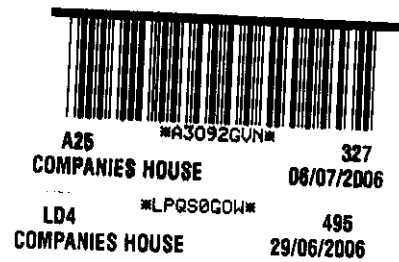


Registered number: 1420028

BBC Worldwide Limited

**Report and Financial Statements for
the year ended 31 March 2006**



BBC Worldwide Limited

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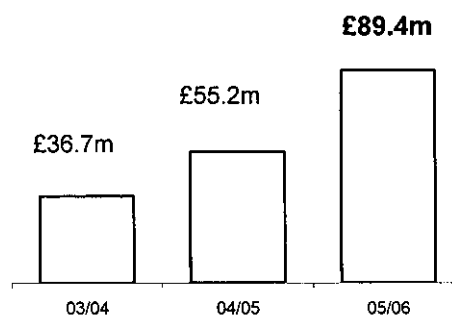
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Business and Financial review

Overview

Profit before interest and taxation

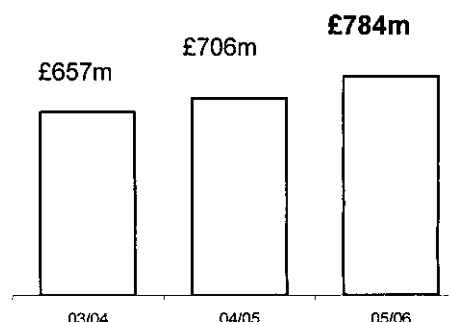
BBC Worldwide has beaten its target of doubling profit over two years. Profit before interest and taxation has grown to £89.4 million (2005: £55.2 million, 2004: £36.7 million). Profit before interest and taxation includes £9.3 million profit on the sale of a package of rights and £1.7 million profit on disposal of part of the Learning business. Total operating profit increased from £57.5 million to £78.9 million.



Turnover

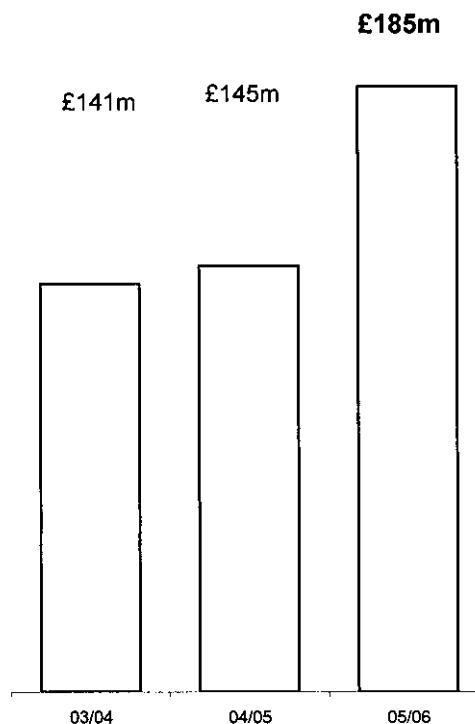
Turnover including share of joint ventures grew 11% to £784 million. This included the effect of 12 months 2|entertain turnover (2005: 4 months).

Turnover excluding joint ventures grew 2% to £556 million. Prior year turnover of £545 million included £29 million from activities now transferred to the 2|entertain joint venture.



BBC Cashflow

BBC Cashflow, the BBC's measure of how much cash BBC Worldwide returns to the BBC, rose 28% to deliver record cash to the BBC of £185 million. BBC Cashflow in 1996/97, the start of the current BBC Charter, was £53 million. Cumulative BBC Cashflow over the period to date is £1.1 billion.



Future Performance

BBC Worldwide expects to deliver profit before interest and taxation of over £100 million in 2006/07. Although no longer a key measure, BBC Worldwide also expects to meet its previous 10 year target of delivering over £200 million of BBC Cashflow by the year 2006/07.

Key Performance Indicators (KPI's)

BBC Worldwide's primary target is growth in profit before interest and taxation. Specific operating and financial KPI's relevant to individual businesses achieving this objective are highlighted in the trading results below.

Trading Results

BBC Worldwide has delivered an exceptional set of results, exceeding its target of doubling profit before interest and taxation over two years. This has been achieved through strong trading performance, turnaround or closure of under-

performing businesses and a continuing programme of cost efficiencies. The business was also restructured during the year, separating Content & Production activities from the Global TV Sales business.

	Sales (including share of joint ventures)		Profit before interest and taxation	
	2006 £m	2005 £m	2006 £m	2005 £m
Global Channels	165.4	140.6	6.9	4.0
Global TV Sales	173.1	158.8	31.7	30.9
Content & Production	36.1	13.2	3.2	1.0
Magazines (including Children's magazines)	163.7	169.4	19.3	22.0
Home Entertainment (including Learning)	175.3	160.8	25.8	8.7
Children's (excluding Magazines)	37.7	30.0	(0.9)	(6.6)
Digital Media	33.1	33.2	3.4	(4.8)
	784.4	706.0	89.4	55.2

Global Channels delivered an 18% increase in turnover to £165.4 million, with profit before interest and taxation rising to £6.9 million (2005: £4.0 million). Dividends received from the UKTV joint venture were £4.0 million (2005: £2.1 million). Together the channels reach 288 million unique households (2005: 245 million).

Global TV Sales had a record year, with profits of £31.7 million (2005: £30.9 million). Growth in key territories and the success of titles such as *Hustle*, *Dr Who* and *My Family* drove much of this increase, together with growth in factual co-productions. Margin fell by 1.2%, largely a result of increased amortisation on co-productions and the effect of increased payaways to Independent producers.

Content & Production activities were separated from Global TV Sales during the year, with the success of titles such as *Dancing with the Stars* and *Honey We're Killing the Kids* driving growth in profit to £3.2 million (2005: £1.0 million).

Magazines profit was £19.3 million (2005: £22.0 million). The prior year included profit from the sale of Eve magazine as well as significant costs arising on the move of titles to Bristol. On a normalised basis profit before interest and taxation was £20.7 million (2005: £20.2 million) with strong performances from lifestyle and specialist titles offsetting difficult conditions in the childrens market.

Magazines normalised	06	05
Profit before interest and tax	19.3	22.0
Discontinued titles and set-up of Origin	0.4	3.9
Goodwill amortisation	1.0	0.8
Eve sale	-	(6.5)
Normalised profit	<u>20.7</u>	<u>20.2</u>

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 5 titles by circulation were as follows:

Magazines Circulation	increase/(decrease)	06	05
Radio Times	(1.3)%	(4.2)%	
BBC Good Food	0.5%	0.0%	
BBC Gardeners World	(8.5)%	(9.8)%	
BBC Top Gear	5.9%	10.0%	
BBC Good Homes	4.6%	22.2%	

Home Entertainment profits increased to £25.8 million (2005: £8.7 million). Performance in the year resulted from strong DVD front list sales and the first full year of the newly created 2|entertain joint venture, unencumbered by the effect of transition. The video/DVD activities of the 2|entertain joint venture delivered £99.7 million turnover (2005: £56.7 million – 4 months only). In addition, the Books business has moved into profit of £1.0 million (2005: £3.1 million loss) and a £1.7 million gain was generated on disposal of part of the Learning business.

Children's (excluding magazines) reduced its losses to £0.9 million (2005: £6.6 million loss). Improvement was driven by a strong performance in the core business, reduced amortisation charges and the full year effect of the cost reduction programme initiated in the prior year.

Digital Media (formerly New Media) includes Music, Radio, sales to Mobile, Audiocall and the BBC Motion Gallery clips business. Profits rose to £3.4 million (2005: £4.8 million loss). Broadcasting Dataservices Limited was disposed of during the year having made losses of £3.6 million in the prior year. In addition, a package of rights was disposed of during the year for a profit of £9.3 million, providing funds for restructuring and development of new services.

Overseas sales

For the first time, BBC Worldwide's overseas sales (excluding joint ventures) exceeded UK sales (51% overseas, 49% UK), led by growth in Content & Production, Global Channels and Global TV Sales.

Acquisitions and disposals

BBC Worldwide's trading activity includes the acquisition, development, exploitation, licensing and sale of intellectual property. During the year ended 31 March 2006 BBC Worldwide completed a number of transactions and the rationalisation of several businesses in pursuit of its strategy as follows:

In May 2005 BBC Worldwide purchased the remaining 25% minority interest shares in Broadcasting Dataservices Limited, before disposing of its 100% holding to BBC Broadcast Limited, a fellow BBC subsidiary, in July 2005. There was no profit or loss on disposal.

BBC Worldwide also completed the sale of a package of rights in May 2005. A total cash consideration of £10.3 million was received, generating a profit on disposal of £9.3 million.

In August 2005 BBC Worldwide announced its intention to terminate its teacher learning business at a cost of £0.5 million.

In October 2005 BBC Worldwide entered into an agreement with Pearson Education to form a partnership branded BBC Active. In return for the transfer of assets of its Learning business, BBC Worldwide acquired a 15% stake in the new partnership. BBC Worldwide received net cash proceeds of £6.3 million in return for assets with a book value of £4.6 million.

Joint ventures and associates

In line with FRS9, BBC Worldwide has shown its share of joint venture turnover of £228.4 million (2005: £160.9 million) on the face of the profit and loss account. Gross assets and liabilities are presented on the balance sheet. The Group's share of operating profit of joint ventures, after goodwill amortisation of £1.7 million, was £30.4 million (2005: £18.5 million).

The Group's share of turnover for the 12 month period to 21 January 2006 accounting reference date was £115.2 million (2005: £64.0 million – 4 months only) and the share of operating profit after goodwill amortisation was £25.8 million (2005: £15.9 million).

The structure of the arrangements with its joint venture partners, Flextech, Discovery and Alliance Atlantis, is such that BBC Worldwide has no liability to fund the losses or net liabilities of the ventures and its effective financial obligation is therefore adjusted to £nil (2005: £nil). BBC Worldwide will consolidate the results of each joint venture company at the point they are cumulatively profitable and have net assets.

The share of turnover from BBC Worldwide's principal Flextech joint ventures, UK Gold Holding Limited and UK Channel Management Limited, was £77.1 million (2005: £68.4 million). BBC Worldwide's share of operating profit of these ventures was £19.5 million (2005: £20.0 million).

These profits were not accounted for within the results of BBC Worldwide as cumulative profitability has not been reached.

During the year ended 31 March 2006 the Group received dividends of £4.0 million from UK Gold Holdings Limited (2005: £2.1 million), which has been recorded within joint venture operating profit.

The share of turnover from BBC Worldwide's other joint ventures, including BBC Haymarket Exhibitions Limited and Worldwide Media Limited, was £36.1 million (2005: £28.5 million), generating a share of operating profit after goodwill amortisation of £0.6 million (2005: £0.5 million).

In April 2005 BBC Worldwide announced an agreement with Dennis Publishing Limited to form a joint venture named Dovetail Services (UK) Limited, comprising the magazine subscription fulfilment business of each company. BBC Worldwide contributed the assets and business of its Galleon Limited subsidiary in exchange for a 50% stake in the new joint venture company. There was no gain or loss on disposal.

Operating profit from BBC Worldwide's associates, Frontline Limited, UK TV Pty Limited, BBC Worldwide (India) Private Limited and Children's Character Books Limited was £0.8 million (2005: £1.2 million).

Taxation

The tax charge of £24.6 million (28%) compares to £22.5 million (45%) in 2005. UK corporation tax is provided at 30% (2005: 30%). The total effective tax rate for the current year is lower than the statutory rate of UK corporation tax principally due to a £3.7 million adjustment to deferred taxation provided in prior years. The higher comparative total effective tax rate in the prior year is due to adjustments to deferred taxation that year, together with the provision of UK taxation on dividends received from overseas subsidiaries.

Dividends

Dividends of £57.3 million were approved in the year (2005: £15.7 million), of which £57.1 million had been paid as at 31 March 2006.

Debt structure and borrowings

BBC Worldwide had net borrowings of £19.5 million at 31 March 2006 (2005: £53.9 million).

BBC Worldwide has a loan facility with BBC Commercial Holdings Limited, the holding company for the BBC's commercial subsidiaries. The outstanding loan balance at 31 March 2006 was £39.8 million (2005: £67.6 million). The loan facility was due to terminate on 30 September 2006 and consequently the outstanding balance has been disclosed as a creditor falling due within one year. This facility has been renegotiated subsequent to the year end and has been extended to 30 September 2007.

At 31 March 2006 there were unsecured loan notes outstanding of £5.3 million (2005: £1.5 million). These were issued in connection with the acquisitions of Cover to Cover Limited and Origin Publishing Limited.

Foreign exchange

51% of BBC Worldwide's revenues, excluding joint ventures, in the year were generated outside the UK (2005: 44%) and have been affected by fluctuations in exchange rates. It remains the policy of BBC Worldwide to take a risk-averse approach to the management of foreign exchange, including the hedging of risk by entering into forward exchange contracts.

Programme investments and amortisation

BBC Worldwide and its joint venture partners invested a total of £93.5 million in programme investments in the year (2005: £75.2 million). It was split £89.0 million in-house and independent programmes commissioned by the BBC (2005: £74.6 million) and £4.5 million in non-BBC commissioned programming (2005: £0.9 million).

Amortisation was £82.3 million (2005: £79.0 million) reflecting higher investment levels and the increased proportion of sales from co-production activity.

Capital expenditure

Capital expenditure on tangible fixed assets was £7.4 million in the year (2005: £3.9 million) reflecting the decision to purchase rather than lease IT equipment and development of a production facility in the USA.

Risks & uncertainties

The range of activities operated by BBC Worldwide means that its portfolio could be considered lower risk than businesses operating in a single market or media.

BBC Worldwide has an embedded programme of risk assessment and management, which is described in more detail in the corporate governance section on page 8.

The management team and Audit Committee manage key risks, ensuring that mitigating controls and actions required to enhance the control environment are implemented.

BBC Worldwide considers its key risks and uncertainties to be as follows:

- exposure to the advertising sales market over which BBC Worldwide has no control, mainly affecting linear channels and magazines;
- exposure to fluctuations in major currencies, particularly the US dollar, mainly affecting TV licensing, childrens licensing and channels;
- the impact of new technologies that may alter consumption patterns, mainly affecting linear channels and DVD; and
- increased competition for key programmes and talent rights, reducing margins in all businesses.

Post balance sheet events

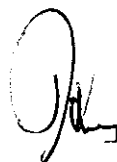
In April 2004 BBC Worldwide exercised a put-option to require Discovery to purchase the Group's entire 25% shareholding in Animal Planet LLC (acquired in 1998 as part of the Discovery Communications Inc joint venture arrangements), which in turn owns 80% of Animal Planet LLP. This sale was finalised in April 2006 for consideration of \$80 million pre-taxation.

In April 2006 BBC Worldwide also sold 61% of Origin Publishing Limited, and all of the non-BBC related titles published by it, to a management buy-out team led by its Managing Director. BBC Worldwide will maintain a minority stake in Origin Publishing Limited for a period of time as part of a staged exit. The BBC-branded titles previously produced by Origin Publishing Limited will be retained in a new subsidiary called Bristol Magazines Limited.

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 group financial statements of the BBC will be published with its results for the year ended 31 March 2006.



David King
Finance and IT Director
BBC Worldwide

15th June 2006

BBC's Fair Trading Commitment

BBC commercial activities and Fair Trading

In performing its commercial role, BBC Worldwide is fully subject to domestic and European Competition Law in the same way as any other United Kingdom company. The Competition Act 1998 and the Enterprise Act 2002 significantly strengthen the powers of the regulatory authorities to enforce fair trading.

In addition to these statutory provisions, and unlike its competitors, the BBC is subject to further requirements to trade fairly, arising from its Royal Charter and accompanying Agreement. These requirements, to which BBC Worldwide is also subject, are published as the BBC's Fair Trading Commitment.

This Fair Trading Commitment requires BBC Worldwide to:

- engage in commercial activities which are consistent with, and support the BBC's role as a public service broadcaster;
- pay fair charges for any goods or services received from other parts of the BBC;
- charge prices which are a fair reflection of both costs incurred and market practice.

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

The BBC Governors consider that the policies contained in the BBC's Fair Trading Commitment are consistent with the requirements of the Royal Charter and the accompanying Agreement. Through the Fair Trading Compliance Committee, they have gained reasonable assurance that the system of controls and procedures designed to ensure that these policies are applied throughout the BBC has been operating effectively throughout the year.

The BBC has appointed external Fair Trading auditors, PricewaterhouseCoopers, who have also issued an opinion. A copy of their report is included in the BBC's Annual Report*. The Fair Trading auditors' report needs to be read in full but in summary confirms that the BBC overall has established and has applied a system of internal controls which provide reasonable assurance that it has complied with its Fair Trading Commitment for the year ended 31 March 2006.

*www.bbc.co.uk/annualreport

Directors' report

The Directors present their report and the audited consolidated financial statements of BBC Worldwide for the year ended 31 March 2006. Details of the principal activities and the development of the business during the year, and likely further developments, are given in the Business and Financial Review on pages 1 to 4.

Principal activity of the Group

The trading activities of BBC Worldwide focus on the acquisition, development, exploitation and licence and sale of media and publishing 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 television, channels, publishing, product licensing and digital media.

Results and dividend

The consolidated profit after taxation and minority interests for the year was £62.1 million (2005: £27.7million). Dividends of £57.3 million (2005: £15.7 million) were approved and recognised in the year.

The Business and Financial review for the year is on pages 1 to 4.

Significant acquisitions and disposals

Details of acquisitions and disposals are included in the Business and financial review and in notes 5, 10 and 15 to the accounts.

Directors

The Directors who served during the year were:

D Childs	(appointed 21 October 2005)
S F Cooper	
W Garvie	(appointed 31 January 2006)
P Hornby	
D J King	
D C Moody	
M J Phillips	(resigned 31 March 2006)
P S Phippen	
J B Smith	
D A Vine	
C C Weller	
M C Young	

The following non-executive Directors were appointed on 31 January 2006

Z Patel
N Eldred
J Bennett

An independent non-executive Chairman was appointed on 31 January 2006

E de Villiers

Directors' interests

No Director had any interest in the share capital of BBC Worldwide Limited (the Company) at 1 April 2005 or 31 March 2006. No rights to subscribe for shares in or debentures of the Company or any other group company (the Group) were granted to any of the Directors or their immediate families, or exercised by them, during the financial year.

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. The Group seeks to comply with the CBI prompt payment code for trade creditors. Company trade creditors at 31 March 2006 were equivalent to 33 days (2005: 37 days) of purchases during the year ended on that date. Based on the consolidated financial statements creditor days outstanding were 36 days (2005: 35 days). Residual creditors have been excluded for the purposes of this calculation, as they relate to payments to artists and contributors rather than trade creditors (note 19).

Employee participation

All staff are invited to regular meetings which communicate the company's performance and activities, these events are called "The Bigger Picture". An annual staff survey is conducted to canvass employee opinion on a wide range of workplace issues.

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).

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 just over ten percent of staff from minority ethnic groups and approximately fifty percent of BBC Worldwide's 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 whilst 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. BBC Worldwide holds the "Investors in People" accreditation.

Donations

BBC Worldwide does not make political donations. During the year the Group made charitable donations totalling \$10,000 (£5,726) to the Hurricane Katrina appeal (2005: £50,000).

The environment

BBC Worldwide recognises its responsibility to safeguard natural resources and takes all possible steps to ensure its activities make minimal detrimental impact on the environment. BBC Worldwide does not operate in industries where there is potential for serious industrial pollution.

BBC Worldwide is a founder member of the WWF Forest Trade Network, and has been a leader in the campaign to promote credible forest certification. It was the first company in the world to publish consumer magazines and books titles on FSC (Forest Stewardship Council) labeled paper, providing consumers with a guarantee that the paper is responsibly sourced. Radio Times remains the biggest magazine in the world to be printed on this type of paper.

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.

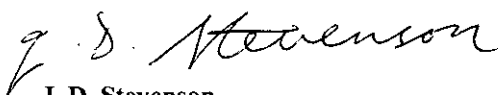
Auditors

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.

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.

By order of the board,



J. D. Stevenson
Company Secretary

15th June
2006

Registered Office
Woodlands
80, Wood Lane
London W12 0TT

Corporate Governance

BBC Worldwide's commitment

The Board of BBC Worldwide is committed to high standards of corporate governance.

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. The BBC voluntarily complies with the Combined Code to the extent deemed appropriate. Some useful information relating to BBC Worldwide is provided below.

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 Governors. The BBC Governors constitute the members of the BBC and act as trustees for the public interest.

The Board of Directors

Details of the Board of Directors of BBC Worldwide are shown on page 6.

On 24th November 2005, the BBC's Board of Governors approved new corporate governance arrangements for its wholly-owned commercial subsidiaries, including BBC Worldwide. As part of the implementation of these arrangements, during the year, non-executive directors have joined the Board of BBC Worldwide.

On 31st January 2006, Etienne de Villiers was appointed as a non-executive director and Chairman of the Board. Mr de Villiers is considered to be independent. During the year, the Chairman's other significant commitments included non-executive directorships of Jetix Europe NV, Video Networks Ltd, PI Capital Ltd, The ATP Tour Inc. and Engelfield Capital LLC. The Board considered that these commitments did not prevent the Chairman from spending sufficient time on BBC Worldwide matters.

Also on 31st January 2006, three non-executive directors from the BBC's Public Service were appointed: Jana Bennett, Nicholas Eldred and Zarin Patel. These directors are also senior executives within the BBC and are able to represent the views of the BBC, as shareholder, at the meetings of the Board.

There are clear lines of responsibility between the Chairman and the Chief Executive and other executive directors. The Chairman leads the Board, ensuring that each director, particularly each non-executive director, is able to contribute effectively to decision-making. He reviews the information circulated to the Board to ensure that it is sufficient, accurate and received in good time. The Chief Executive holds day-to-day management responsibility for the group's businesses, implementing group strategy as agreed by the Board.

12 scheduled board meetings were held during the year under review, including a specific meeting to direct overall strategy. Board meetings follow a formal agenda covering regular reports from the Chief Executive, Finance Director and Managing Directors of the company's businesses. Senior managers attend as required.

The Board has delegated certain functions to the BBC Worldwide Audit Committee and BBC Worldwide Investment and Cost Committee. However, the Board takes direct responsibility for the review and monitoring of key areas such as risk management. During the year, the Board has approved all investments in excess of £1 million.

BBC Worldwide is accountable to both the BBC's Executive Direction Group (EDG) and the Board of Governors. The Board of Directors refers certain matters to both the EDG and the Board of Governors. The appointment of non-executive directors on the BBC Worldwide Board will encourage commercial drive and vigour, as well as ensuring that the BBC's commercial activities are consistent with the BBC's overriding public service purposes.

Further information on the BBC's Executive Direction Group and the Board of Governors is available in the BBC Annual Report and Accounts.

Accountability and internal control

Financial reporting

The respective responsibilities of the Directors and the external auditors are set out on pages 11 and 12.

A review of the financial position of BBC Worldwide is included in the Business and Financial Review on pages 1 to 4.

Internal control

The Board of Directors 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 there is an 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 appropriate reporting procedures. The key control procedures are described under the following headings:

- 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. During the year, BBC Worldwide had a dedicated Risk Management Department which monitors risks facing the business and makes recommendations to develop the internal control environment.

- Monitoring of controls

The BBC's Internal Audit function undertakes regular testing of control systems and compliance with core business processes under a plan agreed by the BBC's Audit Committee. This programme of testing, which is updated periodically, is based on a continuing assessment of key risks and issues. The results of testing are reported to the BBC's Audit Committee, which monitors the operation of BBC Worldwide's controls through the year.

- Operating unit controls

Key controls over major business risks include performance review and exception reporting.

The BBC Worldwide Investment and Cost Committee, a sub-committee of the Board, must approve all transactions over a certain threshold. The BBC Board of Governors must approve all transactions over certain higher thresholds.

BBC Worldwide's treasury activities are managed by the BBC's Group Treasury Department in line with their 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 the event of failure of BBC Worldwide's own data processing facility.

- Financial reporting

BBC Worldwide has a comprehensive budgeting system with an annual budget approved by the Board of Directors. 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 has an anti-fraud policy, clarifying overall and ultimate responsibility for ensuring that appropriate controls are in place to minimise the risk of fraudulent activity which has been updated during the year under review. During the year, BBC Worldwide commissioned an external review of its exposure to fraud risks in key areas. Further best practice recommendations arising from the review will be implemented.

During the year, the BBC's anti-fraud group 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' or 'protected disclosure' policy. The policy facilitates the anonymous communication of any incident in which there is a suspicion that there has been malpractice. The process is administered by an independent external company to ensure anonymity. Each reported incident is notified to the BBC's Head of Business Assurance who ensures that every incident is investigated, a response communicated and action taken as appropriate.

Internal audit

The BBC has an Internal Audit department which is a core part of the Business Assurance function. Internal Audit's authority, and its independence, is assured from its joint independent reporting relationship to the Board of Governors' 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.

Internal Audit undertakes regular testing of control systems and core business processes under a plan agreed with the BBC's, BBC Commercial Holdings' and BBC Worldwide's Audit Committees. The audit plan for BBC Worldwide, which is reported 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.

Audit committees

Matters relating to BBC Worldwide are also considered by the BBC's Audit Committee, which comprises three of the BBC's Governors.

The BBC's Audit Committee meets four times a year, and is charged with reviewing the effectiveness of internal control, approving and monitoring the Internal Audit work plan, considering issues arising from Internal Audit's work, reviewing management's response to internal control issues, approving the external audit fee, considering the external audit strategy and plans, reviewing the external auditors' reports and reviewing the annual accounts. Both internal and external auditors are given the opportunity to meet privately with the Audit Committee without any member of management present.

BBC Worldwide's own Audit Committee continued to meet during the year. The members of the committee are the executive directors and the BBC's Head of Business Assurance. The BBC Worldwide Audit Committee met four times during the year. The aim of the BBC Worldwide Audit Committee is to ensure that BBC Worldwide achieves the highest standards of corporate governance, particularly with respect to internal control and risk management and reports as required to the Audit Committee of BBC Commercial Holdings Limited, the holding company for the BBC's commercial subsidiaries.

Remuneration policy

A Remuneration Committee approved by the BBC Governors has responsibility for setting executive remuneration policy, including the remuneration package for BBC Worldwide's Chief Executive. The Remuneration Committee of the Board of BBC Commercial Holdings Limited (the parent company of BBC Worldwide) has responsibility for setting BBC Worldwide Board remuneration policy, including the remuneration packages for BBC Worldwide's executive directors.

The Chief Executive recommends the remuneration packages for the 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 BBC's Head of Reward provides technical support to the Remuneration Committee and Chief Executive in this respect.

Directors' remuneration disclosure is shown in note 4e.

Statement of Directors' responsibilities for the preparation of the 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.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 Auditor's Report to the members of BBC Worldwide Limited

We have audited the group and parent company financial statements (the "financial statements") of BBC Worldwide Limited for the year ended 31 March 2006 which comprise Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses 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 11.

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. We also 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 2006 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
Registered Auditor

15 June 2006

8 Salisbury Square
London
EC4Y 8BB

Consolidated profit and loss account

For the year ended 31 March		2006	2005
	Note	£m	£m
Turnover (including share of joint ventures)	2	784.4	706.0
Less: share of joint ventures	2,15e	(228.4)	(160.9)
Group turnover	2	556.0	545.1
Cost of sales		(341.3)	(335.4)
Gross profit		214.7	209.7
Distribution costs	3	(147.0)	(147.3)
Administrative expenses	3	(20.0)	(24.6)
Group operating profit		47.7	37.8
Share of operating profit of joint ventures	15d	30.4	18.5
Share of operating profit of associates	16c	0.8	1.2
Total operating profit		78.9	57.5
Profit on disposal of business	5	1.7	0.4
Profit on sale of fixed assets	6	9.3	-
Loss on termination of business	6	(0.5)	(2.7)
Profit before interest and taxation	2	89.4	55.2
Interest receivable	7	1.5	0.2
Interest payable	7	(4.1)	(5.7)
Profit on ordinary activities before taxation	3	86.8	49.7
Tax on profit on ordinary activities	8	(24.6)	(22.5)
Profit on ordinary activities after taxation		62.2	27.2
Equity minority interests	22b	(0.1)	0.5
Profit attributable to shareholders	22a	62.1	27.7

On 19 January 2005 BBC Worldwide completed the sale of eve magazine to Haymarket Magazines Limited. Sale proceeds of £6.5 million have been included within Group turnover in the year ended 31 March 2005.

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.

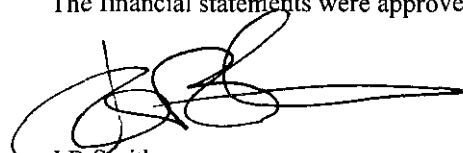
The profit for the current and prior year is derived from continuing operations.

Following amendments to the Companies Act 1985 dividends are presented as deductions from equity and are not presented within the profit and loss account.

Consolidated balance sheet

As at 31 March		2006	2005
	Notes	£m	£m
Fixed assets			
Intangible fixed assets	9	19.3	20.3
Tangible fixed assets	11	12.1	11.5
Investment in programmes for future sale	13	106.5	97.3
Interests in joint ventures:			
Share of gross assets		150.7	139.4
Share of gross liabilities		(171.5)	(175.9)
Adjustment to reflect effective obligation		37.2	46.7
Goodwill		26.7	26.9
	15a	43.1	37.1
Interests in associated undertakings	16a	1.1	1.3
		44.2	38.4
		182.1	167.5
Current assets			
Stocks	17	14.4	18.5
Current debtors	18	160.4	167.8
Long-term debtors	18	6.7	13.8
Total debtors		167.1	181.6
Cash at bank and in hand		25.6	15.2
		207.1	215.3
Creditors: amounts falling due within one year	19	(263.9)	(263.8)
Net current liabilities		(56.8)	(48.5)
Total assets less current liabilities		125.3	119.0
Provisions for liabilities	20	(14.9)	(15.9)
Net assets		110.4	103.1
Capital and reserves			
Called up share capital	21	0.2	0.2
Profit and loss account	22	110.2	103.3
Equity shareholders' funds		110.4	103.5
Equity minority interests	22	-	(0.4)
Total capital employed		110.4	103.1

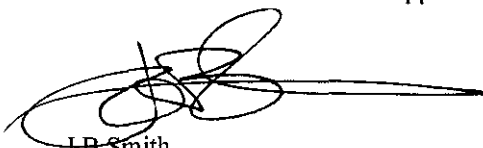
The financial statements were approved by the Board of Directors on 15th June 2006 and were signed on its behalf by:


J B Smith
Director

Company balance sheet

As at 31 March		2006	2005
	Note	£m	£m
Fixed assets			
Intangible fixed assets	9	0.4	0.1
Tangible fixed assets	12	7.9	7.2
Investment in programmes for future sale	13	103.9	93.8
Investments			
Investments in subsidiary undertakings	14	42.3	42.3
Investments in joint ventures	15	67.5	67.5
Investment in associated undertakings	16	0.1	0.1
		109.9	109.9
		222.1	211.0
Current assets			
Stocks	17	3.7	8.6
Current debtors	18	181.2	189.1
Long-term debtors	18	4.0	10.2
Total debtors		185.2	199.3
Cash at bank and in hand		-	-
		188.9	207.9
Creditors: amounts falling due within one year	19	(292.2)	(298.1)
Net current liabilities		(103.3)	(90.2)
Total assets less current liabilities		118.8	120.8
Provisions for liabilities	20	(21.9)	(15.9)
Net assets		96.9	104.9
Capital and reserves			
Called up share capital	21	0.2	0.2
Profit and loss account	22	96.7	104.7
Equity shareholders' funds		96.9	104.9

The financial statements were approved by the Board of Directors on 15th June 2006 and were signed on its behalf by:


J.B. Smith
Director

Consolidated statement of total recognised gains and losses

	Group 2006	Group 2005	Company 2006	Company 2005
For the year ended 31 March	£m	£m	£m	£m
Profit for the financial year	62.1	27.7	49.3	25.2
Effect of foreign currency translation	2.1	(0.4)	-	-
Unrealised gain on disposal of business (note 10)	-	22.8	-	59.5
Total recognised gains and losses relating to the financial year	64.2	50.1	49.3	84.7

Reconciliation of movements in equity shareholders' funds

	Group 2006	Group 2005	Company 2006	Company 2005
For the year ended 31 March	£m	£m	£m	£m
Total recognised gains and losses for the year	64.2	50.1	49.3	84.7
Dividends	(57.3)	(15.7)	(57.3)	(15.7)
Net increase/(decrease) in equity shareholders' funds	6.9	34.4	(8.0)	69.0
Equity shareholders' funds at start of year	103.5	69.1	104.9	35.9
Equity shareholders' funds at end of year	110.4	103.5	96.9	104.9

Consolidated cash flow statement

For the year ended 31 March	Note	2006 £m	2005 £m
Net cash inflow from operating activities	23	172.0	132.8
Dividends from joint ventures and associates		19.8	13.6
Returns on investments and servicing of finance			
Interest received		0.6	0.2
Interest paid		(4.1)	(5.7)
Net cash outflow from return on investments and servicing of finance		(3.5)	(5.5)
Taxation			
Taxation paid		(13.5)	(10.1)
Capital expenditure and financial investments			
Purchase of tangible fixed assets	11	(7.4)	(3.9)
Purchase of intangible assets	9	(0.4)	-
Proceeds from sale of fixed assets	6a	1.0	9.3
Investment in programmes for future sale	13	(74.0)	(75.2)
Repayment of loan to associated undertaking	16	0.4	0.3
Net cash outflow for capital expenditure and financial investments		(80.4)	(69.5)
Acquisitions and disposals			
Purchase of subsidiary undertakings	9	(0.8)	-
Payment on account to acquire associate	16c	(4.1)	-
Investment in joint ventures		-	(7.1)
Disposal of business	5a / 5b	6.3	1.4
Net cash inflow/(outflow) from acquisitions and disposals		1.4	(5.7)
Cash inflow before distributions and financing		95.8	55.6
Equity dividends paid to shareholders		(57.1)	(35.6)
Cash inflow before financing		38.7	20.0
Financing			
Repayment of loan from parent undertaking		(27.8)	(14.6)
Outflow in respect of unsecured loan notes		(0.5)	(0.1)
Net cash outflow from financing		(28.3)	(14.7)
Increase in cash in the year	24	10.4	5.3

The comparative cash flow statement has been restated. Further details are included in note 6a.

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, except as detailed below:

FRS 21 (IAS 10): Events after the balance sheet date

The Group has adopted FRS 21 during the year. This standard requires dividends to be recorded as liabilities in the financial statements only in the period in which they are approved for payment and are no longer at the discretion of the Company. This change in accounting policy has not resulted in a prior period adjustment as no dividends were proposed but unapproved for payment at 31 March 2005.

FRS 25 (IAS 32): Financial instruments – presentation and disclosure

The presentation requirements of FRS 25 are applicable within these financial statements. Dividends are deducted directly from equity. The presentational requirements of this new standard have not otherwise impacted these financial statements.

FRS 28: Corresponding amounts

This has no effect because it imposes the same requirements for comparatives as previously required by the Companies Act 1985.

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 made up to 31 March 2006. 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.

The results of the joint ventures and associates within the Flextech and Discovery agreements have been included using information from unaudited accounts drawn up to 31 December 2005 (notes 15 and 16), as permitted by FRS 9: Associates and joint ventures. The results of the 2|entertain Limited joint venture have been included using information from audited accounts drawn up to 27 January 2006 (note 15).

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 turnover for the year was £390.3 million (2005: £400.5 million) and the Company's profit after taxation for the year dealt with in the Group's financial statements was £49.3 million (2005: £25.2 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 content and production; distribution and advertising income from television broadcasters and mobile phone operators, the publication of magazines; income and licence fees from the publication of Audiobooks, books and videos/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 of service.

Licence fees from international television programme sales – recognised at the start of the licence period unless the programme rights have not been delivered by that date, in which case, revenue is recognised on delivery of the 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, including 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 the rate of exchange prevailing at the date of the transactions.

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 Intangible assets and goodwill

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 subject to reviews for impairment, reflecting the directors' opinion of its useful economic life in each case.

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:

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

1g Operating leases

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

1h Research and development

Research and development expenditure 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 videos, DVDs, books and paper stock and work in progress are stated at the lower of cost and net realisable value.

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 required by FRS 17 'Retirement benefits' the Group 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 figures for the year ended 31 March 2005 have been restated to reflect the more detailed segmental disclosure adopted for the year ended 31 March 2006. The Group's Content & Production business, previously included within Television – programme sales, is now shown as a separate business segment.

The segmental disclosure reflects the current group business and reporting structure. Segments comprise media formats with the exception of Children's, which comprises the exploitation of children's brands through international television programme sales, publishing activities, including video/DVD, and other licensing activities. Home entertainment formats comprise the publication of books, Audiobooks, video/DVDs and Learning publications.

2a Turnover analysed by type of business

	Group turnover £m	Share of joint ventures £m	Total £m
2006			
Television – Global Channels	76.9	88.5	165.4
Television – Global TV Sales	160.0	13.1	173.1
Television - Content & Production	33.5	2.6	36.1
Magazines	152.1	11.6	163.7
Home entertainment (including Learning)	75.6	99.7	175.3
Children's	37.7	-	37.7
Digital Media	20.2	12.9	33.1
	556.0	228.4	784.4

	Group turnover £m	Share of joint ventures £m	Total £m
2005			
Television – Global Channels	62.4	78.2	140.6
Television – Global TV Sales	146.0	12.8	158.8
Television - Content & Production	12.2	1.0	13.2
Magazines	163.5	5.9	169.4
Home entertainment (including Learning)	104.1	56.7	160.8
Children's	30.0	-	30.0
Digital Media	26.9	6.3	33.2
	545.1	160.9	706.0

Global TV sales include licensing for standard television and cable sales.

2b Turnover analysed by geographical destination

(all Group turnover originates from within the UK)

	2006 £m	2005 £m
United Kingdom	274.4	310.8
Americas	142.9	108.3
Europe	94.7	85.2
Rest of World	44.0	40.8
Group turnover	556.0	545.1
Share of joint ventures	228.4	160.9
Total	784.4	706.0

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

	Group operating Profit £m	Share of joint ventures/ associates £m	Total operating profit £m	Profit/(loss) on disposal or termination (notes 5&6) £m	Profit before interest and taxation £m
2006					
Television – Global Channels	2.4	4.5	6.9	-	6.9
Television – Global TV Sales	31.7	-	31.7	-	31.7
Television - Content & Production	2.4	0.8	3.2	-	3.2
Magazines	18.2	1.1	19.3	-	19.3
Home entertainment (including Learning)	1.9	22.7	24.6	1.2	25.8
Children's	(0.7)	(0.2)	(0.9)	-	(0.9)
Digital Media	(8.2)	2.3	(5.9)	9.3	3.4
	47.7	31.2	78.9	10.5	89.4

	Group operating Profit £m	Share of joint ventures/ associates £m	Total operating profit £m	Profit/(loss) on disposal or termination (note 5&6) £m	Profit before interest and taxation £m
2005					
Television – Global Channels	1.3	2.7	4.0	-	4.0
Television – Global TV Sales	30.9	-	30.9	-	30.9
Television - Content & Production	0.8	0.2	1.0	-	1.0
Magazines	20.8	1.2	22.0	-	22.0
Home entertainment (including Learning)	(6.4)	15.1	8.7	-	8.7
Children's	(6.9)	(0.1)	(7.0)	0.4	(6.6)
Digital Media	(2.7)	0.6	(2.1)	(2.7)	(4.8)
	37.8	19.7	57.5	(2.3)	55.2

2d Profit before interest and taxation analysed by geographical location

	Group operating Profit £m	Share of joint ventures/ associates £m	Total operating profit £m	Profit/(loss) on disposal or termination (note 5&6) £m	Profit before interest and taxation £m
2006					
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
Total	47.7	31.2	78.9	10.5	89.4

	Group operating Profit £m	Share of joint ventures/ associates £m	Total operating profit £m	Profit/(loss) on disposal or termination (note 5&6) £m	Profit before interest and taxation £m
2005					
United Kingdom	16.9	19.0	35.9	(2.3)	33.6
Americas	3.9	-	3.9	-	3.9
Europe	11.4	-	11.4	-	11.4
Rest of World	5.6	0.7	6.3	-	6.3
Total	37.8	19.7	57.5	(2.3)	55.2

2e Net assets analysed by geographical location

	Total 2006 £m	Total 2005 £m
United Kingdom	74.5	74.6
Americas	35.9	28.5
Total	110.4	103.1

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 disclosure 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

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

	2006 £m	2005 £m
Operating lease rentals		
- plant and machinery	1.7	3.0
- land and buildings	6.7	6.0
- satellite costs	1.0	1.0
Depreciation - owned assets	4.6	5.2
Depreciation - impairment	-	1.0
Amortisation of investment in programmes for future sale	82.3	79.0
Amortisation of intangible fixed assets	1.4	1.6
Auditors' remuneration		
- company audit fee	0.2	0.2
- subsidiaries audit fees	0.1	0.1
- other services relating to taxation	0.1	0.1
- other services – assurance services	0.2	0.1
Foreign exchange gain	(1.3)	(3.1)
Research and development expenditure	1.6	1.2

In the prior year the Group reviewed the carrying value of certain information technology assets included within plant and machinery and made a £1m provision for impairment, in accordance with *FRS 11: Impairment of fixed assets and goodwill*. The discount rate applied in the review to calculate the value in use was 11%, which reflected the risks associated with the assets.

Auditors' remuneration comprises amounts payable by the Group in the UK and overseas. In addition to the £0.3 million (2005: £0.2 million) of auditors' remuneration charged to the profit and loss account for taxation and assurance services, a further £0.1 million (2005: £0.1 million) was paid to the Auditors for due diligence services. Such costs are included within the cost of the related subsidiary, joint venture or associate investment.

The previously reported classification of administrative expenses and distribution costs for the year ended 31 March 2005 has been adjusted in the current year to achieve a consistent presentation between periods. Administrative expenses in the comparative year have been reduced by £9.9 million with a matching £9.9 million increase in distribution costs.

4 Employees and remuneration**4a Persons employed**

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

	2006 Average	2005 Average
Television – Global Channels	80	50
Television - Global TV Sales	324	325
Television - Content & Production	35	33
Magazines	720	849
Home entertainment (including Learning)	430	531
Children's	97	115
Digital media	96	192
Total	1,782	2,095

Within the averages above, 174 (2005: 190) part-time employees have been included at their full-time equivalent of 143 (2005: 118). In addition to the above, the Group employed an average full-time equivalent of 52 (2005: 66) persons on a casual basis. Their payroll costs are included in note 4b.

4b Staff costs (Including Directors)

	2006 £m	2005 £m
Salaries and wages	76.2	81.8
Social security costs	4.9	6.8
Other pension costs	3.1	2.9
	84.2	91.5

In addition to the above, redundancy costs and compensation for loss of office payments totalling £5.2 million (2005: £4.0 million) were incurred in the year.

4c BBC Pension Scheme

Many BBC Worldwide employees are members of the BBC Group Pension Scheme, which 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.

It has been agreed with the trustees that both employer and employee contributions will rise further as per the table set out below. The position will be reviewed again after a new formal actuarial valuation which will take place during 2007.

	Projected		Actual			
	2008	2007	2006	2005	2004	2003
Contribution rates (%)						
Employer	17.3	7.5	6.0	5.5	5.0	4.5
Employee	7.5	5.5/6.0	5.5	5.0	4.5	4.5

BBC Worldwide, following the provisions within *FRS 17: Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. This is because it is not possible to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The pension cost charged for this scheme therefore represents contributions payable by BBC Worldwide, amounting to £2.6 million in the year (2005 £2.3 million).

The 1 April 2005 full actuarial valuation was updated for *FRS 17* purposes to 31 March 2006 based on an interim valuation of the scheme by Watson Wyatt, consulting actuaries. This valuation identified a surplus on the scheme at 31 March 2006 (2005 : deficit). Additional disclosure about the scheme and its financial position under *FRS 17* is provided in the BBC Annual Report and Accounts that can be obtained from The Director of Governance, BBC Governance Unit, 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 £0.5 million in the year (2005: £0.6 million).

4e Directors' remuneration

The remuneration of the Directors during the year was as follows:

	2006	2005
	£'000	£'000
Emoluments	2,031	1,627
Bonus	704	349
	2,735	1,976
Compensation for loss of office	-	905
Long-term incentive plan	249	228
	2,984	3,109

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

	2006	2005
	No of Directors	No of Directors
Defined benefit schemes	11	10
Money purchase schemes	7	7

The Company contributed £93,000 (2005: £102,000) to money purchase schemes for its Directors during the year.

The remuneration of the highest paid Director included:

	2006	2005
	£'000	£'000
Emoluments	274	214
Bonus*	87	44
	361	258
Long-term incentive plan	-	23
	361	281

The Company contributed £nil (2005: £nil) to money purchase schemes on behalf of the highest paid Director during the year. The highest paid Director had accrued pension benefits of £153,000 (2005: £46,000) per annum as at 31 March 2006 under the Company's defined benefit scheme. The highest paid Director in the year ended 31 March 2006 was a different individual to that in the comparatives.

John Smith was appointed Chief Executive Officer of BBC Worldwide on 18 March 2005. During the period from 16 July 2004 to his appointment as a director of the company on 18 March 2005 he was acting Chief Executive Officer of BBC Worldwide and emoluments of £99,000 were recharged by the BBC to the Group in respect of his services.

*In addition to the annual bonus of the highest paid Director, an equal amount has been forgone and has been invested in the Long Term Incentive Plan which may vest in May 2008.

5 Disposal of subsidiary / business**(a) Broadcasting Data Services Limited**

On 27 May 2005 BBC Worldwide purchased the minority interest 25% of the shares in Broadcasting Data Services for £50,000 prior to disposing of 100% of the shareholding on 1 July 2005 to BBC Broadcast Limited, a fellow BBC Subsidiary.

	2006
	£m
Tangible fixed assets	1.7
Net current liabilities disposed of / written off	(1.7)
Profit on disposal	-
	-
Of which:	
Consideration received (cash proceeds)	0.2
Cash transferred on disposal	(0.2)
Net cash proceeds from sale of operations	-

(b) Disposal of Learning Business

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 of £6.6m. Details of the transaction are as follows:

	2006 £m
Investments in programmes for future sale	1.8
Net current assets disposed of / written-off	2.8
Profit on disposal	1.7
	6.3
Of which:	
Cash consideration received	6.6
Less cash transaction costs	(0.3)
Net cash proceeds from sale of operations	6.3
Interest in associated undertaking recognised	-
Total consideration, net of transaction costs	6.3

The carrying value of the Group's 15% investment in the new partnership was £nil at acquisition. The Group is accounting for its investment as an associate undertaking.

(c) Prior year transactions

In the prior year, on 30 April 2004 BBC Worldwide announced the formation of a new venture, Children's Character Books Limited, which is 75% owned by Penguin Books and 25% owned by the Group. BBC Worldwide disposed of its children's books business to the new venture in exchange for cash consideration of £2.3 million. A profit on disposal of £0.4 million has been recorded in respect of the 75% of the business in which the Group has not retained an interest. The Group's 25% interest in Children's Character Books Limited is accounted for as an associate undertaking.

6 Profit / (loss) on disposal and termination

(a) Profit on sale of fixed assets

On 13 May 2005, BBC Worldwide completed the sale of certain rights (note 13). 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.

The 2006 cash flow statement on page 17 and note 23 has been restated to present the £9.3m of prior year cash proceeds as arising on disposal of fixed assets rather than arising from operating activities. This presentation is consistent with that adopted for the remaining £1.0m cash proceeds which were received in the current year.

(b) Loss on termination of business

In August 2005, BBC Worldwide announced its intention to terminate its teacher learning business, 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.

On 10 May 2004, BBC Worldwide announced its intention to terminate its Multimedia publishing business, which developed and marketed gaming titles for Playstation, Xbox and Gameboy platforms. During the year ended 31 March 2005 termination costs totalling £2.7 million were charged to the profit and loss account, of which £1.3 million was in respect of the write off of stocks. The balance of £1.4 million comprised the cash costs of exiting the business.

7 Interest

7a Interest Receivable

	2006 £m	2005 £m
Share of joint venture interest receivable	0.9	-
Other interest receivable - Group	0.6	0.2
Total interest receivable	1.5	0.2

7b Interest Payable

	2006 £m	2005 £m
Loan from parent undertaking	(3.9)	(5.4)
Other loans	(0.2)	(0.3)
Group interest payable	(4.1)	(5.7)

8 Taxation

8a Analysis of charges for the year

The charge for the year, based on a rate of corporation tax of 30% (2005: 30%), comprised:

	2006 £m	2005 £m
Current tax:		
UK corporation tax	9.5	2.0
Group relief payable	8.8	5.4
Deduct: double tax relief	(2.4)	(2.0)
	15.9	5.4
Adjustments in respect of prior years	0.2	0.6
Foreign tax	7.4	3.8
Share of joint venture/associated undertakings' tax	8.9	5.5
Total current tax	32.4	15.3
Deferred tax:		
Origination and reversal of timing differences	(4.1)	4.1
Adjustments in respect of prior years	(3.7)	3.1
Total deferred tax	(7.8)	7.2
Charge for the year	24.6	22.5

8b Factors affecting the tax charge

	2006 £m	2005 £m
Profit before tax	86.8	49.7
Profit before tax multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	26.0	14.9
Effects of:		
Disallowed expenditure	2.4	1.2
UK Taxation on intra-group overseas dividends	-	1.6
Non-taxable income	(1.2)	(0.6)
Tax differential on overseas earnings	0.9	1.7
Capital allowances in excess of depreciation	(3.5)	(2.2)
Other timing differences	7.6	(1.9)
Utilisation of brought forward losses	-	-
Adjustments to tax charge in respect of prior years	0.2	0.6
Current tax charge for the year (8a)	32.4	15.3

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.

	2006 £m	2005 £m
Net deferred tax provision		
Net provision at start of year	8.1	0.6
Exchange adjustment	(0.1)	0.3
Deferred tax (credit)/charge (note 8a)	(7.8)	7.2
Net provision at end of year	0.2	8.1
Deferred tax liability/(asset)		
Accelerated capital allowances	13.5	13.6
UK timing differences	(6.9)	-
UK deferred tax liability (note 20)	6.6	13.6
US timing differences (note 18)	(6.4)	(5.5)
	0.2	8.1

UK and US timing differences relate to differences between the treatment of certain revenue and expense items for taxation and accounting purposes. UK timing differences are all anticipated to reverse within the year ended 31 March 2007.

8d 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 goodwill amortisation). A higher tax rate will also result should further intra-group overseas dividends be paid to UK group companies.

9 Intangible fixed assets

	Group Other intangible £m	Group Goodwill £m	Group Total £m	Company Total £m
Cost				
At 1 April 2005	0.4	22.8	23.2	0.2
Additions	0.3	0.1	0.4	0.3
At 31 March 2006	0.7	22.9	23.6	0.5
Amortisation				
At 1 April 2005	0.4	2.5	2.9	0.1
Charge for the year	0.1	1.3	1.4	-
At 31 March 2006	0.5	3.8	4.3	0.1
Net book value:				
At 31 March 2006	0.2	19.1	19.3	0.4
At 31 March 2005	-	20.3	20.3	0.1

The addition to goodwill in the year relates to the final adjustment to the contingent purchase consideration for Origin Publishing Limited. On acquisition of 100% of the share capital of Origin Publishing Limited on 20 February 2004 by BBC Worldwide, contingent consideration of up to £5.1million was payable, based on the performance of the acquired business in the period to 30 September 2005. The full £5.1million was settled in the year ended 31 March 2006 of which £0.8m was paid in cash and the balance of £4.3million settled by way of the issue of loan notes (note 19). Of the £5.1million settled, £5.0 million had been accrued and recognised as additional goodwill in the year ended 31 March 2005.

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

Additions to other intangible assets comprises the purchase of customer listings.

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

(a) Dovetail Services (UK) Limited (formerly GalleonCI Limited)

On 12 April 2005 BBC Worldwide announced an agreement with Dennis Publishing Limited to form a joint venture comprising the magazine subscription fulfilment business of each company. BBC Worldwide contributed the assets and business of its Galleon Limited subsidiary in exchange for a 50% stake in the new joint venture company, Dovetail Services (UK) Limited.

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 Dennis Publishing's business.

The book value of net assets transferred to the joint venture was £nil, comprising tangible fixed assets of £0.2 million and net current liabilities of £(0.2) million. The fair value of the share of the business disposed of and the Group's share of the business acquired was valued at £nil. Consequently no gain or loss on disposal has arisen and no goodwill on acquisition has been recognised.

(b) 2|entertain Limited

In the prior year, on 27 September 2004, BBC Worldwide entered into an agreement with Woolworths Group plc ('Woolworths') to form a joint venture comprising BBC Worldwide's video/DVD business (excluding children's titles) and the video/DVD and music publishing business of Woolworths. This principally non-cash transaction resulted in the formation of a joint venture company, 2|entertain Limited ('2|entertain'), which is 60% owned by BBC Worldwide.

The transaction was accounted for under *UITF 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 60% of its business and divestment of the remaining 40% in return for a 60% interest in Woolworth's video business. The transaction resulted in an unrealised gain on disposal of £22.8 million which is recorded in the statement of total recognised gains and losses in the year ended 31 March 2005.

	2005
	£m
Investment in programmes for future sale	5.5
Net current assets	0.9
	6.4
Cash contribution	1.6
Unrealised gain on disposal of business	22.8
Interest in joint venture undertaking at time of exchange	30.8
Represented by:	
Goodwill	24.9
Additions to investments in joint ventures (note 15)	5.9
	30.8

The Company's investment in 2|entertain is £67.5 million, being the fair value of the business acquired (note 15). BBC Worldwide's equity share of the results of 2|entertain are disclosed in note 15e.

11 Tangible fixed assets - Group

Group	Freehold land & buildings £m	Short leasehold buildings £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost					
At 1 April 2005	0.2	1.6	37.3	9.8	48.9
Additions	-	1.8	5.1	0.5	7.4
Disposals	-	-	(8.4)	(1.0)	(9.4)
At 31 March 2006	0.2	3.4	34.0	9.3	46.9
Depreciation					
At 1 April 2005	-	1.0	27.7	8.7	37.4
Charge for the year	-	0.3	3.9	0.4	4.6
Disposals	-	-	(6.3)	(0.9)	(7.2)
At 31 March 2006	-	1.3	25.3	8.2	34.8
Net book value:					
At 31 March 2006	0.2	2.1	8.7	1.1	12.1
At 31 March 2005	0.2	0.6	9.6	1.1	11.5

12 Tangible fixed assets - Company

Company	Short leasehold buildings £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost				
At 1 April 2005	0.1	29.4	8.0	37.5
Additions	-	3.7	0.1	3.8
Disposals	-	(3.1)	(0.1)	(3.2)
At 31 March 2006	0.1	30.0	8.0	38.1
Depreciation				
At 1 April 2005	-	23.2	7.1	30.3
Charge for the year	-	2.8	0.2	3.0
Disposals	-	(3.0)	(0.1)	(3.1)
At 31 March 2006	-	23.0	7.2	30.2
Net book value:				
At 31 March 2006	0.1	7.0	0.8	7.9
At 31 March 2005	0.1	6.2	0.9	7.2

13 Investment in programmes for future sale

	Group £m	Company £m
Cost		
At 1 April 2005	228.7	218.5
Exchange adjustment	1.8	0.8
Financing benefit	0.1	0.1
Additions	93.5	93.0
Disposals (note 10)	(4.1)	(4.1)
Elimination in respect of programmes fully amortised	(73.0)	(73.0)
At 31 March 2006	247.0	235.3
Amortisation		
At 1 April 2005	131.4	124.7
Exchange adjustment	1.1	0.6
Charge for the year	82.3	80.4
Disposals (note 10)	(1.3)	(1.3)
Elimination in respect of programmes fully amortised	(73.0)	(73.0)
At 31 March 2006	140.5	131.4
Net book value:		
At 31 March 2006	106.5	103.9
At 31 March 2005	97.3	93.8

The exchange adjustment arises on the re-translation of the opening programme investments held in the US. Included in the Group and the Company net book values is £3.6 million relating to investments held under a licence agreement (2005: £2.5 million).

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

14 Investments in subsidiary undertakings

	Company £m
Cost	
At 1 April 2005	47.8
Additions (note 9)	0.1
Disposals	(0.1)
At 31 March 2006	47.8
Provisions	
At 1 April 2005 and at 31 March 2006	(5.5)
Net book value:	
At 31 March 2006	42.3
At 31 March 2005	42.3

The principal operating subsidiaries of the company as at 31 March 2006 are shown in note 31.

Disposals relate to Broadcasting Dataservices Limited (note 5).

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 2005	8.5	67.5
Additions (note 15c)	1.5	-
At 31 March 2006	10.0	67.5
Share of post acquisition reserves		
At 1 April 2005	1.7	
Exchange Adjustment	(0.2)	
Share of profit after taxation	30.1	
Adjustment to reflect effective obligation*	(5.8)	
Dividends	(19.4)	
At 31 March 2006	6.4	
Goodwill		
At 1 April 2005	26.9	
Additions	1.5	
Amortisation	(1.7)	
At 31 March 2006	26.7	
Net book value:		
At 31 March 2006	43.1	
At 31 March 2005	37.1	

15b Flextech and Discovery Communications joint ventures*

BBC Worldwide has major partnership deals with Flextech, the content division of Telewest Communications plc, 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 2006 (2005: £nil). The Group is entitled to its share of any profits or net assets only once the ventures' cumulative profits exceed cumulative losses since incorporation.

During the year ended 31 March 2006, the Group received a £4.0 million (2005: £2.1 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

Worldwide Media Limited

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 for total cash consideration of £5.5 million. Goodwill of £2.9 million arose on the transaction.

Contingent consideration paid to the joint venture of up to Rupees 245 million (£3.0 million) may be payable, based on the financial performance of the acquired business in the period to 31 July 2006. Based on the applicable financial targets and the Board's expectation of the short term financial performance of the business during this period, the full contingent consideration has been recognised in the calculation of goodwill during the year ended 31 March 2006. This additional investment payable to the joint venture has been recorded as an addition to the Group's share of joint venture net assets (£1.5 million) and as additional goodwill £1.5 million.

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 (£4.5 million). This debt may rise to Rupees 400 million (£5.0 million) over the next 2 years. The Group's share of the results of Worldwide Media Limited are set out in note 15d.

2|entertain Limited

During the year ended 31 March 2005, BBC Worldwide entered into a new joint venture, 2|entertain Limited, further details of which are set out in note 10. The Group's share of its results are set out in note 15d and 15e.

BBC Haymarket Exhibitions Limited

BBC Haymarket Exhibitions Limited is included in the joint venture total and is accounted for separately from the Flextech and Discovery joint ventures. The Group's share of its results are set out in note 15d.

Dovetail Services (UK) Limited

Details of the Group's investment in this new joint venture, Dovetail Services (UK) Limited, are set out in note 10a. The Group's share of its results are set out in note 15d.

15d Analysis of share of joint venture profits and losses

Year ended 31 March 2006	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
Name of entity						
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
Total	32.1	(1.7)	30.4	0.9	(8.7)	22.6

Year ended 31 March 2005	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 after taxation £m
Name of entity						
2 entertain Limited	16.7	(0.8)	15.9	-	(5.1)	10.8
Worldwide Media Limited	0.2	(0.1)	0.1	-	-	0.1
BBC Haymarket Exhibitions Limited	0.4	-	0.4	-	(0.1)	0.3
UK Gold Holdings Limited (note 15b)	2.1	-	2.1	-	-	2.1
Total	19.4	(0.9)	18.5	-	(5.2)	13.3

The Group's share of operating profit in respect of the other joint venture investments listed in note 31 was £nil (2005: £nil).

15e Further disclosures in respect of joint ventures

The following disclosures are based on results for the year ended 31 December 2005, except 2|entertain Limited which is year to 27 January 2006. 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.

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 venture s £m
Turnover	115.2	40.8	36.3	36.1	228.4
Profit/(loss) before taxation	28.2	7.8	11.7	(1.6)	46.1
Taxation	(8.5)	(3.8)	(3.5)	(0.2)	(16.0)
Profit/(loss) after taxation	19.7	4.0	8.2	(1.8)	30.1
Adjustment to reflect effective obligation*	-	-	(8.2)	2.4	(5.8)
Goodwill amortisation	(1.5)	-	-	(0.2)	(1.7)
Share of joint venture profit after taxation	18.2	4.0	-	0.4	22.6
 Fixed assets	5.2	-	-	5.8	11.0
Current assets	59.3	16.4	34.5	29.5	139.7
Gross assets	64.5	16.4	34.5	35.3	150.7
Liabilities less than one year	(53.5)	(8.9)	(13.4)	(6.4)	(82.2)
Liabilities more than one year	-	(22.7)	(25.1)	(41.5)	(89.3)
Gross liabilities	(53.5)	(31.6)	(38.5)	(47.9)	(171.5)
Adjustment to reflect effective obligation*	-	15.2	4.0	18.0	37.2
Goodwill	22.6	-	-	4.1	26.7
Net Book Value	33.6	-	-	9.5	43.1

2005

	2entertain Limited £m	UK Gold Holdings Ltd # £m	UK Channel Mgmt Ltd # £m	Other joint ventures # £m	Total joint ventures £m
BBC Worldwide share of:					
Turnover	64.0	36.8	31.6	28.5	160.9
Profit/(loss) before taxation	16.7	11.0	9.0	(3.2)	33.5
Taxation	(5.1)	(2.8)	(2.7)	(0.1)	(10.7)
Profit/(loss) after taxation	11.6	8.2	6.3	(3.3)	22.8
Adjustment to reflect effective obligation*	-	(6.1)	(6.3)	3.8	(8.6)
Goodwill amortisation	(0.8)	-	-	(0.1)	(0.9)
Share of joint venture profit after taxation	10.8	2.1	-	0.4	13.3
Fixed assets	3.8	-	-	5.3	9.1
Current assets	68.2	15.6	21.1	25.4	130.3
Gross assets	72.0	15.6	21.1	30.7	139.4
Liabilities less than one year	(65.0)	(6.6)	(2.9)	(5.1)	(79.6)
Liabilities more than one year	-	(28.1)	(30.4)	(37.8)	(96.3)
Gross liabilities	(65.0)	(34.7)	(33.3)	(42.9)	(175.9)
Adjustment to reflect effective obligation*	-	19.1	12.2	15.4	46.7
Goodwill	24.1	-	-	2.8	26.9
Net Book Value	31.1	-	-	6.0	37.1

#The figures are based on unaudited financial statements.

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

16 Interests in associated undertakings

16a Movements in the year

	Interests in associated undertakings £m	Net loans to associated undertakings £m	Total (Group) £m	Investment in associated undertakings (Company) £m
Cost				
At 1 April 2005	0.2	0.6	0.8	0.1
Exchange adjustment	-	0.1	0.1	-
Disposals	-	(0.4)	(0.4)	-
At 31 March 2006	0.2	0.3	0.5	0.1
Share of post acquisition reserves				
At 1 April 2005	0.5	-	0.5	
Share of loss after taxation	(9.3)	-	(9.3)	
Adjustment to reflect effective obligation*	9.8	-	9.8	
Dividends	(0.4)	-	(0.4)	
At 31 March 2006	0.6	-	0.6	
Net book value:				
At 31 March 2006	0.8	0.3	1.1	
At 31 March 2005	0.7	0.6	1.3	

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 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 2006 (2005: £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.

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. At 31 March 2006, the disposal was still subject to contract and the disposal has not been recognised in these financial statements. The transaction completed on 3 April 2006. Further details are set out in note 26.

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 results of other associates comprise the Group share of the operating profit/(loss) of UK TV Pty Limited of £0.5 million (2005: £0.5 million), Frontline Limited of £0.5 million (2005: £0.7 million), Children's Character Books Limited loss of £0.2 million (2005: loss of £0.1million) and BBC World (India) Private Limited £nil million (2005: £0.1 million). The Group's share of the remaining associates in note 31, including Jasper Broadcasting Inc and Jasper Junior Broadcasting Inc, operated in partnership with Alliance Atlantis, was £nil (2005: £nil).

The Group's total share of operating profit of associates was £0.8 million (2005: £1.2 million). The related taxation charge was £0.2 million (2005: £0.3 million).

In 2005, the Group partnered with Mid Day Multimedia Limited to bid for licences in the Indian FM Radio sector. The Group has made an initial advance investment of £4.1 million which is recorded within debtors at the year end. The Group will complete the acquisition of an associate interest in this business post year end.

16d Further disclosures in respect of associate undertakings

The following additional disclosures are based on results for the year ended 31 December 2005 for the Discovery companies, and for the period ended 31 March 2006 for Educational Publishers LLP, BBC World (India) Private Limited, the Alliance Atlantis companies, UK TV Pty Limited, Frontline 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

	2006 £m	2005 £m
BBC Worldwide share of:		
Turnover	49.6	42.9
Loss before tax	(9.0)	(15.9)
Taxation	(0.3)	(0.4)
Loss after tax	(9.3)	(16.3)
Adjustment to reflect effective obligation*	9.8	17.2
	0.5	0.9
Fixed assets	52.0	38.8
Current assets	28.2	24.5
Gross assets	80.2	63.3
Liabilities less than one year	(22.5)	(19.3)
Liabilities more than one year	(160.9)	(123.9)
Gross liabilities	(183.4)	(143.2)
Adjustment to reflect effective obligation*	104.3	81.2
Net Book Value	1.1	1.3

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.

17 Stocks

	Group 2006 £m	Group 2005 £m	Company 2006 £m	Company 2005 £m
Raw materials and consumables	1.2	1.7	1.0	1.5
Work in progress	1.8	2.3	0.9	0.6
Finished goods and goods for resale	11.4	14.5	1.8	6.5
	14.4	18.5	3.7	8.6

18 Debtors

	Group 2006 £m	Group 2005 £m	Company 2006 £m	Company 2005 £m
Amounts falling due within one year:				
Trade debtors	89.5	98.0	54.3	59.9
Amounts owed by subsidiary undertakings	-	-	69.1	72.7
Amounts owed by fellow subsidiary undertakings	-	-	5.5	-
Amounts owed by associates and joint ventures (note 29)	19.9	4.2	18.5	3.0
Other debtors	13.0	14.6	8.3	9.1
Deferred taxation (note 8)	6.4	5.5	-	-
Prepayments and accrued income - other	9.7	4.6	3.6	3.5
Prepayments and accrued income - BBC	21.9	40.9	21.9	40.9
	160.4	167.8	181.2	189.1
Amounts falling due after more than one year:				
Other debtors	-	2.5	-	2.5
Deferred launch support asset	2.7	3.6	-	-
Prepayments and accrued income - BBC	4.0	7.7	4.0	7.7
	6.7	13.8	4.0	10.2
Total debtors	167.1	181.6	185.2	199.3

Deferred launch support costs comprise prepaid costs for use of channel broadcasting platforms.

19 Creditors

	Group 2006 £m	Group 2005 £m	Company 2006 £m	Company 2005 £m
Amounts falling due within one year:				
Trade creditors	40.9	38.5	29.9	26.9
Residual creditors	25.6	20.6	18.9	16.2
Amounts owed to the BBC	10.8	11.0	9.2	8.9
Amounts owed to subsidiary undertakings	-	-	87.6	79.6
Amounts owed to fellow subsidiary undertakings	7.2	4.3	-	2.4
Amounts owed to associates and joint ventures (note 29)	-	8.5	-	7.6
Loan owed to parent undertaking	39.8	67.6	39.8	67.6
Unsecured loan notes	5.3	1.5	5.3	1.5
Bank loans and overdrafts	-	-	0.7	2.8
Corporation tax	4.2	0.8	1.0	0.9
Other creditors including other taxes and social security	17.7	10.9	10.6	5.3
Accruals and deferred income	112.4	100.1	89.2	78.4
	263.9	263.8	292.2	298.1

Residual 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 its parent undertaking, BBC Commercial Holdings Limited (BBC Commercial Holdings), that was due to terminate on 30 September 2006. This facility has been renegotiated subsequent to the year end and the facility extended for a further year to 30 September 2007. Under this facility, interest is payable at 4.60% plus a margin of 0.375% rising to 0.45% should BBC Commercial Holdings borrowings exceed £175 million. A discount will be applied to the above rates reflecting the sub LIBOR funding that BBC Commercial Holdings receives from the European Investment Bank; this is expected to be between 0.10% and 0.15% per annum up to £25 million. Interest receivable on any amounts invested with BBC Commercial Holdings will be at UK Base Rate. At 31 March 2006, BBC Worldwide Limited's drawn-down element of the facility was £39.8 million (2005: £67.6 million).

Unsecured loan notes were issued as deferred consideration for the acquisition of Cover to Cover Limited and associated royalty payments and for the acquisition of Origin Publishing Limited. The 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. The Origin Publishing Limited loan notes are repayable on demand after the 30 July 2006, the interest rate charged is 2% 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 2005	2.3	13.6	15.9
Provided during the year	7.5	-	7.5
Recognised in the year	-	(6.9)	(6.9)
Released in the year	(0.4)	-	(0.4)
Utilised in the year	(1.1)	(0.1)	(1.2)
At 31 March 2006	8.3	6.6	14.9

Company	Other provisions £m	Deferred tax £m	Total £m
At 1 April 2005	2.3	13.6	15.9
Provided during the year	7.5	-	7.5
Recognised in the year	-	0.1	0.1
Released in the year	(0.4)	-	(0.4)
Utilised in the year	(1.1)	(0.1)	(1.2)
At 31 March 2006	8.3	13.6	21.9

Other provisions comprise deferred consideration in connection with the Group's investment in Worldwide Media Limited (Note 15c) and provisions for legal claims and vacant property lease obligations.

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 of 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

	2006 £m	2005 £m
Authorised 1,000,000 Ordinary shares of £1 each	1.0	1.0
Issued, allotted, called up and fully paid 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 2005	103.3	104.7
Profit for the year	62.1	49.3
Dividends	(57.3)	(57.3)
Exchange adjustment	2.1	-
At 31 March 2006	110.2	96.7

At 31 March 2006, the cumulative goodwill written off to reserves on acquisitions prior to 1 April 1998 amounted to £14.2 million (2005: £14.2 million).

22b Minority interest

	Group £m
At 1 April 2005	(0.4)
Share of profit after taxation	0.1
Acquisition of minority interest (note 5)	0.3
At 31 March 2006	-

22c Dividends

Group and company	2006 £m	2005 £m
Paid at year end	57.1	15.4
Declared and accrued at year end	0.2	0.3
	57.3	15.7

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

	2006 £m	2005 £m
Group operating profit	47.7	37.8
Depreciation and amortisation	88.3	86.8
Decrease in stocks	2.0	1.6
Decrease/(increase) in debtors	(1.3)	2.8
Increase/(decrease) in creditors	32.5	2.9
Increase in provisions	3.0	2.3
Cash outflow on termination of business (note 6)	(0.2)	(1.4)
Net cash inflow from operating activities	172.0	132.8

24 Reconciliation of net cash flow to movement in net debt

	2006 £m	2005 £m
Increase in cash in the year	10.4	5.3
Net cash outflow from parent undertaking loan	27.8	14.6
Net cash outflow in respect of unsecured loan notes	0.5	0.1
Change in net debt resulting from cash flows	38.7	20.0
Issue of new unsecured loan notes	(4.3)	-
Change in net debt	34.4	20.0
Net debt at the beginning of the year	(53.9)	(73.9)
Net debt at the end of the year	(19.5)	(53.9)

25 Analysis of net debt

	1 April 2005 £m	Cash flows £m	Non-cash Movement £m	31 March 2006 £m
Cash at bank and in hand	15.2	10.4	-	25.6
Loan from parent undertaking	(67.6)	27.8		(39.8)
Unsecured loan notes	(1.5)	0.5	(4.3)	(5.3)
Net debt	(53.9)	38.7	(4.3)	(19.5)

26 Post balance sheet events

(a) Animal Planet LLC

On 30th 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 is £nil (31 March 2005: £nil). On 3rd April consideration of \$80 million (£45.8 million) was paid to BBC Worldwide in respect of Group's 25% holding in Animal Planet LLC.

(b) Origin Publishing Limited

In May 2006 BBC Worldwide also sold Origin Publishing Limited, and all of the non-BBC related titles published by it, to a management buy-out team led by its Managing Director. BBC Worldwide will maintain a minority stake in Origin Publishing Limited for a period of time in a staged exit. The BBC-branded titles previously produced by Origin Publishing Limited will be retained in a new subsidiary called Bristol Magazines Limited.

(c) Loan and investment facility

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.

27 Commitments

Contracts placed for future capital expenditure not provided:

	Group 2006 £m	Group 2005 £m	Company 2006 £m	Company 2005 £m
Programme investments	66.6	51.5	66.6	51.5
Fixed assets	-	0.1	-	0.1
	66.6	51.6	66.6	51.6

28 Operating leases

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

	Land & buildings 2006 £m	Land & buildings 2005 £m	Plant & machinery 2006 £m	Plant & machinery 2005 £m
Expiring:				
Within one year	0.4	0.9	0.4	0.4
Between two and five years	5.3	6.4	0.4	1.4
After more than five years	0.4	0.2	-	-
	6.1	7.5	0.8	1.8

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 comprise its subsidiary, associated and joint venture companies, its parent undertakings and fellow subsidiaries and members of key management of the Company 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:

2006					
Name of related party	How related	Income	Expenditure	Dividends	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 LLC	Associate	-	-	-	-
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
BBC World (India) Limited	Associate	-	-	-	-
Total		84.5	(5.1)	19.8	19.9
Total net debtors / (creditors) with related parties:					
Debtors (note 18)					19.9
Creditors (note 19)					-
Total					19.9

2005

Name of related party	How related	Income	Expenditure	Dividends	Net debtors/ (creditors) balance
		£m	£m	£m	£m
2 entertain Limited	Joint Venture	7.2	(2.1)	10.5	(7.0)
BBC Haymarket Exhibitions Limited	Joint Venture	0.4	-	0.4	(0.5)
Worldwide Media Limited	Joint Venture	-	-	-	-
UK Channel Management Limited	Joint Venture	10.4	-	-	0.8
UK Gold Holdings Limited	Joint Venture	20.0	-	2.1	0.9
UKTV New Ventures Limited	Joint Venture	2.3	-	-	0.5
JV Programmes LLC	Joint Venture	30.9	(0.4)	-	(0.5)
UK TV Pty Limited	Associate	1.2	-	-	-
Children's Character Books Limited	Associate	0.4	-	-	-
Frontline Limited	Associate	-	(3.1)	0.6	(0.5)
Animal Planet (Latin America) LLC	Associate	0.7	-	-	0.2
People and Arts (Latin America) LLC	Associate	0.9	-	-	0.2
Animal Planet LLC	Associate	0.7	-	-	-
Animal Planet (Asia) LLC	Associate	0.7	-	-	0.3
The Animal Planet Europe Partnership	Associate	1.0	-	-	0.4
Animal Planet Japan LLP	Associate	0.4	-	-	0.2
Animal Planet Canada ULC	Associate	0.1	-	-	-
Jasper Broadcasting Inc	Associate	1.0	-	-	0.5
Jasper Junior Broadcasting Inc	Associate	0.4	-	-	0.2
BBC World (India) Limited	Associate	-	-	-	-
Total		78.7	5.6	13.6	(4.3)

Total net debtors / (creditors) with related parties:

Debtors (note 18)	4.2
Creditors (note 19)	(8.5)
Total	(4.3)

Terms of trade were negotiated on an arm's length basis.

The nature of transactions conducted with related parties is disclosed below:

Name of related party	Nature of transactions
2 entertain Limited	Dividends, 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	Dividends, royalties & management fees
Frontline Limited	Dividends and management fees for the distribution of magazines
BBC World (India) Private Limited	Funding & management fees
Children's Character Books Limited	Royalty income from exploitation of book publishing rights
UK Gold Holdings Limited	Dividends and sale of programmes
All others	Sale of programmes

30 Parent undertaking and controlling party

The Company's immediate parent is BBC Ventures Group Limited and ultimate parent undertaking and controlling party is the British Broadcasting Corporation 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
Television channels		
European Channel Broadcasting Limited		
European Channel Management Limited		
New Video Channel America LLC	(a)	USA
Television sales		
BBC Worldwide Reality Productions LLC	(a)	
BBC Worldwide Americas Inc.		USA
BBC Worldwide Productions LLC	(a)	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%)		
JV Programmes LLC (50%)	(e)	USA
Magazines		
Origin Publishing Limited		
New media		
beeb Ventures Limited		
Home entertainment		
Woodlands Books Limited		
BBC Audiobooks Limited		
Cover to Cover Cassettes Limited	(c)	
Investment companies		
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

Joint ventures

	Note:	Country of incorporation or registration if outside of the UK
Television channels		
UK Channel Management Limited (50%)		
UK Gold Holdings Limited (50%)		
UKTV Interactive Limited (50%)	(h)	
UKTV New Ventures Limited (50%)		
UK Gold Services Limited (50%)	(h)	
Magazines		
BBC Haymarket Exhibitions Limited (50%)	(b)	
Worldwide Media Limited (50%)	(d)	India
Dovetail Services (UK) Holdings Limited (50%)		
Home entertainment		
2 entertain Limited (60%)		

Associated undertakings

	Note:	Country of incorporation or registration if outside of the UK
Television channels		
Animal Planet (Latin America) LLC (50%)	(e)	USA
Animal Planet (Asia) LLC (50%)	(d)	USA
Animal Planet Japan LLP (50%)	(d)	USA
Animal Planet LLC (25%)	(d)	USA
JV Network LLC (50%)	(e)	USA
People and Arts (Latin America) LLC (50%)	(e)	USA
Animal Planet Japan KK (33%)	(e)	Japan
The Animal Planet Europe Partnership (50%)	(f)	
Animal Planet Canada Company ULC (23%)	(g)	Canada
Jasper Broadcasting Inc (20%)	(g)	Canada
Jasper Junior Broadcasting Inc (20%)	(g)	Canada
UK TV Pty Limited (20%)	(d)	Australia
Home Entertainment		
Educational Publishers LLP (15%)		
Magazines		
Frontline Limited (23%)		
Origin Publishing Limited (39%)	(i)	
Children's		
Children's Character Books Limited (25%)		

Note:

- (a) owned through BBC Worldwide Americas Inc.
- (b) owned through BBC Worldwide Investments Limited
- (c) owned through BBC Audiobooks Limited
- (d) owned through Worldwide Channel Investments Limited
- (e) owned through Worldwide Americas Investments Inc.
- (f) owned through Worldwide Channel Investments (Europe) Limited
- (g) owned through Worldwide Channel Investments (Ontario) Limited
- (h) owned through UK Gold Holdings Limited
- (i) owned through OPL Holdings Limited