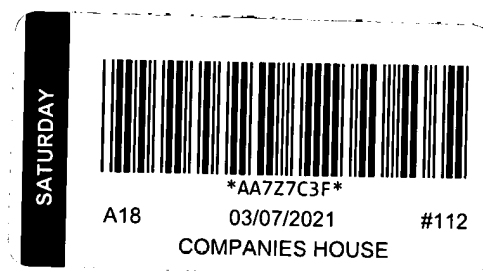


BBC Grafton House Productions Limited

Registered number 08539875

Annual Report and Financial Statements

For the year ended 31 March 2021



Officers and advisors

Directors

Roger Leatham

Francis Ralph Lee

Joanna Rwama

Company Secretary

Anthony Corriette

Registered office

1 Television Centre

101 Wood Lane

London

W12 7FA

Auditor

National Audit Office

157 - 197 Buckingham Palace Road

London

SW1W 9SP

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Strategic Report

The Directors present their annual report and audited financial statements for BBC Grafton House Productions Limited (the 'Company') for the year ended 31 March 2021.

Principal Activities

The Company is a wholly owned subsidiary of BBC Studios Productions Limited. The principal activity of the Company is the production of television programmes.

Business review and financial key performance indicators

The Company is one of BBC Studios' biggest producers of high-end Drama content and delivered close to 9 hours of high quality programming in 2020/21. This was lower than in the 2019/20 due to the impact of the Covid-19 pandemic, which paused production on a number of titles delaying delivery.

Production restarted successfully during the year, following all governmental and BBC Group guidelines, with a number of productions in progress as at 31 March 2021. The Company continues to perform in terms of producing and delivering premium content despite the pandemic. The Company delivered acclaimed dramas for the BBC, UKTV and BBC America during the year (*Doctor Who Special*, *We Hunt Together* and *The Watch* respectively). Despite the pandemic and challenges faced over the past year, 100% of productions achieved Albert foot-printing.

EBITDA is used as the non-statutory measures of financial performance that provides additional guidance to help understand the performance of the Company on a comparable basis year on year. The Company delivered an EBITDA loss of £3.8m for the year (2020: £0.3m loss).

Future developments

The Company will continue to agree and deliver on a number of significant content deals - either deepening existing partnerships or marking the beginning of new, high growth potential relationships, as it seeks to deliver high quality content for commissioners and audiences.

Principal risks and uncertainties

The Company considers its key risks and uncertainties to be as follows:

- a change in the UK tax policy could lead to changes to the high-end television tax relief policy. A reduction in the benefits the Company is able to obtain from this policy would result in the going concern position of the Company needing to be reviewed.
- risks in relation to contestability could result in shows the Company makes being competitively tendered by its commissioners. As a result there is a risk that the right to make the show would transfer to another production entity.
- market conditions and increased competition could lead to a shortage in talent and production staff to meet requirements at peak times.
- an increasingly competitive market, with large scale consolidated players competing for talent on and off screen could lead to the failure to attract talent and deliver high quality content, leading to a reduction in revenue. A number of significant content deals have been agreed, which either deepened existing partnerships or marked the beginning of new, high growth potential relationships.
- risk that audiences lose confidence in the integrity of the business or its content and editorial values. Trust and transparency are at the heart of the BBC values. The Company has committed to greater inclusion across all of its content, harnessing the diversity of thought and ideas from its teams has been a key component to its success.
- potential for non-compliance with UK and international laws, especially regulatory changes and legislation with extra-territorial reach. A robust, enforced framework is in place including mandatory training programmes, policies, regular reporting, specialist committees and code of conduct.

BBC Grafton House Productions Limited

Registered number 08539875

31 March 2021

Strategic Report (continued)

Principal risks and uncertainties (continued)

- Covid-19 has significantly increased the inherent health and safety risk to staff, contributors and visitors. The pandemic also poses significant challenges and risks to the safety of buildings, finances and technology, which are being monitored and managed on a real time basis. The over-riding priority for the Company is to protect the health and wellbeing of its people and families, with extensive support available for those working from home and juggling childcare, and a focus on maintaining wellbeing in a stressful and uncertain climate. After pausing productions for a number of months, productions resumed with significant health and safety precautions in place. For example: strict equipment sanitisation, clear floor markings, self-applied hair & makeup and the use of certain camera techniques. This has resulted in additional costs, which are expected to continue as restrictions remain in place.

Section 172 statement

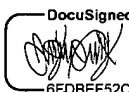
Section 172 of the Companies Act 2006 requires the Directors to act in the way they consider would most likely promote the success of the Company as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging their duties under section 172, the Directors have had a regard for these factors taking them into consideration when decisions are made. This includes:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

As a result of the governance structure embedded within the Company and the wider Group, the matters that it is responsible for considering under Section 172 have been considered to an appropriate extent by the Group in relation to this Company. The Directors have also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the entity, a further explanation of how the Company and the wider Group has considered the matters set out in the Act is set out in the annual report of BBC Commercial Holdings Limited, which does not form part of this report.

By order of the Board

DocuSigned by:

6FDBEF52C39649E
Anthony Corriette
Company Secretary
17 June 2021

Registered address

1 Television Centre
101 Wood Lane
London
W12 7FA

BBC Grafton House Productions Limited

Registered number 08539875

31 March 2021

Directors' Report

Directors

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

- Roger Leatham
- Francis Ralph Lee
- Joanna Rwama

Results and dividends

The Company made a loss of £2.0 million during the year (2020: £0.9m profit). No dividends were declared by the Company during the year (2020: £7.0m).

Financial instruments

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

Directors' interests and indemnities

No Director had any interest in the share capital of the Company throughout the financial year. No rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year. Directors' and Officers' liability insurance cover was in place throughout the financial year.

The environment

The Company does not operate in industries where there is potential for serious industrial pollution, however it recognises its responsibility to be aware of and take steps to control and minimise any damage its business might cause to the environment. Streamlined Energy and Carbon Reporting for the Company can be found within the consolidated accounts of the Company's parent, BBC Commercial Holdings Limited.

Corporate governance

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

Political and charitable contributions

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

Future developments

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

Going concern

The ability of the Company to operate as a going concern is dependent upon securing future commissions (including from within the BBC group) the effective management of costs, and the ongoing utilisation of high-end UK TV tax relief. Although the Company has made a loss for the year, this reflects the timing of production deliveries during the year. Increased deliveries are scheduled to take place in 2021/22. Having considered the implications of the principal risks and uncertainties as outlined in the Strategic Report on the future activities of the Company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

BBC Grafton House Productions Limited

Registered number 08539875

31 March 2021

Directors' Report (continued)

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

Statement as to disclosure of information to Auditors

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

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

By order of the Board

DocuSigned by:



6FD8EF52C39649E...

Anthony Corriette

Company Secretary

17 June 2021

Registered address

1 Television Centre
101 Wood Lane
London
W12 7FA

BBC Grafton House Productions Limited

Registered number 08539875

31 March 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice, comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the members of BBC Grafton House Productions Limited

Opinion on financial statements

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

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the Companies Act 2006.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and applicable law. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of BBC Grafton House Productions Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that BBC Grafton House Productions Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on BBC Grafton House Productions Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the annual report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

BBC Grafton House Productions Limited
Registered number 08539875
31 March 2021

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

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing BBC Grafton House Productions Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Inquiring of management, the BBC's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to BBC Grafton House Productions Limited's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including BBC Grafton House Productions Limited's controls relating to the Companies Act 2006;

BBC Grafton House Productions Limited

Registered number 08539875

31 March 2021

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

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

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

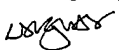
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, those charged with governance and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- assessing the design and implementation of controls around programme accounting related balances and testing the appropriateness of programme accounting balances including all those related to material commission contracts.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

DocuSigned by:



A97653D624ED416...

Lewis Knights

Senior Statutory Auditor

18 June 2021

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

BBC Grafton House Productions Limited

Registered number 08539875

31 March 2021

Income Statement

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue	1	29,234	43,097
Cost of sales		(40,693)	(51,475)
Gross loss		(11,459)	(8,378)
Administrative expenses		(597)	(281)
Operating loss	2	(12,056)	(8,659)
Operating loss reconciled as:			
EBITDA loss		(3,821)	(322)
Production tax credits		(8,235)	(8,337)
Taxation	4	10,102	9,524
(Loss)/Profit for the year		(1,954)	865

All amounts above are derived from continuing activities.

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


The notes on pages 15 to 21 form part of the financial statements.

Balance Sheet

as at 31 March 2021

	Note	2021 £'000	2020 £'000
Current assets			
Inventory	5	26,486	26,395
Trade and other receivables	6	12,793	13,687
Cash and cash equivalents		1,288	1,399
		40,567	41,481
Current liabilities			
Trade payables and accruals	7	(9,815)	(16,018)
Contract liabilities	1	(30,392)	(23,148)
		(40,207)	(39,166)
Net Assets		360	2,315
Capital and reserves			
Share capital	8	-	-
Retained earnings	9	360	2,315
Shareholders' Funds		360	2,315

The financial statements of BBC Grafton House Productions Limited, registered number 08539875 were approved by the Directors, authorised for issue and signed on their behalf by:

DocuSigned by:

 F3C1FFA9D6144D3
Joanna Kwama
 Director
 17 June 2021

Statement of Changes in Equity

for the year ended 31 March 2021

	Note	Share capital £'000	Retained earnings £'000	Total £'000
At 31 March 2019		-	8,450	8,450
Dividends declared and paid in year	10	-	(7,000)	(7,000)
Profit for the year		-	865	865
At 31 March 2020		-	2,315	2,315
Dividends declared and paid in year	10	-	-	-
Profit for the year		-	(1,954)	(1,954)
At 31 March 2021	9	-	360	360

Notes to the Financial Statements

for the year ended 31 March 2021

Statement of compliance with FRS 101

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

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

Accounting policies

This section explains the Company's main accounting policies, which have been applied consistently throughout the year and in the preceding year.

Basis of accounting

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

Basis of preparation

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

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

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

Going concern

The Board remains satisfied with the Company's funding and liquidity position. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with the levels of its existing facilities for a period of no less than 12 months from the date of signing these financial statements. Although the Company is loss making before tax, it will continue to utilise UK high-end television tax relief to ensure that it remains in a positive reserves position. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Revenue

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

The Company's main sources of revenue is commissioning income. Revenue is recognised on delivery of the related programme or on a stage of completion basis, depending on the nature of the contract with the customer. Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. The payment terms are over the term of the contract.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profits for the year.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Financial instruments

Financial assets and liabilities (primarily cash and cash equivalents, trade receivables and trade payables) are recognised on the balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or there has been a substantial transfer of the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired.

Trade and other receivables

These are recognised at fair value plus directly attributable transaction costs less an allowance for estimated impairment. The allowance is based on objective evidence that the Company will not be able to recover all amounts due, through a review of all accounts and prior experience collecting outstanding balances. Changes in the carrying amount of the allowance are recognised in the profit and loss account. A provision for impairment of trade and other receivables, based on the simplified approach using the lifetime expected credit losses, has not been recognised as this is not material.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Inventories

Work in progress relates to the costs of programmes in the course of production which were not delivered to the programme commissioner by 31 March 2021 and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the assets to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than three months.

Dividends on shares presented within equity

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

Use of estimates and judgements

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

The complexity of individual contractual terms may require the Company to make judgements in assessing when the criteria for recognising revenue have been satisfied, particularly whether the Company has sufficiently fulfilled its obligations under the contract to allow revenue to be recognised.

The Company is able to claim high-end television tax relief by surrendering its allowable losses and converting some or all of it into a payable tax credit. Eligible programming must meet certain criteria set by HMRC. Judgement is required in determining that the programming made by the Company complies with this criteria.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

Accounting policies (continued)

Adoption of new and revised accounting standards

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

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

They have been applied since 1 April 2020 and have not had a significant impact on the results or financial position of the Company.

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

1 Revenue

Contract balances

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

	2021 £'000	2020 £'000
At 1 April	(23,148)	14,065
Decrease due to revenue recognised in the period	22,728	(14,065)
Increase due to cash received in advance and not recognised as revenue during the year	(29,972)	(23,148)
At 31 March	(30,392)	(23,148)
Presented within:		
Current	(30,392)	(23,148)
Non-current	-	-
At 31 March	(30,392)	(23,148)

Contract costs

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

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

2 Operating Loss

The Company made an operating loss of £12.1m (2020: £8.7m) for the period to 31 March 2021.

The audit fee allocated to BBC Grafton House Productions Limited was £72k (2020: £72k). This was borne by the parent entity and recharged to the Company.

Non-audit fees paid to the Company's auditor were £nil (2020: £nil)

Expenses relating to short term leases totalled £1.8m during the year (2020: £2.2m).

3 Employees and Directors' remuneration

The Company did not have any employees during the year (2020: nil) nor did it make any payments in respect of wages and salaries (2020: £nil).

The Directors received no emoluments from the Company during the year (2020: £nil).

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

4 Taxation

	2021	2020
	£'000	£'000
Corporation tax		
Tax credit receivable	(8,235)	(8,337)
Group taxation relief	(1,867)	(1,187)
Taxation on loss on ordinary activities	(10,102)	(9,524)

The corporation tax credit receivable relates to UK high-end television tax relief.

5 Inventory

	2021	2020
	£'000	£'000
Work in progress	26,486	26,395
Total inventory	26,486	26,395

6 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts due within one year:		
Tax credit receivable	8,066	8,315
Intercompany receivables	3,195	3,020
Other receivables	1,029	1,272
Prepayments	503	1,080
Total debtors	12,793	13,687

7 Trade and other payables

	2021	2020
	£'000	£'000
Amounts due within one year:		
Intercompany payables	5,657	13,409
Accruals	3,078	1,745
Other payables	702	366
Trade payables	378	498
Total creditors	9,815	16,018

8 Share capital

	2021	2020
	£	£
Allotted, called up and fully paid:		
2 Ordinary Shares of £1 each	2	2
Total share capital	2	2

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

Notes to the Financial Statements (continued)

for the year ended 31 March 2021

9 Reserves

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

10 Dividends

	2021 £'000	2020 £'000
Dividends payable on ordinary equity shares		
Dividends were paid/proposed as follows:	-	7,000
Total dividends	-	7,000

11 Ultimate controlling party

The Company's immediate parent undertaking is BBC Studios Productions Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking, and controlling party, is the British Broadcasting Corporation (BBC) which is incorporated in the United Kingdom by Royal Charter. The results of the Company are consolidated within BBC Commercial Holdings Limited and the British Broadcasting Corporation. Copies of the financial statements of the BBC can be obtained from www.bbc.co.uk/annualreport.

12 Post-balance sheet events

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

13 Related party transactions

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