior years, has resulted in an exceptional profit and loss charge for the year of £46.0m. This charge is made on the basis that the future benefits are uncertain and do not justify it being carried forward as an asset.

### 3c Auditor's remuneration

	2007 £m	2006 £m
Fees for the audit of the Company	0.2	0.2

Fees paid to the company's auditors, KPMG LLP, and its associates for services other than the statutory audit of the company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the company's ultimate parent, the BBC.

## 4 Employees and remuneration

### 4a Persons employed

The average number of persons employed (full-time equivalent) in the year was

	2007	2006
	Average	Average
Global Channels	114	105
Global TV Sales	230	229
Content & Production	54	50
Magazines	661	720
Home Entertainment	432	547
Digital Media	122	131
Total	1,613	1,782

Within the averages above, 134 (2006 174) part-time employees have been included at their full-time equivalent of 87 (2006 143). In addition to the above, the Group employed an average full-time equivalent of 51 (2006 52) persons on a casual basis. Their payroll costs are included in note 4b.

### 4b Staff costs

	2007	2006
	£m	£m
Salaries and wages	75.1	76.2
Social security costs	6.1	4.9
Other pension costs	3.5	3.1
	84.7	84.2

In addition to the above, redundancy costs and compensation for loss of office payments totalling £1.8 million (2006 £5.2 million) were incurred in the year.

#### 4c BBC Pension Scheme

##### Pensions

Many BBC Worldwide employees are members of the BBC's pension schemes, the BBC Pension Scheme (a defined benefit scheme) and the Group Personal Pension Scheme (a defined contribution scheme)

##### BBC Pension Scheme

The BBC Pension Scheme provides salary related pension benefits on a defined benefit basis from assets held in separate, trustee-administered, funds

The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contributions. These, together with the specified contributions payable by employees and proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The most recent full actuarial valuation of the scheme was prepared as at 1 April 2005 by Watson Wyatt, consulting actuaries. At 1 April 2005, the actuarial value of the assets was sufficient to cover just over 100% of the benefits due to members, after allowing for expected future increases in earnings.

As a result of the 2005 market-based valuation by Watson Wyatt, it has been agreed between the BBC and the pension scheme trustees that the employer contributions increased to 18.8% on 1 April 2007. It is proposed that employee contributions will rise from 6.0% to 7.5% on 1 September 2008, at which point, employer contributions will decrease from 18.8% to 17.3%.

In addition, the BBC and the pension scheme trustees have agreed that the BBC Group will make good the estimated shortfall as at 1 April 2007 by making an additional payment of £23 million (index-linked) per annum from that date for a period of eight years. £1.5 million per annum (index-linked) is the share of this additional contribution payable by BBC Worldwide. The £1.5 million payment for the year ended 31 March 2008 has been prepaid at 31 March 2007.

Ordinarily the next formal actuarial valuation would be performed on 1 April 2008, however, it has been brought forward to 1 April 2007 and the contribution levels, including the additional payment, will be reviewed again once the results of that valuation are known.

	Projected		Actual			
Contribution rates	2009 %	2008 %	2007 %	2006 %	2005 %	2004 %
Employer	18.8/17.3	18.8	7.5	6.0	5.5	5.0
Employee	6.0/7.5	6.0	5.5/6.0	5.5	5.0	4.5

BBC Worldwide, following the provisions within FRS 17, accounts for the scheme as if it were a defined contribution scheme. This is because it is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The pension cost for this scheme therefore represents contributions payable by the BBC Worldwide to the scheme and the costs amounted to £3.1 million in the year (2006: £2.6 million).

The 1 April 2005 full actuarial valuation was updated for FRS 17 purposes to 31 March 2007 by Watson Wyatt, consulting actuaries. This valuation identified a surplus of £340 million in the scheme at 31 March 2007 (2006: surplus of £170 million). Additional disclosure about the scheme and its financial position under FRS17 is provided in the BBC Annual Report and Accounts that can be obtained from The BBC Trust Unit, Room 211, 35 Marylebone High Street, London W1V 4AA.

#### 4d BBC Worldwide Limited Group personal pension scheme and other schemes

The Group also operates its own defined contribution pension schemes, including those operated in the USA and Australia. 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 the costs amounted to £0.4 million in the year (2006: £0.5 million).

#### 4e Directors' remuneration

The remuneration of the Directors during the year was as follows

	2007	2006
	£'000	£'000
Emoluments	3,013	2,735
Compensation for loss of office	400	-
Long-term incentive plan	228	249
	3,641	2,984

The number of Directors to whom retirement benefits accrue under the following schemes is as follows

	2007	2006
	No of Directors	No of Directors
Defined benefit schemes	10	11
Money purchase schemes	6	7

The Company contributed £105,000 (2006 £93,000) to money purchase schemes for its Directors during the year

The remuneration of the highest paid Director included

	2007	2006
	£'000	£'000
Emoluments	416	361
Long-term incentive plan	-	-
	416	361

The Company contributed £nil (2006 £nil) to money purchase schemes on behalf of the highest paid Director during the year. The highest paid Director had accrued pension benefits of £173,000 (2006 £153,000) per annum as at 31 March 2007 under the Company's defined benefit scheme.

During the period from 1 April to 30 September 2006 and the year 31 March 2006, John Smith was also employed as Chief Operating Officer of the BBC. Of the Directors remuneration above £44,000 (£83,000) was recharged by the Group to the BBC in respect of these services.

## 5 Profit on disposal of businesses

### 5a Disposal of Books Business

In July 2006 BBC Worldwide sold 85% of the share capital in its wholly-owned subsidiary, Woodlands Books Limited, to Random House Limited. Woodlands Books Limited holds the assets of BBC Worldwide's books business, which were transferred to it in the prior year.

Details of the disposal transaction are as follows

	2007
	£m
Investments in programmes for future sale	0.8
Net current assets disposed of / written-off	4.3
Interest in associated undertaking recognised (note 16a)	(0.3)
Profit on disposal	13.3
	18.1
Of which	
Cash consideration received	21.2
Less cash transaction costs	(0.4)
Net cash proceeds from sale of operations	20.8
Accrued costs	(2.7)
Total consideration, net of transaction costs	18.1

The Group is accounting for its investment as an associate undertaking given that it has a participating interest and exercises significant influence over the company.

## 5b Origin Publishing Limited

In May 2006 BBC Worldwide sold its 100% shareholding in Origin Publishing Limited ('Origin') to OPL Holdings Limited, a company 61% owned by a management buy-out team led by Origin's Managing Director. BBC Worldwide has the remaining 39% stake. Prior to this sale, the BBC-branded titles previously produced by Origin were transferred to a new BBC Worldwide subsidiary called Bristol Magazines Limited and therefore these titles have remained wholly owned by the Group.

Details of the disposal transaction are as follows

	2007 £m
Goodwill disposed	4.8
Net current assets disposed	0.4
Interest in associated undertaking recognised (note 16a)	3.7
Profit on disposal	0.2
	9.1
Of which	
Cash consideration received	6.0
Less cash transaction costs	(0.2)
Net cash proceeds from sale of operations	5.8
Deferred consideration	3.3
Total consideration, net of transaction costs	9.1

The Group is accounting for its investment in Origin as an associate undertaking given that it has a participating interest and exercises significant influence over the company.

## 5c Prior year transaction

In October 2005 BBC Worldwide entered into an arrangement with Pearson Education Limited to form a partnership named Educational Publishers LLP. In return for the transfer of the assets of its learning division to the partnership, BBC Worldwide acquired a 15% share in the new Partnership together with cash consideration (net of transaction costs) of £6.3 million. The profit on disposal was £1.7 million.

## 6 Profit / (loss) on sale of fixed assets and termination of businesses

### 6a Profit on disposal of fixed assets

On 30 April 2004, BBC Worldwide exercised a put option to require Discovery to purchase the Group's entire 25% shareholding in Animal Planet LLC. The net book value of the Group's investment in this associate was £nil. On 3 April 2006 the sale and purchase was completed and consideration of \$80 million (£45.8 million) was paid to BBC Worldwide. The profit on disposal was £45.8 million.

### 6b Loss on termination of business

In March 2007, BBC Worldwide announced its intention to terminate its Retail shops business. During the year ended 31 March 2007 termination costs totalling £1.9 million were charged to the profit and loss account in respect of redundancy, lease property termination provisions and other costs of exit.

In 2006 BBC Worldwide announced its intention to terminate its business learning operations. During the year ended 31 March 2007 termination costs totalling £0.9 million were charged to the profit and loss account, of which £0.5 million was in respect of the write off of assets held at 31 March 2006. The balance of £0.4 million comprised the cash costs of exiting the business.

### 6c Prior year transactions

On 13 May 2005, BBC Worldwide completed the sale of certain intellectual property rights. Total cash consideration of £10.3 million was earned, of which £9.3 million had been received at 31 March 2005 and was included within deferred income at that date pending completion of the sale in May 2005. The remaining cash proceeds of £1.0m were received in the year ended 31 March 2006. The net book value of investment rights disposed of was £1.0m, resulting in a profit on disposal of £9.3m.

In August 2005, BBC Worldwide announced its intention to terminate its teacher learning operations, which maintained a learning website. During the year ended 31 March 2006 termination costs totalling £0.5 million were charged to the profit and loss account, of which £0.3 million was in respect of the write off of assets held at 31 March 2005. The balance of £0.2 million comprised the cash costs of exiting the business.

## 7 Interest

### 7a Interest receivable

	2007 £m	2006 £m
Share of joint venture interest receivable	0.8	0.9
Other interest receivable	1.0	0.6
Total interest receivable	1.8	1.5

### 7b Interest payable

	2007 £m	2006 £m
Share of joint venture interest payable	(0.6)	-
Loan from parent undertaking	(1.6)	(3.9)
Bank loans	(0.3)	-
Other interest payable	(0.4)	(0.2)
Total interest payable	(2.9)	(4.1)



## 8 Taxation

### 8a Analysis of charges for the year

The charge for the year, based on a rate of corporation tax of 30% (2006 30%), comprised

	2007 £m	2006 £m
Current tax		
UK corporation tax	12.6	9.5
UK group relief payable	4.6	8.8
Deduct double tax relief	(2.6)	(2.4)
	14.6	15.9
Adjustments in respect of prior years	1.0	0.2
Foreign tax	5.2	7.4
Share of joint venture/associated undertakings' tax	11.2	8.9
Total current tax	32.0	32.4
Deferred tax		
Origination and reversal of timing differences	(5.1)	(4.1)
Adjustments in respect of prior years	(3.3)	(3.7)
Total deferred tax	(8.4)	(7.8)
<b>Tax on profits on ordinary activities</b>	<b>23.6</b>	<b>24.6</b>

### 8b Factors affecting the tax charge

	2007 £m	2006 £m
Profit before tax	110.0	86.8
Profit before tax multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	33.0	26.0
Effects of		
Disallowed expenditure	3.9	2.4
Non-taxable income	(1.3)	(1.2)
Tax differential on overseas earnings	(2.8)	0.9
Utilisation of capital losses (note 8d)	(6.9)	-
Depreciation in excess of capital allowances	(1.1)	(3.5)
Other timing differences	6.2	7.6
Adjustments to tax charge in respect of prior years	1.0	0.2
<b>Current tax charge for the year (note 8a)</b>	<b>32.0</b>	<b>32.4</b>

### 8c Analysis of deferred tax balance

In accordance with *FRS 19 Deferred Taxation*, the Group provides for all deferred tax liabilities in full less available deferred tax assets

	2007	2006
	£m	£m
<b>Net deferred tax provision</b>		
Net provision at start of year	0.2	8.1
Exchange adjustment	(1.0)	(0.3)
Transfer to Sale of investments	-	0.2
Deferred tax credit (note 8a)	(8.4)	(7.8)
Net provision at end of year	(9.2)	0.2
<b>Deferred tax (asset)/liability</b>		
Accelerated capital allowances	11.4	13.5
UK timing differences	-	(6.9)
UK deferred tax liability (note 20)	11.4	6.6
US timing differences/deferred tax assets (note 8d, 18)	(20.6)	(6.4)
	(9.2)	0.2

UK and US timing differences relate to differences between the treatment of certain revenue and expense items for taxation and accounting purposes

### 8d Tax effect of exceptional items

The exceptional payment to DCI set out in note 3b is fully tax deductible against the Group's US taxable income during the six year period from 2007 to 2013. A deferred tax asset for future tax deductions has been fully recognised at 31 March 2007 and is included within US timing differences at 31 March 2007 (note 8c).

The profit on disposal of the Group's associate interest in Animal Planet LLC set out in note 6a has been taxed at an effective rate of 15%, reflecting the cost of capital losses utilised (note 8b).

Other exceptional items in the current and prior year have been taxed at the UK standard rate of corporation tax of 30%, excluding non-deductible expenditure.

### 8e Factors that may affect future tax charges

The future total tax charge will be affected by the mix of profits generated from the different tax jurisdictions in which the Group operates (principally the UK and the US) and the statutory tax rates applicable in these territories.

The future Group tax charge will also be higher than the UK statutory rate of corporation tax as a result of expenses disallowable for corporation tax deduction (including group and joint venture goodwill amortisation).

It is anticipated that the statutory rate of UK corporation tax will reduce to 28% with effect from 1 April 2008.

## 9 Intangible fixed assets

	Group Other intangible £m	Group Goodwill £m	Group Total £m	Company Total £m
Cost				
At 1 April 2006	0.7	22.9	23.6	0.5
Additions	-	-	-	-
Disposals	-	(5.3)	(5.3)	-
Transfers to Investment in Associate (Note 16)	-	(3.4)	(3.4)	-
<b>At 31 March 2007</b>	<b>0.7</b>	<b>14.2</b>	<b>14.9</b>	<b>0.5</b>
Amortisation				
At 1 April 2006	0.5	3.8	4.3	0.1
Charge for the year	0.2	1.1	1.3	0.3
Disposals	-	(0.5)	(0.5)	-
Transfers to Investment in Associate (Note 16)	-	(0.4)	(0.4)	-
<b>At 31 March 2007</b>	<b>0.7</b>	<b>4.0</b>	<b>4.7</b>	<b>0.4</b>
Net book value				
<b>At 31 March 2007</b>	<b>-</b>	<b>10.2</b>	<b>10.2</b>	<b>0.1</b>
At 31 March 2006	0.2	19.1	19.3	0.4

The disposal and transfer of goodwill relates to Origin Publishing Limited (note 5b)

Goodwill that has been capitalised is amortised on a straight-line basis over a period of 20 years subject to reviews for impairment, reflecting the Directors' opinion of its useful economic life in each case

Other intangible assets are amortised on a straight-line basis over 2-4 years subject to reviews for impairment, reflecting the Directors' opinion of its useful economic life in each case

## 10 Exchange of business

### 10a Ragdoll Worldwide Holdings Limited

With effect from 1 April 2006, BBC Worldwide entered into an agreement with Ragdoll Limited to form a new joint venture company, Ragdoll Worldwide Holdings Limited, which is 50% owned by BBC Worldwide. The purpose of the joint venture is to bring together intellectual property rights in certain children's properties, including Teletubbies and In the Night Garden. No gain or loss arose. Further details in respect of this transaction are as follows:

	£m
Assets contributed to joint venture	
- Investment in programmes for future sale	10.7
- Cash consideration paid	1.0
<b>Interest in joint venture undertaking at time of exchange</b>	<b>11.7</b>
Comprising	
Fair value of share of business acquired	5.8
Retained share of net assets contributed to joint venture	5.9
<b>Interest in joint venture undertaking</b>	<b>11.7</b>

The transaction has been accounted for under *Urgent Issues Task Force (UITF) Abstract 31 Exchange of business or other non-monetary assets for an interest in a subsidiary, joint venture or associate*. The accounting reflects BBC Worldwide's retention of 50% of its business and divestment of the other 50% in return for a 50% interest in Ragdoll Worldwide Holdings Limited's business.

### **10b Ragdoll Developments Limited**

Also with effect from 1 April 2006, BBC Worldwide entered into a second agreement with Ragdoll Limited to form a second joint venture company, Ragdoll Developments Limited, which is 50% owned by BBC Worldwide. The purpose of the joint venture is to invest in the development of new intellectual property rights. Further details in respect of this transaction are as follows

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	£m
Investment in joint venture	
- Share of net assets of joint venture	1.7
- Goodwill	1.7
- Loan to joint venture	0.8
Total investment in joint venture	4.2
Comprising	
Cash consideration paid in the year	1.7
Deferred consideration payable	2.5
Total investment in joint venture	4.2

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The deferred consideration is payable between April 2007 and March 2009

The Company has a commitment to provide further loan funding to Ragdoll Development Limited during the period to March 2009. The total loan funding to be provided amounts to £2.4 million. The loan funding is interest bearing at a variable rate of LIBOR plus a margin of 1%.

Further details of both of the Ragdoll joint venture investments are included in note 15.

## 11 Tangible fixed assets - Group

Group	Freehold buildings £m	Short leasehold buildings £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost					
At 1 April 2006	0.2	3.4	34.0	9.3	46.9
Additions	-	-	7.3	0.2	7.5
Disposals	-	(0.3)	(8.9)	(6.9)	(16.1)
At 31 March 2007	0.2	3.1	32.4	2.6	38.3
Depreciation					
At 1 April 2006	-	1.3	25.3	8.2	34.8
Charge for the year	-	0.6	4.4	0.5	5.5
Disposals	-	(0.2)	(8.9)	(6.9)	(16.0)
At 31 March 2007	-	1.7	20.8	1.8	24.3
Net book value					
At 31 March 2007	0.2	1.4	11.6	0.8	14.0
At 31 March 2006	0.2	2.1	8.7	1.1	12.1

## 12 Tangible fixed assets - Company

Company	Short leasehold buildings £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost				
At 1 April 2006	0.1	30.0	8.0	38.1
Additions	-	7.0	0.1	7.1
Disposals	(0.1)	(8.7)	(6.5)	(15.3)
At 31 March 2007	-	28.3	1.6	29.9
Depreciation				
At 1 April 2006	-	23.0	7.2	30.2
Charge for the year	-	3.7	0.3	4.0
Disposals	-	(8.7)	(6.5)	(15.2)
At 31 March 2007	-	18.0	1.0	19.0
Net book value				
At 31 March 2007	-	10.3	0.6	10.9
At 31 March 2006	0.1	7.0	0.8	7.9

**13 Investment in programmes for future sale**

	<b>Group £m</b>	<b>Company £m</b>
Cost		
At 1 April 2006	247.0	235.3
Exchange adjustment	(0.5)	(0.6)
Financing benefit	0.2	0.2
Additions	103.6	102.9
Disposals (note 10)	(5.9)	(5.9)
Elimination in respect of programmes fully amortised	(104.5)	(104.5)
<b>At 31 March 2007</b>	<b>239.9</b>	<b>227.4</b>
Amortisation		
At 1 April 2006	140.5	131.4
Charge for the year	107.1	104.1
Disposals (note 10)	(1.7)	(1.7)
Elimination in respect of programmes fully amortised	(104.5)	(104.5)
<b>At 31 March 2007</b>	<b>141.4</b>	<b>129.3</b>
Net book value		
<b>At 31 March 2007</b>	<b>98.5</b>	<b>98.1</b>
At 31 March 2006	106.5	103.9

The financing benefit relates to monies received for tax credits on investments in sale and leaseback programmes

**14 Investments in subsidiary undertakings**

	<b>Company £m</b>
Cost	
At 1 April 2006	47.8
Additions	1.2
Disposals	(6.0)
Transfers to Investments in associated undertakings (Note 16)	(3.4)
<b>At 31 March 2007</b>	<b>39.6</b>
Provisions	
<b>At 1 April 2006 and at 31 March 2007</b>	<b>(5.5)</b>
Net book value	
<b>At 31 March 2007</b>	<b>34.1</b>
At 31 March 2006	42.3

The principal operating subsidiaries of the company as at 31 March 2007 are shown in note 31

## 15 Interests in joint ventures

### 15a Movements in the year

	Interests in joint venture undertakings (Group)	Investment in joint venture undertakings (Company)
	£m	£m
Cost		
At 1 April 2006	10.0	67.5
Additions (note 10)	13.4	15.1
At 31 March 2007	23.4	82.6
Share of post acquisition reserves		
At 1 April 2006	6.4	
Exchange Adjustment	(0.1)	
Share of profit after taxation	38.1	
Provision for unrealised profit	(0.8)	
Adjustment to reflect effective obligation (note 15b)	(1.8)	
Dividends	(22.1)	
At 31 March 2007	19.7	
Loans receivable from joint ventures		
At 1 April 2006	-	-
Additions (note 10b)	0.8	0.8
At 31 March 2007	0.8	0.8
Goodwill		
At 1 April 2006	26.7	
Additions (note 10b)	1.7	
Amortisation (note 15d)	(7.5)	
At 31 March 2007	20.9	
Net book value		
At 31 March 2007	64.8	83.4
At 31 March 2006	43.1	67.5

### 15b Flextech and Discovery Communications joint ventures

BBC Worldwide has major partnership deals with Flextech, the content division of Virgin Media Limited, for the production and marketing of subscription channels in the UK, and with Discovery Communications Inc (Discovery) for the incorporation and operation of new channels around the world and provision of new co-production funding for programmes. These alliances operate under a number of statutory entities listed below.

Name of entity	Nature of entity	Partner	Date entered
UK Channel Management Limited	Joint Venture	Flextech	April 1997
UK Gold Holdings Limited	Joint Venture	Flextech	April 1997
UKTV Interactive Limited	Joint Venture	Flextech	August 2000
UKTV New Ventures Limited	Joint Venture	Flextech	August 2000
JV Programmes LLC	Joint Venture	Discovery	March 1998

Under the terms of the agreements with Flextech and Discovery, the Group has no obligation to fund losses incurred by the entities or to make good their net liabilities. As a result, the Group does not share in losses of the relevant entities and accordingly no share of losses is included in the financial statements for the year ended 31 March 2007 (2006: £nil). The Group is entitled to its share of any profits or net assets only once an individual venture attains a net assets position.

During the year ended 31 March 2007, UK Channel Management achieved a net assets position and the Group has recognised £6.5 million share of operating profit (2006: £nil), as set out in note 15d below. During the year ended 31 March 2007, the Group received a £4.5 million (2006: £4.0 million) dividend from UK Gold Holdings Limited. This dividend has been included within the Group's share of operating profit of joint ventures, as set out in note 15d below.

### 15c Other joint ventures

In December 2004, BBC Worldwide completed the acquisition of a 50% equity interest in Worldwide Media Limited, a magazine publishing joint venture based in India. During the current year, further purchase consideration was paid to the joint venture of Rupees 245 million (£2.8 million) based on the financial performance of the acquired business in the period to 31 July 2006. This amount was fully provided in prior years (note 20).

From December 2009, a put option is exercisable by the Group's joint venture partner. If exercised, this option would require the Group to increase its shareholding from 50% to 74%, through the purchase of 24% of its joint venture partner's shareholding. The consideration payable by the Group under this option is dependent on the future profitability of the joint venture.

The Group has guaranteed bank loans outstanding in Worldwide Media Limited totalling Rupees 366 million (£4.3 million). This debt may rise to Rupees 400 million (£4.7 million) over the next 2 years. The Group's share of the results of Worldwide Media Limited are set out in note 15d.

### 15d Analysis of share of joint venture profits and losses

Year ended 31 March 2007						
Name of entity	Joint venture operating profit/(loss) before goodwill amortisation £m	Goodwill amortisation £m	Share of operating profit/(loss) of joint ventures £m	Share of joint venture interest £m	Share of joint venture taxation £m	Share of joint venture profit/(loss) after taxation £m
2 entertain Limited	35.5	(7.0)	28.5	0.8	(9.4)	19.9
Worldwide Media Limited	0.9	(0.3)	0.6	-	(0.2)	0.4
BBC Haymarket Exhibitions Limited	0.1	-	0.1	-	-	0.1
Ragdoll Holdings Limited	-	-	-	-	-	-
Ragdoll Developments Limited	-	(0.2)	(0.2)	-	-	(0.2)
Dovetail Services (UK) Limited	(0.2)	-	(0.2)	-	-	(0.2)
UK Gold Holdings Limited (note 15b)	4.5	-	4.5	-	-	4.5
UK Channel Management Limited (note 15b)	6.5	-	6.5	(0.6)	(1.6)	4.3
<b>Total</b>	<b>47.3</b>	<b>(7.5)</b>	<b>39.8</b>	<b>0.2</b>	<b>(11.2)</b>	<b>28.8</b>

Year ended 31 March 2006						
Name of entity	Joint venture operating profit/(loss) before goodwill amortisation £m	Goodwill amortisation £m	Share of operating profit/(loss) of joint ventures £m	Share of joint venture interest £m	Share of joint venture taxation £m	Share of joint venture profit/(loss) after taxation £m
2 entertain Limited	27.3	(1.5)	25.8	0.9	(8.5)	18.2
Worldwide Media Limited	0.8	(0.2)	0.6	-	-	0.6
BBC Haymarket Exhibitions Limited	0.4	-	0.4	-	(0.2)	0.2
Dovetail Services (UK) Limited	(0.4)	-	(0.4)	-	-	(0.4)
UK Gold Holdings Limited (note 15b)	4.0	-	4.0	-	-	4.0
<b>Total</b>	<b>32.1</b>	<b>(1.7)</b>	<b>30.4</b>	<b>0.9</b>	<b>(8.7)</b>	<b>22.6</b>

The Group's share of operating profit in respect of the other joint venture investments listed in note 31 was £nil (2006 £nil).

The 2 entertain goodwill amortisation charge for the year of £7.0 million (2006 £1.5 million) includes £5.0 million of amortisation which has been fully offset by the Group's 60% share of a capital contribution paid to 2 entertain by the other joint venturer (recorded within the share of joint venture operating profit before amortisation).



## 15e Further disclosures in respect of joint ventures

The following disclosures are based on results for the year ended 31 March 2007, except 2 entertain Limited which is year to 31 January 2007 and JV Programmes and BBC Haymarket Exhibitions which are year to 31 December 2006. These additional disclosures given below are in accordance with FRS 9. The amounts disclosed represent BBC Worldwide's equity share of the profits and losses and assets and liabilities of the entities.

### 2007

BBC Worldwide share of	2 entertain Limited £m	UK Gold Holdings Ltd # £m	UK Channel Mgmt Ltd # £m	Other joint ventures # £m	Total joint ventures £m
<b>Turnover</b>	115.3	43.7	33.2	46.3	238.5
Profit/(loss) before taxation	36.3	9.9	8.4	(1.0)	53.6
Taxation	(9.4)	(3.5)	(2.6)	-	(15.5)
<b>Profit/(loss) after taxation</b>	26.9	6.4	5.8	(1.0)	38.1
Adjustment to reflect effective obligation*	-	(1.9)	(1.5)	1.6	(1.8)
<b>Goodwill amortisation</b>	(7.0)	-	-	(0.5)	(7.5)
<b>Share of joint venture profit after taxation</b>	19.9	4.5	4.3	0.1	28.8
Fixed assets	5.3	-	-	6.3	11.6
Current assets	63.3	19.7	33.4	44.6	161.0
<b>Gross assets</b>	68.6	19.7	33.4	50.9	172.6
Liabilities less than one year	(47.7)	(7.6)	(10.3)	(13.9)	(79.5)
Liabilities more than one year	-	(18.4)	(19.5)	(44.4)	(82.3)
<b>Gross liabilities</b>	(47.7)	(26.0)	(29.8)	(58.3)	(161.8)
Adjustment to reflect effective obligation*	-	6.3	-	26.0	32.3
Loan receivable from joint ventures	-	-	-	0.8	0.8
<b>Goodwill</b>	15.6	-	-	5.3	20.9
<b>Net book value</b>	36.5	-	3.6	24.7	64.8

### 2006

BBC Worldwide share of	2 entertain Limited £m	UK Gold Holdings Ltd # £m	UK Channel Mgmt Ltd # £m	Other joint ventures # £m	Total joint ventures £m
<b>Turnover</b>	115.2	41.6	35.9	36.4	229.1
Profit/(loss) before taxation	28.2	9.5	11.3	(2.0)	47.0
Taxation	(8.5)	(4.2)	(3.6)	(0.1)	(16.4)
<b>Profit/(loss) after taxation</b>	19.7	5.3	7.7	(2.1)	30.6
Adjustment to reflect effective obligation*	-	(1.3)	(7.7)	2.7	(6.3)
<b>Goodwill amortisation</b>	(1.5)	-	-	(0.2)	(1.7)
<b>Share of joint venture profit after taxation</b>	18.2	4.0	-	0.4	22.6
Fixed assets	5.2	-	-	5.8	11.0
Current assets	59.3	18.1	29.3	29.3	136.0
<b>Gross assets</b>	64.5	18.1	29.3	35.1	147.0
Liabilities less than one year	(53.5)	(8.0)	(7.9)	(5.3)	(74.7)
Liabilities more than one year	-	(22.8)	(23.5)	(43.4)	(89.7)
<b>Gross liabilities</b>	(53.5)	(30.8)	(31.4)	(48.7)	(164.4)
Adjustment to reflect effective obligation*	-	12.7	2.1	19.0	33.8
<b>Goodwill</b>	22.6	-	-	4.1	26.7
<b>Net book value</b>	33.6	-	-	9.5	43.1

#The figures have been restated to reflect a 12 month period to 31 March 2006 as set out in note 1b

\*Details in respect of the adjustment to reflect effective obligation relates are set out in note 15b

## 16 Interests in associated undertakings

### 16a Movements in the year

	Interests in associated undertakings s £m	Net loans to associated undertakings £m	Total (Group) £m	Investment in associated undertakings (Company) £m
Cost				
At 1 April 2006	0.2	0.3	0.5	0.1
Additions (excluding goodwill – Note 5a, 5b)	(3.4)	-	(3.4)	1.4
Transfers from Investment in subsidiary undertakings	-	-	-	3.4
Repayment	-	(0.3)	(0.3)	-
<b>At 31 March 2007</b>	<b>(3.2)</b>	<b>-</b>	<b>(3.2)</b>	<b>4.9</b>
Share of post acquisition reserves				
At 1 April 2006	0.6	-	0.6	
Share of loss after taxation	(13.6)	-	(13.6)	
Adjustment to reflect effective obligation (note 16b)	14.7	-	14.7	
Dividends	(0.3)	-	(0.3)	
<b>At 31 March 2007</b>	<b>1.4</b>	<b>-</b>	<b>1.4</b>	
Goodwill				
At 1 April 2006	-	-	-	
Transfer from intangible assets (note 9)	3.0	-	3.0	
Amortisation	(0.2)	-	(0.2)	
<b>At 31 March 2007</b>	<b>2.8</b>	<b>-</b>	<b>2.8</b>	
Net book value				
<b>At 31 March 2007</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	
At 31 March 2006	0.8	0.3	1.1	

### 16b Discovery Communications

BBC Worldwide has major partnership deals with Discovery Communications for the incorporation and operation of new channels around the world and provision of new co-production funding for programmes. These alliances operate under a number of statutory entities listed below.

Name of entity	Nature of entity	Partner	Date entered
Animal Planet (Latin America) LLC	Associate	Discovery	March 1998
People & Arts (Latin America) LLC	Associate	Discovery	March 1998
JV Network LLC	Associate	Discovery	March 1998
Animal Planet (Asia) LLC	Associate	Discovery	May 1998
The Animal Planet Europe Partnership	Associate	Discovery	May 1999
Animal Planet Japan LLP	Associate	Discovery	December 2000
Animal Planet Japan KK	Associate	Discovery	December 2000
Animal Planet Canada Company ULC	Associate	Discovery	September 2001

Under the terms of the agreements with Discovery and Alliance Atlantis, the Group has no obligation to fund losses incurred by the entities or to make good their net liabilities. As a result, the Group does not share in losses of the relevant entities and accordingly no share of losses is included in the financial statements for the year ended 31 March 2007 (2006 £nil). The Group is entitled to its share of any profits or net assets once the ventures' cumulative profits exceed cumulative losses since incorporation, with the exception of JV Network LLC. JV Network LLC was formed for the purpose of providing debt funding from Discovery to the other Discovery joint ventures and BBC Worldwide is not entitled to any profits arising within this entity.

### 16c Other associate undertakings

In addition to the arrangements with Discovery, BBC Worldwide has other associated undertakings that are listed in note 31. These are accounted for separately from the Discovery entities.

The Group's total share of operating profit of associates, including goodwill amortisation, was £0.9 million (2006: £0.8 million). The related taxation charge was £nil (2006: £0.2 million).

### 16d Further disclosures in respect of associate undertakings

The following additional disclosures are based on results for the year ended 31 December for the Discovery companies and Random House Limited and for the period ended 31 March for Educational Publishers LLP, the Alliance Atlantis companies, UK TV Pty Limited, Frontline Limited, Origin Publishers Limited and Children's Character Books Limited. These additional disclosures given below are in accordance with FRS 9. The amounts disclosed represent BBC Worldwide's equity share of the assets and liabilities of the entities.

#### Total associates

	2007 £m	2006 £m
BBC Worldwide share of		
Turnover	41.9	49.6
Loss before tax	(13.6)	(9.0)
Taxation	-	(0.3)
Loss after tax	(13.6)	(9.3)
Adjustment to reflect effective obligation*	14.7	9.8
Goodwill amortisation	(0.2)	-
	0.9	0.5
Fixed assets	11.2	52.0
Current assets	36.6	28.2
Gross assets	47.8	80.2
Liabilities less than one year	(20.1)	(22.5)
Liabilities more than one year	(125.2)	(160.9)
Gross liabilities	(145.3)	(183.4)
Adjustment to reflect effective obligation*	95.7	104.3
Goodwill	2.8	-
Net book value	1.0	1.1

The figures are based on unaudited financial statements.

\*Details in respect of the adjustment to reflect effective obligation relates are set out in note 16b.

### 16e Interests in trade investments

	Interests in trade investment (Group) £m	Interests in trade investment (Company) £m
Cost		
At 1 April 2006	-	-
Additions	5.0	-
At 31 March 2007	5.0	-

Of the trade investments recognised in the year, £4.1 million had been prepaid as a funding advance and included within debtors at the year end 31 March 2006. A further £0.9 million investment was made in the year. Trade investments relate to the Group's 20% unquoted investment in the ordinary share capital of Radio Midday Limited, a company registered in India. The principal activity of Radio Midday Limited is to obtain and operate FM radio licences in India.

## 17 Stocks

	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 £m
Raw materials and consumables	1.2	1.2	1.1	1.0
Work in progress	1.4	1.8	0.7	0.9
Programme stock	8.7	9.2	-	-
Finished goods and goods for resale	1.7	2.2	1.2	1.8
	13.0	14.4	3.0	3.7

## 18 Debtors

	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 £m
Amounts falling due within one year				
Trade debtors	95.0	89.5	63.5	54.3
Amounts owed by subsidiary undertakings	-	-	102.0	69.1
Amounts owed by fellow subsidiary undertakings	-	-	8.7	5.5
Amounts owed by associates and joint ventures (note 29)	19.9	19.9	18.5	18.5
Deferred taxation (note 8c)	3.0	6.4	-	-
Other debtors	4.9	13.0	2.5	8.3
Prepayments and accrued income - other	11.6	9.7	7.6	3.6
Prepayments and accrued income - BBC	18.4	21.9	18.4	21.9
	152.8	160.4	221.2	181.2
Amounts falling due after more than one year				
Other debtors	3.3	-	3.3	-
Deferred taxation (note 8c)	17.6	-	-	-
Deferred launch support asset	3.0	2.7	-	-
Prepayments and accrued income - BBC	-	4.0	-	4.0
	23.9	6.7	3.3	4.0
Total debtors	176.7	167.1	224.5	185.2

Deferred launch support costs comprise prepaid costs for use of channel broadcasting platforms. Other debtors falling due after more than one year comprise the present value of deferred disposal consideration receivable (note 5b).

## 19 Creditors

	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 £m
Amounts falling due within one year				
Bank overdrafts	-	-	-	0.7
Trade creditors	51.2	40.9	46.1	29.9
Rights creditors	27.9	25.6	23.1	18.9
Amounts owed to the BBC	31.0	10.8	26.7	9.2
Amounts owed to subsidiary undertakings	-	-	125.3	87.6
Amounts owed to fellow subsidiary undertakings	2.5	7.2	1.5	-
Amounts owed to associates and joint ventures (note 29)	2.5	-	2.5	-
Loan owed to parent undertaking	16.6	39.8	16.6	39.8
Unsecured loan notes	0.5	5.3	0.5	5.3
Corporation tax payable	8.0	4.2	6.0	1.0
Other creditors including other taxes and social security	21.9	17.7	12.4	10.6
Accruals and deferred income	90.8	112.4	75.5	89.2
	252.9	263.9	336.2	292.2
Amounts falling due after more than one year				
Bank loans	20.0	-	20.0	-
	20.0	-	20.0	-
Total creditors	272.9	263.9	356.2	292.2

## 19 Creditors (continued)

Rights creditors comprise royalty payments owing to contributors to television programmes and other media

At the year-end, BBC Worldwide had an unsecured £150 million loan and investment facility with BBC Commercial Holdings Limited (BBC Commercial Holdings), that was due to terminate on 30 September 2007. This facility has been renegotiated subsequent to the year end and the facility extended for a further year to 30 September 2008. Under this facility, interest is payable at 4.60% plus a margin between 0.375% to 0.45%. At 31 March 2007, BBC Worldwide Limited's drawn-down element of the facility was £16.6 million (2006: £39.8 million).

At year-end, BBC Worldwide had a secured loan of £25 million and an unsecured loan of £25 million with the European Investment bank. This facility is due to terminate in November 2011. Under this facility, interest is payable at the European Investment Bank's own funding cost plus a margin of 0.09% on unsecured loans. At 31 March 2007, BBC Worldwide Limited's drawn down element of the facility was £20 million (2006: £nil).

Unsecured loan notes were issued as deferred consideration for the prior year's acquisitions of Cover to Cover Limited and Origin Publishing Limited. A total repayment of £4.8 million was made in the year, comprising all Origin loan notes and a partial repayment of the Cover to Cover Limited balance. The remaining Cover to Cover Limited loan notes are repayable on demand or in full within 10 years and interest is charged at 0.5% above bank base rates.

## 20 Provisions for liabilities and charges and contingent liabilities

Group	Other provisions £m	Deferred tax (note 8c) £m	Total £m
At 1 April 2006	8.3	6.6	14.9
Provided during the year	2.9	4.8	7.7
Utilised in the year	(3.8)	-	(3.8)
<b>At 31 March 2007</b>	<b>7.4</b>	<b>11.4</b>	<b>18.8</b>

Company	Other provisions £m	Deferred tax £m	Total £m
At 1 April 2006	8.3	13.6	21.9
Provided during the year	2.9	-	2.9
Recognised in the year	-	(2.2)	(2.2)
Utilised in the year	(3.8)	-	(3.8)
<b>At 31 March 2007</b>	<b>7.4</b>	<b>11.4</b>	<b>18.8</b>

Other provisions comprise contingent acquisition consideration payable, legal claims and vacant property lease obligations. During the year, contingent acquisition consideration of £2.8 million was paid in relation to Worldwide Media Limited (note 15c).

The Group has a number of contingent liabilities arising from litigation arising from activities undertaken in its ordinary course of business. BBC Worldwide makes specific provision for the best estimate of any damages and costs which might be awarded. Provision is only made to the extent that the Directors consider it probable that there will be an outflow of economic benefits and the amount can be reliably estimated.

## 21 Called up share capital

	2007 £m	2006 £m
<i>Authorised</i>		
1,000,000 Ordinary shares of £1 each	1.0	1.0
<i>Issued, allotted, called up and fully paid</i>		
250,000 Ordinary shares of £1 each	0.2	0.2

## 22 Reserves

### 22a Profit and loss account

	Group £m	Company £m
At 1 April 2006	110.2	96.7
Profit for the year	86.4	74.4
Dividends	(75.3)	(75.3)
Exchange adjustment	(2.7)	-
<b>At 31 March 2007</b>	<b>118.6</b>	<b>95.8</b>

At 31 March 2007, the cumulative goodwill written off to reserves on acquisitions prior to 1 April 1998 amounted to £14.2 million (2006 £14.2 million)

### 22b Dividends

Group and company	2007 £m	2006 £m
Interim dividends paid in the year	75.3	57.1
Declared and accrued at year end	-	0.2
<b>Total</b>	<b>75.3</b>	<b>57.3</b>

On 30 May 2007, BBC Worldwide Limited's Board proposed and approved the payment of a final dividend of £6.0 million to BBC Ventures Group Limited in respect of additional profits generated in the 2006/07 financial period

## 23 Reconciliation of operating profit to the net cash inflow from operating activities

	2007 £m	2006 £m
Group operating profit	13.9	47.7
Depreciation and amortisation	113.9	88.3
Decrease in stocks	0.2	2.0
Increase in debtors	(3.3)	(1.3)
Increase in creditors	4.8	32.5
Increase in provisions	2.1	3.0
Cash outflow on termination of business (note 6)	(0.4)	(0.2)
<b>Net cash inflow from operating activities</b>	<b>131.2</b>	<b>172.0</b>

## 24 Reconciliation of net cash flow to movement in net debt

	2007 £m	2006 £m
Increase in cash in the year	1.7	10.4
Net cash outflow from parent undertaking loan	23.2	27.8
Net cash inflow from bank loan	(20.0)	-
Net cash outflow in respect of unsecured loan notes	4.8	0.5
Change in net debt resulting from cash flows	9.7	38.7
Issue of new unsecured loan notes	-	(4.3)
Change in net debt	9.7	34.4
Net debt at the beginning of the year	(19.5)	(53.9)
<b>Net debt at the end of the year</b>	<b>(9.8)</b>	<b>(19.5)</b>

## 25 Analysis of net debt

	1 April 2006 £m	Cash flows £m	Non-cash movement £m	31 March 2007 £m
Cash at bank and in hand	25.6	1.7	-	27.3
Bank loan	-	(20.0)	-	(20.0)
Loan from parent undertaking	(39.8)	23.2	-	(16.6)
Unsecured loan notes	(5.3)	4.8	-	(0.5)
Net debt	(19.5)	9.7	-	(9.8)

## 26 Post balance sheet events

As set out in note 19, subsequent to the year end the Group extended the term of its loan and investment facility with BBC Commercial Holdings Limited for a further 12 month period to 30 September 2008

Details of dividends paid and proposed after the year end date are set out in note 22b

## 27 Commitments

Contracts placed for future capital expenditure not provided

	Group 2007 £m	Group 2006 £m	Company 2007 £m	Company 2006 £m
Programme investments	65.5	66.6	65.5	66.6
Fixed assets	0.3	-	0.3	-
Total	65.8	66.6	65.8	66.6

Details of financial commitments in respect of joint ventures are given in note 15c

## 28 Operating lease commitments

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

	Land & buildings 2007 £m	Land & buildings 2006 £m	Plant & machinery 2007 £m	Plant & machinery 2006 £m
Expiring				
Within one year	0.7	0.4	0.1	0.4
Between two and five years	2.5	1.8	0.3	0.4
After more than five years	0.7	0.4	-	-
Total	3.9	2.6	0.4	0.8

## 29 Related party transactions

The related party transactions of the Group have been presented in accordance with *FRS 8 Related Party Disclosures*. Related parties of BBC Worldwide includes its subsidiary, associated and joint venture companies, its parent undertakings and fellow subsidiaries and members of key management of the Company and their close family members and its parent undertakings.

In accordance with FRS 8, transactions or balances between Group entities, which have been eliminated on consolidation, are not reported. The Company is a 100% owned subsidiary of BBC Ventures Group Limited and the British Broadcasting Corporation (BBC). As a result, the Group has taken advantage of the exemption set out in FRS 8 and has not disclosed transactions between the Group and the BBC or its subsidiaries.

The value of transactions conducted with related parties is measured annually and disclosed below.

2007

Name of related party	How related	Income £m	Expenditure £m	Dividend income £m	Net debtors/ (creditors) balance £m
2 entertain Limited	Joint Venture	9.2	(0.1)	17.6	5.3
BBC Haymarket Exhibitions Limited	Joint Venture	0.2	-	-	-
Worldwide Media Limited	Joint Venture	-	-	-	-
UK Channel Management Limited	Joint Venture	14.0	-	-	5.6
UK Gold Holdings Limited	Joint Venture	21.1	-	4.5	4.5
UKTV New Ventures Limited	Joint Venture	3.0	-	-	1.3
JV Programmes LLC	Joint Venture	38.9	(1.7)	-	0.2
Dovetail Services (UK) Limited	Joint Venture	-	-	-	0.3
Ragdoll Developments Limited	Joint Venture	-	-	-	(2.5)
Educational Publishers Limited	Associate	-	-	-	0.1
UK TV Pty Limited	Associate	1.1	-	-	0.2
Frontline Limited	Associate	-	(2.1)	0.3	-
Animal Planet (Latin America) LLC	Associate	0.7	-	-	0.2
People and Arts (Latin America) LLC	Associate	0.9	-	-	-
Animal Planet (Asia) LLC	Associate	0.8	-	-	0.5
The Animal Planet Europe Partnership	Associate	1.0	-	-	0.4
Animal Planet Japan LLP	Associate	0.3	-	-	0.3
Animal Planet Canada ULC	Associate	0.1	-	-	-
Jasper Broadcasting Inc	Associate	1.0	-	-	0.7
Jasper Junior Broadcasting Inc	Associate	0.4	-	-	0.3
Woodlands Books Limited	Associate	-	-	-	-
<b>Total</b>		<b>92.7</b>	<b>(3.9)</b>	<b>22.4</b>	<b>17.4</b>
Total net debtors / (creditors) with related parties					
Debtors (note 18)					19.9
Creditors (note 19)					(2.5)
<b>Total</b>					<b>17.4</b>



## 29 Related party transactions (continued)

2006

Name of related party	How related	Income	Expenditure	Dividend income	Net debtors/ (creditors) balance
		£m	£m	£m	£m
2 entertain Limited	Joint Venture	9.2	(0.8)	15.1	8.1
BBC Haymarket Exhibitions Limited	Joint Venture	0.8	(0.3)	0.3	0.3
Worldwide Media Limited	Joint Venture	-	-	-	-
UK Channel Management Limited	Joint Venture	13.6	-	-	2.9
UK Gold Holdings Limited	Joint Venture	20.4	-	4.0	3.9
UKTV New Ventures Limited	Joint Venture	3.3	-	-	1.5
JV Programmes LLC	Joint Venture	29.6	(1.7)	-	0.1
Dovetail Services (UK) Limited	Joint Venture	0.8	(0.3)	-	0.8
Educational Publishers Limited	Associate	0.4	-	-	0.4
UK TV Pty Limited	Associate	1.4	-	-	0.1
Children's Character Books Limited	Associate	0.6	-	-	-
Frontline Limited	Associate	-	(2.0)	0.4	-
Animal Planet (Latin America) LLC	Associate	0.8	-	-	0.2
People and Arts (Latin America) LLC	Associate	0.5	-	-	-
Animal Planet (Asia) LLC	Associate	0.6	-	-	0.5
The Animal Planet Europe Partnership	Associate	1.0	-	-	-
Animal Planet Japan LLP	Associate	0.2	-	-	0.1
Animal Planet Canada ULC	Associate	-	-	-	-
Jasper Broadcasting Inc	Associate	0.9	-	-	0.7
Jasper Junior Broadcasting Inc	Associate	0.4	-	-	0.3
<b>Total</b>		<b>84.5</b>	<b>(5.1)</b>	<b>19.8</b>	<b>19.9</b>

Total net debtors / (creditors) with related parties

Debtors (note 18)	19.9
Creditors (note 19)	-
<b>Total</b>	<b>19.9</b>

Terms of trade were negotiated on an arm's length basis and conducted in the ordinary course of business in the current and prior year

The nature of transactions conducted with related parties is disclosed below

Name of related party	Nature of transactions
2 entertain Limited	Dividend income, income from licensing of programme investments, commissions from international distributors of video/DVD and charges for services. Expenditure represents payment of commissions on distribution of childrens' video/DVD
BBC Haymarket Exhibitions Limited	Dividend income, royalty income & management fees
Frontline Limited	Dividend income and management fees for the distribution of magazines
Children's Character Books Limited	Royalty income from exploitation of book publishing rights
UK Gold Holdings Limited	Dividend income and sale of programmes
Worldwide Media Limited	Dividend income and management fees for the distribution of magazines
Dovetail Services (UK) Holdings Limited	Dividend income and management fees for management of magazine subscriptions
All others	Sale of programmes

## 30 Parent undertaking and controlling party

The Company's immediate parent is BBC Ventures Group Limited, which is in turn 100% owned by BBC Commercial Holdings Limited and the ultimate parent undertaking and controlling party is the British Broadcasting Corporation (BBC) that is incorporated in the United Kingdom by Royal Charter. The largest group in which the results of the company are consolidated is that headed by the BBC. The consolidated accounts of BBC may be obtained by writing to The Director of Governance, BBC Governance Unit, 35 Marylebone High Street, London, W1U 4AA.

### 31 Interest in subsidiary, associated and joint venture undertakings

The principal operating undertakings are listed below. They operate mainly in the countries of incorporation or registration. The investments are in equity share capital and they are all 100% directly owned by BBC Worldwide Limited unless stated otherwise.

#### Subsidiary undertakings

	Note	Country of incorporation or registration if outside of the UK
<b>Global Channels</b>		
European Channel Broadcasting Limited		
European Channel Management Limited		
New Video Channel America LLC	(a)	USA
<b>Global TV Sales</b>		
BBC Worldwide Americas Inc		USA
BBC Worldwide Canada Limited		Canada
BBC Worldwide France Sarl		France
BBC Worldwide Germany GmbH		Germany
BBC Worldwide Japan KK		Japan
UK Programme Distribution Limited (92.7%)		
<b>Content and Production</b>		
BBC Worldwide Reality Productions LLC	(a)	USA
BBC Worldwide Productions LLC	(a)	USA
<b>BBC Magazines</b>		
BBC Magazines Limited		
Bristol Magazines Limited		
Magazine Services Limited		
<b>Home entertainment</b>		
BBC Audiobooks Limited		
Cover to Cover Cassettes Limited	(c)	
Worldwide Children's Co-productions Limited		
<b>Investment companies</b>		
BBC Worldwide Investments Limited		
BBC Worldwide Holdings BV		Holland
Worldwide Americas Investments Inc	(a)	USA
Worldwide Channel Investments Limited		
Worldwide Channel Investments (Europe) Limited	(d)	
Worldwide Channel Investments (Ontario) Limited	(d)	Canada