Registered number 1420028

BBC Worldwide Limited

Annual Report and Financial Statements for the year ended 31 March 2013

Contents

BBC Worldwide exists to support the BBC public service mission and to maximise profits on its behalf. It does this through investing in, commercialising and showcasing content from the BBC around the world, in a way that is consistent with BBC standards and values. The business also builds the reach and reputation of the BBC brand overseas and champions British creativity.

Financial and operating highlights

- £176.4m total content investment
- £57.3m dividends returned to the BBC
- 406m subscriber homes to our channels
- 27% of total headline sales from our top five brands
- Programme sales and distribution passed the £300m revenue mark for the first time
- *London 2012 Olympic Games* DVD became best-selling UK sports and fitness DVD ever

HEADLINE PROFIT*

£156.3m

(2011/12 £154 8m) **+1.0%**

HEADLINE SALES*

£1,115.8m

(2011/12 £1,085 0m) **+2.8%**

RETURNS TO THE BBC

£156.0m

(2011/12 £215 7m includes a £73 0m dividend relating to the sale of BBC Magazines) **-27 7%**

PROFIT BEFORE TAX EXCLUDING GAINS AND LOSSES ON DISPOSALS

£125.2m

(2011/12 £103 5m) **+21.0%**

* Throughout this Review, headline sales refers to gross revenue excluding discontinued operations, and including the Group's share of revenues from joint ventures Headline profit refers to operating profit before specific items excluding profits generated by discontinued operations and including the Group's share of operating profits from joint ventures and associates Specific items are not defined under IFRS and may not be comparable to similarly titled measures used by other companies Specific items are material items which are highlighted by virtue of their size or importance in order to enable a full understanding of the Group's performance A reconciliation between headline profit and profit before tax is presented in the Consolidated income statement on page 43 Numbers exclude the BBC Magazines titles sold and licensed in the prior year

Chairman's statement

Overview of the year

I took up the chair of BBC Worldwide in April 2013, in my capacity as the new Director-General of the BBC and I am delighted to be working with new Chief Executive Tim Davie and the rest of the BBC Worldwide Board

During the financial year under review, BBC Worldwide has delivered a solid performance despite the economic challenges affecting the whole media sector, and the UK retail market in particular I would like to thank BBC Worldwide staff around the world for this achievement and for their continued support in building the BBC's global reputation and delivering profits back to the BBC for reinvestment

Supporting the BBC

BBC Worldwide plays an integral role in bringing the best BBC programmes and services to international audiences and championing the UK creative sector globally Its global channel portfolio, a showcase for high quality BBC and British content, is now available in 406m homes (2011/12 356m) and 15 channels were launched into new markets and onto new platforms during the year including in Brazil, Burma and Indonesia

The business continues to invest in BBC commissions, both in-house and independent, as well as to attract international funding from its network of co-production partners This year's landmark BBC Natural History Unit series *Africa*, broadcast on BBC One, was a co-production with Chinese broadcaster CCTV-9, Discovery Channel and France Télévisions, and follows similar partnerships with CCTV for *Generation Earth* and *Wonders of Life*

Doctor Who, celebrating its 50th anniversary in 2013, has continued to develop its global fan base The Series 7 premiere was the most watched telecast in the history of BBC America and in Australia, the first ever cinema night of two episodes from Series 6 was number three at the Australian box office *The Great British Bake Off*, a BBC Two commission from Love Productions, has been delighting UK viewers, and the format – *The Great Bake Off* – is proving equally popular with international audiences This year it has grown to become BBC Worldwide's second most successful format and has been commissioned in 13 territories including France, Italy and Ukraine

Supporting UK independents

BBC Worldwide also provides support for the UK's independent production sector, representing programmes from over 200 independent production companies In 2012/13, it returned £90 9m to independent rightsholders through upfront rights investment, profit share and royalties The business also makes a substantial contribution to UK Plc as a whole A Deloitte report commissioned by the BBC and published this year showed that in 2011/12, the Gross Value Added (GVA) to the UK economy by BBC Worldwide was £947m

Changes to BBC Worldwide Governance

This year saw the departure of two BBC Worldwide Non-executive Directors, Charlotte Hogg and Tim Weller, who stood down at the end of March 2013 Charlotte and Tim have been part of the Board since 2010 and have made an invaluable contribution to the direction of the business during that time As Tim Davie and I are both new to our roles, we are using this opportunity to review governance to ensure the right arrangements are in place

This year also saw the departure of Chief Executive John Smith in December John successfully led BBC Worldwide for eight years and oversaw a period of record revenues and returns to the BBC I would like to pay tribute to John for the work he has done

Looking ahead

It has been well documented that there have been challenges for the BBC in the last year but earning the trust of our audiences around the world remains at the heart of the BBC's and BBC Worldwide's mission BBC Worldwide operates in line with the 4 Commercial Criteria fit with the BBC's public purposes, not jeopardise the good reputation of the BBC or the value of the BBC brand, exhibit commercial efficiency, and comply with the BBC Trust's Fair Trading policy, the BBC's Fair Trading Guidelines and, in particular, avoid distorting the market These remain embedded in BBC Worldwide's culture and processes, whichever market it is operating in, as do the company's values, which also include those of the BBC

On the very first day I started as BBC Director General in April, I shared with BBC staff the very real sense of responsibility I felt in taking on the role to lead this very special organisation We have a unique opportunity to shape the future of public service broadcasting One of several questions I asked staff to consider was how we can make more of the BBC brand and content in the global marketplace BBC Worldwide plays a critical role in delivering this ambition and I will be working with the business to progress this in the year ahead

Tony Hall
Chairman, BBC Worldwide
and Director-General, BBC

Chief Executive's review

Overview of the year

The story of our Annual Review this year is one of good performance in the face of tough market and macroeconomic conditions The growth of headline profits and revenues demonstrated the continuing value of quality content, as well as the strength of the BBC Worldwide team in exploiting it globally

This was achieved in a year in which the global economic picture remained challenging and the UK retail market faced particular difficulties, with HMV the most notable of our business partners to fall foul of the combination of changing markets and cyclical downturn However, despite these conditions and ever increasing competition in a fully digital world, BBC Worldwide proved itself to be well placed to benefit from the increasing demand for outstanding programming as well as the growth opportunities across new brands, markets and channels

Overall performance

Against this backdrop, the business has delivered another year of solid performance Headline sales have increased to £1,115 8m (up from £1,085 0m in 2011/12) with headline profit also up to £156 3m (from £154 8m in 2011/12)

Key growth drivers this year are consistent with recent years Channels continued to grow its revenues through launching new operations, widening distribution and increasing ad sales, Sales & Distribution continued to be a formidable source of profit, with particular growth in Europe, which included the first full year impact of Video On Demand (VOD) sales Our digital business now represents 13 0% of our total turnover

Changes to the Company

My arrival at BBC Worldwide in April this year came at an important juncture I inherited a company in good financial shape but also one in transition, as it moved from being based around operating divisions to a new structure based on regional businesses complemented by a strong functional core

I would like to thank Paul Dempsey for doing an excellent job as Interim CEO during part of this period

Due to this significant restructuring and my joining as Chief Executive, this year's Annual Review has a sole focus on the last financial year and will be the last to report in the current format We are taking the opportunity to review our priorities and set new targets in the year ahead and therefore have only reported against last year's strategic objectives

Role of BBC Worldwide

BBC Worldwide has a growing role in enhancing the BBC's reputation as well as generating returns to the BBC in the form of dividends and investments This year we returned £156 0m to the BBC, a decline of 27 7% on 2011/12 However in the previous year we paid a special dividend of £73 0m following the sale of our Magazines business and returns for 2012/13 increased by 9 3% excluding these one-off proceeds We continue to work with the BBC to ensure the right balance between short-term cash returns and investment in long-term growth

In addition, we have continued to expand our operations in countries as diverse as Cambodia and Romania and play a unique role in supporting British creativity through the investment in and distribution of British content overseas

Lonely Planet

The year also saw other significant changes in our business The sale of Lonely Planet – following the acquisition in 2007 – marked the end of an era for BBC Worldwide In announcing the sale to NC2 Media, we signalled a strategic decision to focus much more closely on building the BBC brand and exploiting content from the BBC and its independent production partners

Working with the BBC

The BBC's desire to develop a closer working relationship between its public service body and commercial arm is illustrated by the progress made in new ways of working together such as BBC genre boards for natural history, drama and children's programming, which were established this year

In content creation, we invested £74 4m in BBC in-house productions such as *The Paradise* and *Twenty Twelve* as well as BBC commissions from indies such as *Call the Midwife* (Neal Street) BBC Worldwide originations have also made their way back to public service channels, for example the BBC America commission *Orphan Black* which was bought by BBC Three in 2013/14

Alongside this progress, we continue to exploit BBC content and brands in traditional ways with great success The DVD of the *London 2012 Olympic Games* became the best-selling UK sports and fitness DVD ever, *Dancing with the Stars* has now sold 46 local versions, including the first region-specific version in West Bengal, *Jhalak Dikhhla Jaa Bangla*, and continued investment in social media has seen fans on our managed Facebook pages increase to 28m (2011/12 23m)

We remain single-minded in our pursuit of distinctive, high quality content – there is no trade-off between high production values and high market value

Support for UK plc

We continue to support British creativity, representing programming from over 200 UK indies and working with 40 indies on a range of development and distribution deals *Ripper Street* and *Parade's End* (through our co-venture with Lookout Point) demonstrate what can be achieved through these relationships

BBC Worldwide Showcase, our annual sales event, continues to grow in scale, ambition and the opportunities it provides to UK producers 700 international buyers and a range of key talent attended the three-day event in Liverpool and it is generating substantial business for a range of BBC and independent titles

Support for UK independents, and our contribution to UK Plc as a whole remains integral to our business

Looking Forward

I am delighted to be heading our teams around the world Over the next twelve months we will continue to focus our efforts on delivering strong performance while further focusing the company on our major growth opportunities These include the roll-out of global brands and innovations in areas such as digital

Tim Davie
Chief Executive, BBC Worldwide,
and Director, Global

Our business model

BBC Worldwide is a fully-integrated global content company doing business in over 200 territories* We bring market understanding and brand development expertise to build the value and reputation of BBC programmes and services around the world and return profits back to the BBC for reinvestment We also champion UK indies and British creativity globally

Our primary focus is content, which is supplied by the BBC and the UK independent sector and supplemented in market by our global production houses and local content acquisitions We invest upfront as well as attracting funding from international co-production partners, we monetise programme and format rights across a variety of global platforms and media, and we build global multimedia brands High quality British television is showcased on our global channels and we extend fans' enjoyment through websites, apps and social media

BBC Worldwide's partnerships with over 200 UK indies enables them to compete in a global marketplace and gives us access to the best content and talent, and ensures we have scale in highly competitive global markets

INVEST

BBC commissions produced by

- BBC in-house productions
- UK independent sector

BBC Worldwide productions

- International formats
- Commissions for BBC branded channels
- Non-BBC commissions

Other content producers

- Writers
- Talent
- Productions companies

Investment ↑ ↓ Rights

Investment ↑ ↓ Rights

COMMERCIALISE

BBC WORLDWIDE

We commercialise through

- Programme sales
- Acquiring and commissioning programmes for BBC branded channels
- Extending BBC brands – live events, websites, consumer products, social media, apps
- Producing international formats

We add value through

- Consumer insights
- Local knowledge
- Brand management
- Harnessing the power of the BBC brand
- Technology
- International co-funding

RETURN

BBC

- Reinvestment
- Dividends

Rights holders

- Royalties
- Profit share

* As in prior years, territories counts areas such as principalities and composite areas of countries

Our business structure

In April 2013, BBC Worldwide changed from divisional to geographical reporting lines across seven major markets, balanced by strong global functions for content, brands and digital

These changes reflect BBC Worldwide's ambition to further increase its global presence, move closer to customers, and be in the best position to capitalise on opportunities around the world

Geographical Businesses

Under the new structure, BBC Worldwide has seven geographic markets responsible for business development and delivering sales and profit growth across all activities in the area

These markets are grouped into three regions

UK, Australia and New Zealand The UK, our home market, has a strong consumer products presence, creating digital downloads and physical products such as DVDs, merchandise, books and music CDs The area also oversees our Live Entertainment business, the digital retail outlet BBCShop com, the Magazines Unit and the UKTV portfolio of television channels a joint venture with Scripps Networks Interactive Channels form a core offering in the Australia and New Zealand (ANZ) market ANZ also sells finished programmes and formats to other TV and digital platforms and works with partners to bring BBC Worldwide DVDs, consumer products and live events to the local market

Non-English speaking territories are known collectively as Global Markets The business is organised into four regional profit centres – Asia, CEMA (Central and Eastern Europe, the Middle East and Africa), Latin America and Western Europe Teams run channels, TV sales, consumer products and production in each market Overall responsibility for major sales events such as BBC Worldwide Showcase, MIPCOM and MIPTV sits within this business area

North America The business covers all operations in the USA and Canada, including the Group's flagship US cable channel BBC America, based in New York, TV sales, the Travel and Autos editorial teams for BBC com and BBC Worldwide Productions in LA It also includes the Global Advertising Sales business

Global business areas

The increased focus on geographic markets is balanced by strong global functions with a remit across all BBC Worldwide territories and a close connection into BBC Worldwide's parent, the BBC The global business areas set the strategic framework and parameters for activities within the regions and maintain strong direction and consistency across those functions

- The ***Brands*** team will develop an overarching brand strategy for all BBC Worldwide's businesses and formats This includes enhancing the commercial value of the current portfolio of global brands and developing new BBC brands to build future revenue growth
- The ***Content*** operation drives the creative and commercial vision for BBC Worldwide's content strategy, the curation of its international channels and its editorial standards The team works closely with the public service BBC and BBC Worldwide's production partners to manage all programme investment As well as buying in finished programmes, the Content business creates its own formats, and commissions from BBC Worldwide's global production houses
- The ***Digital*** business develops the strategy and consumer vision across BBC Worldwide's digital portfolio This includes oversight of BBC Worldwide's commercial websites such as BBCGoodFood com, TopGear com and BBCEarth com, as well as Global BBC iPlayer, and all apps, games and video on demand The business ensures effective co-ordination and shared knowledge across BBC Worldwide, BBC Global News and the BBC's Future Media and Technology division

Market context

At BBC Worldwide we are working hard to understand and respond effectively to consumer demand so we succeed in capturing the many opportunities afforded by rapid change in the media industry

In this section last year, we picked up a series of changes in the industry, driven by both cyclical and longer term structural factors These themes remain as relevant today as 12 months ago and change continues to accelerate in the media industry In the macroeconomic outlook, we would have expected and hoped for faster change

Macroeconomy still unsteady

Slow recovery, still with great uncertainty, is the best that could be said about the global macroeconomy in 2012 The USA has delivered a slow but consistent recovery despite the risks of the fiscal cliff and sequestration, with output growing 2 2% in 2012 The International Monetary Fund expects growth of 1 9% in 2013 in the world's largest economy (IMF World Economic Outlook (WEO), April 2013) China's growth in 2012 was 7 8%, its slowest rate in 13 years But China appears to have avoided a hard landing and the consensus now is that policymakers are comfortable with around 8% growth rather than aiming for some of the higher figures seen in the past decade

The other BRIC countries (Brazil, Russia, India and China) saw growth falter Brazil in particular saw a marked slowdown in growth to 0 9% in 2012 The IMF expects growth of 3 0% for Brazil in 2013 Overall, emerging markets are forecast to grow 5 3% in 2013, compared to 1 2% for advanced economies (IMF WEO, April 2013)

The picture in Europe remains clouded The Eurozone economy in aggregate remained very weak, with output in 2012 shrinking by 0 6%, with a further 0 3% decline forecast for 2013 (IMF WEO, April 2013) Consumer spending fell by 1 1% during 2012, with a further 0 4% forecast for 2013 (Oxford Economics, January 2013) Confidence in the Eurozone and in the global economy more broadly recovered during the first quarter of 2013, but was then shaken again by the bailout terms applied in Cyprus

The UK saw output growth in 2012 of 0 2% with 0 7% expected for 2013 (IMF WEO, April 2013) Consumer spending in the UK remains subdued, growing by 0 9% in 2012 with 1 2% forecast for 2013 (Oxford Economics, January 2013)

UK Retail tough

Retail in the UK, important for BBC Worldwide's Consumer Products business, experienced a particularly difficult year The list of casualties included Jessops (photography), Blacks Leisure (outdoor clothing), JJB Sports and HMV, the music and DVD retailer In April 2013 there was some respite for the UK high street when it was announced that Hilco, a restructuring specialist, had acquired 141 of HMV's stores, compared to a total estate of 230 branches before the company went into administration

Reflective of HMV s difficulties, and in part driven by them, sales of DVD and Blu-ray discs declined by 12% in 2012 in the UK, faster than the 5% decline in 2011 (British Video Association) Adding in estimates of electronic sell-through which grew over 25% in the year (Futuresource), the total fall in sell-through in the UK was 11% In the USA, the decline was less severe, with sell-through of physical down by 5% in 2012 Digital sales in the USA were up 35% in the year, meaning total sell-through was down by 3% (The Digital Entertainment Group) Structural decline in DVD remains a challenge to the industry, and to BBC Worldwide

New media markets rising

The faster growth of emerging markets – perhaps no longer the most accurate label – is reflected in global media markets While the USA and Japan remain by some distance the largest media markets in the world, faster growth in emerging markets is reducing the gap BBC Worldwide is working to find new ways of serving the faster growth markets The structural reorganisation of our business aims to help us do this

Cord-cutting, cord-shaving and cord-nevers

The television industry continues its preoccupation with the potential impact on the traditional pay TV eco-system of over-the-top (OTT) providers like Netflix and Amazon-owned LOVEFiLM Reflecting the level of discussion and debate, a new vocabulary is being built-up to describe consumer behaviour in response to OTT cord-cutting, cord-shaving and cord-nevers Broadband distribution of content is changing the way television content is accessed and viewed and will change audience expectations over time But evidence of the likely impact on pay TV is inconclusive and up for debate

Total pay TV households in the USA remained virtually flat during 2012 Between Q4 2011 and Q4 2012 cable and satellite operators lost 1 4m paying households, with virtually the same number picked up by Internet Protocol Television (IPTV) platforms (IHS Screen Digest) These subscription numbers include the cyclical effects of a weak economy as well as the structural effect of OTT competition At the moment, cord-cutting – when customers move from expensive cable service to a low cost channel subscription through OTT – may be as much the result of squeezed household incomes as it is a switch in favour of broadband-distributed, video-on-demand services There is perhaps greater concern over cord-shaving, where consumers stop taking premium packages as part of their pay TV subscriptions in favour of cheaper OTT options

For now, we believe pay TV and OTT can co-exist for at least the next ten years Nielsen's Cross-Platform Report in Q4 2012 puts live television viewing at 156 hours per month for an average American, up on the year before and little changed from five years previously By comparison, time spent per month watching video on the internet or on mobile phone was around 13 hours, with a similar 13 hours spent watching time-shifted television Relative viewing behaviour is similar in the UK

However, there will be pressures In the short term, negotiations between pay TV platform operators and networks appear to be becoming even more difficult

In the medium term, new players are joining the fray, potentially bringing new and more disruptive business models For example, Intel confirmed its intention to launch an OTT television service and has been signing content deals

In the long term, the risk for the pay TV system lies in a generational shift in the potential for cord-nevers among those currently under 25 years old According to Nielsen, 35-49 year olds in America watch 157 hours of live TV a month and 12 hours of video on the internet or a mobile phone The figures for 18-24 year olds are 111 and 22 If there is a generation growing up keen and comfortable to search for what they want to watch, and expecting it to be available immediately they may not follow their parents in preferring the lean-back experience of live television and may never choose to subscribe to pay television

Market context (continued)

US companies seeing the world

US companies, in a rich and mature domestic market, are now looking to invest internationally They are investing heavily to realise their ambitions Most notable perhaps is Discovery's international push, for both its size and its target markets CEO David Zaslav recently described Western Europe as the "new emerging market" for Discovery The company bought Scandinavian broadcaster SBS from ProSiebenSat 1 in December 2012 and agreed a partnership with TF1, including taking a 20% stake in Eurosport and in TF1's pay TV channels It launched TLC in the UK in April 2013 HBO has also been refreshing its approach to content and channels internationally, and launched an HBO Go-type offering in Scandinavia during the year

The battle for content

Production budgets continue to increase as commissioners seek stand-out content in the mould of HBO's *Game of Thrones*, AMC's *Mad Men*, Showtime's *Homeland* and BBC Worldwide Production's own *Da Vinci's Demons* New commissioners are moving into the market, further inflating budgets the original commission *House of Cards* launched on Netflix in 2013 (a re-make of a BBC series) and Amazon is looking to develop original content using crowd-sourcing to greenlight pilots As budgets rise, there is increasing recognition of the role of international co-production in financing, and there is strong competition for distribution rights At BBC Worldwide, remaining a preferred partner for producers continues to be a primary focus

In 2012, the UK Government announced new corporation tax relief for high-end television programmes and animated television programmes with the intention that they come into effect from 1 April 2013 As is the case with UK film tax relief, programmes must meet certain eligibility criteria to qualify including satisfying a cultural test or qualifying as British The aim is to encourage domestic production of high end and animation TV programmes in the UK, where filming abroad has previously been the most financially viable option as well as to encourage international inward investment of the same It is still early days, but anything that supports the UK creative production industry should be welcomed

Consumers having it so good

While media companies work hard to respond to the opportunities and challenges inherent in changes in technology and consumer behaviour, it is probably no exaggeration to say consumers of content have never had it so good More and better content is available through a range of devices and a range of distribution methods New models are being developed all the time to deliver what consumers want

Our strategic objectives

1. Drive digital growth

In 2012/13, we transferred the majority of BBC com, our largest website, to BBC Global News Ltd, enabling it to integrate the site with its core news journalism functions Despite this we managed to drive growth throughout our digital business to over £124m of turnover, a small increase on the previous year at 13 0% (2011/12 12 8%)

Performance against Objectives 2012/13

Having transferred responsibility for BBC com's news output to BBC Global News Ltd, we are focusing our efforts on expanding the appeal of BBC com beyond news to more accurately show the true breadth of the BBC The first part of this strategy sees the launch of new Feature sections, alongside BBC Travel and BBC Future BBC Autos was launched in February, BBC Culture and BBC Capital launched shortly after year end (May and June 2013) Collectively these new areas and the homepage are increasing both the international reach (unique views up 40% to Features) and engagement (page views up 50% to Features) of BBC com and crucially bringing new advertisers to the site The next phase of this strategy will see us deliver the BBC's world-class video content directly to audiences from BBC com

The rise of our video-on-demand (VOD) revenues continued this year and we make more BBC content available to global audiences than ever before Our partnership with Netflix strengthened as they expanded geographically into the Nordic region

As over-the-top (OTT) players look to differentiate themselves with exclusive and original content we have entered into a co-production relationship with US VOD service Hulu and we believe this will be an important type of relationship in the years ahead

We saw record revenues in download to own (DTO), driving ownership of digital video In Apple's iTunes, *Top Gear*, *Sherlock* and *Doctor Who* generated our largest downloads and in the UK we signed a new content deal with Tesco's ClubcardTV, a Blinkbox-powered video-streaming service which is free for Clubcard members

Our first digital start-up programme, BBC Worldwide Labs, was a further example of our commitment to the UK digital, technology and creative industries Of the six start-ups in the programme, two commercial deals have already been agreed and we continue to develop others A second UK Labs programme launched shortly after year end

Our deal with YouTube entered a new phase with the launch of two original content channels – Earth Unplugged which as of year end had over 37,000 subscribers and Head Squeeze which had over 60,000 subscribers We increased the number of videos to 11,000 and added 450 hours of long-form archive programming We have had 1 1bn views to date and our eight YouTube channels have attracted 3 4m subscribers

BBC Worldwide's digital publishing properties gained further traction this year with the UK's most popular recipe website, BBCGoodFood com, achieving 1 5m page views per day in March and increasing unique reach by 83% year on year BBCGoodFood com is now 'shop-able' with Tesco, Ocado and MySupermarket, powered by Foodity, one of the BBC Worldwide Labs start-ups To complement the mobile site we launched a content-rich mobile app in October To date Good Food's apps have been downloaded 2 5m times and received 117,000 Facebook likes

TopGear com also continued to grow engagement on pages year on year with an increase of 16 0% per visit In social media, we have continued to invest and expand on to new platforms (see page 13)

We have continued to explore the games space through launching a range of games for our key brands such as *Top Gear*'s Stunt School Revolution, however this continues to be a challenging sector

This year we began investing to re-launch our e-commerce offering BBCShop com so we have a larger and more advanced platform to take our content and products to consumers

Objectives 2012/13	Progress
• **Increase the breadth of content and localisation of BBC com**	• **New feature sections launched such as BBC Autos, BBC Future had 12 6m page views in March 2013**
• **Continue to expand our distribution across all digital platforms**	• **Partnerships with Netflix, Hulu and Tesco's Clubcard TV, Eight YouTube channels have 3 4m subscribers**
• **Continue growth in apps with increased focus on second screen and connected TV**	• **Good Food apps have been downloaded 2 5m times**
• **Continue our growth in games to extend the engagement with our brands**	• **Launched a range of games for our key brands such as *Top Gear*'s Stunt School Revolution**
• **Make all our digital products more social**	• **We have continued to invest and expand on to new platforms**
• **Develop our existing e-commerce capabilities**	• **Began investing to re-launch BBCShop com**

Our strategic objectives (continued)

2. Become more international

This year, we have continued to increase our focus on international markets to enable us to capture future growth opportunities and bring us closer to our customers around the world BBC Worldwide plays an integral role in fulfilling the BBC's public purpose of 'Bringing the UK to the world and the world to the UK'

Performance against Objectives 2012/13

In 2012/13, 64 6% of headline sales were generated from outside the UK This was level with last year (2011/12 64 3%) and means we came close to, but have not met our target of generating two thirds of headline sales from outside the UK We are reviewing our targets going forward While this is partly due to concurrent growth in our UK businesses during 2012/13, the depressed economy in our key overseas markets has resulted in a level of international growth slower than anticipated when our target was first set in 2007

However, demand was high for programme sales in Europe, Australia and Asia and there was also strong revenue growth for BBC America

USA and Australia continue to be our biggest overseas markets, generating revenue of US$550m and AU$120m respectively

In the USA, total ad sales revenue increased 21 8% year on year, driven by BBC America (up 27 8%) BBC America also grew its reach and distribution and BBC Worldwide Productions in Los Angeles continued to grow its production slate, creating new content to suit local market demand

The reach of the US Consumer Products business has also grown, doubling distribution through key mass-market retailers Target, Walmart and Best Buy

BBC Knowledge in Australia saw significant ratings growth after its schedule refresh in September 2012 The first BBC Worldwide Australasia Channels Showcase was also held in Sydney this year

UKTV, our general entertainment channel in Australia and New Zealand, unveiled a refreshed brand proposition – 'Great British Entertainment, brought to you by the BBC' – with a renewed focus on British drama, comedy, soaps and event TV Since the re-design of the UKTV website, it has seen a 32% increase in traffic In Australia BBC Worldwide was the biggest distributor of documentaries on DVD, and BBC content is now live on six transactional platforms in this territory

BBC Worldwide Australia significantly increased its presence in Live Entertainment Over 80,000 people attended our range of live events, such as *Doctor Who* Symphonic Spectacular or the *Top Gear* Festival in Sydney

BBC Worldwide Australasia is collaborating with the New Zealand Mint to produce a commemorative legal tender featuring the TARDIS and other collectable coins for global release

In Asia, we expanded our Channels footprint, with six channel brand launches in territories including Indonesia and Cambodia We also launched three channels in Burma (BBC World News, BBC Entertainment and CBeebies) on Forever Group's pay TV platform and on Skynet, reaching around 250,000 and 220,000 homes respectively

In Western Europe, a BBC Knowledge block was launched on Italy's RETE 4 and a new distribution deal with RiksTV, Norway's DTT provider, enabled the launch of ad sales on a separate bespoke BBC Entertainment channel for Norway

In CEMA, the BBC channel portfolio was added to Cyfrowy Polsat in Poland in November 2012 and BBC Knowledge began to roll-out across Central and Eastern Europe in early 2013

In Latin America, we grew our channel distribution footprint to reach all 18 Spanish and Portuguese speaking countries in the region The first BBC Worldwide screenings took place in Mexico and were well attended TV sales and OTT subscription video on demand (SVOD) revenue both continued to grow A consumer products business unit was also launched for the region

From April 2013, the business has been reorganised along geographical lines and will see decision-making and sales and profit growth devolved to a local level (see page 6)

Objectives 2012/13	Progress
• **Grow international sales across every operating business**	• **64 6% of headline sales generated from outside the UK, high demand for programme sales in Europe, Australia and Asia**
• **Continue to focus on growing our market share in the USA and Australia**	• **USA and Australia continue to be our biggest overseas markets, generating revenue of US$550m and AU$120m respectively, BBC Knowledge in Australia saw significant ratings growth, US ad sales revenue increased 21 8% year on year**
• **Reorganise and devolve more decision-making to markets**	• **Implementing the organisational design which moves BBC Worldwide to a geographical business model and devolves decision-making to regions from April 2013**
• **Implement first steps in growth plans for Latin America, Asia, Western Europe and CEMA**	• **Expanded channels footprint in Asia, new channel distribution deals in Western Europe, channel roll-outs in CEMA, growth in TV sales in LatAm**

Our strategic objectives (continued)

3. Grow the scale of our TV channels

Our portfolio of branded channels showcases the best British television from the BBC and the UK independent sector Our strategy is to drive international reach and revenue in growing pay TV markets, use BBC content to build BBC-branded assets, and provide a 'shop window' to launch and cross-promote our other products and services

Performance against Objectives 2012/13

We continued to build the scale of our international channel network, increasing our distribution from 356m to 406m homes BBC America, our biggest channel, grew from 77 4m to 80 6m homes, and in Latin America, our channels are now present in every Spanish and Portuguese speaking country

We had 15 new launches of our channel brands in the year for the first time, we launched channels in Brazil (BBC HD), Burma (BBC Entertainment, CBeebies and BBC World News), Cambodia (BBC Knowledge and BBC Lifestyle) and Indonesia (BBC Entertainment) We launched BBC Knowledge CEE, a newly created factual channel for Central and Eastern Europe, in Slovenia, Romania, Hungary and Cyprus A separate BBC Entertainment channel was also created in Norway carrying advertising for the first time We added local language versions of BBC Entertainment in Hungary and Romania, and added BBC HD in Chile

UKTV, our joint venture partnership with Scripps Networks Interactive in the UK, increased distribution for its portfolio of 10 channels through new deals with BT Vision and TalkTalk on YouView, and also launched three video-on-demand sites for Dave, Yesterday and Really, in addition to its services on BT Vision and Sky On Demand

Video on demand was factored into new channel deals as we continued to extend our channel brands in the digital space BBC America On Demand had its best year to date in 2012 with more than 28m orders In March, BBC Knowledge, CBeebies and UKTV in Australia began to simulcast on the Foxtel Go application, available on iPhone and iPad

Despite continued success in many of our key pay TV markets, this year we closed our BBC Entertainment and CBeebies channels in India (see page 15)

The Global BBC iPlayer pilot also served as an additional platform to deliver viewing events to our international audiences

Original programme commissions became an established part of our content strategy, complementing acquisitions from the BBC and other distributors Global commissions included *Million Dollar Intern* (Outline Productions) and bespoke versions of *Food and Drink* and *Dara O Briain's Science Club* from the BBC's in-house teams Local formats included a follow up series of the critically acclaimed *Come Dine With Me* South Africa, which was named 'Best International Format' at the South African Film and Television Awards in 2013

BBC America launched its own originations for US audiences, with *Copper* as its first scripted drama, followed by *Orphan Black* in March Talent-led, unscripted titles featured Richard Hammond and Dominic Monaghan, among others

While remaining an important second window for BBC programmes in the UK, UKTV had success with original commissions such as *Yes, Prime Minister* on Gold, and series 2 of *Dynamo Magician Impossible*, whose premiere on pay TV channel Watch achieved UKTV's highest rating with 2 1m viewers in July 2012

Programmes acquired from the BBC continue to resonate with international audiences *Doctor Who* remains BBC America's top performer, with the number of viewers for the Series 7 premiere up 51% on Series 6

We continued to deliver global viewing events special television experiences for our audiences that leverage the scale of our channels network We synchronised the premieres of three series – *Richard Hammond's Crash Course*, *The Graham Norton Show* and *Top Gear* S19 – days after they aired in the UK

Working with the BBC, we delivered live global coverage of HM The Queen's Diamond Jubilee celebrations and *Planet Earth Live* The former was part of 'London Calling', a special season of programmes designed to spotlight the UK capital in the run up to the 2012 Olympics

Objectives 2012/13	Progress
• **Continue to invest in our international portfolio of channels to build scale, driving subscriber numbers, and average revenue per user**	• **Increased distribution from 356m to 406m homes, BBC America grew from 77 4m to 80 6m homes, UKTV in the UK also increased its distribution through new deals with BT Vision and TalkTalk on YouView**
• **Showcase the best of British creativity through a range of branded services**	• **Delivered global viewing events that leveraged the scale of the channels network, synchronised the premieres of three series days after they aired in the UK, Global BBC iPlayer pilot continues to serve 16 markets**
• **Launch new channels in selected markets, including HD and video-on-demand (VOD) services**	• **15 new launches of our channel brands, launch of three VOD sites for UKTV's Dave, Yesterday and Really, BBC America On Demand had its best year to date, BBC Knowledge, CBeebies and UKTV in Australia simulcast on the Foxtel Go application**

Our strategic objectives (continued)

4. Increase investment in new content

Content is at the heart of our business and our success relies on our content pipeline The BBC is our primary partner for content supply, sitting alongside output from our global production houses and from the UK independent production sector

Performance against Objectives 2012/13

In 2012/13, we continued to support the UK creative sector, investing £104 2m in distribution rights – 70% of which were BBC commissions (both BBC-produced and from the UK independent sector)

As the UK television industry increasingly adopts a more global mindset, our market understanding and expertise in bringing together international funding enables the BBC and the indie sector to create content that rivals the very best in the world, and ultimately return value to the UK licence fee payer, and the UK's creative industries

This year, we invested in two major co-productions through our co-venture with Lookout Point *Ripper Street* was produced for BBC One by Tiger Aspect Productions, Lookout Point and BBC America and has been re-commissioned for a second series *Parade's End* was a Mammoth Screen production for BBC Two in association with HBO Miniseries, Trademark Films and BBC Worldwide and Lookout Point, co-produced with BNP Paribas Fortis Film Fund and Anchorage Entertainment, and filmed with the support of the Belgian Federal Government's Tax Shelter Scheme It won four Broadcasting Press Guild awards

We are investing in BBC in-house dramas such as *Father Brown* and indie productions such as *A Young Doctor's Notebook* (Big Talk) and *Call the Midwife* (Neal Street) We are also developing longer-running shows to meet client demands, for example *Da Vinci's Demons* for Starz, which was filmed in Wales This was produced by BBC Worldwide Productions in LA and was the first series made under the Adjacent Productions label, which differentiates between new programming and BBC reformats produced for the US market

Africa was this year's landmark project from the BBC's Natural History Unit and is well on the way to replicating the success of best-sellers such as *Frozen Planet* and *Planet Earth* *Africa* benefited from co-production deals brokered by BBC Worldwide with China's CCTV9, Discovery Channel and France Télévisions Bringing together international funding enables the BBC and indie sector to create content that rivals the best in the world Factual entertainment is also a growing genre for us New titles including *The Incredible Mr Goodwin* (Objective Productions) for UKTV and *Space Dive*, a documentary about Felix Baumgartner's record-breaking freefall, typify our ambition to commission content that challenges and pushes boundaries

We have continued to secure key talent for BBC Worldwide and the BBC Kirstie Allsopp and Phil Spencer's Raise the Roof Productions performed strongly for us, and we are developing other key relationships, including with *Citizen Khan's* Adil Ray and Louis Theroux

We continue to commission originations for our global channel portfolio These include both global commissions that work in all markets and local commissions tailored to specific territories

We have a first-look distribution deal with John Bishop's Lola Entertainment, and our comedy slate also features a broad range of titles, from Chris O'Dowd's *Moone Boy*, to the latest series of *The Thick of It* and *The Wrong Mans* (due to air later in 2013), which are co-productions with Hulu

Within the format licensing business, *The Great Bake Off* exceeded all expectations Since it was first shown on BBC Two in 2010, the cookery competition from Love Productions has been licensed in 13 countries, including France (M6), Australia (Channel Nine) and Ukraine (1+1) We continued to grow our slate of scripted formats, with *Life on Mars* a recent hit in Russia

In the music television genre, *Westlife The Farewell Tour Live at Croke Park* became the biggest alternative content event in UK cinemas in 2012, and was the biggest selling music DVD of the year Documentary has also helped grow our music television business, and *Beyoncé Life Is But a Dream* became our fastest selling music documentary of the past five years within the first few weeks of sale

Objectives 2012/13	Progress
• **Further increase our support for BBC programming**	• **Invested £74 4m into BBC-commissioned programming, investing in BBC in-house dramas such as *Father Brown***
• **Continue to support the UK creative economy through our work with the indie community**	• **Represent content from over 200 indies and have development and distribution deals with 40, £90 9m returned to UK independent rightsholders through upfront rights investment, profit share and royalties**
• **Invest in and develop more content to support our branded services**	• **12 originations commissioned for our branded channel portfolio including *Stargazing* and *Bill's Kitchen*, local commissions included *Copper* for BBC America**
• **Develop more content for digital platforms**	• **Two new comedy series have been co-produced with Hulu, *The Thick of It* and *The Wrong Mans***
• **Find and develop content and talent brands that can be used across all BBC Worldwide's businesses**	• ***The Great Bake Off* and *Life on Mars* performed well for our format licensing business**

Our strategic objectives (continued)

5. Develop more direct connections with consumers

This year we continued to adopt a greater business to consumer focus Our ambition is to get closer to fans around the world, grow brand loyalty and develop a greater understanding of audiences' content consumption in every market we operate in This is part of the rationale for our business restructure in 2013/14

Performance against objectives 2012/13

We have continued to invest in establishing direct relationships with our consumers around the world through our websites, social media, consumer products, apps, games and live events

The last year has seen considerable developments in the understanding and consumer insight we have around the BBC brand and our key brands globally Major projects included the implementation of brand tracking in 22 countries, the launch of consumer panels for Global Brands, detailed global research around many of our key brands including *Top Gear* and *Walking with Dinosaurs*, and a study we pioneered around 'fandom'

We have also continued to develop our Social Media and Electronic Customer Relationship Management (eCRM) capability Work is ongoing, but improvements to the functionality of the email platform and the consolidation of our customer database have been completed, and registered eCRM users have grown to 5 9m, up from 4 6m last year

Our increased investment in social media continued to pay dividends, with referrals from our Facebook pages remaining consistent despite changes to Facebook's algorithms Fans across our managed pages increased to 28m, up from 23m in 2011/12 and the most notable successes included *Top Gear* which now has 12 9m fans and *Doctor Who* with 3 1m We have also expanded into other social media platforms including Twitter and Google+ *Top Gear*'s Google+ page has established itself as the third largest autos site in the world on the platform with 2 5m connections The reach of our brand websites also grew year on year (see page 9 for more details)

We continued to extend the opportunities for consumers to engage with our key brands For *Dancing with the Stars* fans, we launched a new tour in the UK *Strictly presents Dance to the Music*, featuring former winner Kara Tointon, her dance partner Artem Chigvintsev and, for the first time live, the *Strictly* orchestra During the year we also launched successful dancing-themed cruises with P&O in the UK and Holland America Line in the United States, and more cruises will be delivered in 2013/14

For BBC Earth, the umbrella brand for all natural history content, we launched a new interactive *Walking with Dinosaurs* website, and Facebook and Twitter sites to keep fans up to date with the latest dinosaur news The *Walking with Dinosaurs* live arena tour returned to Europe, visiting 14 countries in 2012/13, including two weeks at the O2 in London *Walking with Dinosaurs The 3D Movie* is scheduled to premiere in December 2013, we expect this to further increase interest in the brand and plan further activities for new and old fans

In Consumer Products, we started to work with CBeebies favourite *Something Special* featuring the popular presenter Justin Fletcher In Autumn 2012, the *Something Special* toy collection had a limited launch with a leading supermarket and has been in high demand from parents In 2013, we are looking to secure wider distribution and to extend merchandising opportunities around this range further

We have grown revenues and ticket sales in our live events business and continued to broaden the range of events we stage and license This year we successfully launched new shows such as the *Hairy Bikers Larger than Live* tour and premiered *Frozen Planet* in Concert at the Hollywood Bowl before taking the show to venues in the USA, Japan and Australia For younger fans, CBeebies Live! 'Reach to the Stars', featuring *Mike the Knight, Zingzillas* and other favourite CBeebies characters and presenters, toured nine UK cities and was seen by over 90,000 people This year, we also signed a four-year deal with Longleat Safari and Adventure Park to transform areas of the park in the style of the BBC's *Deadly 60* series

Objectives 2012/13	Progress
• **Develop further consumer insight on the BBC brand and our key brands globally**	• **Brand tracking implemented in 22 countries and detailed global research conducted around key brands like *Top Gear***
• **Continue to evolve and execute our eCRM strategy, with clearer acquisition and increasing our revenue per fan targets for each brand**	• **Continued development of our eCRM capability including improvements to email platform functionality**
• **Deliver our social media strategy to enhance our fan based approach**	• **Facebook fans increased to 28m, expansion into other platforms such as Twitter and Google+ *Top Gear*'s Google+ page now third largest autos site in the world on the platform**
• **Continue to work on enhancing our digital product offering through new formats**	• **New interactive website, Facebook and Twitter sites for *Walking with Dinosaurs***
• **Double the tickets sold this year to BBC Worldwide events**	• **Approximately 1 8m people attended BBC Worldwide-branded events during 2012/13**

Divisional structure in 2012/13

The reorganisation of BBC Worldwide, which took effect on 1 April 2013, sees our operating businesses reconfigured from divisional to geographical lines of management. As a result, BBC Worldwide's review this year will be the last to be based around five global divisions.

Operating business	Description	Headline sales*	Headline profit/(loss)*
Channels	Offers a global showcase for the best of British television via a portfolio of 34 international, BBC-branded TV channels and the pilot of the Global BBC iPlayer A further 10 channels – the UKTV portfolio – operate in the UK through a joint venture with Scripps Networks Interactive The business also manages affiliate sales for BBC World News	£369.1m 2011/12 £344.6m	£47.8m 2011/12 £42.3m
Sales & Distribution	The largest distributor of finished TV programmes outside the US studios with a sales team present in 11 global offices serving over 200 territories Distributes BBC Worldwide's catalogue of high quality content to over 700 international broadcasters and digital platforms	£312.3m 2011/12 £292.7m	£79.3m 2011/12 £72.3m
Consumer Products	Global producer and distributor of TV-based packaged media Encompasses video (including DVD, Blu-ray and download-to-own (DTO)), licensed merchandise, music, book and audio publishing partnerships Also the home of BBCShop com	£181.6m 2011/12 £211.4m	£38.8m 2011/12 £49 1m
Global Brands	Enhances the long-term value of BBC Worldwide's major brands, creates closer consumer engagement, and identifies and cultivates emerging businesses such as Live Entertainment and Digital Entertainment & Games	£141.1m 2011/12 £146 6m	-£26.3m 2011/12 -£17.3m
Content & Production	Develops, commissions and acquires content for all BBC Worldwide's businesses Runs a global network of production studios and manages the slate of output, equity and partnership deals with the indie sector as well as the primary relationship with BBC production Also provides expertise to producers, bringing together interested investors to enable projects to come to fruition	£151.2m 2011/12 £135.5m	£12.1m 2011/12 £10 5m

Performance review

Channels

Year	2013	2012
EMEA	215 9	210 9
Americas	106 2	88 2
Rest of World	47 0	45 5
Headline sales (£m)	**369 1**	**344 6**

Headline profit (£m)	**47 8**	**42 3**

The Channels business generated headline sales of £369 1m (up 7 1% on 2011/12) and headline profit of £47 8m, up 13 0% This revenue growth reflects a year-on-year increase in affiliate sales in most markets, and strong advertising sales performance in the USA

We had 15 launches of our channel brands into new markets, and onto new platforms, alongside deal renewals and the creation of new localised channel feeds in Brazil, and Central and Eastern Europe We introduced our branded channels in four new countries – Brazil, Burma, Cambodia and Cyprus – and launched existing channels onto 19 new platforms Among these were digital terrestrial providers Riks TV in Norway, cable and satellite operators DIGI in Hungary, and RCS & RDS and RomTelecom in Romania

Subscription revenue also grew as a result of successful carriage renewals in multiple territories In Poland, our full channel portfolio was added to the Cyfrowy Polsat platform, achieving carriage on all direct to home platforms for the first time

In November, we took the decision to close BBC Entertainment and CBeebies in India Delays to digitisation and the need for channel operators to pay cable platforms for carriage made the economics of running the channels very challenging However, India is a dynamic and fast growing market and we would review our options in the event of changes to its pay TV landscape

Ad sales increased by 2 9% year on year Declines in some areas were offset by a strong performance from BBC America, up 27 8%, driven by a combination of improved distribution, ratings and pricing We also began selling advertising on BBC Entertainment in Norway

The pilot of the Global BBC iPlayer continued to operate across 16 markets in Australia, Canada and Europe

In the UK, the UKTV portfolio became the fastest growing commercial network in the calendar year 2012, with audience share up 10% year on year The company also achieved the highest audience share in its 20-year history, with 8 0% share of commercial impacts This was driven in part by programme acquisitions like *Gavin & Stacey*, *QI XL* and *Grimm*, and new commissions such as *The Comic Strip Presents Five Go To Rehab* *Dynamo Magician Impossible* won three awards at the 2012 Broadcast Awards and Broadcast Digital Awards and was commissioned for a third series

Outside the UK, we green-lit 12 new original series, including global factual entertainment and lifestyle titles such as *Best In Town* (Mox Productions), and co-productions with BBC in-house teams such as *Stargazing* Local commissions included *Dominic Monaghan's Wild Things* and *Copper* on BBC America *Copper's* first series averaged 1 3m viewers, making it a top performer for the channel

BBC America also invested in a slate of co-productions including *Ripper Street* and *Spies of Warsaw*, alongside second seasons of *Bedlam* and *The Hour* In Australia, BBC Knowledge secured a deal to premiere *Top Gear* on the channel, before the Nine Network and within a week of UK transmission

For CBeebies, we invested in 12 new series for preschoolers, creating titles like *Lah Lah's Adventures* and *Numtums Adventures*, and co-producing a slate which included *Dinopaws* and a second series of *Baby Jake*

We staged five global viewing events in the year – three synchronised premieres and two live broadcasts in conjunction with the BBC The premiere of *Top Gear* S19 was a ratings hit, topping the timeslot in several markets, while live Diamond Jubilee coverage saw Singapore, the USA and South Africa registering record viewing figures

Sales & Distribution

Year	2013	2012
EMEA	175 5	164 6
Americas	78 8	73 7
Rest of World	58 0	54 4
Headline sales (£m)	**312 3**	**292 7**

Headline profit (£m)	**79 3**	**72 3**

Sales & Distribution remained one of our key revenue and profit drivers Headline profit was up 9 7% to £79 3m (2011/12 £72 3m)
Sales & Distribution also passed the £300m revenue mark for the first time, recording headline sales of £312 3m The depth of quality in our catalogue, combined with our growth strategy – focusing on key client relationships, programme prioritisation, active catalogue management, digital and careful-windowing has been vital to our sales success

BBC Worldwide remained the biggest distributor of finished TV programmes outside of the major US studios, by turnover, with 100 salespeople in 11 offices A Broadcast magazine survey of our peers named us as the top UK distributor, and Televisual's survey of independent production companies rated us as top in the UK for the third successive year

Our annual sales event, BBC Worldwide Showcase enjoyed a record attendance this year, and welcomed almost 700 international buyers to Liverpool Now in its 37th year, the event continues to generate substantial sales

A key revenue driver was our digital business, with revenue growth of 23 2% in this area We worked with a range of companies on video-on-demand distribution deals including LOVEFiLM, Netflix, and Hulu, with whom we have also partnered on co-productions Digital contributed a substantial share of revenue growth in territories including South Korea, where we announced package sales to platforms such as KT, LG U+ and HomeChoice

Robust growth in EMEA was underpinned by strong performance in territories including Germany and France, where the launch of new DTT channels, such as RMC Découverte and 6ter, contributed to almost 50% revenue growth This was eroded by the tough economic climate in Spain and the northern Mediterranean, where we have maintained relationships with key clients in challenging conditions

Asia, Australasia, Latin America and the UK all saw steady revenue growth again, and in North America digital sales and co-productions, including *History of the World* with Discovery, boosted revenues

Doctor Who, *Parade's End*, *The Paradise* and *Ripper Street* all sold to over 120 territories, further cementing our reputation for providing premium quality content

Co-productions such as *Top of the Lake*, *Spies of Warsaw* and *Parade's End* were able to attract stellar casts of international talent and increase their global appeal as a result The cast of *Ripper Street* joined us in Cannes for MIPCOM, and our event with *Top of the Lake* creators Jane Campion and Gerard Lee was also one of the highlights of the market The Roma Fiction Fest dedicated a full day to our content, the first time they had done so for an international distributor, and hosted David S Goyer (for *Da Vinci's Demons*), Gillian Anderson (for *Great Expectations*) and Matthew Macfadyen (for *Ripper Street*)

Co-production funding has also been integral to our continuing success in factual programme sales, and strengthened relationships with key clients New co-production deals brokered included *Africa* (sold to 195 territories) with CCTV-9, Discovery Channel and France Télévisions This followed last year's partnerships with the Chinese broadcaster CCTV on *Generation Earth* and *Wonders of Life*

Performance review (continued)

Consumer Products

Year	2013	2012
EMEA	111 3	138 6
Americas	57 4	55 4
Rest of World	12 9	17 4
Headline sales (£m)	**181 6**	**211 4**
Headline profit (£m)	**38 8**	**49 1**

This year brought further challenges to the UK retail market including HMV entering administration As a result, headline sales for Consumer Products were £181 6m (2011/12 £211 4m) and headline profit was down 21 0% to £38 8m (2011/12 £49 1m)

Tough trading conditions impacted video publishing sales, but we improved our position, becoming the fourth largest studio in the UK video market by value in the Q4 period There were notable successes including *John Bishop Live – Rollercoaster Tour 2012* and the specially commissioned *Top Gear The Worst Car in The History of The World* The *London 2012 Olympic Games* DVD delivered significant sales becoming the second fastest selling box-set of all time (behind the *Star Wars* trilogy) and the top-selling sports and fitness DVD ever in the UK

During the year, we received the final insurance settlement for consequential business disruption, following a fire at a warehouse belonging to our UK DVD logistics partner, Sony, during the civil disturbances of summer 2011 Prior year sales had been adversely impacted by these events

This year saw the introduction of augmented reality into our DVD packaging giving fans access to exclusive interactive content for key brands such as *Doctor Who*, *Deadly 60* and *Top Gear* Following the strong response, this has been extended to some clothing and poster lines Our first ultraviolet-enabled DVDs and blu-rays were released, providing buyers of physical DVDs with access to a digital copy of their purchase via compatible devices

Our digital business continued to grow and was up 22 8% on last year iTunes remained our biggest Download To Own partner and *The Thick of It* S4, *Doctor Who* S7 Part 1 and *Red Dwarf X* were key titles Working closely with iTunes on promotions delivered good results and *Sherlock* (Ep1) was downloaded nearly half a million times during the 12 Days of Christmas campaign This year has seen new deals with Microsoft Xbox, BlackBerry, Nook and the Sony Entertainment Network, allowing further distribution of digital content

BBCShop com, our direct to consumer online retail site, continues to grow The site had 4 3m unique visitors this year and 80,000 new buyers 223,000 (+30%) units were shipped in 2012/13, a growing proportion of which were sent to international customers

We diversified our merchandise business, launching *Doctor Who* Home for Christmas 2012, a collection of *Doctor Who* homewares, ceramics and stationery which were designed and distributed in-house The business continues to enjoy healthy licensing deals for key brands including a top selling range of *Something Special* toys, two *Strictly Come Dancing* fragrances with Avon and, in its 50th Anniversary year a line up of *Doctor Who* collectibles including a celebratory range of Royal Mail stamps

In music cumulative sales of Radio 1's *Live Lounge* albums have now topped over 3m units in the UK It is now Sony's best BBC-branded compilation series and the 2012/13 release went Platinum with sales of over 400,000 units Demon Music Group sold just over 1 6m albums this year, getting to number two in the compilation chart with the *Call the Midwife* compilation album This year, a package of music rights was sold for £6 0m, providing funds for restructuring and development of new services

In BBC Books, *The Great British Bake Off* was a continuing bestseller with over 600,000 copies sold to date Other publishing highlights included a BBC Books version of *Parade's End* and *Sherlock The Casebook*

Global Brands

Year	2013	2012
EMEA	88 0	80 9
Americas	25 7	33 3
Rest of World	27 4	32 4
Headline sales (£m)	**141 1**	**146 6**
Headline loss (£m)	**-26 3**	**-17 3**

Global Brands manages our key brands and nascent businesses The division also incorporates results for Lonely Planet before its sale to NC2 Media in March 2013

This year, Global Brands sales were affected by the transfer of BBC com to BBC Global News Ltd, and the closure of Good Food magazine in Australia Headline sales were down 3 8% at £141 1m (2011/12 £146 6m) with headline losses of £26 3m (2011/12 loss of £17 3m)

The division carries the cost of managing BBC Worldwide's brands, including the superbrands of *Top Gear*, *Doctor Who*, *Dancing with the Stars*, BBC Earth (the umbrella brand for the BBC's natural history output) and Lonely Planet Revenue from these brands is recognised across individual businesses and represents 27% of the company's headline sales, down on last year (2011/12 30%) due to a lower volume of programming output from *Doctor Who* and *Top Gear*, reflecting production schedules

We continued to increase the range and scale of our Live Entertainment business New events this year included *Wallace & Gromit's Musical Marvels* and *Hairy Bikers* – Larger than Live Our new *Top Gear* Live Festival format launched in Durban, South Africa in June 2012 and was attended by over 60,000 people It was staged subsequently in March 2013 in Sydney at the Motorsport Park In July 2012 the Doctor Who Experience, an interactive walk-through adventure and exhibition, relocated to a long-term residency in Cardiff Bay, following a one-year tenancy at London's Olympia As the business grows we are continuing to review and refresh our event portfolio to balance risk and return

This was the first full year of trading under the contract publishing arrangement with Immediate Media Company for our four wholly-owned magazine titles – Top Gear, Good Food, Easy Cook and Lonely Planet Top Gear and Good Food maintained their market leading positions and Good Food increased share, in challenging market conditions *Top Gear* magazine was supplemented by the launch of an interactive digital edition, which had 9,000 subscribers at 31 March Lonely Planet magazine was sold in March 2013

This year, *Top Gear Stunt School Revolution* became our fastest downloaded game to date, pushing total *Top Gear* game app downloads to 9m over the last two years The game was translated into 12 languages including Chinese Other new launches included *Doctor Who The Eternity Clock*, our first published game on the Sony PlayStation3 However, high cost of creation and underperformance in a highly competitive sector mean we have taken an impairment charge in relation to our Games business this year

Top Gear performed well although only one new UK series aired in 2012 *Top Gear* USA had its best year to date and has now sold to 174 territories, the South Korean version of the show was re-commissioned for a further two series *Top Gear* became our third title to set a Guinness World Record after being named as the world's most widely watched factual TV programme in the 2013 edition

Performance review (continued)

Global Brands (continued)

Year	2013	2012
EMEA	88 0	80 9
Americas	25 7	33 3
Rest of World	27 4	32 4
Headline sales (£m)	**141 1**	**146 6**
Headline loss (£m)	**-26 3**	**-17 3**

We agreed new commercial deals with UK presenters Jeremy Clarkson, James May and Richard Hammond to secure *Top Gear's* future for another three years This will allow us to continue to grow the brand around the world, reinvest in *Top Gear* and return profits to the BBC

Doctor Who remains one of our biggest brands and is enjoyed by viewers in over 200 territories

The US version of *Dancing with the Stars* aired its 300th show in May 2013

Reflecting our strategic decision to focus more closely on the BBC brand, Lonely Planet was sold to US-based media company NC2 Media in March 2013 Before its sale, the business grew its print market share across key markets, and digital revenues grew year on year through strong performances of eBooks and lonelyplanet com

Content & Production

Year	2013	2012
EMEA	22 1	16 9
Americas	124 0	114 3
Rest of World	5 1	4 3
Headline sales (£m)	**151 2**	**135 5**
Headline profit (£m)	**12 1**	**10 5**

Content & Production generated headline sales of £151 2m (2011/12 £135 5m) with particularly strong sales in new content and new formats produced by its production houses in Los Angeles and France Headline profit was up 15 2% at £12 1m (2011/12 £10 5m)

BBC Worldwide Productions in Los Angeles continued to grow its production slate with over 140 hours of programming commissioned this year The year saw re-commissions of shows including *Top Gear* S3 for HISTORY, *Richard Hammond's Crash Course* S2 for BBC America and *Dancing with the Stars* S16 for ABC, which continues to be ABC's most watched entertainment programme, commanding over 13m viewers each night *Da Vinci's Demons* for Starz and *Breaking Pointe* for The CW were produced under the new Adjacent Productions label and have been commissioned for second series

The BBC established genre boards during the year to develop overarching strategies for all natural history, drama and children's programming We are working with the boards, helping them to identify new opportunities for the BBC in the global marketplace

BBC Worldwide Productions in France had a strong year The finale of the third series of *Danse avec les Stars* attracted an audience of 6 2m and the commission of a French version of *The Great Bake Off* for channel M6, *Le Meilleur Pâtissier*, performed well, with the finale in December attracting 3 6m viewers and winning its timeslot

Our production office in India achieved impressive ratings for *Jhalak Dikhhla Jaa* (the local version of *Dancing with the Stars*) after it moved to its new home on leading general entertainment channel Colors Off the back of the success of the show, the first ever region-specific version in West Bengal was produced, *Jhalak Dikhhla Jaa Bangla*, on ETV Bangla Other formats commissioned included Disney Q – *The Family Mastermind* for The Disney Channel and the first Indian edition of *What Not To Wear* for TLC In Australia, UKTV was the co-producer for Jane Campion's critically acclaimed *Top of the Lake*

During the year we decided to formally exit our joint venture partnerships with GP Media in Argentina and Freehand Productions in Australia BBC Worldwide will now directly manage sales for its format catalogue in both markets These joint ventures have allowed BBC Worldwide to better understand and navigate the production industries in Argentina and Australia and we are now looking to work with new local partners

Sony Pictures Television acquired a majority stake in Left Bank Pictures, in which we had a 24 9% stake As a result of the deal, we reduced our stake to 12 2% but retained all rights to Left Bank's back-catalogue of shows, as well as any future orders for additional series based on its existing shows We retain equity stakes in eight indies

Dancing with the Stars proved once again to be a strong international format and has now sold 46 local versions Having a flexible approach to adapting the format for different broadcasters is increasingly important with a mature format An innovative licence was developed with hotel brand Aman and Channel 7 in Thailand, with the format forming its first advertiser-funded partnership, a popular way of funding programming in the region

Chief Financial Officer's review

This year, BBC Worldwide has delivered a solid financial performance There was modest growth, reflecting a year of unstable market conditions and a particularly challenging retail environment in the UK, including the tough UK DVD market However, this has been mitigated by strong trading across TV sales, Channels and our production office in LA as well as cost focus and asset optimisation across the Group

Statutory results

Statutory revenue, which excludes our share of joint venture sales, was £968 6m, compared to £934 9m in 2011/12 Statutory profit before tax of £160 9m (2011/12 £103 5m) was 55 5% higher than in the previous year This includes gains of £35 7m arising on corporate transactions, without which profit before tax rose by 21 0% In the prior year, profits had been impacted by the write-down of our investment in Lonely Planet

We believe our performance for the year can be better understood through our non-statutory measures of headline sales and headline profit These incorporate our share of joint ventures and exclude certain one-off costs, as described more fully on page 2 The remainder of this review refers to these measures

Headline sales

Headline sales grew by 2 8% to £1,115 8m (2011/12 £1,085 0m)

Key growth drivers in 2012/13 included

- The Sales & Distribution business, which grew headline sales 6 7% year on year Strong programme sales across key markets, particularly in France and Germany and in the UK which benefited from the first full year impact of new VOD services,
- In Channels, higher BBC America advertising and affiliate sales Our UKTV joint venture in the UK also experienced higher affiliate revenues through HD channel growth, offsetting a slight decline in ad sales due to market conditions,
- New shows from BBC Worldwide Productions in LA – including *Breaking Pointe* and *Da Vinci's Demons* – and increased format sales for series like *The Great Bake Off*

Sales from our Consumer Products business – DVD in particular – were impacted by difficult trading conditions in the UK Some titles still performed strongly, for example the *London 2012 Olympics DVD* became the UK's second fastest selling box-set of all time behind the *Star Wars* trilogy and the UK's top-selling sports and fitness DVD ever The decline in year on year sales is lessened by the fact that prior year sales had suffered from the business disruption following a fire at a partner's warehouse during the disturbances of summer 2011

Headline sales from the Global Brands division were affected by the transfer of BBC com to BBC Global News Ltd during this year

Headline profit

Headline profit increased by 1 0% to £156 3m (2011/12 £154 8m)

Sales & Distribution and Channels experienced healthy profit growth (9 7% and 13 0% year on year respectively) Profits in our Consumer Products division were hit by lower sales and debt recoverability issues, primarily HMV in the UK This was however offset by the sale of a package of music rights generating profit of £5 7m, and the settlement of an insurance claim for £5 5m relating to lost sales following the prior year warehouse fire

We have reviewed the assets of our Games business and impaired some of them reflecting the fact that their performance has been below expectations (see page 16)

Our margins were adversely affected by the combined impact of a tough retail market, especially in the UK, and investment in our nascent businesses Our business restructure has been designed to make our organisation more agile and to bring us closer to our markets In doing so, we have identified cost efficiencies which will help protect our future margins from both cyclical and structural challenges Associated restructuring costs of £6 3m were recorded as a specific item in 2012/13

Returns to our shareholder

Total returns to the BBC were £156 0m (2011/12 £215 7m) These declined by 27 7% this year In the previous year we paid a special dividend of £73 0m following the sale of our Magazines business Returns increased by 9 3% excluding these one-off proceeds

Direct investment into BBC-commissioned programmes is down slightly at £74 4m (2011/12 £78 1m), reflecting the normal ebb and flow of production cycles BBC Worldwide dividends in respect of the financial year's performance were £57 3m (2011/12 £111 0m and £38 0m excluding the Magazines special dividend)

We are planning with our shareholder to achieve the right balance between short term cash returns and investment in long term growth This will be subject to much focus over the next year as our strategy is refined under new leadership

Corporate activity

In March 2013, we concluded a deal to sell Lonely Planet to US-based media company NC2 Media at a price of AU$75m (£51 5m) AU$60m (£41 2m) of cash was paid on completion and included in this year's financials The remainder will be paid in March 2014 As noted in previous Annual Reviews, we had written-down the carrying value of Lonely Planet as a result of the appreciation of the Australian dollar and the impact of the global recession on the travel publishing market During its period of ownership, BBC Worldwide recorded unrealised foreign exchange gains of £48 4m from retranslating Lonely Planet's assets into sterling As a result of the disposal, these gains became realised and have been reclassified to the income statement The resulting gain on disposal of £15 0m reflects this Despite this accounting gain, we have made a net cash loss on our investment of approximately £80 0m Although this has not proved to be a good commercial investment, at the time of purchase there was a credible rationale for this deal

In September 2012, we transferred BBC com to BBC Global News Ltd for cash consideration of £12 0m This resulted in a profit on disposal of £12 4m Immediately prior to the transfer, BBC Worldwide had waived £12 0m of intercompany borrowings owed by BBC com

In August 2012, we sold 12 7% of our interest in Left Bank Pictures, reducing our shareholding from 24 9% to 12 2%, resulting in a gain on disposal of £8 0m

In September 2012 BBC Worldwide acquired its non-controlling interest in Bedder 6, the entity through which *Top Gear* operated internationally, as part of a deal to secure the talent integral to the brand's future As a result of this transaction there was a £14 4m cash outflow and a £1 8m charge within other gains and losses Prior to acquisition, a dividend from pre-deal retained earnings was also paid by Bedder 6 Ltd to its shareholders, resulting in a net cash outflow of £8 1m for the Group

Chief Financial Officer's review (continued)

Taxation

BBC Worldwide applies a conservative tax strategy and is committed to being a prudent tax payer in all the countries in which it operates and to conducting its tax affairs with integrity

The tax charge for the year was £33 3m (2011/12 £30 2m) and represents an effective tax rate of 20 7% (2011/12 29 2%) Effective tax rates in both years are notably impacted by the non-UK tax rates applicable to overseas profits The effective tax rate in 2012/13 was reduced by the gains on business disposals, which attracted no tax Without these, the 2012/13 effective tax rate was 26 6%

The tax paid in the year was £34 4m (2011/12 £33 7m) The amount of tax paid in the year is different from the tax charge, due to the timings of payments UK corporation tax is payable in four instalments, two of which are made after the end of the year in which the tax arises, i e some of the tax included in the 2011/12 tax charge was paid in 2012/13

Assets held for sale

In 2011/12, the Board agreed to pursue a sale of the Group's interest in the children's properties joint venture Ragdoll Worldwide Limited and we presented our interest in Ragdoll and related programme rights as a disposal group held for sale The Board remain committed to the plan for sale During 2012/13 BBC Worldwide has progressed the tender process and transferred ownership of the related programme rights into the joint venture As the process is ongoing, our interest in Ragdoll remains held for sale on our Balance Sheet at 31 March 2013

Balance sheet

The net asset position of the Balance Sheet has increased from £262 0m to £299 3m due to increased retained profits after dividend payments The increased net asset position is reflected in lower net debt, offset by reductions in goodwill and intangible assets following the disposal of Lonely Planet

Inventory has increased compared to the prior year, comprising investment in original commissions, including shows such as *Orphan Black* and *Ripper Street*, offset by lower physical inventory following the disposal of Lonely Planet Deferred consideration from the Lonely Planet disposal is included in the closing receivables balance

Cash and debt

Cash generated from operations was £213 6m This was higher than the £177 9m generated in the prior year in part due to a reduction in the amount of cash used to fund working capital We invested £104 2m of cash in distribution rights and £21 8m in other tangible and intangible fixed assets

Cash proceeds from disposals including Lonely Planet totalled £50 9m and dividends of £33 3m were paid

As a result, cash inflow for the year was £42 5m, compared with an outflow of £31 1m in the prior year

Net debt at 31 March 2013 is £4 5m (2011/12 £64 4m) The remaining £30 0m tranche of our borrowing facility with the European Investment Bank was repaid in May 2012 and the facility has since been replaced by additional capacity within our debt facility with BBC Commercial Holdings Limited Following the sale of BBC com, the facility was reduced, bringing the total available facility to £202 2m at the end of the year The use of this facility above £172 2m is conditional upon an equivalent holding in cash

Outlook

BBC Worldwide's continued revenue growth in tough trading conditions demonstrates the robustness of our business model Changes in our organisational design in 2013/14 mean we will be in a better position to understand consumers' and customers' needs and capitalise on opportunities in current and new markets

Going Concern

As set out previously, BBC Worldwide operates in a challenging and changeable sector The reputation of the BBC brand and the quality of our global content has proven resilient to some of these challenges Accordingly, the directors of BBC Worldwide believe we are able to manage risks within our current level of financial resources and we continue to adopt the going concern basis in preparing the accounts

Philip Vincent
Chief Financial Officer,
BBC Worldwide

Corporate responsibility

As a company, we have responsibilities to a number of stakeholders These include our clients and audiences, the businesses we trade with – particularly the people employed in our supply chain – and the communities where we operate

As custodians of the BBC's brand we have a duty of care to act responsibly and appropriately, and to honour the expectations of our customers and partners, for whom the brand denotes quality and integrity We integrate this into all aspects of our business, from policies and practices to culture and behaviour Our corporate responsibility programmes are designed, where appropriate, to extend our responsibilities beyond our daily business activities

As we grow our business internationally, it is essential that we ensure that we trade ethically, minimise our environmental impact wherever possible and also contribute to the lives of our people and the people in our local communities

In 2012/13, corporate responsibility activity was led by separate specialists, with BBC Worldwide Executive (WEx) leaders heading steering groups for Ethical and Editorial Standards Policy, our Head of Ethical Sourcing & Environmental Policy led on our environmental impact work, and our outreach activity has been led by our Internal Communications department While this has ensured that each area of focus has had leadership with direct responsibility and expert knowledge, we recognise that to make our corporate responsibility more effective and truly embedded in our values, more cohesion is needed with our overall business strategy and we expect to review our Corporate Responsibility Strategy in 2013/14

People

Responsibility for People Development sits with Kirstin Furber, BBC Worldwide's People Director

Our aim at BBC Worldwide is to be a world-class global media employer The success of our business is dependent on the commitment and drive of our employees and, therefore attracting, retaining and developing the best talent is essential

By aligning our people strategy to our business strategy, we have achieved the following

1 **Structure** Designed and restructured our organisation to create regional businesses with global and corporate functions, and designed new processes and ways of working to support this new structure

2 **Attraction** Launched a global recruitment website to expand our access to talent globally, and raise the profile of BBC Worldwide as an employer outside the UK

3 **Training and Development** Trained our managers, through a Management Essentials training module, to bring out the best in them and their teams Since commencement, over 300 managers have completed the module

   To support unprecedented change in our markets, as well as change within the BBC as a whole, we have developed change capability for our leaders and individuals through Change in Me workshops

   Built capabilities for our employees through continuous online learning 1,700 online courses were downloaded from our internal employee website

   We continued with our mandatory training programme to ensure governance and protection of the BBC brand This year, we launched a new mandatory training curriculum 'The Knowledge for New Starters'

4 **Talent Development** The 'Inspire' programme was created to develop a talent pipeline for our future WEx leaders Inspire has been founded on cutting-edge thinking and the latest business practices, allowing individuals to meet organisational challenges, now and in the future

   As emerging talent, the newly formed ATLAS network was created to work closely with our Board and wider leadership team, on business critical issues, upward mentoring and providing support to strategic initiatives in the 'start-up' phase ATLAS participants receive exposure to current local and global business issues and initiatives, peer coaching, as well as continued investment in developing them as leaders

5 **Diversity** Put diversity at the heart of our company, to drive our global mindset enabling us to understand the diversity picture for BBC Worldwide We continue to focus on diversity goals across our employee population

6 **Performance driven organisation** Implemented a globally integrated and consistent performance, talent and reward cycle, to support a performance-driven organisation, including introducing a simple six monthly talent review for staff one to two levels below WEx

Plans for 2013/14

- Rationalisation and simplification of incentive plans, resulting in a smaller number of clear, transparent schemes, aimed at motivating staff to deliver exceptional results
- Launching 'talent on demand' to provide our top talent and ATLAS community with experiences in the company, through either short-term attachments or by participating in projects enabling them to develop, increase their skills and accelerate their growth
- Developing a diversity plan to embrace, respond to and be representative of our global audiences
- Developing a Global Roles Framework, to facilitate career development, and to provide the foundation for a consistent yet locally relevant pay structure, across the organisation, globally
- Developing organisational capability through professional academies including Sales, Content and Marketing, creating a consistent global approach

Corporate responsibility (continued)

Ethical Sourcing

The Ethical Sourcing programme is overseen by a dedicated Ethical Policy team and governed by the Ethical Policy & Product Safety Steering Group, chaired by BBC Worldwide's General Counsel, Martyn Freeman

Each year, BBC Worldwide sources and licenses millions of products that carry the BBC brand We try hard to ensure that workers at sites manufacturing BBC-branded products are treated fairly We recognise that many factories will struggle to be fully compliant with some aspects of our Ethical Policy and so, in line with best practice in this area, our approach is to work with those factories that meet our minimum requirements who have shown commitment to improvement in critical areas

However, we take a zero tolerance approach to the issues of the employment of child workers, the use of bonded labour, uncontrolled working hours and dangerously poor health and safety provisions Our policy is to work with suppliers who address these critical issues, provided that those suppliers are entirely open and honest Transparency is an absolute requirement and is vital for making progress in improving conditions for workers

We require independent third-party audits for our manufacturing sites in high-risk countries prior to manufacture We determine the level of risk through industry data and expert advice and we will only accept audit reports that provide a detailed assessment of working conditions in each factory All audits are carefully reviewed and graded by our team according to a traffic light system

A site is graded red when it does not comply with our minimum standards, we call this a critical failure point In this event, we can suspend the production of our product until we are satisfied that the failure has been corrected Through this approach, we are able to track real improvements in factory working conditions Only factories that have no unresolved critical issues are approved to manufacture our products

We also conduct control audits, sometimes referred to as 'forensic audits', to check the effectiveness of the overall programme These control audits are carried out by labour standards experts and are accompanied by BBC Worldwide staff There is a strong emphasis on listening to workers and getting to the root causes of issues

We appreciate that there can also be issues in lower risk countries, and we have started expanding the scope of our audit programme to these areas

Plans for 2013/14

- Participate in a programme to investigate and improve absenteeism and staff turnover in Chinese factories (an indicator of worker satisfaction)
- Introduce enhanced audit checks with focus on working hours in higher risk countries
- Expand the programme to include appropriate checks in lower risk countries

Environment

The environmental strategy is overseen by the Head of Ethical Sourcing and Environmental Policy and supported by WEx

We have collated up-to-date utilities data from our offices around the world, providing a more complete picture of energy, and water usage and waste

We send zero waste to landfill from our main UK office building, by diverting non-recyclables to a waste-to-energy plant A rainwater harvesting system in the same building minimises use of mains water, saving over 5m litres of mains water per annum

BBC Worldwide is carbon neutral for offices and business travel BBC Worldwide employees who park at our UK headquarters pay for parking, and the money will be used to buy Gold Standard carbon offsets to balance unavoidable emissions In the UK, domestic and close European flights are not allowed by the company's 'Travel Less, Travel Light' green travel policy, with exceptions reported to WEx

BBC branded books and magazines are predominantly printed on FSC certified paper, as are the paper sleeves for our DVD titles

In 2013/14, BBC Worldwide will be working with the architects and engineers to ensure that BBC Worldwide's new headquarters in the former Television Centre are refurbished to high sustainability values

Outreach

We remain committed to having a meaningful impact in the communities local to our operations Being a commercial entity, we believe it makes sense to undertake projects that are relevant to our skill sets and businesses whilst also providing the opportunity for team building and/or personal development

Our established UK-based projects continued to be well supported by our employees This year we provided 28 volunteers to take part in Hammersmith & Fulham Council's Mock Interview Day at Phoenix High School, in conjunction with Career Academies we supported two student internships in the summer of 2012 BBC Worldwide employees have undertaken two team challenge days in the local community, we have 13 mentors taking part in the Reading Partners Scheme operating in three local primary schools, we supported the Take Two mentoring scheme for the second year running providing 23 mentors, taking the total of BBC Worldwide employees who have been involved in the programme since it started in January 2011 to 39

Owing to our business restructure activities this year, we have been unable to schedule in two Explore Media Days as planned, but we have one booked in for early 2013/14 The restructure work has also had an impact on some of our volunteer numbers through 2012/13 so we have been unable to deliver on increasing Jack Tizard volunteers by 40%, but have continued our support of the scheme maintaining our number of 12 volunteers throughout the year

As part of our 2011/12 commitment to develop our international activity, our employees in our New York office have undertaken a series of activities over the last 12 months Working in partnership with New York Cares – the city's largest volunteer organisation – BBC Worldwide staff have taken part in a number of community based projects including Independent Volunteer Training, more than 100 employees helped install a new garden in McCarren Park and Mucking Out for Hurricane Sandy

Plans for 2013/14

- Develop our corporate responsibility strategy – including outreach work – to ensure our activity is embedded in our culture and values and undertaken across all regional offices
- Work with BBC Outreach to continue providing BBC Worldwide employees with opportunities to make an impact in the local community
- Hold two Explore Media Days throughout the year
- Look for and establish new partnerships to allow our outreach initiatives to expand and diversify

BBC Worldwide Executive

Name	Background
Marcus Arthur MD, UK & ANZ	Marcus Arthur is MD, BBC Worldwide UK and ANZ He is responsible for driving UK and ANZ revenue streams through BBC Worldwide's channels, consumer products, books, magazines and live events He was previously MD Global Brands until the company restructure in April Marcus began his career at Redwood Publishing, and joined BBC Worldwide in 1991, where he has held roles including Publishing Director of Radio Times and Managing Director, BBC Magazines Marcus also sat on the boards of BBC Haymarket Exhibitions, BBC Books and BBC Magazines and was Chairman of Lonely Planet until the business was sold in March 2013
Jamie Austin (Acting) Director of Communications	Jamie Austin has been (acting) Director of Communications since September 2012, while Charlotte Elston is on maternity leave He oversees all areas of communications at BBC Worldwide, including external PR, internal communications, corporate affairs and events Prior to that he was the BBC s Head of Communications for Audio & Music since 2010 He held a number of other communications roles at the BBC, including working on Natural History Unit and Features, factual and documentaries and in the Corporate Press Office Before joining the BBC, he worked in the Corporate Communications Department at Bristol & West Building Society during its takeover by Bank of Ireland
Paul Dempsey President, Global Markets	Paul Dempsey is responsible for building BBC Worldwide's portfolio across all non-English speaking territories around the world, known collectively as Global Markets The business is organised within four regional profit centres Asia, CEMA (Central & Eastern Europe, the Middle East and Africa), Latin America and Western Europe Prior to this, Paul was Interim CEO for four months before Tim Davie joined BBC Worldwide, and previously MD Consumer Products Paul joined BBC Worldwide in 1998, from previous roles including senior positions at Mars Confectionery and Frontline Ltd, formerly BBC Worldwide's magazine joint venture business
Martyn Freeman General Counsel	Martyn Freeman was appointed General Counsel for BBC Worldwide in November 2011 He has responsibility for all legal, business affairs, policy and regulatory matters, including the negotiation of transactions and joint ventures rights and deal management, editorial and commercial policy, compliance and talent accounting Previously, Martyn was in charge of BBC Worldwide's Legal & Business Affairs teams, and has held a variety of roles across the BBC, including Head of Business Affairs, Radio & Music, Factual & Learning and News
Kirstin Furber People Director	Kirstin Furber is responsible for Human Resources across BBC Worldwide's 2,000-person-strong business She was appointed People Director in January 2013, having previously held the role of SVP Human Resources Prior to joining BBC Worldwide, Kirstin held the role of Executive HR Director at Twentieth Century Fox, spent seven years at Discovery Channel where she was the VP of HR International and held HR positions at Ziff Davis Warner Bros and Granada Media Group
Daniel Heaf Chief Digital Officer	As Chief Digital Officer, Daniel Heaf is responsible for BBC Worldwide's digital activities This includes the company's commercial websites, Global BBC iPlayer, apps, games, BBC Worldwide Labs and VOD He began his digital career founding and running a successful start-up and has also worked for Time Out, AOL, BBC Radio and Channel 4's corporate venture fund 4IP
Amanda Hill Chief Brands Officer	Amanda is responsible for developing the overarching brand strategy for all of BBC Worldwide's businesses This includes managing the current brand portfolio of BBC Global Brands including *Dancing with the Stars*, *Top Gear*, *Doctor Who* and BBC Earth whilst also developing and building new brands to protect and develop future brand revenue growth Amanda's wide-ranging experience has seen her work across a portfolio of FMCG brands at L'Oréal, lead the development and re-positioning of global brands at Added Value and since joining BBC Worldwide she has created the BBC Earth brand and is responsible for the re-boot of *Walking with Dinosaurs* taking BBC Worldwide into 3D film for the first time
Helen Jackson Chief Content Officer	Helen Jackson was appointed Chief Content Officer in December 2012 In this role, Helen oversees the creative and commercial vision for BBC Worldwide's content strategy and covers the company's programme commissioning, development and acquisition activity channels curation and editorial standards Previously BBC Worldwide's MD, Content & Production and, before that, Director of Independents, Helen joined BBC Worldwide more than 20 years ago Helen has built up formidable commercial experience of the television sector, holding various roles across international sales and distribution, marketing and investing in production and content partnerships
David Moody Director of Strategy	David is responsible for all aspects of the company's direction and objectives, he also leads major deal negotiations and business reviews From 2005 to 2009 he combined this role with that of MD of Digital Media He began his career with strategy consultants The LEK Partnership, worked at Singapore Telecom International and United News & Media in strategy and business development roles and co-founded Dataroam, a wireless application service provider, where he was Finance Director He joined the BBC in 2002 as Commercial Director for BBC Ventures Group, before moving to BBC Worldwide in 2004
Herb Scannell President *BBC Worldwide North America*	Appointed in June 2010 Herb is responsible for the company's US and Canadian business Formerly Vice Chairman of MTV Networks and President of Nickelodeon Networks, he oversaw all creative and business operations for a portfolio of brands including number-one rated network in cable TV Nickelodeon, TV Land, Spike TV and Noggin Before joining BBC Worldwide, Herb was CEO of Next New Networks, a digital media company he co-founded in 2006, which was subsequently acquired by Google

BBC Worldwide Board

Name	Role	Date of Appointment	Background
Tony Hall	Chairman	1 April 2013	Tony Hall, in his capacity as BBC Director-General, became BBC Worldwide Chairman when he started at the BBC in April 2013 Prior to this, Tony was Chief Executive of the Royal Opera House From 1973-2001, he worked in various roles at the BBC including Chief Executive of BBC News Tony was Deputy Chairman of Channel 4 Television and sits on the board of The British Council and the Paul Hamlyn Foundation In 2009 he was asked by the Government and the Mayor of London to set up and chair a board to direct the Cultural Olympiad and also joined the board of the London Organising Committee for the Olympic Games He was appointed a CBE in 2005 and in 2010 was created a life peer with the title Baron Hall of Birkenhead He sits on the Crossbenches in the House of Lords
Tim Davie	Chief Executive	1 April 2013	Tim Davie became Chief Executive of BBC Worldwide and Director, Global, in April 2013 He joined from the BBC, where he had been Acting BBC Director-General since 10 November 2012 Prior to that, Tim was Director of BBC Audio & Music, where he had overall responsibility for BBC Radios 1, 2, 3, 4 and the BBC digital-only stations 6 Music, 1Xtra, Radio 4 Extra and the Asian Network He also oversaw the three BBC orchestras in England, the BBC Singers, the BBC Proms and the A&M production department Previously he was Director of the BBC's Marketing, Communications & Audiences division and Vice President, Marketing and Franchise, PepsiCo Europe
Philip Vincent	Chief Financial Officer	1 December 2010	Philip Vincent was appointed as Chief Financial Officer in December 2010 He has held a number of positions in BBC Worldwide, including Deputy CFO, Group Finance Director (Broadcast & Digital) and Finance Director (Channels) Before joining the BBC in 1998, Philip was Financial Controller at Bunzl Disposables Ltd Philip qualified as a Chartered Accountant at KPMG, practising in both London and New York
Zarin Patel	Non-executive Director	31 January 2006	Zarin Patel joined the BBC in 1998 as Group Financial Controller, becoming Chief Financial Officer in December 2004 Before joining the BBC, Zarin trained as a Chartered Accountant with KPMG, where she gained 15 years' experience of working with multinational corporations across the industrial and commercial sectors Zarin is also a Governor of the University of the Arts in London and a Trustee of the BBC Pension Scheme Zarin Patel will be replaced on the Board by Anne Bulford in June 2013 when she joins the BBC as Managing Director of Operations and Finance

Directors' Report

The Directors present their report and the audited consolidated financial statements of BBC Worldwide Limited (the "Company") and its subsidiary undertakings (together the "Group") and the Group's interest in associated undertakings and joint ventures for the year ended 31 March 2013

Principal activities of the Group

The trading activities of the Group focus on the acquisition, development, exploitation, licensing and sale of intellectual property Rights are acquired from the BBC and from independent owners of intellectual property and are exploited through a number of businesses, both wholly-owned and partly-owned through joint ventures, across multiple formats These businesses are Channels, Content & Production, Global Brands, Sales & Distribution, and Consumer Products

Performance review

A review of business performance, including likely future developments, is given on pages 15 to 17 Further information which fulfils the Business Review requirements by reference is set out in the Governance Report on pages 26 to 29

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks The key business risks and uncertainties affecting the Group are discussed in the Risk management section on pages 30 to 33

Results and dividends

The consolidated profit for the year distributable to equity shareholders of the Company was £126 7m (2012 £168 4m)

Dividends of £33 3m (2012 £139 9m) were paid during the year

In addition, the directors propose a further dividend in respect of the year of £30 2m (2012 £6 2m), resulting in a total dividend of £57 3m (2012 £111 0m) in respect of the financial year The dividend will be paid in the year ending 31 March 2014

Acquisitions and disposals

During the financial year the Group disposed of its interest in BBC com to BBC Global News Limited and its interest in Lonely Planet to NC2 Media, a newly formed Delaware corporation The Group also disposed of its interest in Freehand Media and part of its stake in Left Bank Pictures Full details of the Group's acquisitions and disposals are included in the Chief Financial Officer's Review on pages 18 to 19

Directors

The Directors who served during the year and until the date of this Directors' Report were

Tim Davie	appointed on 11 November 2012
Paul Dempsey	appointed on 1 December 2012 and resigned on 31 March 2013
George Entwistle	appointed on 25 May 2012 and resigned on 10 November 2012
Tony Hall	appointed on 1 April 2013
Charlotte Hogg	resigned on 31 March 2013
Roger Mosey	appointed on 20 August 2012 and resigned on 31 March 2013
Zarin Patel	
John Smith	resigned on 31 December 2012
Mark Thompson	resigned on 17 September 2012
Philip Vincent	
Tim Weller	resigned on 31 March 2013

Payment to creditors

Operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted It is Group policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions Based on the consolidated financial statements creditor days outstanding were 26 days (2012 26 days) at 31 March 2013 Rights creditors have been excluded for the purposes of this calculation, as they relate to payments to artists and contributors rather than trade creditors

Donations

The Group does not make political donations During the year the Group made donations of £172,254 to The Foundation of Prince William & Prince Harry (2012 £1,163,000 to various charities) These donations were profits from the sale of the Royal Wedding programme, DVDs and downloads as agreed with St James's Palace in 2011 as part of an ongoing rights acquisition agreement

Employee participation

All staff members are invited to meetings which communicate the Group's performance and activities, these events are called "The Bigger Picture"

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

The Company's 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

The Group 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

The Group monitors its diversity figures and aims to ensure that its workforce reflects the UK's population

Directors' Report (continued)

Disabled people

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

Development and training

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

Going concern

After making enquiries, the Directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future, and accordingly the going concern basis continues to be adopted in the preparation of the accounts Further information about the going concern assumption is given in note 1 to the consolidated financial statements

Directors' interests and indemnities

No Director had any interest in the share capital of the Group at 1 April 2012 or 31 March 2013 No rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year

Directors' and Officers' insurance cover was in place throughout the financial year as appropriate Additionally, an indemnity is in place for the Group's nominated Directors on the board of Australian entities and for BBC Worldwide Limited Directors and Officers in respect of Branch operations in Australia The nominated Directors are held harmless in relation to legal claims against them in their capacity as Directors and Officers, except in the event of fraud, dishonesty or wilful default The indemnity covers all liability incurred by nominated Directors and Officers to the fullest extent permitted by Australian law and is intended to offer protection to the nominated Directors and Officers in addition to the cover under the Group's Directors' & Officers' insurance policy

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 Group'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 Group's auditors are aware of that information

Auditors

In accordance with Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board,

Jane Earl
Company Secretary
7 June 2013

Registered office
Media Centre
201 Wood Lane
London W12 7TQ

Corporate governance report

On 31 March 2013, Charlotte Hogg and Tim Weller resigned as Non-executive Directors of BBC Worldwide At the same time, Lord Hall joined the BBC as Director General and announced that he wished to review the governance process within the BBC as a whole In this context, the two independent Non-executive Directors have not been replaced

The BBC recognises the value of best practice corporate governance and its relevance to non-listed companies, particularly a company such as BBC Worldwide In determining the appropriate governance framework, the BBC Executive have focussed on removing unnecessary layers of scrutiny while ensuring that the appropriate level of assurance has been maintained This report focuses on the governance framework in place during the financial year ending on 31 March 2013, interim arrangements, which are set out below, have been agreed while the future governance of the company is determined

BBC Worldwide's governance framework

1 Leadership

Role of the Board

The Board is responsible for setting the strategic objectives for the company and for monitoring progress against those objectives The Board reviews both business and financial performance with a view to ensuring that the company has sufficient resources to execute the strategy effectively The Board is accountable to its parent, the BBC, for generating sustainable long-term value, while balancing both investment performance and returns in the form of dividends and programme investment The investment guidelines (the company's policies for approving investment and expenditure) provide the framework for controlling the governance processes and provide clearly delegated authorities and robust processes

Chairman and Chief Executive

There is a clear separation of the roles of the Chairman and the Chief Executive, which is set out in writing and has been adopted by the Board A copy can be found on the BBC Worldwide website The Chairman's principal role is to lead the Board and to ensure that it works effectively and through its various committees

The Chairman is also responsible for setting the Board agenda and promoting a culture of healthy debate and challenge The terms of the employment contracts for the Chief Executive and Chief Financial Officer are set out in the Remuneration Report

Non-executive Directors

The independent Non-executive Directors served initially for a term of two years which was extended during 2012 The BBC Public Service Non-executive Directors who represent the parent company do not have fixed term contracts and may be replaced at any time by the shareholder

Re-election of Directors

As a wholly-owned subsidiary of the BBC, there is no requirement for the Directors to seek annual re-election, nor do we hold a formal annual general meeting The company is required to present an annual review of performance to both the BBC Trust and the BBC Executive

Independence

The Board were of the opinion that each of the Non-executive Directors were independent in character and judgement Charlotte Hogg and Tim Weller did not have any relationships or circumstances which were likely to affect or could appear to affect their judgement and were therefore considered to be totally independent

Insurance indemnities

The company maintains liability insurance for its Directors and Officers which is renewed on an annual basis The company has also entered into deeds of indemnity with its Directors

Company Secretary

All Directors have access to the advice and services of the Company Secretary who acts as Secretary to the Board and its committees The Company Secretary is accountable to the Board for ensuring that Board processes and corporate governance practices are followed Directors are also given access to independent professional advice at the company's expense where they consider such advice is necessary to enable them to fulfil their responsibilities The Company Secretary is Jane Earl FCIS

Corporate governance report (continued)

2 Effectiveness

Board composition and appointments

During the financial year ending 31 March 2013, the BBC Worldwide Board underwent a number of changes

Mark Thompson, the Chairman of BBC Worldwide, resigned on 17 September 2012 George Entwistle, who was appointed to the Board on 25 May 2012 as Director of Vision at the BBC, assumed the Chair on 18 September following his appointment as Director-General of the BBC Mr Entwistle resigned from the Board on 10 November 2012 and was succeeded by Tim Davie on 11 November 2012, following his appointment as acting Director-General of the BBC Tony Hall was appointed Chairman of BBC Worldwide on 1 April 2013

Roger Mosey was appointed a BBC Public Service Non-executive Director on 20 August 2012 in his capacity as acting Director of Vision Mr Mosey resigned from the Board on 31 March 2013 Charlotte Hogg and Tim Weller both resigned from the Board on 31 March 2013 It has been announced that Anne Bulford will join the Board in June 2013 when she joins the BBC as Managing Director of Operations and Finance, replacing Zarin Patel as a BBC Public Service Non-executive Director

John Smith, CEO, resigned from the Board on 31 December 2012 Paul Dempsey was appointed Interim CEO on 1 December 2012 and joined the Board on that day Mr Dempsey resigned from the Board on 31 March 2013 prior to Tim Davie taking up the appointment of CEO on 1 April 2013

The Davies report has recommended that FTSE 100 companies should aim to have a minimum of 25% female representation on their boards by 2015 With two female Non-executive Directors, BBC Worldwide exceeded this threshold during the 2012/13 financial year The Board recognises the value of diversity in all respects

New Directors undertook a formal induction programme which was designed to give them an understanding of each of the strategic objectives and how these would be delivered within the context of the governance structure

The current members of the BBC Worldwide Board, as of the date of approval of these financial statements, are shown on page 23 together with details of their external commitments

3. How the BBC Worldwide Board operates

The Board has a schedule of matters reserved for its attention and the Company Secretary also maintains a forward agenda of matters requiring discussion and/or approval

Business oversight

At each Board meeting the Chief Executive presents his report on all aspects of the company's strategy and performance in the presence of the BBC Worldwide Executive Committee (WEx) Each of the Managing Directors has the opportunity to attend Board meetings and to comment on their business performance and make presentations to the Board on specific initiatives During the year the Board received in-depth presentations on digital opportunities including Global BBC iPlayer, VOD opportunities and strategic alliances The Board also received updates on the performance of advertising and content investment During the period between Mr Smith's resignation and Mr Davie's appointment as CEO, the Board met monthly in order to support the Executive team during the period of transition

Financial and risk management

The Board receives regular updates on the company's financial position, agrees the budget, and monitors risk management and financial controls One issue which has received regular monitoring has been the ongoing concerns relating to the Eurozone financial markets and the implications for trading conditions

Strategic review

During the year the Board has played an active role challenging the Executive in the formation of the new regional structure as referred to on page 6 This was developed and discussed over the course of several substantial sessions The Non-executive Directors were active participants, drawing on their own experience to challenge and inform the debate

The KPIs and five year plan objectives were reviewed as a matter of course

Corporate transactions

In accordance with the investment guidelines, the Board approves transactions/disposals where the value is in excess of £5 0m or any transaction involving the acquisition of equity Transactions reviewed by the Board during the year included the disposal of equity in Lonely Planet, the exercising of the Bedder 6 option, and closure of some of our Indian channels The Board also reviewed content investment during the year

People and succession

The Board has taken a particular interest in the evolving People and Organisation strategy which has been determined during the year and in particular the move to the new organisational structure The Board was consulted on all the WEx appointments during the year

Corporate governance report (continued)

Board Committees

The Board also delegated authority to its Audit and Remuneration Committees whose activities are described below The Nominations Committee no longer operates

BBC Worldwide Board and Committee attendance (1 April 2012 – 31 March 2013)

Board member	*Board*	*Remuneration Committee*	*Audit Committee*
Total number of meetings in financial year 2012/13	*11*	*6*	*4*
Mark Thompson	5/5	-	-
Tim Davie	5/5	-	-
Paul Dempsey	4/4	-	-
George Entwistle	5/6	-	-
Roger Mosey	5/7	-	-
Charlotte Hogg	6/11	6/6	3/4
Zarin Patel	11/11	6/6	-
John Smith	8/8	-	-
Philip Vincent	11/11	-	-
Tim Weller	10/11	-	4/4

Remuneration Committee

During the financial year under review, Zarin Patel was Acting Chair of the Remuneration Committee and Charlotte Hogg was a member Following Ms Hogg's resignation as a Non-executive Director, Tony Hall joined the Committee with effect from April 2013

The duties of the Committee included determining the framework for the remuneration of the Chief Executive, CFO and WEx members to ensure that members of the Executive management were provided with appropriate incentives to encourage enhanced performance in a fair and responsible manner The Committee regularly reviewed the appropriateness and relevance of remuneration policies as well as the individual packages of each WEx member

The Committee also approved the design of, and determined targets for performance-related pay schemes and any long-term incentive programmes It was responsible for establishing the criteria for selecting, appointing and setting the terms of reference for remuneration consultants who advised the Committee John Carney was the independent consultant during the financial year under review A full report of the remuneration policies and activities of the Committee can be found on page s35-40

The Company Secretary and the People Director support the activities of the Committee and attend every meeting by invitation

Please see the table above for details of Remuneration Committee attendance during the financial year under review

BBC Worldwide Executive Committee

WEx met weekly and was chaired by the Chief Executive In addition to the CFO, members of WEx are shown on pages 22-23 The Company Secretary also attends and supports the activities of the Committee

WEx takes responsibility for all aspects of the company's activities as delegated to it by the Board and for devising and implementing the strategy which it proposes to the Board for approval Significant time was spent during the year discussing strategy, organisation and design which resulted in the business restructure Given the fragile economic outlook, WEx continued to monitor economic conditions in the territories in which the company operates as well as general business performance In this context, cashflow was carefully monitored Content investment was also reviewed and investments in key titles agreed

People are fundamental to the success of our business The introduction of a new business structure provided an opportunity to refresh the senior management team with internal promotions and external new hires As part of the ordinary course of business, WEx reviewed top performers, pay and reward, succession planning, training and development (including mandatory training), as well as investigating how our values are embedded within the culture of the company

A number of transactions were regularly reviewed during the year including the disposal of Lonely Planet, the closure of some of our Indian channels and the exercise of the Bedder 6 option

WEx delegates to the Content Investment Committee, which is responsible for approving programme and product investments of between £0 5m and £2 0m, and to the Investment Review Group, which approves other financial commitments between £1 0m and £2 0m Both these committees are chaired by the CFO Each business has authority for approving non-content budgeted spend up to £1 0m

Corporate governance report (continued)

Audit Committee

The Audit Committee was chaired by Tim Weller, Charlotte Hogg was also a member The Committee was responsible for monitoring the integrity of the financial statements including critical accounting policies and estimates The Committee spent time reviewing emerging issues and understanding the impact of matters such as impairments and exchange-rate implications The Committee also reviewed hedging and treasury policies together with tax compliance

The Committee reviewed the effectiveness of systems for internal control and reporting, together with those ensuring adequate procedures are in place for staff to raise concerns It regularly reviewed the risk profile of the company, focusing on key risks as appropriate Continuing fraud management was also regularly reviewed

The Committee reviewed the effectiveness of the internal and external audit services Internal audit resources have been provided to BBC Worldwide from our parent, the BBC and the members of the Committee met privately with the BBC Director of Risk and Assurance without the CEO, CFO and management representatives being present, as they did with the external auditors

The Committee is supported in its activities by the Company Secretary, the BBC Director of Risk and Assurance, and the company's Risk Advisory team The Committee has reported to the BBC Executive Audit Committee on the key issues which it has discussed Please see the table on the previous page for details of Audit Committee attendance during the financial year under review

As part of the interim governance arrangements from 1 April 2013, a meeting was held with Simon Burke, Chairman of the BBC Executive Audit Committee and Zarin Patel, Chief Financial Officer, to review the BBC Worldwide financial statements for the year ended 31 March 2013 and the accompanying supporting documentation in order to provide assurance that the financial statements had been properly reviewed

The BBC Worldwide Board has assumed responsibility for ensuring appropriate risk arrangements are in place and day to day monitoring of projects has been delegated to WEx to oversee

Risk management

BBC Worldwide promotes a risk management culture, and is committed to effective risk management practices to safeguard our people, reputation, assets and commercial interests This is communicated through our values, demonstrated through our people and promoted through risk stakeholders and the leadership structure

In 2012/13, the CEO was the ultimate sponsor of risk management Governance was through the BBC Worldwide Board, the BBC Worldwide Audit Committee and the BBC Worldwide Executive Committee (WEx) The Executive took a collective responsibility to ensure risk management arrangements were appropriate, inclusive, sufficiently comprehensive and effectively communicated across the organisation In addition, the Executive had an individual responsibility to ensure their business managed risks appropriately complied with the policy framework and was subject to effective internal control The Board and the Audit Committee, through the independent Non-executive Directors, brought external expertise and perspective to risk identification, rating and mitigation The Audit Committee focused on the processes that underpinned the company's risk management practices including the quality of commitment demonstrated by the senior management team The BBC's Executive Audit Committee had oversight of these risk management arrangements with risk information being incorporated into their reporting processes

Senior management had clearly defined responsibilities, involvement in relevant major decisions and sufficient experience, knowledge and expertise in their business, markets and territories to understand and manage risk appropriately Specialist committees and working groups brought a collegiate approach to managing risks with multiple stakeholders For example, the Ethical Steering Group was chaired by an Executive Sponsor with Global Brands and Consumer Products represented, alongside international offices and relevant specialist functions

The performance management framework, management control and company values encouraged BBC Worldwide staff to undertake their responsibilities consistently with these principles

Reporting and monitoring

1 Each divisional and international board took ownership of a local risk management process This involved identifying key risks, including any mitigations and proposed actions, scoring risk using a consistent approach that evaluated financial and reputational impact, and identifying a named owner for each individual risk This register of risks was then discussed, amended and finally approved

2 The Risk Management and Internal Control (RMIC) Committee received a consolidated register of local risks and a report of the strategic or corporate risks to the company The Committee discussed, challenged and proposed amendments to the corporate risk report to ensure they represented the key risks emerging from local risk registers and the concerns of the Executive and other key risk stakeholders The RMIC Committee met quarterly, was chaired by the Chief Financial Officer and included the General Counsel, Company Secretary, People Director, representatives from the Risk Advisory team and two Executive members who attended on a rotating basis

3 WEx sponsors were responsible for the internal control and risk management framework, discussing, agreeing and endorsing regular updates on the strategic risks facing the company

4 The BBC Worldwide Audit Committee ensured risk management arrangements were appropriately sponsored, promoted and developed across the organisation, were sufficiently robust and took place frequently enough to effectively anticipate and detect risks

5 The BBC Worldwide Board monitored the effectiveness of risk management and financial controls and received regular updates on the strategic risks facing the company

Changes in 2013/14

Under our new organisational structure, risk reporting will be centred through key regions, with Directors of each region responsible for ensuring that local risk management arrangements are adequate and that risks are reported appropriately Centrally provisioned services and centres of excellence (for example, Finance, Technology) will report independently of regions RMIC standing membership will incorporate two Regional Executive Directors attending on a rotating basis

As a result of interim governance arrangements, the BBC Worldwide Board have assumed responsibility for ensuring appropriate risk arrangements are in place and WEx will continue to have responsibility for the review of risk

Risk management (continued)

Specific risks to us	Strategic impact	Mitigation	Owner
Reputation and Standards			
Audiences lose confidence in the integrity of our business, our output or the brand through a breach of Commercial Policy, Editorial Guidelines or other activity inconsistent with the BBC's values, standards and public standing Risk that a joint venture, partner or agent exposes us to reputational risk Potential for failure of Ethical Policy by licensee, agent or other third party	Adverse publicity or press coverage Reputational or brand damage Potential loss of business	Values framework, leadership and management behaviours, company communications, policy framework and HR processes including recruitment, induction, training and appraisal processes These practices demonstrate the standards and behaviours appropriate for BBC Worldwide Comprehensive Commercial Policy and Editorial Policy framework, supported by a specialist team with training and knowledge disseminated throughout the organisation Editorial oversight from senior committees Senior editorial figures with approval authorities Editorial integrity embedded into the company culture Ethical sourcing and environmental policy with an ethical assurance framework and audit programme (further information is set out in the Corporate Responsibility section on page 21) Comprehensive review of potential partners Process to ensure these mitigations are fully transitioned and embedded effectively into regions	WEx
International			
Lack of leverage or scale in some key international markets (for example, the US market with commissioning broadcasters and large multi-service channel operators) Risk we don't find international partners with the right expertise, values and cultural fit to our business Temporary compliance risk as some compliance responsibilities are devolved into regions	Failure to deliver against the new organisational strategy	Strategic management of the new organisational structure by the CEO, progress on strategic delivery regularly reviewed by WEx and the Board New organisational structure devolving P&L responsibility to regions, bringing local strategy closer to customers and leveraging the regional leadership's experience and insight into their local markets Ensuring that responsibilities are appropriately and consistently devolved, with the necessary support resources (for example Business and Legal Affairs expertise) is an explicit feature of the new organisational structure The reorganisation model encompasses accountabilities, reporting structures and the role and authority of centrally provisioned resources	WEx
Market transformation			
Physical media (especially DVD) declines at a faster rate than anticipated, especially as economic stagnation in some key markets has the potential to accelerate the structural shift towards digital media Retail consolidation and failure of retail groups reduces the availability of our products, and those that remain focus on the best-selling products, holding less depth of stock and trading without credit insurance	Company fails to deliver against the strategic plans of the business Financial performance not in line with strategic ambitions Investments not delivering projected returns Insolvency of major customers, suppliers and partners limit the routes available to bring our products to market	Chief Digital Officer driving a company-wide strategy to scale our digital businesses to benefit from market transformation Launching new Blu-ray titles, emphasising innovation and collectability for suitable titles, driving cost efficiency to achieve revenue optimal price points and opening new routes to market Release strategy to ensure digital exploitation doesn't reduce value through early availability in the content exploitation lifecycle Close monitoring of counterparties including key suppliers, major customers and partners Renegotiating payment terms and credit insurance where appropriate Contractual provisions and contingency plans in place Positive approach to engaging with and supporting suppliers Regular review of the strategy in the context of the market and prompt reshaping of priorities to reflect changing external conditions	WEx

Risk management (continued)

Specific risks to us	Strategic impact	Mitigation	Owner
Economic Climate			
Business performance is sensitive to economic slowdown of key regions (UK, USA and Australia) Specific Eurozone exposure through bad debts, euro depreciation and impacts across suppliers, partners and supply chains Exposure to fluctuations in major currencies and interest rates, particularly the key currencies of the euro, the US dollar and Australian dollar	Reduced demand from consumers and trade partners Adverse impact on cash flows and reported financial results	Business is diversified across both regions and revenue streams to reduce the overall risk exposure to global markets Risk averse approach to the management of foreign currency Robust financial control environment Central management of budgets and performance, cash-flow forecasting, careful monitoring of both suppliers and debt in risk territories	Chief Financial Officer
Digital Strategy			
Risk that we cannot scale our digital businesses to generate the necessary return Risk of being unable to secure the right partners, build the right relationships and launch the right products External platform dependencies have the potential for an unforeseen impact on schedules, revenues and margins	Failure to develop a strong portfolio of successful digital properties that achieve the necessary scale	Mandate to co-ordinate company-wide digital strategy to deliver against revenue targets Partner management through frequent communication, attendance at developer events and early sharing of roadmaps Ongoing diversification efforts to reduce dependencies	WEx
Content Pipeline			
Reliance on a continuing pipeline of output from the BBC, and our ability to identify commercially appealing titles and successfully obtain the necessary rights Industry consolidation and vertical integration decreasing the content available from Independent Producers Reliance on the ongoing appeal of certain strategic brands	Loss of rights for commercial exploitation Pressure on market position Competitors target key markets	Reliance on a continuing pipeline of output from the BBC, and our ability to identify commercially appealing titles and successfully obtain the necessary rights Industry consolidation and vertical integration decreasing the content available from Independent Producers as the market becomes dominated by 'super-Indies' Reliance on the ongoing appeal of certain strategic brands (e g *Dancing with the Stars*)	Loss of rights for commercial exploitation Pressure on market position Competitors target key markets
People and Organisation			
Failure to attract and retain people with the right skills and talent to seize opportunities, achieve challenging returns and fulfil the strategy Complex international reward landscape in a diverse organisation Rapid upward pressure on pay and reward in certain sectors and dynamic growth territories	Failure to attract, retain and motivate causing the company to under-perform against the market	New organisational structure Terms and conditions that take into consideration local legislation and best practice Alignment of company performance and personal incentives through the reward structure Develop a talent pipeline through an annual talent review process and talent development Values culture reinforced through induction, mandatory training, and performance management	People Director
Technology and Security			
Multiple systems, platforms and processes with increasing volumes of data Challenges adapting internal legacy systems to accommodate business transformation Potential to be targeted by hostile hacking groups seeking to disrupt operations, steal information or publish content to our platforms Risks through technology partners hosting and operating services on our behalf	Information systems fail to support business development or the launch of new services Loss of data leading to reputational damage and adverse publicity Financial penalties	Technology business with the expertise and knowledge to support information systems backed by a technology strategy which defines the potential options for future technology services, platforms and products New rights and deal management system to bring a coherent and consistent approach to rights exploitation and accommodate new formats and products Dedicated information security resource and programme of information risk assessment	General Counsel

Risk management (continued)

Specific risks to us	Strategic impact	Mitigation	Owner
Regulatory and Compliance			
Reputational risks attached to non-compliance with both UK and international, laws and regulations Breach of the UK Bribery Act or local anti-fraud and corruption legislation Data protection risk through custody of increased consumer/audience data across an increasing number of digital services and platforms Challenge of being fully cognisant of changes/newly introduced legislation and regulatory requirements across all regions, especially for extra-territorial legislation	Civil or criminal challenge or severe financial penalties Reputational loss and/or adverse publicity Increased regulation of business operations, imposed service limitations or exclusion from certain territories Loss of audience trust	Local counsel in place in key international offices External expertise engaged as required Central Business and Legal Affairs resource to support Compliance obligations explicitly recognised in new organisational design Comprehensive anti-bribery and corruption programme applied to operations, territories, agents and service providers Robust, comprehensive and enforced policy framework including Executive sponsorship, guidelines, regular reporting, mandatory training programme, specialist committees and steering groups Oversight by Board, Executive and Compliance Steering Group Programme of Internal Audits aligned to corporate risks	General Counsel
Financing			
Limited ability to access capital reduces the number of investments that the business can make, affecting profitability and growth in the long-term	Limited ability to exploit new opportunities in the market Further development of new and traditional businesses inhibited	Rigorous approach to approval of investments, investment committee and investment policy Cash management and monitoring of PBIT with cash forecasting	Chief Financial Officer
Business Continuity and Safety			
Health and Safety incident with potential for injury or death UK and international live events owned and operated by BBC Worldwide Risk of disruption to operations, infrastructure and loss of revenue	Disruption to business operations including natural disasters, terrorism and other unforeseen events Reputational damage and adverse publicity or press coverage Loss of confidence in continuity and safety arrangements	Business continuity and safety officers reporting to nominated Executive sponsor Extensive continuity plans encompassing international offices and business operations Rolling plan of rehearsals (including activation of disaster recovery site) Safety management arrangements supported by policy framework, communications, forums and guides and specialist safety advice	Chief Financial Officer

Legal governance and 4 Commercial Criteria

4 Commercial Criteria and Fair Trading Framework

The BBC's Royal Charter and Agreement with the Department for Culture Media & Sport requires all of the BBC's commercial activities to comply with the 4 Commercial Criteria (4CC) As such, BBC Worldwide's activities must

- Fit with the BBC's Public Purposes,
- Not jeopardise the good reputation of the BBC or the value of the BBC brand,
- Exhibit commercial efficiency, and
- Comply with the BBC Trust's Fair Trading Policy, the BBC's Fair Trading Guidelines and, in particular, avoid distorting the market

The 4CC approvals framework embedded within BBC Worldwide's governance structure ensures that key projects and investments are subject to rigorous evaluation, ensuring compliance with each of the 4CC prior to launch

The BBC's Fair Trading arrangements (which include the 4CC approvals arrangements) have been accredited with the ISO9001 2008 quality standard In December 2012, the British Standards Institute confirmed that these procedures continue to operate effectively In addition, BBC's Fair Trading arrangements are subject to scrutiny by independent auditors commissioned by the BBC This year, the BBC commissioned Deloitte to undertake the Fair Trading audit Details of the audit and opinion are available in the BBC Annual Report and Accounts for 2012/13

Editorial Standards

The BBC is trusted as a source of high-quality broadcasting and content, renowned for accuracy, insights and some of the most original entertainment in the world We have set rigorous standards to ensure nothing we do harms this remarkable reputation All our people and partners are required to work within our editorial framework and follow our guidelines on editorial integrity and independence as well as on advertising and sponsorship

In London, our Editorial Forums have provided an opportunity for editorial figures across the company to come together to discuss topical issues, including discussions with BBC Television around their editorial and creative decisions for entertainment formats such as *Strictly Come Dancing*

During the year, we developed further online training and launched the Safeguarding BBC Values workshop to explain the editorial, commercial and advertising standards we expect

Privacy and Information Security

The way content is viewed has changed dramatically over recent years Our audiences are now viewing our content, not only on traditional PCs and laptops but on tablets, smartphones and other devices In addition, cyber-crime has increased significantly Our information security and data protection policies and procedures are designed to ensure that all personal information entrusted to us by our audiences, talent, partners, contributors and employees remains secure and protected at all times

Given the constantly changing technology environment in which we operate, during 2012 we instigated a thorough review of our Information Security systems Using ISO27001 as a guide, we are implementing an Information Security Management System which will ensure that we maintain the security and integrity of our information assets while ensuring that we have a robust governance process in place to enable the adoption of a consistent approach across all our businesses In addition, we constantly monitor the legislation which is relevant in the territories in which we operate to make sure that the practices we have adopted are 'fit for purpose' and provide appropriate levels of control and assurance

Report on Directors' remuneration

As set out elsewhere in this Review, BBC Worldwide plays an important role in supplementing the Licence Fee and supporting the BBC's mission through the successful commercialisation of BBC programmes, and other high-quality British content, around the world

To achieve this, the business must be able to attract and retain high calibre staff at all levels and in a variety of different markets, while recognising that as a commercial subsidiary of a publicly-funded organisation, it is not appropriate or desirable to lead the market on pay and that our remuneration policy must be transparent

The pay and bonuses of executives across all sectors has received considerable attention in the last year There have also been other changes to the business, including the BBC Trust's approval of the role and remit for BBC Worldwide, and the introduction of a new organisational structure from April 2013

Given all these factors, the Remuneration Committee decided it was right to commission a review of executive remuneration strategy Work on the review was undertaken at the end of last year As set out below, we will now be taking recommendations to the BBC and the BBC Trust, and implementing these as soon as possible, once they are approved

The review builds on the work that began last year to simplify executive compensation 2012/13 was the last full year of the Profit Share Plan The Committee also decided this year that 2011/12 would be the last year for which contributions to the Deferred Bonus Plan would be accepted, and to exit the Plan in 2015, at the end of the final cycle

Report on Directors' remuneration (continued)

Remuneration Committee

Composition

There were no changes during the year in the composition of the BBC Worldwide Remuneration Committee On 31 March 2013, Charlotte Hogg ceased to be a member of the Remuneration Committee As detailed in the Corporate Governance Report, Zarin Patel served as Acting Chair for the full year

Summary terms of reference can be found on page 28 in the Corporate Governance section

Advisors

Throughout the year, Towers Watson both provided comparative benchmark data on executive remuneration and was retained, on a consultancy basis, to advise on the effectiveness of current reward arrangements and propose improvements to accord with best practice

At the invitation of the Committee, the Chief Executive, the Chief Financial Officer, the People Director, the Head of Reward, the Company Secretary and both the BBC's Director of People and Head of Reward provided assistance to the Committee during the year

No individual is responsible for setting his or her own remuneration

Activities in 2012/13

The Committee's activities included

- Agreeing the level of performance achieved against targets set for the 2011/12 Annual Bonus, Deferred Bonus and Profit Share Plans, and approving the resulting payments to individuals
- Commissioning an in-depth review of executive remuneration in BBC Worldwide, to clarify whether it should be aligned more closely with the rest of the BBC or with the commercial media sector, from which it often needs to recruit The Review is due to be completed early in 2013/14
- Considering a replacement for the existing Profit Share Plan, with 2012/13 being the last full year of that plan No decision was taken, pending the outcome of the Executive Remuneration Review
- Deciding that 2011/12 would be the last year for which contributions to the Deferred Bonus Plan would be accepted, and to exit the Plan in 2015, at the end of the final cycle
- Adopting a simplified Annual Bonus Plan design aimed at improving fairness and transparency
- Setting Annual Bonus performance metrics for 2012/13

Executive Directors

This report summarises the remuneration of the relevant BBC Worldwide Board members

Executive Remuneration Review

In recent times, executive pay and bonuses have received considerable public attention In addition, the Commercial Framework, setting out the role and remit of BBC Worldwide within the BBC, was approved by the BBC Trust, and BBC Worldwide embarked on a major reorganisation, designed to drive further international growth and closer integration with the BBC content pipeline and brand These and other factors prompted the Remuneration Committee to instigate a Review of BBC Worldwide remuneration strategy, and the implementation of that strategy, in relation to executive pay

The aims of the Executive Remuneration Review included consideration of the role of BBC Worldwide within the BBC, the nature of its work, the kind of talent and expertise required to fulfil its obligation and the most appropriate remuneration framework – the structure and level of executive remuneration packages – to accomplish this, given that it is a commercial enterprise operating within a public service entity

The review was conducted during the latter part of the year, using three separate approaches

- Interviews with a cross-section of senior stakeholders (senior management and Non-executive Directors of both the BBC and BBC Worldwide, and members of the BBC Trust)
- A review of BBC Worldwide executive recruitment and attrition data in recent years, and the impact of pay on those figures
- An independent study of competitive pay practice and structures in the UK media sector

Recommendations arising from the Review will be put to the BBC and the BBC Trust early in 2013/14 and, if approved, implemented as soon as possible thereafter

Report on Directors' remuneration (continued)

Components of reward

The following table summarises the current, key, fixed and variable components of reward for Executives and employees

Element	Objective	Performance period	Performance conditions
Base salary	Maintain a competitive package, at the agreed position for the relevant local market, recognising individual contribution and the scope of the role	Not applicable	Reviewed annually, taking into account the industry in which BBC Worldwide operates, location, individual performance and responsibilities, and affordability
Annual incentives	Reward achievement of short-term strategic goals and profit growth	1 year	Subject to achievement of agreed profit targets[1]
Bonus Matching Scheme	Align interest of management with the performance of the company and ultimately the BBC over the longer term	3 years	Eligible participants are invited to defer up to 50% of their annual bonus for three years with a potential matching award of up to 25% of the deferred amount, subject to the achievement of a Return on Capital Employed threshold No further contributions to the Plan will be accepted, and it will be closed in 2015, at the end of the final cycle
Profit Share Plan	Drive profit performance and returns to BBC Worldwide's shareholder over the long term while promoting the retention of key management	3 years	The scheme provides eligible participants with a share in profits[2] above a set of absolute profit hurdles linked to the five-year strategic plan (2008-2013) Annual payments commenced after three years of participation in the plan, with balancing payments made after the end of the five-year period Any replacement for the Plan will be decided in light of the Executive Remuneration Review

1 Based on headline profit (operating profit before specific items)
2 Based on profit after interest and tax

John Smith was Chief Executive until 31 December 2012 Paul Dempsey was appointed to the Board on 1 December 2012 and assumed the position of Interim Chief Executive on the same date He resigned from the Board when he relinquished his interim responsibilities on 31 March 2013

Base salary

In determining base pay, the Committee takes into account the base pay of organisations with which BBC Worldwide competes for talent It also considers individual performance, experience and competence, the criticality of the role, its value to the business, and affordability

The Committee reviews salaries annually Any change in base salary is usually effective from 1 July

The base salaries of all Executive Directors remained unchanged, at prior year levels, throughout 2012/13

Annual incentives

Annual incentives are provided through the BBC Worldwide Annual Bonus Plan in which all staff participate (other than those on sales schemes), with Target Bonus expressed as a percentage of base pay earnings The percentage varies by grade (and, at lower levels, by country, in some cases)

The Plan was modified this year, with a view to improving fairness and transparency The new Plan is a relatively simple design, with a Minimum Growth Hurdle (a threshold level of performance below which no bonus is payable), a Target Performance level (at which Target Bonus would be payable for broadly meeting shareholder expectations) and a Maximum Bonus Performance level (above which no further bonus is payable) The Committee decided that, this year, 40% of Target Bonus should be payable at the Minimum Growth Hurdle and that Maximum Bonus should be 140% of Target Bonus, with pro rata payment for achievement between these fixed points and Target Performance

In a change from the previous practice of creating an additional bonus pool to reward performance above target, the new Plan is designed to incentivise executives to exceed target performance and to reward them for doing so No additional pool is therefore needed

Target Bonus for the former Chief Executive was 60% of base pay and, for the Interim Chief Executive and the Chief Financial Officer, it was 40% of base pay Bonus for all Executive Directors is wholly dependent on the performance of BBC Worldwide as this is deemed to be the most appropriate indicator of their performance Directors' bonus opportunity and targets are agreed annually by the BBC Executive Remuneration Committee

Long-term incentives

Bonus Matching Scheme

Between 2009/10 and 2011/12, Directors were able to defer up to 50% of their annual bonus for three years The deferred amount was then eligible for a 25% matching award at the end of the three years, subject to a cumulative return on capital employed (ROCE) threshold of 40% over the period having been met

No further contributions will be accepted into the Scheme, which will close when the final payments have been made in 2015

Report on Directors' remuneration (continued)

Components of reward (continued)

Long-term incentives (continued)

Profit Share Plan

The Company's Profit Share Plan (PSP), which covers the five-year period beginning in 2008/09, provided participants with a share in profits above a set of absolute profit hurdles linked to the five-year strategic plan Annual payments commenced after three years of participation in the plan, with balancing payments made at the end of the five-year period For eligible participants, the payments shown on page 39 will be made in June 2013 These are the final full-year payments due under the PSP, but the Plan also provides for balancing payments, equal to 50% of the final, full-year payments, to be made in 2014 and 2015

Profit after interest and tax (PAIT) is used as the basis for the Plan, as it aligns Management's interests with a key measure for the shareholder The annual cash PSP payout is capped at 100% of base pay for each participant

No decision has yet been taken to replace the Profit Share Plan

Pension

Executive members of the Board are eligible to participate in the BBC Pension Scheme (the Scheme), providing they joined before 1 December 2010 The Scheme provides for pension benefits on a defined benefit basis, early retirement and life assurance of four times life cover pensionable salary up to a prescribed limit The Scheme, which has a number of different sections, is now closed to new entrants and any executives appointed to the Board and who are not already members of the Scheme will be eligible to participate in the BBC's defined contribution pension plan

For an employee who joined the Scheme before 1 November 2006, the accrual rate is 1/60th of final pensionable salary for each year of service, with pensionable salary being base pay only With effect from 1 April 2011, future increases in pensionable salary are limited to a maximum of 1% per annum For employees in this group, the normal pension age is 60 and employees contribute 7 5% of pensionable salary to the Scheme

For an employee who joined the Scheme on or after 1 November 2006 and before 1 December 2010, benefits are provided on a career average basis and the accrual rate is 1 67% of pensionable pay for each year of service, adjusted in line with inflation up to retirement As before, with effect from 1 April 2011, all future increases in pensionable salary are limited to a maximum of 1% per annum For employees in this group, the normal pension age is 65 and they contribute 4% of their pensionable salary to the Scheme

Following the introduction of the 1% annual limit on increases to pensionable salary, from 1 April 2011, the BBC introduced a new section to the Scheme, called Career Average Benefits 2011 (CAB 2011) Existing Scheme members were given the opportunity to join, during a limited period, the new CAB 2011 section for future pension build-up, opt out of their existing section and have their accrued pension entitlement to date deferred in the Scheme This deferred pension would then increase, up to normal pension age, broadly in line with inflation Under CAB 2011 there is no 1% per annum limit on increases in pensionable salary The normal pension age is 65, and employees contribute 6% of their pensionable salary to the Scheme The decision to join CAB 2011 had to be made before 31 December 2011

Paul Dempsey, John Smith and Philip Vincent all participated in the original defined benefit sections of the Scheme as they all joined the Scheme before 1 November 2006 Philip Vincent now participates in CAB 2011, having joined it from 1 January 2012 Paul Dempsey's and Philip Vincent's pensionable salaries are subject to caps of £137,400 (rising to £141,000 for the 2013/14 tax year) and £135,000 (rising to £138,000 for the 2013/14 Scheme year) respectively, as the Scheme operates different caps for different sections No cap was applicable to John Smith as he joined the Scheme before 31 May 1989 John Smith left the business on 31 December 2012 and took early retirement with immediate effect

Other benefits

In addition to pension, the other main contractual benefits are a car allowance and private health insurance

Employment contracts

Employment contracts of Board Directors recently employed by BBC Worldwide have a maximum notice period of six months Directors whose employment began before 2009, when the six month notice period was introduced, have a notice period of up to 12 months In all cases, contracts are subject to earlier termination for cause If termination arises through redundancy, Board Directors are entitled to one month's pay for each year of continuing service, subject to a 24-month cap (although this entitlement is currently under review)

Outside interests

Where there is no potential for conflict of interest, and with the prior agreement of the Chair, Executive members of the Board may hold one paid external directorship Remuneration which arises from directorships may be retained by the Executive This policy is to encourage the take-up of external Non-executive appointments as part of the Board Directors' development as well as bringing broader business skills to BBC Worldwide

During the year, John Smith served as a Non-executive Director of Burberry plc, for which he received a fee, for the full year, of £72,000 It is recognised that BBC Worldwide's own Non-executive Directors are likely to have other directorships and the restriction regarding paid external directorships applying to Executive Directors does not apply to them

Report on Directors' remuneration (continued)

Non-executive directors

The BBC Non-executive Directors Zarin Patel, Mark Thompson (who chaired the Board until 17 September 2012) George Entwistle (who was appointed to the Board on 25 May, appointed Chair on 18 September and resigned on 10 November 2012), Tim Davie (who, as Acting Director General of the BBC, chaired the Board from 11 November 2012 until year-end) and Roger Mosey (who joined the Board on 20 August 2012 and resigned on 31 March 2013) did not receive remuneration from BBC Worldwide for the services provided to the Company

The other Non-executive Directors received a fee, determined by the BBC Trust, reflecting the complexity of the role and the time required to execute it effectively The fee levels were set with reference to rates paid by other UK corporations, but at a level such that the Non-executive Directors were not financially dependent on BBC Worldwide

Further details are available in the BBC Annual Report and Accounts 2012/13

Having served as Non-executive Directors for two years, the terms of office of Charlotte Hogg and Tim Weller were extended on 24 September 2012 and 26 April 2012 respectively Both resigned from the Board with effect from 31 March 2013

We maintain a register of all external interests of Non-executive Directors that might be seen to affect their ability to perform their independent duties This register includes declarations of all positions of employment, directorships and voluntary positions, as well as interests of close family members if relevant, and is approved by the BBC Worldwide Board at least annually

Fees of Non-executive Directors to whom a fee was payable, as at 31 March 2013

- Charlotte Hogg £35,700
- Tim Weller £40,800 *

** £35 700 in respect of duties as Non-executive Director plus £5,100 in respect of duties as Chair of the Audit Committee*

Remuneration earned in the year ended 31 March 2013

£'000	Fee/base pay	Annual bonus	PSP	Bonuses deferred from prior years	Compensation for loss of office	Taxable benefits	Total 2012-13	Total 2011 12
Executive Directors								
Paul Dempsey [1] [8]	108	48	23	-	-	3	182	-
John Smith [2] [8]	337	222	196	386	449	11	1,601	898
Philip Vincent [8]	275	121	73	-	-	10	479	449
	720	**391**	**292**	**386**	**449**	**24**	**2,262**	**1,347**
Non-executive Directors								
Tim Davie [3] [7]	-	-	-	-	-	-	-	-
George Entwistle [4] [7]	-	-	-	-	-	-	-	-
Charlotte Hogg	36	-	-	-	-	-	36	36
Roger Mosey [5] [7]	-	-	-	-	-	-	-	-
Zarin Patel [7]	-	-	-	-	-	-	-	-
Mark Thompson [6] [7]	-	-	-	-	-	-	-	-
Tim Weller	41	-	-	-	-	-	41	41
	77	**-**	**-**	**-**	**-**	**-**	**77**	**77**
Former Directors	-	-	-	-	-	-	-	69
Total	**797**	**391**	**292**	**386**	**449**	**24**	**2,339**	**1,493**

1. *Paul Dempsey was appointed to the Board on 1 December 2012 He relinquished the position of Interim Chief Executive on 31 March 2013 The figures in the table above outline his remuneration for the four-month period between those dates on a pro-rata basis The base pay figure includes a bonus-eligible ad hoc payment in recognition of his additional responsibilities and performance during this time*
2. *John Smith committed £141,000, £138,000 and £107,000, amounting to 50% of his annual bonus for each of the years 2009/10, 2010/11 and 2011/12, into the Deferred Bonus Plan Those sums, with no matching from the Company were refunded to him when his employment ended and he left the Board on 31 December 2012*
   The base pay figure covers salary to 31 December 2012 Annual Bonus and PSP payments agreed upon leaving were awarded on a pro-rata basis i e 75% of the full year award, in accordance with his service for the year Compensation for loss of office is an amount equal to 12 months' salary in lieu of his contractual notice period
3. *Served as a Non-executive Director between 11 November 2012 and 31 March 2013*
4. *Served as a Director between 25 May and 10 November 2012*
5. *Served as a Director between 20 August 2012 and 31 March 2013*
6. *Ceased to be a Director on 17 September 2012*
7. *The BBC Non-executive Directors in the year, Tim Davie, George Entwistle Roger Mosey Zarin Patel and Mark Thompson did not receive remuneration from BBC Worldwide for the services provided to BBC Worldwide*
8. *The BBC introduced a salary sacrifice arrangement on 1 June 2008 for Old and New Benefits members who joined the Pension Scheme before 1 November 2006 This arrangement is also applicable to all Career Average Benefit members Those Directors indicated in the table above participated in the arrangement From that date, the terms and conditions of employment were changed for those employees opting for the salary sacrifice arrangement and as a result employee pension contributions made via the salary sacrifice have been treated as employer contributions with a corresponding reduction in salary Base salaries for Executive Directors have not been adjusted to reflect the impact of the salary sacrifice The total salary sacrifice by Executive Directors was £36,533 (2011/12 £42,455)*

Report on Directors' remuneration (continued)

Pension entitlements

Executive Directors	Age as at 31 March 2013	Annual values: Total accrued pension at 31 March 2013 £ 000	Annual values: Increase in accrued pension over year £'000	Transfer values [1]: Transfer value of accrued pension at 31 March 2013 £'000	Transfer values [1]: Transfer value of accrued pension at 31 March 2012 £'000	Increase in transfer value less Directors contributions £ 000
Paul Dempsey [2]	51	34	4	561	430	131
John Smith [3]	55	212	4	5,793	3,803	1,990
Philip Vincent	43	31	3	376	293	83

1 *The transfer value of accrued pension benefits represents the estimated cost to the Pension Scheme of providing the pension benefits accrued to date The value is affected by many factors including age, pensionable salary pensionable service and investment market conditions at the date of calculation (in accordance with regulations 7 to 7E of the Occupational Pension Schemes Transfer Values Regulations 1996, as amended) and any contributions made by the individual It is not a sum paid or due to the individual and therefore cannot be meaningfully added to remuneration*

2 *Pro-rata figures are not meaningful in this context, so full-year values are shown, even though he was a Director for only four months*

3 *John Smith resigned as a Director on 31 December 2012 and took early retirement with immediate effect as permitted by the Scheme His pension at retirement is subject to a reduction for early payment As noted on page 38 John Smith joined the Scheme before 31 May 1989 and his pension is not therefore subject to the caps applicable to those who joined the Scheme after this date The transfer value shown represents the value of his retirement fund at his actual retirement date The figure for accrued pension represents the pension accrued prior to reduction for early retirement The increase in transfer value is due to early retirement and changes in actuarial assumptions There were no enhancements from the Company*

This report was approved by the Board of Directors on 3 June 2013 and signed on its behalf by

Zarin Patel
Acting Chair, Remuneration Committee

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the Group financial statements in accordance with International IFRSs as adopted by the EU and applicable law and have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006 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 financial statements of BBC Worldwide Limited for the year ended 31 March 2013 set out on pages 43 to 97 The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 41, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2013 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL

7 June 2013

Consolidated income statement
for the year ended 31 March 2013

	Note	Total 2013 £m	Total 2012 £m
Gross revenue including joint ventures	2	1,115 8	1,085 0
Less Share of revenue of joint ventures		(147 2)	(150 1)
Revenue		968 6	934 9
Total operating costs	3	(862 4)	(840 8)
Share of results of joint ventures and associates		26 1	23 4
Operating profit		132 3	117 5
Analysed as			
Headline profit	2	156 3	154 8
Impairment of goodwill	4, 13	-	(16 1)
Share of interest and tax of joint ventures and associates	4	(9 4)	(9 6)
Pension deficit reduction payment	4	(2 3)	(4 3)
Other specific items	4	(12 3)	(7 3)
		132 3	117 5
Gains and losses on disposals	28	35 7	-
Other gains and losses	8	(0 8)	(4 7)
Finance income	9	0 3	0 7
Finance expense	9	(6 6)	(10 0)
Profit before tax		160 9	103 5
Profit before tax excluding gains and losses on disposals		125 2	103 5
Tax charge for the year	10	(33 3)	(30 2)
Profit from continuing operations		127 6	73 3
Profit from discontinued operations	11, 28	-	100 3
Profit for the year	5	127 6	173 6
Attributable to			
Equity shareholders of the parent company		126 7	168 4
Non-controlling interests		0 9	5 2
Profit for the year		127 6	173 6

Consolidated statement of comprehensive income
for the year ended 31 March 2013

	2013 £m	2012 £m
Profit for the year	127 6	173 6
Other comprehensive income		
Recycling of translation and hedging reserves on disposal	(49 0)	(0 7)
Recognition and transfer of cash flow hedges	(10 8)	0 4
Tax on cash flow hedges taken directly to other comprehensive income	2 6	-
Exchange differences on translation of foreign operations	8 7	1 8
Other comprehensive income for the year	(48 5)	1 5
Total comprehensive income for the year	79 1	175 1
Attributable to		
Equity shareholders of the parent company	78 2	169 9
Non-controlling interests	0 9	5 2
Total comprehensive income for the year	79 1	175 1

Consolidated balance sheet
as at 31 March 2013

	Note	2013 £m	2012 £m
Non-current assets			
Goodwill	13	36 1	58 2
Distribution rights	14	131 6	132 8
Other intangible assets	15	19 5	50 8
Property, plant and equipment	16	23 5	26 4
Interests in joint ventures and associates	17	31 3	28 9
Investments	18	8 5	4 4
Deferred tax assets	10	9 1	9 4
Derivative financial assets	25	0 3	1 2
		259 9	**312 1**
Current assets			
Programme rights and other inventories	19	98 0	104 8
Trade and other receivables	20	322 6	296 5
Derivative financial assets	25	1 6	2 6
Cash and cash equivalents		74 7	31 1
Assets classified as held for sale	22	9 9	11 9
		506 8	**446 9**
Total assets		**766 7**	**759 0**
Current liabilities			
Interest bearing loans and borrowings	24	-	30 5
Trade and other payables	21	360 7	372 0
Current tax liabilities		0 9	2 4
Provisions	23	1 8	2 5
Derivative financial liabilities	25	7 7	1 8
		371 1	**409 2**
Non-current liabilities			
Interest bearing loans and borrowings	24	79 2	65 0
Trade and other payables	21	2 7	3 0
Provisions	23	7 3	9 7
Derivative financial liabilities	25	6 9	4 5
Deferred tax liabilities	10	0 2	5 6
		96 3	**87 8**
Total liabilities		**467 4**	**497 0**
Net assets		**299 3**	**262 0**
Equity			
Share capital	26	0 2	0 2
Hedging reserve	27	(7 1)	1 2
Translation reserve	27	(6 1)	34 1
Retained earnings	27	312 3	219 3
Equity attributable to owners of the parent company		**299 3**	**254 8**
Non-controlling interests		-	7 2
Total equity		**299 3**	**262 0**

These consolidated financial statements of BBC Worldwide Limited, registered number 1420028, were approved by the Board of Directors on 7 June 2013 and were signed on its behalf by

Tim Davie
Chief Executive Officer

Philip Vincent
Chief Financial Officer

Consolidated cash flow statement
for the year ended 31 March 2013

	Note	2013 £m	2012 £m
Cash flows from operating activities			
Cash generated from operations	29	213 6	177 9
Tax paid		(34 4)	(33 7)
		179 2	**144 2**
Cash flows from investing activities			
Interest received		0 3	0 7
Dividends received from joint ventures and associates	17	19 4	18 7
Purchases of distribution rights	14	(104 2)	(98 6)
Purchases of other intangible assets	15	(15 6)	(18 3)
Purchases of property, plant and equipment	16	(6 2)	(6 0)
Acquisition of non-controlling interests	35	(14 4)	-
Acquisition of asset held for sale	28	-	(4 6)
Disposal of operations net of cash disposed	28	50 9	111 1
Disposal of distribution rights	28	1 8	-
Acquisition of interests in joint ventures and associates	17	(0 4)	(1 8)
Acquisition of investments	18	(1 7)	(1 6)
Amounts advanced to related parties		(0 2)	(0 3)
Repayment by related parties		1 0	-
		(69 3)	**(0 7)**
Cash flows from financing activities			
Interest paid		(6 7)	(9 9)
Repayment of loans and borrowings		(19 3)	(20 0)
Capital element of finance lease payments		-	(0 3)
Equity dividends paid	12	(33 3)	(139 9)
Dividends paid to non-controlling interests		(8 1)	(4 5)
		(67 4)	**(174 6)**
Net increase/(decrease) in cash and cash equivalents		**42 5**	**(31 1)**
Cash and cash equivalents at the beginning of the year		31 1	63 1
Effect of foreign exchange rate changes		1 1	(0 9)
Cash and cash equivalents at end of the year		**74 7**	**31 1**

Consolidated statement of changes in equity
for the year ended 31 March 2013

	Attributable to equity holders of the parent company						
	Share capital £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2011	**0 2**	**33 0**	**0 8**	**190 8**	**224 8**	**6 5**	**231 3**
Profit for the year	-	-	-	168 4	168 4	5 2	173 6
Recycling of cumulative currency translation reserve on disposal	-	(0 7)	-	-	(0 7)	-	(0 7)
Recognition and transfer of cash flow hedges	-	-	0 4	-	0 4	-	0 4
Tax on items taken directly to equity	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	1 8	-	-	1 8	-	1 8
Total comprehensive income for the year	**-**	**1 1**	**0 4**	**168 4**	**169 9**	**5 2**	**175 1**
Dividends paid	-	-	-	(139 9)	(139 9)	(4 5)	(144 4)
Balance at 31 March 2012	**0 2**	**34 1**	**1 2**	**219 3**	**254 8**	**7 2**	**262 0**
Profit for the year	-	-	-	126 7	126 7	0 9	127 6
Recycling of translation and hedging reserves on disposal	-	(48 9)	(0 1)	-	(49 0)	-	(49 0)
Recognition and transfer of cash flow hedges	-	-	(10 8)	-	(10 8)	-	(10 8)
Tax on items taken directly to equity	-	-	2 6	-	2 6	-	2 6
Exchange differences on translation of foreign operations	-	8 7	-	-	8 7	-	8 7
Total comprehensive income for the year	**-**	**(40 2)**	**(8 3)**	**126 7**	**78 2**	**0 9**	**79.1**
Dividends paid	-	-	-	(33 3)	(33 3)	(8 1)	(41 4)
Acquisition of non-controlling interests	-	-	-	(0 4)	(0 4)	-	(0 4)
Balance at 31 March 2013	**0 2**	**(6 1)**	**(7 1)**	**312 3**	**299 3**	**0 0**	**299 3**

Notes to the consolidated financial statements

1. Principal accounting policies

BBC Worldwide Limited (the "Company") is a company domiciled in the United Kingdom The consolidated financial statements of the Company for the year ended 31 March 2013 comprise the Company and its subsidiary undertakings (together the "Group") and the Group's interest in joint ventures and associated undertakings

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates Foreign operations are included in accordance with the policies set out below

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (the EU), the Companies Act 2006 and Article 4 of the EU International Accounting Standards Regulations

The financial statements are principally prepared on the historical cost basis Areas where alternative bases of accounting are applied are identified in the accounting policies below

(b) Going concern

The Board remains satisfied with the Group's funding and liquidity position The disclosures on page 25 in the Directors' Report in respect of going concern form part of the audited accounts

As at 31 March 2013, the main source of debt funding was an unsecured credit facility with BBC Commercial Holdings Limited (BBCCH) expiring in September 2014 Further information in respect of this facility is included in note 24

On the basis of its forecasts, both base case and adjusted, and having regard to available and anticipated financing facilities, the Board has concluded that the going concern basis of preparation continues to be appropriate Further information in respect of liquidity risk is included in note 35

(c) Basis of consolidation

i Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 March each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those of the Group All intra-group transactions, balances, income and expenses are eliminated on consolidation

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein The interests of non-controlling shareholders are initially measured at their proportionate share of the fair value of the acquiree's identifiable net assets Subsequent to acquisition, the carrying amount of non-controlling interests is increased or decreased in proportion to the non-controlling interests' share of any subsequent changes in equity

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions The carrying amounts of non-controlling interests are adjusted to reflect any changes in their, and the Group's, relative interests in the subsidiaries Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest (net of disposal costs), and (ii) the previous carrying amount of the net assets of the subsidiary (including attributable goodwill) and any non-controlling interests Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to the income statement or transferred directly to retained earnings as appropriate The fair value of any interest retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in a joint venture or associate

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(c) Basis of consolidation (continued)

ii Joint ventures and associates

A joint venture is an entity over which the Group exercises joint control, established through a contractual arrangement An associate is an entity where the Group is in a position to exercise significant influence over, but not to control, the entity's financial and operating policies

The results and assets and liabilities of joint ventures and associates are incorporated into these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment in the value of individual investments

Where the Group's share of losses exceeds the carrying amount of the joint venture or associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate

Where a group entity transacts with a joint venture or associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture or associate

The Group accounts for its share of the results and net assets of its joint ventures and associates using information as of 31 March with the exception of Children's Character Books Limited, Woodlands Books Limited, Educational Publishers LLP, BBC Haymarket Exhibitions Limited and JV Programmes LLC which have been included using information from unaudited accounts drawn up to 31 December The impact of these non-coterminous year ends is not considered material

(d) Adoption of new and revised standards

At the beginning of the current period, the Group adopted the following accounting pronouncements, none of which had a significant impact on its results or financial position

- IFRS 7 (2010) *Financial Instruments Disclosures*

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

- IAS 1 (2011) *Presentation of financial statements*
- IAS 12 (2010) *Income taxes*
- IAS 19 (2011) *Employee benefits*
- IAS 27 (2011) *Separate financial statements*
- IAS 28 (2011) *Investments in associates and joint ventures*
- IAS 32 (2011) *Financial instruments Presentation*
- IFRS 1 (2011) *First-time Adoption of IFRSs*
- IFRS 7 (2011) *Financial Instruments Disclosures*
- IFRS 9 (2011) *Financial Instruments Classification and Measurement*
- IFRS 10 (2011) *Consolidated financial statements*
- IFRS 11 (2011) *Joint arrangements*
- IFRS 12 (2011) *Disclosure of interests in other entities*
- IFRS 13 (2011) *Fair value measurement*
- IFRIC 20 (2011) *Stripping costs in the production phase of a surface mine*
- *Improvements to IFRS* (2012)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows

- IFRS 9 will impact both the measurement and disclosures of Financial instruments, and
- IFRS 12 will impact the disclosure of interest the Group has in other entities

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed

Notes to the consolidated financial statements (continued)

1 Principal accounting policies (continued)

(e) Non-statutory financial performance measures

The Group believes that 'Headline sales' and 'Headline profit' are additional non-statutory measures of financial performance that provide further guidance to help understand the performance of the business on a comparable basis year on year

Headline sales includes the Group's share of the revenues of its joint ventures, which are closely monitored by the Directors Headline profit excludes significant items affecting operating profit (termed "specific items") which in the Directors' judgement enable a more complete understanding of the Group's financial performance Specific items are identified separately by virtue of their size, nature or incidence

Specific items are not defined under IFRS and may not be comparable to similarly titled measures used by other companies Items which have been highlighted for consideration include the impairment of goodwill, the Group's share of the interest and tax of joint ventures and associates and other non-routine items which help to facilitate a consistent view of the Group's results

The Group also discloses profit before tax excluding gains and losses on disposals This measure reflects the overall profitability of the group on a statutory basis, before taking into account business disposals Business disposals do not generally attract a tax charge

(f) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method The cost of each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed in exchange for control of the acquiree Acquisition related costs are recognised in the income statement as incurred

Where applicable, the consideration for the acquisition includes contingent consideration, measured at its acquisition-date fair value Subsequent changes in the fair value of contingent consideration are recorded in the income statement

Where a business combination is achieved in stages (i e where the Group acquires an entity which was previously a joint venture, associate or held-for-sale investment) the Group remeasures its pre-existing interest in the entity to fair value at the acquisition date (i e the date the Group attains control) The resulting gain or loss, if any, is recognised in the income statement Amounts previously recognised in other comprehensive income in respect of the entity, prior to the acquisition date, are also reclassified to the income statement where required

The acquired entity's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) *Business Combinations* are recognised at their fair value at the acquisition date, except that assets (or disposal groups) that are classified as held for sale are measured in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

(g) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through sale rather than continuing use, they are available for immediate sale in their present condition and a sale is highly probable Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale

Once classified as held for sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell No amortisation or depreciation is charged on non-current assets (including those in disposal groups) classified as held for sale

(h) Goodwill

Goodwill arising on acquisition (except prior to 1 April 2007) is recognised as an asset at the date that control is acquired (the 'acquisition date') Goodwill is measured as the difference between (i) the consideration paid, the fair value of any interest held in the acquiree prior to acquisition, and any non-controlling interest in the acquiree, and (ii) the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date

For acquisitions which occurred prior to 1 April 2007, goodwill is measured at deemed cost less any impairment write-downs Deemed cost is the amount previously recognised under UK accounting standards prior to transition to IFRS

Goodwill is not amortised but is reviewed for impairment at least annually For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired Testing for impairment involves a comparison of carrying amount of the cash-generating unit with its recoverable amount, being the higher of its value in use or fair value less costs to sell

Where impairment testing indicates that the carrying amount of a cash-generating unit exceeds its recoverable amount, the unit is written down to the recoverable amount An impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

Notes to the consolidated financial statements (continued)

1 Principal accounting policies (continued)

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales-related taxes

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

- Licence fees are earned by the Group's Sales & Distribution and Content & Production segments from programme content and programme formats, respectively Once a contract has been signed, licence fees are recognised on the later of the start of the licence period or on delivery of the associated programme
- Subscription fees from the broadcast of the Group's channels on pay television platforms, and from subscriptions to print and online publications and services, are recognised as earned, pro rata over the subscription period
- Advertising revenue generated by the Group's Channels business and from websites and magazines managed by the Global Brands operating segment are recognised on transmission or publication of the advertisement
- Production fees and participation royalties earned by the Group's Content & Production business are recognised as earned Production fees are recognised on delivery of the programme or on a stage of completion basis, depending on the nature of the contract with the customer Royalties are recognised on receipt or on an accruals basis where sufficient reliable information is available
- Revenue generated from the sale of physical and digital products by the Consumer Products and Global Brands operating segments (and by the Group's discontinued Magazines operations) is recognised at the time of delivery Revenue from the sale of goods is stated net of deductions for actual and expected returns based on management judgement and historical experience

(j) Foreign currencies

The individual results and financial position of each group company are presented in the currency of the primary economic environment in which the company operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

Transactions in foreign currencies are translated into the applicable functional currency of each entity of the Group at a monthly average exchange rate Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling on that date Foreign exchange differences which arise on translation are recognised in the income statement

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date (the 'closing rate') Income and expense items are translated at the weighted average rates for the year Exchange differences arising on the retranslation of the opening net assets and income and expense for the year to the closing rate are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate)

On the disposal of a foreign operation, the cumulative exchange differences in respect of that operation recognised in equity are reclassified to the income statement and included in the calculation of the gain or loss on sale

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate, as described above

(k) Retirement benefit costs

Contributions to defined contribution pension schemes are charged to the income statement as they fall due

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

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

(l) Other employee benefits

The Group operates a number of incentive schemes, including a long term incentive scheme whereby senior executives receive a proportion of their remuneration in the form of a share of the Group's profits, which vests over a number of years Where settlement of such amounts is contingent on continued service to the Group, the cost of the arrangement is expensed on a straight-line basis over the service period Where no service conditions exist, the cost of the scheme is incurred over the period in which it is earned

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(m) Taxation

The Group's liability for current tax is based on taxable profit for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenditure which are not taxable or deductible or which are taxable or deductible in other years

Deferred tax is the tax expected to be payable or recoverable in future periods and is recognised using the balance sheet liability method This method provides for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit Temporary differences arising from goodwill and the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

The amount of deferred tax provided is based on the manner in which tax is expected to arise and using tax rates that have been enacted or substantively enacted at the balance sheet date Deferred tax is charged or credited in the income statement, except where it relates to items recorded within other comprehensive income, in which case the deferred tax is also recorded within other comprehensive income

Deferred tax assets and liabilities are offset when there is a legally enforceable right to such offset, when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis

(n) Distribution rights

Distribution rights represent rights to programmes and associated intellectual property acquired with the primary intention of exploiting the rights commercially as part of the Group's long-term operations

Distribution rights acquired by the Group are either purchased, generated internally or licensed following the payment of an advance on royalties Where the Group controls the respective assets and the risks and rewards attached to them, rights are initially recognised at acquisition cost or production cost The carrying amount is stated at cost less accumulated amortisation and provision for impairment

Amortisation of distribution rights is charged to the income statement to match the average revenue profile of the programme genre over its estimated average marketable life The expected lives of distribution rights range from one to 10 years In the case of royalty advances, amortisation is charged as the advances are recouped

Where the carrying value of any individual set of rights exceeds management's best estimate of future exploitation revenues, a provision for impairment is recorded in the income statement immediately

For self-produced content, distribution rights exclude co-production costs borne by third parties These costs are deferred within current assets and expensed upon recognition of the associated production income Production income is recognised in accordance with the Group's revenue recognition policies

(o) Other intangible assets

i Acquired intangibles

Intangible assets acquired as part of a business acquisition are capitalised at fair value at the date of acquisition The fair value of such intangible assets is valued by reference to external market values or income based methods Income based methods estimate the future economic benefits to be derived from ownership of the asset by identifying, quantifying and separating cash flows attributable to the asset and capitalising their present value Purchased intangible assets acquired separately are capitalised at cost After initial recognition, all intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses

ii Internally-generated intangible assets development expenditure

An internally-generated intangible asset arising from the Group's development, including software and website development, is recognised when the asset is technically and commercially feasible, sufficient resources exist to complete the development and it is probable that the asset will generate future economic benefits Any expenditure on research or development activities that does not meet the aforementioned criteria, is recognised as an expense in the period in which it is incurred

iii Amortisation

Intangible assets with finite lives are amortised over their useful lives using the straight-line method Amortisation expense is recorded within total operating costs in the income statement The useful lives used for intangible assets are as follows

• Masthead	20 years
• Carrier agreements	Unexpired term of agreement
• Software	1-5 years
• Other	3-8 years

Useful lives are examined every year and adjustments are made, where applicable, on a prospective basis

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(p) Property, plant and equipment (PPE)

Owned PPE is stated at cost less accumulated depreciation and any accumulated impairment losses, other than those items that are classified as held for sale

Freehold land is not depreciated Depreciation is charged on other PPE so as to write off the cost of assets to their residual value, over their expected useful lives using the straight-line method When an item of PPE comprises major components having different useful economic lives, the components are accounted for as separate items of PPE Depreciation commences from the date when the asset is available for use

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

- Short leasehold buildings — Unexpired lease term
- Plant and machinery — 3 to 8 years
- Fixtures and fittings — 3 to 7 years

Assets held under finances leases are treated as PPE and depreciated over the shorter of the lease term or their useful economic life

The Group capitalises borrowing costs with respect to amounts incurred during the construction of qualifying property, plant and equipment

(q) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (including distribution rights) to determine whether there is any indication that those assets have suffered an impairment loss If and where such indication exists, an impairment loss is recognised in the income statement for the amount by which an asset's carrying amount exceeds its recoverable amount Where an asset does not generate cash flows that are independent of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is calculated as the higher of an asset's value in use and its fair value less costs to sell Value in use is based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that an asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

(r) Programme rights and other inventories

Programme rights in this context refers to programme rights acquired for the primary purpose of broadcasting through the Group's Channels business The carrying amount is stated at cost less accumulated amortisation and provision for impairment The Group's estimate of the benefits received from these rights is determined to be most appropriately aligned with a straight-line amortisation profile for the majority of the programme inventory held The cost is recognised in the income statement on a straight-line basis over the period of the licence, which is usually three years In certain instances amortisation is recognised on a reducing balance basis, where this more appropriately aligns the amortisation profile with the expected consumption of economic benefits

Programmes in the course of production represent the costs incurred by the Group on the creation of new content where such costs will be recovered from third parties Costs are ordinarily recovered through co-production agreements or through contracts for the provision of production services Costs borne by the Group with a view to exploiting the resulting content through licensing agreements are presented within Distribution rights

Other inventories comprising books, DVDs, paper stock, raw materials and work in progress are stated at the lower of cost and net realisable value

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(s) Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Financial assets and liabilities are initially measured at fair value less any directly attributable transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value

Financial assets are derecognised from the balance sheet when the Group's contractual rights to the cash flows expire or the Group transfers substantially all the risks and rewards of the financial asset Financial liabilities are derecognised from the Group's balance sheet when the obligation specified in the contract is discharged, cancelled or expires

i Classification and Measurement

Financial assets and liabilities are classified into the following categories specified by IAS 39 *Financial Instruments Recognition and Measurement*

- Loans and receivables - trade receivables, loans and other receivables with fixed or determinable payments that are not quoted in an active market These are measured at amortised cost using the effective interest method, less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial
- Available for sale financial assets - listed and unlisted shares stated at fair value that are either traded in an active market or for which a fair value can otherwise be reliably measured Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the income statement
- Held to maturity investments - the Group does not currently carry any financial instruments classified as held to maturity Such instruments might include bills of exchange and debentures with fixed or determinable payments and fixed maturity dates and would be measured at amortised cost using the effective interest method less any impairment
- Financial assets/liabilities at fair value through profit or loss (FVTPL) - assets and liabilities which are held for trading An asset or liability is classified as held for trading if (i) it has been acquired principally for the purpose of selling or repurchasing in the near term, or (ii) on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or (iii) it is a derivative that is not designated and effective as a hedging instrument Financial assets and liabilities at FVTPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the income statement
- Other financial liabilities - financial liabilities, including trade payables and borrowings, which are not classified as financial liabilities at FVTPL are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis

ii Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or financial liability and of allocating interest income or expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the instrument to the net carrying amount on initial recognition

iii Impairment of financial assets

Financial assets, other than those held at FVTPL, are assessed for indicators of impairment at each balance sheet date Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis Objective evidence of impairment of a portfolio of receivables could include the Group's past experience of collecting payments or an increase in the number of delayed payments

The carrying amount of a financial asset is reduced by any impairment loss directly for all financial assets except trade receivables, where the carrying amount is reduced through the use of an allowance account When a trade receivable is considered uncollectible, it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against the allowance account Changes in the carrying amount of the allowance account are recognised in profit or loss

iv Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risk, including foreign exchange forward contracts and interest rate swaps

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each subsequent balance sheet date Changes in fair value are recognised immediately in the income statement, except where a derivative is designated in an effective hedging relationship, as described below

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability Derivatives are presented as non-current assets or liabilities if the date of maturity of the instrument is more than twelve months after the balance sheet date Other derivatives are presented as current assets or current liabilities

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(s) Financial instruments (continued)

v *Embedded Derivatives*

Derivatives which are embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value Embedded derivatives are carried on the balance sheet at fair value from inception of the host contract Unrealised changes in fair value are recognised as gains or losses within the income statement during the period in which they arise

vi *Hedge accounting*

The Group designates certain derivatives as cash flow hedges by documenting the relationship between the hedging instrument and the hedged item along with the risk management objectives and its strategy for undertaking various hedge transactions Where the hedge is deemed to have been effective, the effective portion of any changes in the fair value the derivatives that are designated in the hedge are recognised in other comprehensive income Any ineffective portion is recognised immediately in the income statement

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the periods in which the hedged items are recognised in the income statement, in the same line of the income statement as the recognised hedged item However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability

Hedge accounting is discontinued when the Group de-designates the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when the relationship no longer qualifies for hedge accounting Any gain or loss recognised in other comprehensive income upon discontinuation of hedge accounting is either recognised in the income statement at the same time as the forecast transaction affects profit or loss, or is recognised in the income statement immediately if the forecast transaction is no longer expected to occur

(t) Provisions

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

(u) Leases

Leases are classified as finance leases whenever the terms of the lease are such that the lessee assumes substantially all the risks and rewards of ownership All other leases are classified as operating leases

Assets held under finance leases are capitalised and depreciation is charged accordingly Such assets are initially recognised at their fair value or, if lower, at the present value of the minimum lease payments at inception of the lease The corresponding liability to the lessor is recorded as a finance lease obligation Lease payments are apportioned between finance charges and reductions of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability

Lease income or expense arising from operating leases is recorded in the income statement on a straight line basis over the term of the lease, with any associated lease incentives being recorded on a straight line basis over the lease term as a reduction in the rental income or expense

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(v) Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgement and to make estimates in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below

i Basis of consolidation

Judgement is required in determining whether certain entities in which the Group has an economic interest should be considered to be subsidiaries or joint ventures In such circumstances, the Group has assessed its ability to control or influence those entities Control has been assessed with reference to the ability of the Group to direct, unilaterally, key policies of the entity Where such policies are reserved such that an economic partner has the power to veto key strategic financial and operating decisions, the entity is considered to be a joint venture

ii Carrying value of goodwill

The determination of whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate that reflects current market assessments of the risks specific to the asset and the time value of money, in order to calculate present value Further information about assumptions used in determining the carrying value of goodwill can be found in note 13

iii Revenue recognition

The timing of revenue recognition requires judgement, as does the amount to be recognised This may involve estimating the fair value of consideration before it is received In making these judgements, the Group considers the detailed criteria for the recognition of revenue set out in IAS 18 *Revenue* and, in particular, whether the Group has transferred the significant risks and rewards of the goods or services to the customer

iv Distribution rights and programme rights

The assessment of the appropriate profile over which to recognise the amortisation of distribution rights and programme rights involves a certain degree of judgement Amortisation is charged to the income statement to match the average revenue profile of the programme genre over its estimated average marketable life

v Fair value of financial instruments

Certain financial instruments are carried on the balance sheet at fair value, with changes in fair value reflected in the income statement Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques Further information about fair value measurements is provided in note 35

Notes to the consolidated financial statements (continued)

2. Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses The results of all operating segments are reviewed regularly by the BBC Worldwide Board (the 'Board') which has been identified as the Group's chief operating decision maker in accordance with IFRS 8 *Operating Segments*

During the year, the Board considered the business primarily from a product and service line perspective Management has determined the reportable segments based upon reports reviewed by the Board All segments reported meet the quantitative thresholds required by IFRS 8 The reportable segments are

- Channels — Operates international television channels, broadcasting programmes made by both the BBC and other independent providers Manages the Global BBC iPlayer video-on-demand service
- Sales & Distribution — Manages the sale and syndication of the Group's content across television and video-on-demand
- Consumer Products — Creates and distributes consumer products, including DVDs, DTO, music and books
- Global Brands — Provides central management of the Group's international brands Manages the Group's magazines, gaming and Live Entertainment businesses and its branded websites
- Content & Production — Develops and sells programme content and formats and manages the Group's rights acquisitions

Segment information as presented is consistent with the Group's internal reporting to the Board As explained in note 11, in the year ended 31 March 2012 the Group disposed of its Magazines operations, but retained rights to certain branded titles, which are now published under contract The segment information below represents the results of continuing operations only

The Board assesses the performance of reportable segments based on Headline sales and Headline profit, as defined in note 1 Inter-segment sales are conducted on an arm's length basis Specific items, non-trading gains and losses, and net financing costs are not allocated to segments

Information regarding the assets and liabilities of reportable segments is not reported to the Board

2013	Channels £m	Sales & Distribution £m	Consumer Products £m	Global Brands £m	Content & Production £m	Eliminations £m	Total £m
Headline sales	369 1	312 3	181 6	141 1	151 2	(39 5)	1,115 8
Share of revenue of joint ventures	(133 2)	(2 3)	(0 4)	(10 9)	(0 4)	-	(147 2)
Reported revenue	235 9	310 0	181 2	130 2	150 8	(39 5)	968 6
Headline profit/(loss)	47 8	79 3	38 8	(26 3)	12 1	4 6	156 3
Specific items							(24 0)
Operating profit							132 3
Gains and losses on disposals							35 7
Other gains and losses							(0 8)
Finance income							0 3
Finance expense							(6 6)
Profit before tax							160 9

2012	Channels £m	Sales & Distribution £m	Consumer Products £m	Global Brands £m	Content & Production £m	Eliminations £m	Total £m
Headline sales	344 6	292 7	211 4	146 6	135 5	(45 8)	1,085 0
Share of revenue of joint ventures	(128 0)	(7 7)	(0 2)	(11 7)	(2 5)	-	(150 1)
Reported revenue	216 6	285 0	211 2	134 9	133 0	(45 8)	934 9
Headline profit/(loss)	42 3	72 3	49 1	(17 3)	10 5	(2 1)	154 8
Specific items							(37 3)
Operating profit							117 5
Other gains and losses							(4 7)
Finance income							0 7
Finance expense							(10 0)
Profit before tax							103 5

Notes to the consolidated financial statements (continued)

2. Segment information (continued)

The Group's revenue by destination was as follows

	Headline sales 2013 £m	Share of JV revenue 2013 £m	Reported revenue 2013 £m	Headline sales 2012 £m	Share of JV revenue 2012 £m	Reported revenue 2012 £m
United Kingdom	395 1	137 4	257 7	387 2	133 1	254 1
United States of America	349 8	2 7	347 1	314 7	7 9	306 8
Australia	81 3	4 3	77 0	92 6	7 1	85 5
Rest of World	289 6	2 8	286 8	290 5	2 0	288 5
	1,115 8	**147 2**	**968 6**	**1,085 0**	**150 1**	**934 9**

The Group's non-current assets, other than financial instruments and deferred tax assets, located in the UK are £211 5m (2012 £200 7m) and located outside of the UK are £39 0m (2012 £100 8m)

Further analysis of the Group's revenues by product or service line is not provided as this information is not routinely reported to the Board

3 Total operating costs

Operating costs from continuing operations comprise the following categories of expense

	2013 £m	2012 £m
Cost of sales	557 7	545 6
Distribution costs	126 7	126 3
Administration costs	178 0	168 9
Total operating costs	**862 4**	**840 8**

4. Specific items

Impairment of goodwill

The Group separately identifies amounts written off goodwill (if any) owing to their scale and one-off nature Further information about amounts written off goodwill is included in note 13

Share of interest and tax of joint ventures and associates

The Group views its investments as being a fundamental part of its ongoing operations IFRS requires that the Group reports its share of the results of joint ventures and associates on an after-tax, after-interest basis The interest and tax charges borne by joint ventures and associates have been added back as a specific item in order to present an operating profit measure which more appropriately represents the way in which the business is reviewed and assessed internally

Pension deficit reduction payment

As described in note 33, the Group accounts for contributions to the BBC Pension Scheme as if it were a defined contribution scheme In October 2012, the Group made an additional cash payment of £2 3m (July 2011 £4 3m) to the BBC in connection with the BBC's deficit reduction plan As this payment is not reflective of the ongoing service cost of active scheme participants, management believes it is appropriate to present this cost as a specific item The Group anticipates making similar payments in future periods

Notes to the consolidated financial statements (continued)

4. Specific items (continued)

Other specific items

	2013 £m	2012 £m
Reorganisation costs	(10 9)	(5 4)
Amounts written off joint ventures and associates	(0 6)	(1 0)
Impairment of available-for-sale investments	(0 6)	-
Transaction fees	(0 2)	(0 9)
	(12 3)	**(7 3)**

Reorganisation costs relate to redundancy and similar costs arising as a result of changes to the Group's organisation structure, the discontinuation of the BBC Entertainment Channel in India, costs associated with the planned relocation of the Group's head office and additional redundancy costs arising from restructuring within the Lonely Planet business Reorganisation costs in the year ended 31 March 2012 related to the Group's Lonely Planet business

5 Profit for the year

Profit for the year is stated after charging/(crediting)

	2013 £m	2012 £m
Rentals on operating leases and similar arrangements	16 2	17 0
Sub-lease rentals received on operating leases	(0 5)	(0 3)
Net foreign exchange (gains)/losses	(1 1)	1 1
Government grants	(0 5)	-
Insurance recoveries	(5 5)	(10 0)
Depreciation on property, plant and equipment (note 16)	7 1	6 9
Impairment of goodwill (note 13)	-	16 1
Amortisation of intangible assets		
Distribution rights (note 14)	104 1	87 2
Internally generated software assets	15 8	10 9
Other intangible assets	3 4	3 2
Programme rights and other inventories		
Cost recognised as an expense	97 3	116 9
Write downs recognised as an expense	6 5	9 1
Employee costs (note 7)	179 0	190 6
Impairment loss recognised on loan receivables	0 7	-
Impairment loss recognised on trade receivables (note 20)	7 7	1 3
Reversal of impairment losses recognised on trade receivables (note 20)	(0 1)	(0 3)

Amortisation of distribution rights is recorded within cost of sales Amortisation of other intangible assets, including internally generated software assets, is recorded within administration costs

Notes to the consolidated financial statements (continued)

6. Auditors' remuneration

	2013 £m	2012 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0 3	0 3
Fees payable to the Company's auditors and their associates for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	0 3	0 3
Total audit fees	**0 6**	**0 6**
Tax services	0 1	0 2
Corporate finance services	-	1 4
Other services	0 4	0 2
Total non-audit fees	**0 5**	**1 8**

7. Employee costs

The average number of employees during the year was as follows

	2013 Number	2012 Number
Channels	579	545
Sales & Distribution	519	436
Consumer Products	288	298
Global Brands	778	806
Content & Production	169	160
Continuing operations	**2,333**	**2,245**
Employees of discontinued operations	-	357
Total number of employees	**2,333**	**2,602**

Within the averages above, 186 (2012 207) part-time employees have been included at their full-time equivalent of 119 (2011 133) The comparative figures above have been restated to include casual staff, previously disclosed separately

The aggregate remuneration recognised in the income statement in respect of these employees, including casual staff, comprised

	2013 £m	2012 £m
Salaries and wages	155 3	161 6
Social security costs	9 6	11 1
Other pension costs	14 1	17 9
	179 0	**190 6**

In addition to the above, redundancy costs and compensation for loss of office payments totalling £8 4m (2012 £4 4m) were incurred in the year

Notes to the consolidated financial statements (continued)

7 Employee costs (continued)

The remuneration of the Directors during the year was as follows

	2013 £'000	2012 £'000
Emoluments	1,598	1,136
Compensation for loss of office	449	-
Long-term incentive schemes	292	357
	2,339	**1,493**

The number of Directors to whom retirement benefits have accrued throughout the year under the following schemes is as follows

	2013 Number of Directors	2012 Number of Directors
Defined benefit schemes	3	2
Money purchase schemes	-	-

Further details of Directors' remuneration are provided in the Report on Directors' remuneration on pages 35 to 40 Further information regarding the compensation earned by key management can be found in note 36

The Group made no contributions to money purchase schemes for its Directors in either the current or the comparative year

The remuneration of the highest paid Director during the year was as follows

	2013 £'000	2012 £'000
Emoluments	956	619
Compensation for loss of office	449	-
Long-term incentive schemes	196	279
	1,601	**898**

The emoluments above include £386,000 refunded from (2012 £102,000 which vested under) the Group's bonus matching scheme

The accrued pension benefit as at 31 March 2013 of the highest paid Director under the Group's defined benefit scheme was £212,000 (2012 £208,000) per annum The Group contributed £nil (2012 £nil) to money purchase schemes on behalf of the highest paid Director during the year

8. Other gains and losses

	2013 £m	2012 £m
Change in fair value of derivative financial instruments	1 0	1 8
Change in fair value of put options over non-controlling interests (note 35)	(1 8)	(6 5)
	(0 8)	**(4 7)**

9 Net financing costs

	2013 £m	2012 £m
Other interest receivable	0 3	0 7
Finance income	**0 3**	**0 7**
Interest payable on loan from parent undertaking	4 1	4 5
Interest payable on bank loans	0 1	0 4
Interest payable on finance leases	-	-
Interest payable on derivative financial instruments	2 2	5 0
Other interest payable	0 2	0 1
Finance expense	**6 6**	**10 0**

Notes to the consolidated financial statements (continued)

10. Tax

Tax strategy and governance

BBC Worldwide is committed to being a prudent tax payer in all the countries in which it operates and to conducting its tax affairs with integrity As part of its remit as a subsidiary of the BBC, BBC Worldwide will undertake acceptable tax planning measures, which are in accordance with the spirit and intention of laws and regulations, to minimise its tax cost It will not undertake measures purely for tax purposes and it will never knowingly contribute to other companies' tax evasion

Effective, well-documented and controlled processes are in place to ensure compliance with tax disclosure and filing obligations BBC Worldwide employs high-quality tax professionals and takes appropriate advice from reputable professional firms

Tax charge for the year

	Continuing operations		Discontinued operations		Total	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Current tax						
UK corporation tax	13 1	15 3	-	1 8	13 1	17 1
Foreign tax	22 4	14 0	-	-	22 4	14 0
Adjustments in respect of prior years	(3 3)	(2 7)	-	-	(3 3)	(2 7)
	32 2	**26 6**	**-**	**1 8**	**32 2**	**28 4**
Deferred tax						
Origination and reversal of timing differences	1 2	2 8	-	-	1 2	2 8
Reduction in rate of UK corporation tax	0 3	0 7	-	-	0 3	0 7
Adjustments in respect of prior years	(0 4)	0 1	-	-	(0 4)	0 1
	1 1	**3 6**	**-**	**-**	**1 1**	**3 6**
Tax on profit on ordinary activities	**33 3**	**30 2**	**-**	**1 8**	**33 3**	**32 0**

A tax credit of £3 3m (2012 £2 7m) is included in the Income Statement in respect of specific items (see note 4)

In addition to the amount charged to the income statement, a tax credit of £2 6m (2012 £nil) has been recognised in other comprehensive income in respect of financial instruments treated as cash flow hedges

Reconciliation of tax expense

The total tax charge for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%) The tax charge can be reconciled to the profit per the income statement as follows

	2013 £m	2012 £m
Profit before tax on continuing operations	**160 9**	**103 5**
Tax at the UK corporation tax rate of 24% (2012 26%)	38 6	26 9
Effects of		
Disallowed expenditure	5 3	7 1
Tax exempt disposals of businesses	(9 0)	-
Tax differential on wholly-owned overseas earnings	8 1	4 1
Tax effect of share of results of joint ventures and associates	(6 3)	(6 1)
Reduction in rate of UK corporation tax	0 3	0 7
Adjustments in respect of previous years	(3 7)	(2 5)
Tax charge for the year	**33 3**	**30 2**

The amount of tax paid in the year is different from the tax charge, due mainly to the timings of payments UK corporation tax is payable in four instalments, two of which are made after the end of the year in which the tax arises, i e some of the tax included in the 2011/12 tax charge was paid in 2012/13 The payments are based on the best estimate of the tax charge at the time the payment is made The final tax liability is determined when the tax return for the year is prepared and submitted to HMRC sometime after the year end In addition, the tax charge in the accounts is a best estimate at the time the accounts are prepared The charge is then adjusted in later years to reflect the tax liability on the submitted tax returns

Factors affecting future tax expense

The UK Government has announced a phased reduction in the main rate of corporation tax in the UK On 1 April 2013, the rate was reduced from 24% to 23% Two further annual reductions are expected to follow in subsequent years, reducing the corporation tax rate to 20% from 1 April 2015 The impact of the future rate reductions will be accounted for in future periods, to the extent that they are enacted at the balance sheet date, however, it is estimated that this will not have a material effect on the Group

Notes to the consolidated financial statements (continued)

10 Taxation (continued)

Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group, and the movement thereon, during the current and prior year

	Fixed asset temporary differences £m	Provisions £m	Financial instruments £m	Other £m	Total £m
At 1 April 2011	**(4 8)**	**5 6**	**1 8**	**5 0**	**7 6**
Credited/(charged) to the income statement	0 1	1 2	(1 2)	(3 7)	(3 6)
Disposal of subsidiary	0 5	(0 3)	-	-	0 2
Foreign exchange translation gains and losses	(0 1)	(0 2)	-	(0 1)	(0 4)
At 31 March 2012	**(4 3)**	**6 3**	**0 6**	**1 2**	**3 8**
Credited/(charged) to the income statement	1 4	(2 9)	(0 3)	0 7	(1 1)
Charged to other comprehensive income	-	-	2 6	-	2 6
Disposal of subsidiary	7 3	-	0 2	(3 8)	3 7
Foreign exchange translation gains and losses	(0 6)	-	-	0 5	(0 1)
At 31 March 2013	**3 8**	**3 4**	**3 1**	**(1 4)**	**8 9**

Other deferred tax balances predominantly relate to temporary differences arising on tax losses and intragroup eliminations

Deferred tax is recorded in the balance sheet as follows

	2013 £m	2012 £m
Deferred tax assets	9 1	9 4
Deferred tax liabilities	(0 2)	(5 6)
Net deferred tax asset	**8 9**	**3 8**

Deferred tax assets in respect of tax losses carried forward are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable The Group has unrecognised deferred tax assets arising on capital losses totalling £156 2m (2012 £20 4m) These assets have not been recognised on the basis that there is insufficient certainty that capital gains will arise against which the Group can utilise these losses

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £nil (2012 £nil) No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and those differences are not expected to reverse in the foreseeable future

Temporary differences arising in connection with the Group's interests in the undistributed retained earnings of associates and joint ventures are not considered to be material in either year

Notes to the consolidated financial statements (continued)

11. Discontinued operations

In the prior year, the Group disposed of its subsidiaries BBC Magazines Limited, Bristol Magazines Limited, Magazines Services Limited and Genealogy Events Limited, its joint ventures Dovetail Services (UK) Holdings Limited and Worldwide Media Private Limited, and its associates Frontline Limited and Origin Publishing Holdings Limited (OPL) These investments collectively formed the Group's Magazines operations

These disposals were effected in pursuit of the group's strategic priorities and consideration for the disposals was received wholly in the form of cash (see note 28)

The results of discontinued operations, which have been included in the consolidated income statement, were as follows

	2013 £m	2012 £m
Revenue	-	**71 6**
Total operating costs	-	(64 5)
Share of results of joint ventures and associates	-	-
Operating profit	-	**7 1**
Finance income	-	-
Finance expense	-	-
Profit before tax	-	**7 1**
Tax charge for the period	-	(1 8)
Profit for the period	-	**5 3**
Profit on disposal of discontinued operations	-	95 0
Net profit attributable to discontinued operations	-	**100 3**

The profit on disposal of discontinued operations was exempt from tax

The net profit attributable to discontinued operations was wholly attributable to owners of the parent company

During the year ended 31 March 2012, the Group's discontinued Magazines operations contributed £4 1m to the Group's net operating cash flows, contributed £110 2m to investing activities and paid £nil in respect of financing activities

12. Dividends

	2013 £m	2012 £m
Amounts recognised as distributions to equity holders in the period		
Interim dividends for the year ended 31 March 2012 of £25 56 per share (2011 £140 16 per share)	6 4	35 1
Interim dividends for the year ended 31 March 2013 of £107 79 per share (2012 £419 26 per share)	26 9	104 8
	33 3	**139 9**
Amounts not yet recognised as distributions		
Interim dividend declared but not yet paid for the year ended 31 March 2013 of £118 64 per share (2012 £21 20 per share)	29 7	5 3
Interim dividend proposed but not yet declared for the year ended 31 March 2013 of £2 00 per share (2012 £3 60 per share)	0 5	0 9
	30 2	**6 2**

Notes to the consolidated financial statements (continued)

13. Goodwill

	2013 £m	2012 £m
Cost		
At beginning of the year	126 3	125 0
Foreign exchange translation gains and losses	5 9	6 4
Disposals	(96 1)	(5 1)
	36 1	**126 3**
Accumulated impairment losses		
At beginning of the year	68 1	50 2
Impairments	-	16 1
Foreign exchange translation gains and losses	4 0	1 8
Disposals	(72 1)	-
	-	**68 1**
Carrying amount	**36 1**	**58 2**

Goodwill, allocated by cash generating unit (CGU), is analysed as follows

	2013 £m	2012 £m
Lonely Planet	-	22 6
Consumer distribution	25 4	25 4
Australian Channels	10 7	10 2
	36 1	**58 2**

The Group tests goodwill for impairment in the accounting period in which a business combination takes place, thereafter annually, or more frequently if there are indications that goodwill might be impaired

The recoverable amounts of the CGUs are determined from value in use calculations The key assumptions used for these calculations are those regarding discount rates and growth rates Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU

Lonely Planet

The goodwill in this CGU arose as a result of the acquisition of Lonely Planet on 1 October 2007 and was disposed of during the year (see note 28) In the year ended 31 March 2012 the carrying value of this CGU was written down to its estimated recoverable amount, resulting in a charge to the income statement of £16 1m

Consumer distribution business

The goodwill in this CGU arose as a result of the acquisition of 2 entertain on 6 August 2009 The cash flow projections used in determining value in use are based on the current business plan approved by management which covers a five year period after which cash flows have been extrapolated using an expected growth rate of -5% (2012 2%)

A discount rate of 12 8% (2012 11 4%) has been applied to the cash flows

Management are of the view that any reasonably possible change in key assumptions would not cause the carrying amount to exceed its recoverable amount

Australian Channels business

The goodwill in this CGU arose as a result of the acquisition of UK TV on 1 July 2008 Cash flow projections used in the recoverable amount calculation are based on financial budgets approved by management covering a period of five years (2012 five years) and a discount rate of 11 7% (2012 12 6%) Cash flows beyond the forecast period have been extrapolated using an expected growth rate of 1% (2012 1%) The terminal growth rate assumes contractual rates remaining in place and a modest growth of subscribers as per external sources Cash flow projections are consistent with the business acquisition plans and those used in the previous year

The main assumption on which the forecast cash flows are based is license fee rates In forming its assumptions about license fee rates, the Group has used a combination of long term trends and recent contracted terms

Management believe that any reasonably possible change in the key assumptions on which the value in use of UK TV is based would not result in any impairment

Notes to the consolidated financial statements (continued)

14 Distribution rights

	2013 £m	2012 £m
Cost		
At 1 April	330 9	279 0
Additions	104 2	98 6
Disposals	(5 0)	(2 2)
Foreign exchange translation gains and losses	(10 4)	(3 5)
Fully amortised rights written off	(92 8)	(41 0)
	326 9	**330 9**
Amortisation		
At 1 April	196 1	154 1
Charge for the year	104 1	87 2
Disposals	(3 0)	(0 6)
Foreign exchange translation gains and losses	(9 1)	(3 6)
Fully amortised rights written off	(92 8)	(41 0)
	195 3	**196 1**
Net book value	**131 6**	**134 8**
Classified as held for sale (note 22)	-	(2 0)
Distribution rights per balance sheet	**131 6**	**132 8**

Included within distribution rights is self-funded content in the course of production totalling £1 5m (2012 £1 2m)

Notes to the consolidated financial statements (continued)

15. Other intangible assets

2013	Masthead £m	Carrier Agreements £m	Software £m	Other £m	Total £m
Cost					
At 1 April	33 0	10 7	57 4	4 0	105 1
Additions	-	-	15 6	-	15 6
Disposals	-	-	(0 6)	-	(0 6)
Disposal of subsidiary	(35 0)	-	(34 0)	(3 4)	(72 4)
Foreign exchange translation gains and losses	2 0	0 6	1 4	0 3	4 3
	-	**11 3**	**39 8**	**0 9**	**52 0**
Amortisation					
At 1 April	7 4	2 2	41 2	3 5	54 3
Charge for the year	1 7	0 7	16 4	0 4	19 2
Disposals	-	-	(0 6)	-	(0 6)
Disposal of subsidiary	(9 6)	-	(29 4)	(3 4)	(42 4)
Foreign exchange translation gains and losses	0 5	0 2	1 1	0 2	2 0
	-	**3 1**	**28 7**	**0 7**	**32 5**
Net book value	-	**8 2**	**11 1**	**0 2**	**19 5**

2012	Masthead £m	Carrier Agreements £m	Software £m	Other £m	Total £m
Cost					
At 1 April	32 8	10 7	40 1	5 1	88 7
Additions	-	-	18 3	-	18 3
Disposals	-	-	(0 6)	(0 9)	(1 5)
Foreign exchange translation gains and losses	0 2	-	(0 4)	(0 2)	(0 4)
	33 0	**10 7**	**57 4**	**4 0**	**105 1**
Amortisation					
At 1 April	5 8	1 4	31 6	2 9	41 7
Charge for the year	1 7	0 7	10 1	1 6	14 1
Disposals	-	-	(0 1)	(0 9)	(1 0)
Foreign exchange translation gains and losses	(0 1)	0 1	(0 4)	(0 1)	(0 5)
	7 4	**2 2**	**41 2**	**3 5**	**54 3**
Net book value	**25 6**	**8 5**	**16 2**	**0 5**	**50 8**

Other assets comprise advertising relationships, non-compete agreements and software assets under construction

Of total software additions recognised during the period, £15 3m (2012 £17 4m) related to internally developed software

Notes to the consolidated financial statements (continued)

16. Property, plant and equipment

2013	Freehold buildings £m	Short leasehold buildings £m	Plant and machinery £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost						
At 1 April	0 2	12 4	36 6	14 0	1 4	64 6
Additions	-	1 0	3 2	1 2	0 8	6 2
Disposals	-	(0 1)	(0 1)	(0 2)	-	(0 4)
Disposal of subsidiary	-	-	(7 2)	(3 4)	-	(10 6)
Foreign exchange translation gains and losses	-	0 3	0 6	0 3	-	1 2
	0 2	**13 6**	**33 1**	**11 9**	**2 2**	**61 0**
Depreciation						
At 1 April	-	4 9	23 3	10 0	-	38 2
Charge for the year	-	1 8	3 8	1 5	-	7 1
Disposals	-	(0 1)	(0 1)	(0 2)	-	(0 4)
Disposal of subsidiary	-	-	(5 7)	(2 7)	-	(8 4)
Foreign exchange translation gains and losses	-	0 2	0 6	0 2	-	1 0
	-	**6 8**	**21 9**	**8 8**	**-**	**37 5**
Net book value	**0 2**	**6 8**	**11 2**	**3 1**	**2 2**	**23 5**

2012	Freehold buildings £m	Short leasehold buildings £m	Plant and machinery £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost						
At 1 April	0 2	13 9	40 0	14 0	1 4	69 5
Additions	-	1 1	3 4	1 5	-	6 0
Disposals	-	(2 6)	(6 6)	(1 2)	-	(10 4)
Foreign exchange translation gains and losses	-	-	(0 2)	(0 3)	-	(0 5)
	0 2	**12 4**	**36 6**	**14 0**	**1 4**	**64 6**
Depreciation						
At 1 April	-	5 9	24 7	9 3	-	39 9
Charge for the year	-	1 6	3 3	2 0	-	6 9
Disposals	-	(2 6)	(4 6)	(1 2)	-	(8 4)
Foreign exchange translation gains and losses	-	-	(0 1)	(0 1)	-	(0 2)
	-	**4 9**	**23 3**	**10 0**	**-**	**38 2**
Net book value	**0 2**	**7 5**	**13 3**	**4 0**	**1 4**	**26 4**

At 31 March 2013, the Group had contractual commitments for the acquisition of property, plant and equipment totalling £nil (2012 £1 0m)

Tangible fixed assets include the following assets held under finance leases

	Plant and machinery 2013 £m	Fixtures and fittings 2013 £m	Total 2013 £m	Plant and machinery 2012 £m	Fixtures and fittings 2012 £m	Total 2012 £m
Cost	-	-	-	1 6	-	1 6
Accumulated depreciation	-	-	-	(1 0)	-	(1 0)
	-	**-**	**-**	**0 6**	**-**	**0 6**

Assets subject to finance leases were used in the Group's Lonely Planet business and denominated in Australian dollars Following the disposal of this business in the year, none of the Group's assets are held under finance leases

Notes to the consolidated financial statements (continued)

17 Interests in joint ventures and associates

A list of the Group's significant interests in joint ventures and associates, including the name, country of incorporation and proportion of ownership interest is given in note F to the Company financial statements

The movement in joint ventures and associates during the year was as follows

	Joint ventures 2013 £m	Associates 2013 £m	Total 2013 £m	Joint ventures 2012 £m	Associates 2012 £m	Total 2012 £m
At 1 April	14 0	17 0	31 0	15 8	15 0	30 8
Additions	0 4	-	0 4	-	1 8	1 8
Disposals	(0 5)	(1 9)	(2 4)	(5 0)	(1 1)	(6 1)
Share of results	24 8	1 4	26 2	22 1	1 0	23 1
Adjustment to provision for unrealised profits	(0 2)	0 1	(0 1)	(0 1)	0 4	0 3
Dividends received	(19 2)	(0 2)	(19 4)	(18 0)	(0 7)	(18 7)
Foreign exchange translation gains and losses	-	0 2	0 2	(0 1)	0 9	0 8
Amounts written off	-	(0 6)	(0 6)	(0 7)	(0 3)	(1 0)
At 31 March	**19 3**	**16 0**	**35 3**	**14 0**	**17 0**	**31 0**

Joint ventures and associates are recorded in the balance sheet as follows

	Joint ventures 2013 £m	Associates 2013 £m	Total 2013 £m	Joint ventures 2012 £m	Associates 2012 £m	Total 2012 £m
Interests in joint ventures and associates	15 3	16 0	31 3	11 9	17 0	28 9
Non-current assets held for sale (note 22)	9 9	-	9 9	9 9	-	9 9
Provisions (note 23)	(5 9)	-	(5 9)	(7 8)	-	(7 8)
	19 3	**16 0**	**35 3**	**14 0**	**17 0**	**31 0**

Interests in joint ventures

Interests in joint ventures in the current and previous years included the following material operations

UKTV

BBC Worldwide has a major partnership deal with Scripps Networks Interactive for the production and marketing of subscription channels in the UK The partnership operates under the name UKTV through a number of discrete joint venture entities, each of which has been accounted for separately

Certain UKTV joint venture entities have net liabilities In these cases, the Group has no shareholder or other obligation to fund losses incurred by these entities or to make good their net liabilities For these equity accounted joint ventures the Group only accounts for its share of any operating profits or equity once an individual venture attains a positive equity position No share of losses is included in the financial statements until this point

Notwithstanding the above, the group headed by UK Gold Holdings Limited (UKGH) has been cumulatively profitable each year since its formation in 1997 but has net liabilities The net liabilities are not a result of trading losses but have arisen entirely from acquisition goodwill written off to reserves in 1997 under UK GAAP Such business combinations prior to 1 April 2007 were not restated by BBCW on transition to IFRS Equity accounting is applied to UKGH as the Directors consider this to be consistent with the Group's long-term, constructive commitment to this venture as a result of its programme content and licensing contractual arrangements The Group's share of the net liabilities of UKGH are recorded within provisions (see note 23)

Ragdoll Worldwide Limited

In April 2006, BBC Worldwide entered into an agreement with Ragdoll Limited to form a joint venture The purpose of the joint venture is to exploit and manage existing Children's intellectual properties and to invest in the development of new intellectual property rights

In May 2011, the Board resolved to dispose of the Group's interest in the joint venture The joint venture is classified as held for sale at the balance sheet date (see note 22)

Notes to the consolidated financial statements (continued)

17. Interests in joint ventures and associates (continued)

The following represents the Group's aggregate share of joint ventures, including those that were held for sale during the year

	2013 £m	2012 £m
Non-current assets	10 9	13 7
Current assets	104 4	101 1
Current liabilities	(53 8)	(58 7)
Non-current liabilities	(54 2)	(55 2)
Shareholders' equity	**7 3**	**0 9**
Share of net liabilities not recognised	16 5	18 0
Group's share of net assets of joint ventures	**23 8**	**18 9**
Revenue	150 4	159 3
Expense	(115 8)	(126 8)
Taxation	(8 2)	(8 6)
Share of profit from joint ventures	**26 4**	**23 9**
Share of results not recognised	(1 6)	(1 8)
Share of profit from joint ventures recognised in income statement	**24 8**	**22 1**

Interests in associates

Representing 100% of each associate

	2013 £m	2012 £m
Total assets	80 7	71 7
Total liabilities	(69 3)	(63 1)
Net assets/(liabilities)	**11 4**	**8 6**
Group's share of net assets	**4 4**	**4 5**
Revenue	105 4	140 8
Result for the year	6 9	5 7
Group's share of results of associates	**1 4**	**1 0**

The Group has board representation and participates in policy-making decisions affecting Educational Publishers LLP, Woodlands Books Limited and Audio London Limited The Group has concluded that it exerts significant influence over these businesses despite holding less than 20% of the voting power Accordingly, the Group has classified its interests in these entities as associates

18 Investments

	2013 £m	2012 £m
Available-for-sale investments carried at fair value		
Unquoted equities	5 1	0 6
Loans receivable carried at amortised cost		
Loans to related parties	1 7	2 8
Loans to other entities	1 7	1 0
	3 4	**3 8**
Total investments	**8 5**	**4 4**

Notes to the consolidated financial statements (continued)

19. Programme rights and other inventories

	2013 £m	2012 £m
Programme rights for broadcast	77 0	58 0
Programmes in the course of production	6 2	5 3
Raw materials and consumables	2 8	4 8
Work in progress	0 7	7 3
Finished goods and goods for resale	11 3	29 4
	98 0	**104 8**

In the prior year, finished goods and goods for resale included inventory of £3 1m relating to Lonely Planet expected to be sold more than 12 months after the balance sheet date

20. Trade and other receivables

	2013 £m	2012 £m
Current		
Trade receivables	191 7	180 5
Prepayments	21 0	18 8
Royalty advances	18 1	18 9
Accrued income	47 2	36 6
Amounts owed by fellow subsidiary undertakings	-	4 8
Amounts owed by joint ventures and associates (note 36)	27 7	27 6
Other receivables	16 9	9 3
	322 6	**296 5**

The net carrying amount of trade and other receivables is approximately equal to their fair value

Included in the Group's trade and other receivables at 31 March 2013, are balances of £32 1m (2012 £32 0m) which are past due at the reporting date but not impaired because the Group expects to recover these balances in full and has historical analysis to support the recovery profile The aged analysis of these balances is as follows

	2013 £m	2012 £m
Up to 3 months	26 5	26 5
3 to 6 months	4 5	4 2
Over 6 months	1 1	1 3
	32 1	**32 0**

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past default experience of the counterparty and an analysis of the counterparty's financial situation The concentration of credit risk is limited due to the customer base being large and unrelated (see note 35)

Amounts charged to the impairment provision are written off when there is no expectation of recovery Subsequent recoveries of amounts previously written off are credited to the Income Statement The impairment provision stands at £9 3m at 31 March 2013 (2012 £2 9m)

The movement in the allowance for doubtful debts is set out below

	2013 £m	2012 £m
Balance at the beginning of the period	2 9	2 7
Impairment losses recognised	7 7	1 3
Amounts written off as uncollectible	(0 6)	(0 8)
Impairment losses reversed	(0 1)	(0 3)
On disposal of subsidiary	(0 5)	-
Foreign exchange translation gains and losses	(0 1)	-
	9 3	**2.9**

Notes to the consolidated financial statements (continued)

21. Trade and other payables

	2013 £m	2012 £m
Current		
Trade payables	51 5	50 6
Rights creditors	88 4	96 3
Accruals	57 5	48 4
Deferred income	55 1	60 7
Amounts owed to ultimate parent undertaking	50 4	49 9
Amounts owed to fellow subsidiary undertakings	14 7	1 9
Amounts owed to joint ventures and associates (note 36)	2 1	7 5
Other payables including other tax and social security	41 0	56 7
	360 7	**372 0**
Non-current		
Accruals	2 7	3 0
	2 7	**3 0**
	363 4	**375 0**

Rights creditors comprise royalty payments owing to contributors to television programmes, DVDs and other media Other payables include £0 4m relating to contingent consideration (2012 £14 0m relating to put options over non-controlling interests) (see note 35)

The carrying amount of trade and other payables is equal to the fair value

22. Assets held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows In the current year, these relate to the Group's investment in the Ragdoll joint venture (see note 17) In the prior year, these also included distribution rights relating to Ragdoll properties

	2013 £m	2012 £m
Distribution rights	-	2 0
Investments in joint ventures and associates	9 9	9 9
Total assets classified as held for sale	**9 9**	**11 9**
Net assets of disposal groups	**9 9**	**11 9**

The fair value of the disposal group held for sale less costs to sell is expected to exceed the corresponding asset carrying values Accordingly, no loss has been recognised as a result of classifying these assets as held for sale at 31 March 2013

Notes to the consolidated financial statements (continued)

23. Provisions

	Property related £m	Share of joint venture liabilities £m	Other £m	Total £m
At 31 March 2012	1 7	7 8	2 7	12 2
Additional provision in the year	-	-	7 5	7 5
Utilisation of provision	-	(1 9)	(6 1)	(8 0)
Released to the income statement	-	-	(0 1)	(0 1)
On disposal of subsidiary	(0 4)	-	(2 1)	(2 5)
At 31 March 2013	**1 3**	**5 9**	**1 9**	**9 1**

Provisions in respect of the Group's share of joint venture liabilities are further discussed in note 17 Amounts released to the income statement relate to the Group's share of joint venture profits for the year

Other provisions primarily comprise reorganisation provisions

Provisions have been analysed between current and non-current as follows

	2013 £m	2012 £m
Current	1 8	2 5
Non-current	7 3	9 7
	9 1	**12 2**

24. Interest bearing loans and borrowings

The Group's principal sources of funding and the currencies in which funding is denominated are summarised as follows

	Sterling 2013 £m	Australian dollars 2013 £m	Total 2013 £m	Sterling 2012 £m	Australian dollars 2012 £m	Total 2012 £m
Unsecured borrowing at amortised cost						
Loans from related parties	51 6	27 6	79 2	-	64 9	64 9
Bank loans	-	-	-	30 0	-	30 0
	51 6	**27 6**	**79 2**	**30 0**	**64 9**	**94 9**
Secured borrowing at amortised cost						
Obligations under finance leases (see note 32)	-	-	-	-	0 6	0 6
	51 6	**27 6**	**79 2**	**30 0**	**65 5**	**95 5**
Total borrowings						
Amount due for settlement within 12 months	-	-	-	30 0	0 5	30 5
Amount due for settlement after 12 months	51 6	27 6	79 2	-	65 0	65 0
	51 6	**27.6**	**79 2**	**30 0**	**65 5**	**95 5**

The Group's principal source of funding is a multi-currency loan facility of £202 2m (2012 £210 0m) with BBC Commercial Holdings Limited (BBCCH), of which £30 0m (2012 £50 0m) is available only on condition that an equivalent cash balance is maintained The loan facility expires on 30 September 2014 and attracts interest based on interbank rates plus a margin of 1 00% Interbank rates are based on the period of the loan and are based on LIBOR for the relevant currency except for EUR and AUD drawdowns which are based on EURIBOR and BBSW, respectively

The Group had a £30 0m term loan with the European Investment Bank (EIB) which expired in May 2012 and has been repaid in full

Notes to the consolidated financial statements (continued)

25. Derivative financial instruments

2013	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Derivatives that are designated in effective hedges					
Forward foreign currency contracts	0 1	0 5	(5 4)	(2 9)	(7 7)
Interest rate swaps	-	-	-	(1 5)	(1 5)
	0 1	**0 5**	**(5 4)**	**(4 4)**	**(9 2)**
Derivatives that are held for trading					
Forward foreign currency contracts	0 1	1 1	(1 2)	(0 2)	(0 2)
Interest rate swaps	-	-	(1 1)	(0 9)	(2 0)
Embedded derivatives	0 1	-	-	(1 4)	(1 3)
	0 2	**1 1**	**(2 3)**	**(2 5)**	**(3 5)**
	0 3	**1 6**	**(7 7)**	**(6 9)**	**(12 7)**

2012	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Derivatives that are designated in effective hedges					
Forward foreign currency contracts	0 9	2 0	(0 9)	(0 4)	1 6
Derivatives that are held for trading					
Forward foreign currency contracts	0 2	0 6	(0 8)	(0 2)	(0 2)
Interest rate swaps	-	-	(0 1)	(3 1)	(3 2)
Embedded derivatives	0 1	-	-	(0 8)	(0 7)
	0 3	**0 6**	**(0 9)**	**(4 1)**	**(4 1)**
	1 2	**2 6**	**(1 8)**	**(4 5)**	**(2 5)**

Fair value movements on derivative financial instruments that are held for trading are recorded through the income statement within other gains and losses

The total notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2013 was £337 6m (2012 £239 5m) The hedged forecast transactions denominated in foreign currency are expected to occur at various dates in the future

The Group applies cash flow hedge accounting for trades taken out in respect of its forecast foreign currency transactions Hedge accounting is only applied where appropriate designation and documentation, and trades with parties external to the Group exist Net losses (before tax and non-controlling interests) recognised in the hedging reserve on forward foreign exchange contracts in cash flow hedge relationships at 31 March 2013 were £10 8m (2012 losses of £0 4m) These amounts will be recognised in the income statement in the period when the hedged forecast transaction affects the income statement, at various dates over the next twelve months

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2013 were £200 7m (2012 £99 5m) All outstanding interest rate swaps mature by July 2016

The Group has reviewed contracts for embedded derivatives that are required to be separated from their host contracts Embedded derivatives are recognised at their fair value with subsequent changes to fair value recorded in the income statement

26. Called up share capital

	2013 £m	2012 £m
Authorised		
1,000,000 ordinary shares of £1 each	1 0	1 0
Issued, alloted, called up and fully paid		
250,000 ordinary shares of £1 each	0 2	0 2

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

Notes to the consolidated financial statements (continued)

27 Reserves

Hedging reserve

The hedging reserve is used to record the effective portion of cumulative net changes in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax)

Translation reserve

Since 1 April 2008, £2 1m of exchange losses on foreign currency borrowings have been offset in reserves against exchange gains on the related investment in overseas subsidiaries The net investment hedge was discontinued from September 2008 following the settlement of the associated foreign currency borrowings

Retained earnings

At 31 March 2013, the cumulative goodwill written off to reserves on acquisitions prior to 1 April 1998 amounted to £14 2m This amount is unchanged on prior year and remained in equity upon transition to IFRS as permitted by IFRS1

28 Disposals

Lonely Planet

On 31 March 2013 the Group completed the disposal of its Lonely Planet group of companies for cash consideration of US$62 1m and deferred consideration of US$15 5m Deferred consideration is receivable on 31 March 2014 and is secured against 20% of the equity of the Lonely Planet group As a result of the disposal, cumulative currency translation gains of £48 4m and hedged derivative gains of £0 1m have been removed from reserves and recorded in the income statement

The net assets of Lonely Planet at the date of disposal and at 31 March 2012 were

	March 2013 £m	March 2012 £m
Other intangible assets	29 3	31 0
Property, plant and equipment	2 2	2 7
Programme rights and other inventories	24 8	23 5
Trade and other receivables	13 4	13 6
Trade and other payables	(8 7)	(10 3)
Current tax liabilities	(1 1)	(0 8)
Deferred tax liabilities	(4 0)	(0 3)
Cash and cash equivalents	4 4	1 8
Derivative financial assets	0 5	0 5
Loans and borrowings	(0 3)	(0 6)
Provisions	(2 5)	(1 4)
Attributable goodwill	24 0	22 6
	82 0	**82 3**
Transaction costs	3 0	
Cumulative currency translation gain	(48 4)	
Hedging reserve	(0 1)	
Gain on disposal	15 0	
Total consideration	**51 5**	
Satisfied by		
Cash and cash equivalents	41 2	
Deferred consideration	10 3	
	51 5	
Net cash inflow arising on disposal		
Consideration received in cash	41 2	
Less cash and cash equivalents disposed of	(4 4)	
Less transaction costs	(3 0)	
	33 8	

Notes to the consolidated financial statements (continued)

28 Disposals (continued)

BBC com

On 30 September 2012 the Group transferred its interest in the news operations of BBC com to BBC Global News, a fellow subsidiary of BBC Commercial Holdings Immediately prior to the transfer, the Group waived £12 0m of intercompany borrowings owed by BBC com Disposal proceeds of £12 0m were received in cash

BBC Worldwide continues to own and operate the non-news elements of BBC com and now provides advertising sales and distribution services to BBC Global News through a new commercial arrangement

The net assets of BBC com at the date of disposal and at 31 March 2012 were

	Sept 2012 £m	Mar 2012 £m
Other intangible assets	0 7	1 2
Trade and other receivables	3 8	4 4
Trade and other payables	(5 2)	(17 9)
Deferred tax asset	0 3	0 3
	(0 4)	(12 0)
Gain on disposal	12 4	
Total consideration	**12 0**	
Satisfied by		
Cash and cash equivalents	12 0	
Net cash inflow arising on disposal	**12 0**	

Left Bank

On 17 August 2012 the Group disposed of its interest in Left Bank Pictures, a UK production company, for consideration of £10 1m Consideration received was comprised of cash, contingent consideration and a retained interest, recorded as an available-for-sale investment The carrying value of the group's associate interest in Left Bank Pictures as at the date of disposal was £1 9m (March 2012 £1 8m) and the group incurred £0 2m of transaction fees, giving rise to a profit on disposal of £8 0m

The carrying value of the group's investment at the date of disposal and at 31 March 2012, and the resulting disposal gain is summarised below

	Aug 2012 £m	Mar 2012 £m
Investments in joint ventures and associates	1 9	1 8
	1 9	1 8
Share of transaction fees	0 2	
Gain on disposal	8 0	
Total consideration	**10 1**	
Satisfied by		
Cash and cash equivalents	4 8	
Contingent consideration	0 9	
Available for sale investment	4 4	
	10 1	
Net cash inflow arising on disposal		
Consideration received in cash	4 8	
Less transaction costs	(0 2)	
	4 6	

On 30 April 2012, the group disposed of its interest in Freehand International Pty Ltd, by way of a share buy back, for proceeds of AU$0 8m Net assets at the date of disposal were AU$0 8m (March 2012 AU$0 8m) Translation gains of £0 5m were reclassified from reserves to the income statement as a result of the disposal, giving rise to a disposal gain of £0 5m

In September 2012, the group disposed of distribution rights relating to Ragdoll properties back to its Ragdoll joint venture Distribution rights with a book value of £2 0m were disposed of for cash proceeds of £1 8m, resulting in a loss on disposal of £0 2m

In the year ended 31 March 2012, the Group disposed of its Magazines operations for cash consideration of £111 1m resulting in a gain on disposal of £95 0m (see note 11)

Notes to the consolidated financial statements (continued)

29. Notes to the cash flow statement

	2013 £m	2012 £m
Operating profit		
Continuing operations	132 3	117 5
Discontinued operations	-	7 1
	132 3	**124 6**
Adjustments for		
Share of results of joint ventures and associates	(26 1)	(23 4)
Depreciation and impairment of property, plant and equipment	7 1	6 9
Impairment of goodwill	-	16 1
Amortisation and impairment of intangible assets	123 3	101 3
Impairment of investments	1 9	1 0
Impairment loss recognised on trade and other receivables	7 7	1 3
Reversal of impairment losses recognised on trade and other receivables	(0 1)	(0 3)
Net foreign exchange gains and losses	(1 1)	-
Increase/(decrease) in provisions	1 3	(4 9)
Cash flows before movements in working capital	**246 3**	**222 6**
Increase in trade and other receivables	(31 1)	(7 6)
Increase in programme rights and other inventories	(12 4)	(24 2)
Increase/(decrease) in trade and other payables	10 8	(12 9)
Cash generated from operations	**213 6**	**177 9**

Cash generated from operations includes cash flows arising from discontinued operations (see note 11)

30. Commitments and contingent liabilities

	2013 £m	2012 £m
Capital commitments		
Distribution rights	63 9	46 5
Property, plant and equipment	7 2	1 0
Intangible assets	1 0	0 3
	72 1	**47 8**
Other financial commitments		
Programme rights for broadcast	24 0	16 7
Other commitments	28 5	29 4
	52 5	**46 1**
Total unrecognised commitments	**124 6**	**93 9**

In addition to the above, the Group's share of commitments for programme acquisitions and other commitments in respect of its UKTV joint venture amount to £8 6m and £59 2m, respectively (2012 £38 6m and £48 6m, respectively)

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

The Group has given guarantees in relation to the BBC Commercial Holdings Limited revolving credit facility agreement (see note 24) At 31 March 2013, total amounts drawn down under this facility were £172 4m (2012 £169 9m)

The Group occasionally enters into contracts with other equity shareholders of its joint ventures and associates to purchase additional equity In some cases, these contracts place an obligation on the Group to acquire further shares at the option of the counterparty to the contract The Group has not recorded a liability in respect of these contracts as the amounts payable in the event of exercise are based on a proxy for the market value of those shares Amounts payable under such contracts are not expected to be material to the Group as a whole

Notes to the consolidated financial statements (continued)

31. Operating lease arrangements

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2013 £m	2012 £m
Within one year	13 0	15 8
In the second to fifth years inclusive	25 0	28 2
After five years	66 0	10 0
	104 0	**54 0**

The majority of operating lease payments represent rentals payable by the Group for certain of its properties The rent payable under leases is subject to renegotiation at the various intervals specified in the leases

32. Obligations under finance leases

The minimum lease payments under finance leases fall due as follows

	Minimum lease payments		Present value of lease payments	
	2013 £m	2012 £m	2013 £m	2012 £m
Amounts payable under finance leases				
Within one year	-	0 4	-	0 4
In the second to fifth years inclusive	-	0 2	-	0 2
	-	**0 6**	-	**0 6**

The fair value of the Group's lease obligations is equal to their carrying amount

Notes to the consolidated financial statements (continued)

33. Retirement benefits

The Group operates a number of defined contribution pension schemes The assets of these schemes are held separately from those of the Group in independently administered funds Pension costs, representing contributions payable by the Group during the year, were £5 4m (2012 £4 5m)

Many BBC Worldwide employees are members of the BBC Group's pension schemes These comprise the BBC Pension Scheme (a defined benefit scheme which is now closed to new members), a small unfunded plan (the unfunded scheme, which is also closed to new members) and defined contribution schemes (Lifeplan and the Group Personal Pension Scheme)

The BBC Pension Scheme provides benefits on a defined benefit basis funded from assets held in separate trustee-administered funds There are four sections to the BBC Pension Scheme Old Benefits and New Benefits, which both provide benefits based on final salary (subject to differing inflation caps), Career Average Benefits 2006 (CAB 2006) and Career Average Benefits 2011 (CAB 2011) All sections are now closed to new entrants

BBC Worldwide, following the provisions within IAS 19 *Employee Benefits* for accounting in respect of group schemes, accounts for its participation in the scheme as if it were a defined contribution scheme This is because there is no contractual agreement or stated policy for charging the net defined benefit cost to scheme participants The pension cost for this scheme therefore represents contributions payable by the Group to the scheme and the costs amounted to £8 7m in the year (2012 £13 4m) No contributions were prepaid or accrued at 31 March 2013 (2012 £nil)

The following liabilities in respect of retirement benefits have been recorded in the financial statements of the BBC

	2013 £m	2012 £m
BBC Pension Scheme	1,708 7	1,172 0
Unfunded Scheme	7 1	6 6
	1,715 8	**1,178 6**

The actuarial valuation for the BBC Pension Scheme was updated for IAS 19 purposes to 31 March 2013 by Towers Watson, consulting actuaries Additional disclosure about the scheme and its financial position under IAS 19 is presented below

Scheme financial position

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Scheme assets*	10,201 1	9,198 5	8,835 8	8,154 8	6,454 0
Scheme liabilities	(11,909 8)	(10,370 5)	(9,756 3)	(9,795 7)	(6,592 6)
Net deficit	**(1,708 7)**	**(1,172 0)**	**(920 5)**	**(1,640 9)**	**(138 6)**

* *excluding funds relating to additional voluntary contributions (AVCs)*

Reconciliation of plan liabilities

The table below illustrates the movement in plan liabilities during the year The most significant variables which affect this are the additional year of pension benefits earned, interest charged on existing liabilities, any gains or losses relating to participants leaving the pension scheme, changes in assumptions made and benefits paid out during the year

	2013 £m	2012 £m
At 1 April	10,370 5	9,756 3
Current service cost	149 8	160 0
Past service cost	3 4	4 8
Gains on curtailments	-	(45 0)
Interest on pension plan liabilities	530 1	527 2
Experience (gains)/lossses arising on plan liabilities	(9 9)	113 3
Changes in assumptions underlying plan liabilities	1,224 4	189 3
Contributions by plan participants	0 8	1 8
Benefits and expenses paid	(359 3)	(337 2)
At 31 March	**11,909 8**	**10,370 5**

Notes to the consolidated financial statements (continued)

33. Retirement benefits (continued)

Reconciliation of plan assets

The table below illustrates the movement on the plan assets during the year The most significant variables which affect this are the additional year of contributions made, changes in the value of the pension plan assets (including the investment return) and benefits paid during the year

Employee contributions to the scheme are paid via a salary sacrifice arrangement and have therefore been treated as employer contributions

	2013 £m	2012 £m
At 1 April	9,198 5	8,835 8
Expected rate of return on plan assets	640 9	643 3
Actuarial gains/(losses) on plan assets	527 4	(157 8)
Contributions by employer	192 8	212 6
Contributions by plan participants	0 8	1 8
Benefits and expenses paid	(359 3)	(337 2)
At 31 March	**10,201 1**	**9,198 5**

The allocation of assets by the Trustees is governed by a need to manage risk against the desire for high returns and any liquidity needs A high percentage of assets are held in equities which the Trustees expect will produce higher returns in the long term The target allocation, based on market values, for equities is 42 5%, private markets 16 0%, absolute return 8 5%, return seeking bonds 13 0% and liability matching bonds 20 0% Further information about the Scheme is available at http //www bbc co uk/mypension/

	2013 £m	2013 %	2012 £m	2012 %
Equities	3,948 2	38 7%	4,100 5	44 6%
Bonds	3,229 1	31 7%	2,369 3	25 8%
Property	1,059 7	10 4%	1,077 1	11 7%
Alternatives	1,800 7	17 6%	1,493 8	16 2%
Cash	163 4	1 6%	157 8	1 7%
At 31 March	**10,201 1**	**100 0%**	**9,198 5**	**100 0%**

The actual return on scheme assets (being realised gains from the receipt of investment income such as dividends and rent, transactions where assets are sold and unrealised fair value changes) in the year to 31 March 2013 was £1,167 0m (2012 £486 0m)

Funding the Scheme

The 2010 actuarial valuation by Towers Watson of the pension scheme showed a funding shortfall of £1,131m Consequently a recovery plan was agreed between the BBC and the pension scheme Trustees whereby additional contributions totalling £905m will be paid by the BBC over a period of 11 years commencing in 2011

As described in note 4, additional contributions of £2 3m paid by the Group to the BBC in October 2012 (July 2011 £4 3m) have been presented outside Headline profit The Group anticipates making similar payments in future periods

The next formal actuarial valuation is expected to be performed as at 1 April 2013

	Projected 2014 %	2013 %	2012 %	2011 %	2010 %
Employer*	14 5	14 5	14 5/15 5	18 2	18 9
Employee (Old and New Benefits)	7 5	7 5	7 5	7 5	6 8
Employee (CAB 2006)	4 0	4 0	4 0	4 0	4 0
Employee (CAB 2011)	6 0	6 0	6 0	-	-

* *Includes an allowance for BBC AVC matching contributions of 0 1% (2012 0 1%/0 3%) but excludes the cost effectively paid for by the employee and the salary sacrifice element*

On the basis assumed above, the BBC expects to make contributions to the scheme totalling £125 6m in the year to 31 March 2014

Notes to the consolidated financial statements (continued)

33. Retirement benefits (continued)

Principal actuarial assumptions

The calculation of the scheme liabilities and pension charges, for IAS 19 purposes, requires a number of assumptions, both financial and demographic, to be made

The principal financial assumptions used by the actuaries, at the balance sheet date were

	2013 %	2012 %
Rate of increase in salaries	1 0	1 0
Rate of increase in pension payments		
Old Benefits	3 4	3 5
New Benefits	3 2	3 3
CAB 2006	2 4	2 4
CAB 2011	2 3	2 4
Inflation		
Retail Prices Index (RPI)	3 4	3 5
Consumer Prices Index (CPI)	2 4	2 5
Discount rate	4 5	5 2

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows

	2013 Years	2012 Years
Retiring today		
Male	28 0	27 9
Female	28 6	28 5
Retiring in 20 years		
Male	30 5	30 3
Female	30 3	30 2

The longevity assumptions have been selected to reflect the characteristics and experience of the membership of the scheme This has been done by adjusting standard mortality tables ('S1' series of tables published by the CMI) which reflect recent research into mortality experience in the UK, with a long-term rate of improvement of 1 5% per annum for males and 1 0% per annum for females

The sensitivities to changes in the principal assumptions used to measure the scheme's liabilities are set out below

	Movement	Impact on scheme liabilities %	Impact on scheme liabilities £m
Discount rate	Decrease 0 1%	2 2	(256)
Discount rate	Increase 0 1%	1 6	193
Retail price inflation rate	Increase 0 1%	1 8	211
Retail price inflation rate	Decrease 0 1%	1 8	(216)
Mortality rates	Increase 1 year	3 2	381
Mortality rates	Decrease 1 year	3 3	(394)

Notes to the consolidated financial statements (continued)

34. Capital management

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 24 after deducting cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as detailed in the Consolidated statement of changes in equity

The activities of the BBC are informed by an agreement with the Secretary of State for Culture, Media and Sport which also stipulates borrowing limits, both relative and absolute This agreement currently limits the consolidated net debt of the BBC's commercial subsidiaries to £350m The Group's share of this limit is in turn agreed with the Group's shareholder and informs the level of borrowings available to the Group

The Group delivers long-term value to its ultimate parent, the BBC, through cash returned in the form of dividends as a share of the Group's profits, acquisition of BBC content or intellectual property, direct investment in BBC programming, production of original content and growth in the capital value of the BBC's equity in the Group The dividend policy of the Group is agreed with the BBC so as to achieve the optimum balance between annual cash returns and investing for growth in programming, intellectual property or other assets to build value over the long term

The BBC Trust's principles require strict compliance with the four Commercial Criteria fit with the BBC's public purposes, brand reputation and brand values, commercial efficiency, and fair trading policy The Group's policy in making investment decisions is governed by the BBC Trust's principles and commercial efficiency of the investment The commercial efficiency of an investment is determined on a case-by-case basis, with respect to financial metrics such as net present value, internal rate of return, payback period and profit margin

The Group's diversified portfolio of businesses means that generalisation of benchmarks is neither desirable nor possible Therefore, the Group operates a framework for calculating investment discount rates that are tailored to each investment This framework applies appropriate risk premiums to the discount rate in order to ensure all risks relating to the investment are taken into account and that the required rate of return is commensurate with this level of risk This in turn allows the BBC and BBC Worldwide to achieve the optimal allocation of capital and balance its short term and long term return goals

35 Financial instruments and risk management

Financial risk management objectives

In the normal course of its activities, the Group is exposed to a variety of financial risks, including market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk BBC Worldwide takes a risk averse approach to cash and treasury management activities and seeks to minimise the Group's exposure to volatility in the financial markets The Group uses derivative financial instruments to hedge certain risk exposures in accordance with its hedging policy

The Group's financial risk management operations and associated trade execution activities are performed by BBC Group Treasury All treasury activities are governed within parameters defined formally in the policies agreed by the BBC Executive Board and BBC Worldwide Board In addition, treasury activities are routinely reported and are subject to review by management

The Group's financial instruments, other than those used for treasury risk management purposes, principally comprise cash and cash equivalents, a debt facility provided by its parent, external borrowings and various items such as trade receivables and payables that arise directly from its operations The Group finances its operations from these financial instruments The Group does not undertake speculative treasury transactions

Currency risk

BBC Worldwide is exposed to foreign exchange risk arising from various currency exposures, principally in relation to the US dollar, the Euro and the Australian dollar The Group generates a surplus in most currencies in which it operates The Group's share of income from continuing operations generated outside the UK was 64 6% in 2013 versus 64 3% in 2012

Foreign exchange transaction risk arises from recognised assets and liabilities and forecast future commercial transactions that are denominated in a currency that is not the transacting entity's functional currency Due to movements in exchange rates over time, the amount the Group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction A small proportion of related operating expenses will also be denominated in these foreign currencies providing some level of offset to these revenue exposures

The Group has implemented a hedging policy to minimise volatility in its financial results The group's policy is to hedge the majority of its forecast net foreign currency trading covering a period of one year, and a proportion of forecast trading for a further year thereafter Forward currency contracts allow the Group to settle transactions at known exchange rates, and therefore to reduce uncertainty arising from currency risk

The overall cost of a hedged transaction and the associated forward currency contract in the income statement is fixed However, where contracts span financial years and hedge accounting is not applied, the fair value of the forward currency contract gives rise to gains/losses in each financial year due to the timing difference between the recognition of such gains/losses and the recognition of the associated hedged transaction The gains/losses seen are therefore a result of market conditions as opposed to variances in contract value

Some sales contracts also contain clauses whereby changes in currency rates outside of an agreed range impact on the contract price, in the majority of cases the value of the individual contracts and other features within the contract limit the currency risk exposure to a level that is not significant to the Group Such clauses have been separated from the host contracts and recorded as embedded derivatives The movement in fair values in these derivatives is recorded through the income statement Further details of the value of embedded derivatives is given in note 25

Notes to the consolidated financial statements (continued)

35 Financial instruments and risk management (continued)

Currency risk (continued)

Foreign exchange translation risk arises from the translation of overseas subsidiaries' income statements and balance sheets into sterling This translation currency risk may be hedged by funding overseas investments with loans in the same functional currency as the overseas investment No such net investment hedges were in place at 31 March 2013 or 31 March 2012

The majority of the forward foreign currency contracts entered into by the Group are designated as hedging instruments in effective cash flow hedges Corresponding fair value movements have, accordingly, been recorded within other comprehensive income For forward foreign currency contracts not designated as hedging instruments, movements in fair value are recorded directly in the income statement within 'other gains and losses'

The following table shows the profit or loss and equity impact of a 10% adverse movement in currency rates on the Group's derivative financial instruments

	2013 £m	2012 £m
Forward foreign currency contracts	(20 7)	(14 7)
Embedded derivatives	1 4	(1 8)
Total impact on derivatives	**(19 3)**	**(16 5)**
Impact on income statement	2 7	(3 1)
Impact on other comprehensive income	(22 0)	(13 4)
Total impact on comprehensive income	**(19 3)**	**(16 5)**

The same movement in currency rates would result in an income statement gain of £7 3m (2012 gain of £3 3m) in respect of the Group's interest bearing loans and borrowings and intragroup monetary assets and liabilities not eliminated on consolidation

Interest rate risk

The Group's main exposure to interest rate fluctuations arises on external interest bearing liabilities and loans from its parent undertakings BBC Worldwide borrows at floating rates of interest creating an exposure to cashflow interest rate risk BBC Worldwide then use interest rate swaps, caps and collars to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations The Group uses interest rate swaps to fix interest rates so that greater certainty about the level of future interest payments can be achieved Interest rate swaps, caps and collars are taken out based on projected borrowing requirements, therefore differences will occur between the notional amount of swaps, caps and collars and the actual borrowing requirements

If interest rates had been 1% higher and all other variables were held constant, the Group's profit for the year ended 31 March 2013 would increase by £0 7m (2012 increase by £1 5m) The incremental increase in profit is primarily attributable to the effect that such a change in interest rates would have on the fair value of interest rate swaps, which fix all of the Group's external floating rate interest

Other price risk

Other price risk is any price change other than those arising from changes in currency or interest rates

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations Credit risk arises from cash and cash equivalents, derivative financial instruments, available-for-sale financial assets and trade and other receivables Group treasury policies require that cash and cash equivalents and derivative financial instruments are held primarily with banks of A+ rating or better

The Group's credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, taking into account several factors such as their financial position and historical performance Despite the existence of some key customers in major geographies, there is no material concentration of credit risk with respect to trade receivables as the Group has a large number of customers, geographically dispersed Credit terms, where given, are generally for a 30-day period The carrying amount of financial assets included in the financial statements represents the Group's maximum exposure to credit risk in relation to these assets

The Group's other classes of financial assets do not contain impaired assets and are not past due

Notes to the consolidated financial statements (continued)

35. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due BBC Worldwide is subject to ceilings imposed on its borrowings by BBC Group, which in turn is subject to limits set by the Secretary of State as described in note 34 At 31 March 2013, the net debt limit imposed by BBC Group on BBC Worldwide was £172 2m (2012 £190 0m), with a gross debt limit of £202 2m (2012 £240 0m) subject to corresponding cash balances being held These limits are subject to review going forward

BBC Worldwide's loan with the European Investment Bank (EIB), which expired during the financial year, was subject to debt covenants based on the Group's earnings before interest, taxation, depreciation and amortisation, and in addition excluding charges arising from business disposals or restructuring (EBITDA) The covenants were

- Net borrowings not to exceed three times EBITDA, and
- EBITDA to exceed three times net interest cost

The Group was active in monitoring its debt covenants which were met throughout the term of the EIB facility

In order to comply with these ceilings together with the terms of any individual debt instruments, BBC Worldwide manages its liquidity through a number of measures, including regular cash flow reporting, forecasting, hedging against foreign exchange fluctuations and proactively managing working capital

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity at the balance sheet date The amounts disclosed in the table are the contractual undiscounted cash flows and will therefore not reconcile to the amounts disclosed in the balance sheet for borrowings, derivative financial instruments and trade and other payables

2013	Due in less than 1 year £m	Due in 1 to 2 years £m	Due in 2 to 3 years £m	Due after more than 3 years £m	Total £m
Financial liabilities at fair value through profit and loss					
Derivative financial instruments	8 0	3 7	-	-	11 7
Embedded derivatives	-	-	1 4	-	1 4
Other creditors	-	0 3	-	0 1	0 4
Financial liabilities measured at amortised cost					
Loans owed to intermediate parent undertaking	1 2	79 6	-	-	80 8
Trade and other payables (excluding accruals and deferred income)	248 1	-	-	-	248 1

2012	Due in less than 1 year £m	Due in 1 to 2 years £m	Due in 2 to 3 years £m	Due after more than 3 years £m	Total £m
Financial liabilities at fair value through profit and loss					
Derivative financial instruments	5 4	3 7	-	-	9 1
Embedded derivatives	-	-	-	0 8	0 8
Other creditors	14 0	-	-	-	14 0
Financial liabilities measured at amortised cost					
Bank loans	30 0	-	-	-	30 0
Loans owed to intermediate parent undertaking	3 4	66 0	-	-	69 4
Obligations under finance leases	0 4	0 2	-	-	0 6
Trade and other payables (excluding accruals and deferred income)	262 9	-	-	-	262 9

Notes to the consolidated financial statements (continued)

35. Financial instruments and risk management (continued)

Fair value hierarchy and valuation techniques

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets and liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 2013 £m	Level 2 2013 £m	Level 3 2013 £m	Total 2013 £m	Level 1 2012 £m	Level 2 2012 £m	Level 3 2012 £m	Total 2012 £m
Financial assets at fair value								
Derivative financial instruments	-	1 8	-	1 8	-	3 7	-	3 7
Embedded derivatives	-	0 1	-	0 1	-	0 1	-	0 1
Available-for-sale financial assets								
Unquoted equities	-	-	5 1	5 1	-	-	0 6	0 6
	-	1 9	5 1	7 0	-	3 8	0 6	4 4
Financial liabilities at fair value								
Derivative financial instruments	-	(13 2)	-	(13 2)	-	(5 5)	-	(5 5)
Embedded derivatives	-	(1 4)	-	(1 4)	-	(0 8)	-	(0 8)
Other payables	-	-	(0 4)	(0 4)	-	-	(14 0)	(14 0)
	-	(14 6)	(0 4)	(15 0)	-	(6 3)	(14 0)	(20 3)

There were no transfers between levels during the year

The fair values of derivative financial instruments are calculated using quoted prices Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quote interest rates

Level 3 financial liabilities recorded at fair value and included within other payables relate to contingent consideration and in the prior year related to written put options issued to non-controlling interests in the Group's subsidiaries The fair value of such instruments is calculated based on the strike price of the options and management's best estimate of the date at which the options will be exercised

Where the strike price of an option is based on the fair value of the underlying business, this has been estimated based on forecasts of future cash flows prepared by management

The change in fair value of Level 3 financial instruments is reconciled as follows

	Assets £m	Liabilities £m	2013 £m	Assets £m	Liabilities £m	2012 £m
Opening balance	0 6	(14 0)	(13 4)	-	(7 5)	(7 5)
Change in fair value recorded in other gains and losses	(0 6)	(1 8)	(2 4)	-	(6 5)	(6 5)
Purchases	5 0	-	5 0	0 6	-	0 6
Settlements	-	14 0	14 0	-	-	-
Transfers out of level 3	-	1 4	1 4	-	-	-
Foreign exchange translation gains and losses	0 1	-	0 1	-	-	-
Closing balance	**5 1**	**(0 4)**	**4 7**	**0 6**	**(14.0)**	**(13 4)**

Level 3 financial liabilities settled in the year relate to written put options issued over non-controlling interests in the Group's subsidiary, Bedder 6 Limited The group acquired all such interests on 12 September 2012 for cash consideration of £14 0m and deferred and contingent consideration with a fair value of £1 8m In accordance with IAS 27 (2008) *Consolidated and Separate Financial Statements*, the acquisition was treated as a transaction with shareholders Accordingly, the associated acquisition costs of £0 4m have been recorded directly in equity

Notes to the consolidated financial statements (continued)

36. Related party transactions

Trading transactions

The related party transactions of the Group have been presented in accordance with IAS 24 *Related Party Disclosures* Related parties of BBC Worldwide include its subsidiary, associated and joint venture undertakings, its parent undertakings and fellow subsidiaries, and key management personnel of the Group and their close family members Transactions between the BBC and BBC Worldwide Group pension schemes are detailed in note 33

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note Amounts owed by and to the BBC, the intermediate parent undertaking and fellow subsidiary undertakings within the BBC Group are reported in notes 20 and 21 respectively

The following table illustrates transactions with BBC Group entities during the year

	2013 £m	2012 £m
Dividends paid	(33 3)	(139 9)
Interest costs	(4 1)	(4 5)
Acquisition of distribution rights	(59 3)	(60 8)
Royalties and other programme related fees	(18 1)	(17 5)
Web syndication rights and hosting fees	(3 2)	(7 3)
Other expense	(25 1)	(28 5)
Ad sales commission	16 4	11 0
Other income	2 0	1 7
	(124 7)	(245 8)

Other income and expense includes recharges of administrative and other similar costs including property recharges, pension charges, and amounts payable in accordance with service level agreements

The value of transactions conducted with joint ventures and associates was as follows

Name of related party	Relationship	Income 2013 £m	Expense 2013 £m	Dividends received 2013 £m	Income 2012 £m	Expense 2012 £m	Dividends received 2012 £m
UK Channel Management Limited	Joint Venture	7 5	-	1 3	9 2	-	1 6
UK Gold Holdings Limited	Joint Venture	38 1	-	16 6	37 0	-	15 6
JV Programmes LLC	Joint Venture	2 5	(1 1)	-	11 3	(1 6)	0 9
Other joint ventures	Joint Venture	6 2	(0 9)	1 3	5 8	(5 7)	(0 1)
Frontline Limited	Associate	-	-	-	-	(1 5)	-
Other associates	Associate	5 3	(9 3)	0 2	5 0	(4 4)	0 7
		59 6	(11 3)	19 4	68 3	(13 2)	18 7

All transactions with related parties arise in the normal course of business on an arm's length basis None of the balances are secured

The following amounts were outstanding at the balance sheet date

Name of related party	Relationship	Receivables 2013 £m	Payables 2013 £m	Net balance 2013 £m	Receivables 2012 £m	Payables 2012 £m	Net balance 2012 £m
UK Channel Management Limited	Joint Venture	3 6	-	3 6	3 6	-	3 6
UK Gold Holdings Limited	Joint Venture	19 7	(1 5)	18 2	19 4	(4 6)	14 8
JV Programmes LLC	Joint Venture	-	(0 1)	(0 1)	-	(1 0)	(1 0)
Other joint ventures	Joint Venture	2 6	(0 5)	2 1	3 0	(1 0)	2 0
Frontline Limited	Associate	-	-	-	-	-	-
Other associates	Associate	3 5	-	3 5	4 4	(0 9)	3 5
		29 4	(2 1)	27 3	30 4	(7 5)	22 9

At 31 March 2013, the Group also had an outstanding balance of £1 0m (2012 £2 2m) payable to a joint venture of the Group's ultimate parent in respect of group relief This balance is included within other payables

Notes to the consolidated financial statements (continued)

36. Related party transactions (continued)

Remuneration of key management personnel

The Group considers key management personnel as defined under IAS 24 *Related Party Disclosures* to be Directors of the Group, together with the BBC Worldwide Executive Committee Total emoluments for key management personnel were

	2013 £m	2012 £m
Short-term employee benefits	7 8	5 8
Post-employment benefits	0 5	0 4
Other long-term benefits	1 5	0 9
Termination benefits	0 2	0 5
	10 0	7 6

The above figures for emoluments include the remuneration of Directors (note 7)

37. Parent undertaking and controlling party

The Group's immediate parent is BBC Ventures Group Limited, which is in turn 100% owned by BBC Commercial Holdings Limited The ultimate parent undertaking and controlling party is the British Broadcasting Corporation, which is incorporated in the United Kingdom by Royal Charter The largest group in which the results of BBC Worldwide are consolidated is that headed by the BBC The consolidated accounts of the BBC may be obtained online at www bbc co uk/annualreport

38. Events after the balance sheet date

On 26 April and 4 June 2013, dividends of £20 5m and £9 2m, respectively, were paid in respect of the financial year 2012/13

There were no other events subsequent to the balance sheet date details of which are required to be included in the financial statements

Company balance sheet
As at 31 March 2013

	Note	2013 £m	2012 £m
Fixed assets			
Goodwill	c	15 4	-
Distribution rights	d	99 5	103 7
Tangible fixed assets	e	27 0	25 3
Investments	f	131 9	145 3
		273 8	**274 3**
Current assets			
Programme rights and other stock	g	45 1	38 4
Debtors			
- amounts falling due within one year	h	355 3	398 2
- amounts falling due after more than one year	h	11 9	10 0
		412 3	**446 6**
Creditors amounts falling due within one year	i	(375 1)	(413 1)
Net current assets		**37 2**	**33 5**
Total assets less current liabilities		**311 0**	**307 8**
Creditors amounts falling due after more than one year	i	(88 1)	(69 3)
Provisions for liabilities	j	(2 8)	(3 3)
Net assets		**220 1**	**235 2**
Capital and reserves			
Called up share capital	l	0 2	0 2
Profit and loss account	m	219 9	235 0
Shareholders' funds		**220 1**	**235 2**

The financial statements of BBC Worldwide Limited, registered number 1420028, were approved by the Board of Directors and authorised for issue on 7 June 2013 They were signed on its behalf by

Tim Davie
Chief Executive Office

Philip Vincent
Chief Financial Officer

Notes to the company financial statements

a. Principal accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006 They have been prepared in accordance with applicable United Kingdom Accounting Standards and law and are principally prepared under the historical cost convention Areas where an alternative basis of accounting has been applied are identified in the accounting policies below These policies have been applied consistently throughout the year and the preceding year

During the year the trade and net assets of a subsidiary undertaking were transferred to the Company at their book value which was less than their fair value The cost of the company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition As a result of this transfer, the value of the company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records

Schedule 1 to the Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account However, the Directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's profit and loss account for the year and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets and goodwill

The effect of this departure is to increase the Company's profit for the financial year by £15 4m and to increase the amount of goodwill in the Company's balance sheet by a corresponding amount The group financial statements are not affected by this transfer

Going concern

The financial statements are presented on a going concern basis and under the historical cost accounting convention Further information about the going concern assumption is given in note 1 to the consolidated financial statements

Investments

Fixed asset investments in subsidiaries, joint ventures and associates are shown at cost less provision for impairment Investments are reviewed for impairment if there are indicators that the carrying value may not be recoverable Only dividends received and receivable are credited to the Company's profit and loss account

Foreign currency

The Company's presentational currency is sterling Transactions in foreign currencies are translated into sterling at a monthly average exchange rate

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the balance sheet date at the rate of exchange ruling at that date Surpluses and deficits arising from the translation of monetary assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the profit and loss account

Distribution rights

Distribution rights represent rights to programmes and associated intellectual property acquired with the primary intention of exploiting the rights commercially as part of the Group's long-term operations Distribution rights are initially recognised at acquisition cost or production cost, when the Group controls the respective assets and the risks and rewards attached to them The carrying amount is stated at cost less accumulated amortisation and provision for impairment

Amortisation of distribution rights is charged to the income statement to match the average revenue profile of the programme genre over its estimated average marketable life The expected lives of distribution rights range from 1 to 10 years

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 directly attributable costs incurred on capital projects Depreciation is charged so as to write off the cost of assets to their residual value, over their expected useful lives using the straight-line method 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
• Plant and machinery	3 to 8 years
• Fixtures and fittings	3 to 7 years

Leased assets

Operating lease rentals payable are recognised on a straight line basis over the term of the lease The Company has no finance leases

Impairment of fixed assets

The Company reviews the carrying amounts of its fixed assets in accordance with FRS 11 *Impairment of Fixed Assets and Goodwill* whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount

Notes to the company financial statements (continued)

a. Principal accounting policies (continued)

Stocks

Stocks, comprising of merchandising, are stated at the lower of cost and net realisable value Programme rights for broadcasting refer to the programme rights acquired for the future broadcast on one of the Company's television channels or for sale to third party broadcasters The carrying amount is stated at cost less accumulated amortisation, and after writing off the costs of programme rights that are considered irrecoverable

Financial instruments

The Company has chosen to adopt FRS 26 *Financial Instruments Recognition and Measurement* Policies applied by the Company in respect of financial instruments are therefore consistent with those applied by the Group Further details about the Group's financial instrument policies and their application is provided in the note 1 to the Group financial statements

Provisions

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

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee

Pension costs

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

The Company also participates in the BBC Pension Scheme, a multi-employer defined benefit scheme As there is no contractual agreement or stated policy for charging the net defined benefit cost to scheme participants, the Company has taken the exemption in FRS 17 *Retirement benefits* to account for its contributions to the scheme as if it were a defined contribution scheme

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date Timing differences arise where transactions or events occurring prior to the balance sheet date result in an obligation to pay more tax, or a right to pay less tax, in a future period owing to differences between between the Company's taxable profits and its profit for the year as stated in its financial statements

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

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 Company financial statements

Goodwill

Goodwill arising on the acquisition of business trade and assets, representing any excess of the fair value of the considerations given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years Provision is made for any impairment

Notes to the company financial statements (continued)

b. Profit for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year The Company reported a profit for the financial year ended 31 March 2013 of £18 2m (2011 £141 5m)

The auditors' remuneration for audit and other services is disclosed in note 6 of the consolidated financial statements

c. Goodwill

	£m
Cost	
Additions	16 3
	16 3
Amortisation	
Charge for the year	0 9
	0 9
Net book value at 31 March 2013	**15 4**
Net book value at 31 March 2012	-

Goodwill additions in the year arose following the hive-up of trade and assets from the Company's subsidiary, Bedder 6 Limited A corresponding amount has been derecognised from investments

d. Distribution rights

	£m
Cost	
At 1 April 2012	295 7
Additions	104 2
Disposal	(5 0)
Elimination in respect of programmes fully amortised	(79 3)
	315 6
Amortisation	
At 1 April 2012	192 0
Charge for the year	106 4
Disposal	(3 0)
Elimination in respect of programmes fully amortised	(79 3)
	216 1
Net book value at 31 March 2013	**99 5**
Net book value at 31 March 2012	103 7

Notes to the company financial statements (continued)

e. Tangible fixed assets

	Short leasehold buildings £m	Plant & Machinery £m	Fixtures & Fittings £m	Assets under construction £m	Total £m
Cost					
At 1 April 2012	7 3	53 7	5 0	0 3	66 3
Additions	-	15 8	0 8	0 9	17 5
Disposals	-	(0 1)	-	-	(0 1)
	7 3	**69 4**	**5 8**	**1 2**	**83 7**
Depreciation					
At 1 April 2012	3 2	33 3	4 5	-	41 0
Charge for the year	1 0	14 3	0 5	-	15 8
Disposals	-	(0 1)	-	-	(0 1)
	4 2	**47 5**	**5 0**	-	**56 7**
Net book value at 31 March 2013	**3 1**	**21 9**	**0 8**	**1 2**	**27 0**
Net book value at 31 March 2012	4 1	20 4	0 5	0 3	25 3

The Company does not hold any assets under finance leases (2012 £nil)

Notes to the company financial statements (continued)

f Investments

	2013 £m	2012 £m
Subsidiaries	106 8	115 0
Joint ventures	10 8	14 5
Associates	13 2	14 6
Other investments	1 1	1 2
	131 9	145 3

The Company has investments in the following subsidiaries, joint ventures and associates which principally affected the profits or net assets of the Group To avoid a statement of excessive length, details of investments which are not significant have been omitted

All ownership interests relate to ordinary share capital with a corresponding interest in voting rights unless otherwise stated

	Note	Country of incorporation or principal business address	Principal activity	Ownership interest
Subsidiary undertakings				
BBC Worldwide Americas Inc	+	USA	Holding company	100%
BBC Worldwide Australia Pty Limited	+	Australia	Programme distributor	100%
BBC Worldwide Canada Limited	+	Canada	Programme distributor	100%
BBC Worldwide France Sarl	+	France	Programme distributor	100%
BBC Worldwide Germany GmbH	+	Germany	Programme distributor	100%
BBC Worldwide Japan KK	+	Japan	Programme distributor	100%
BBC Worldwide Productions LLC		USA	Content production	100%
BBC Worldwide Reality Productions LLC		USA	Content production	100%
BBC Worldwide Channels Australasia Pty Limited		Australia	TV channel operator	100%
New Video Channel America LLC		USA	TV channel operator	100%
UK Programme Distribution Limited *	+	England & Wales	Programme distributor	100%
Tonto Films & Television Limited	+	England & Wales	Content production	100%
BBC Worldwide Australia Holdings Pty Limited	+	Australia	Holding company	100%
2 entertain Limited	+	England & Wales	Holding company	100%
2 entertain Video Limited		England & Wales	DVD/video publisher	100%
Demon Music Group Limited		England & Wales	CD/music publisher	100%
Bedder 6 Limited	+	England & Wales	Content creation	100%
Worldwide Channel Investments Limited	+	England & Wales	Holding company	100%
Joint ventures				
UK Channel Management Limited	+	England & Wales	TV channel operator	50%
UK Gold Holdings Limited	+	England & Wales	Holding company	50%
UK Gold Services Limited		England & Wales	TV channel operator	50%
JV Programmes LLC		USA	Content creation	50%
Ragdoll Worldwide Limited	+	England & Wales	Content creation	50%
BBC Haymarket Exhibitions Limited		England & Wales	Consumer exhibition organiser	50%
Park Publishing Partnership		Australia	Magazine producer	50%
Sub-Zero Events Limited	+	England & Wales	Live stage-performance operator	50%

+ Held directly by BBC Worldwide Limited

* BBC Worldwide holds 93% of the issued share capital but the non-controlling shareholders have no right to distributions

Notes to the company financial statements (continued)

f. Fixed asset investments (continued)

Name	Note	Country of incorporation or principal business address	Principal activity	Ownership interest
Associates				
Knowledge West Communications Corporation *		Canada	TV channel operator	50%
Baby Cow Productions Limited	+	England & Wales	Content creation	25%
Big Talk Productions Limited	+	England & Wales	Content creation	25%
Burning Bright Productions Limited	+	England & Wales	Content creation	25%
Clerkenwell Films Limited	+	England & Wales	Content creation	25%
Slim Film & TV Limited	+	England & Wales	Content creation	25%
Sprout Pictures (TV) Limited	+	England & Wales	Content creation	25%
Temple Street Productions Inc	+	Canada	Content creation	25%
Tower Productions GmbH	+	Germany	Content creation	49%
Children's Character Books Limited	+	England & Wales	Children's book publisher	25%
AudioGo Limited		England & Wales	Audiobook publisher	14%
Educational Publishers LLP	+	England & Wales	Educational product licensor	15%
Woodlands Books Limited	+	England & Wales	Book publisher	15%
Other investments				
Viki, Inc	+	USA	Video website operator	1 8%
Left Bank Pictures Limited	+	England & Wales	Content creation	12 2%

\+ Held directly by BBC Worldwide Limited
* The shares held by BBC Worldwide entitle it to 20% of voting rights

	Subsidiaries £m	Joint ventures £m	Associates £m	Other investments £m
Cost				
At 1 April 2012	211 9	14 8	14 6	1 2
Additions	16 9	-	-	0 5
Transfer to goodwill	(16 3)	-	-	-
Disposals	-	(0 8)	(1 0)	-
	212 5	**14 0**	**13 6**	**1 7**
Provisions for impairment				
At 1 April 2012	96 9	0 3	-	-
Written off	8 8	3 2	0 4	0 6
Disposals	-	(0 3)	-	-
	105 7	**3 2**	**0 4**	**0 6**
Net book value	**106 8**	**10 8**	**13 2**	**1 1**

During the year, new shares were issued to the Company by its Brazilian subsidiary, BBC Worldwide Programadora Ltda The Company also acquired the remaining 50% of the issued share capital of its subsidiary, Bedder 6 Limited Following this acquisition, the trade and assets of Bedder 6 Limited were hived up to the Company and the investment has therefore been reclassified as goodwill

The Company disposed of its investment in Freehand International Pty Ltd during the year and reduced its investment in Left Bank Pictures Limited from 24 9% to 12 2% Left Bank Pictures Limited was previously classified as an associate, the Company's remaining shareholding is now classified within Other investments

Following an assessment of the respective carrying values, the Company has written down a number of its investments to their recoverable amount, principally its interests in BBC Worldwide Australia Holdings Pty Ltd (WAH) and Ragdoll Worldwide Limited (Ragdoll) The recoverable amount of WAH has been determined based on the underlying book values of WAH's assets and liabilities following the sale of its only trading subsidiary, Lonely Planet The recoverable amount of Ragdoll has been determined based on an estimate of fair value less costs to sell See notes 17 and 22 to the consolidated financial statements for further information about the Company's investment in Ragdoll

Notes to the company financial statements (continued)

g. Programme rights and other stock

	2013 £m	2012 £m
Programme rights for broadcasting	38 1	32 2
Programmes in the course of production	6 2	5 3
Work in progress	-	0 3
Finished goods for resale	0 8	0 6
	45 1	**38 4**

h. Debtors

	2013 £m	2012 £m
Amounts falling due within one year		
Trade debtors	91 1	74 1
Prepayments and accrued income	37 8	27 8
Amounts owed by subsidiary undertakings	179 5	259 4
Amounts owed by fellow subsidiary undertakings	6 1	4 6
Amounts owed by joint ventures and associates	26 2	22 6
Derivative financial instruments	1 6	2 6
Corporation tax recoverable	6 9	4 9
Other debtors	6 1	2 2
	355 3	**398 2**
Amounts falling due after more than one year		
Loans receivable	1 7	-
Amounts owed by associates and joint ventures	1 7	3 1
Derivative financial instruments	0 3	1 2
Deferred tax	8 2	5 7
	11 9	**10 0**
	367 2	**408 2**

i. Creditors

	2013 £m	2012 £m
Amounts falling due within one year		
Bank loans and overdraft	27 7	80 8
Trade creditors	31 5	33 8
Rights creditors	48 1	47 5
Accruals and deferred income	81 4	75 5
Amounts owed to ultimate parent undertaking	61 6	48 1
Amounts owed to subsidiary undertakings	97 2	106 1
Amounts owed to fellow subsidiary undertakings	1 7	1 9
Amounts owed to joint ventures and associates	0 4	1 8
Derivative financial instruments	7 7	2 2
Other creditors including other taxes and social security	17 8	15 4
	375 1	**413 1**
Amounts falling due after more than one year		
Loan owed to intermediate parent undertaking	79 2	64 8
Accruals and deferred income	2 0	-
Derivative financial instruments	6 9	4 5
	88 1	**69 3**
Total creditors	**463 2**	**482 4**

Details of bank loans and loans owed to the Company's intermediate parent undertaking are given in note 24 to the consolidated financial statements

Notes to the company financial statements (continued)

j Provisions for liabilities and contingent liabilities

	Deferred tax £m	Other provisions £m	Total £m
At 1 April 2012	0 9	2 4	3 3
Provided during the year	-	2 7	2 7
Utilised in the year	(0 5)	(2 7)	(3 2)
At 31 March 2013	**0 4**	**2 4**	**2 8**

Other provisions primarily relate to property dilapidations and reorganisation costs

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

Further deferred contingent consideration may be payable in connection with acquisitions made by the Company No provision has been made where the likelihood and magnitude of additional payments cannot be assessed with reasonable certainty

The Company and some of its subsidiaries operate a cash pooling arrangement All the cash balances within the pool belong to the legal entity to which they relate, although the Company has access to all funds and each cash pool participant is jointly and severally liable for any overdraft balance

The Company and some of its fellow BBC Commercial Holdings subsidiaries have given guarantees in relation to the BBC Commercial Holdings Limited revolving credit facility agreement At 31 March 2013, total amounts drawn down by the BBC Commercial Holdings Group under this facility were £172 4m (2012 £169 9m)

k. Deferred tax

Deferred tax is provided as follows

	Fixed asset timing differences £m	Derivative timing differences £m	Total £m
At 1 April 2012	4 1	0 7	4 8
Charged to profit and loss	0 7	2 3	3 0
At 31 March 2013	**4 8**	**3 0**	**7 8**

l. Called up share capital

	2013 £m	2012 £m
Issued and fully paid		
250,000 Ordinary shares of £1 each	0 2	0 2

The company has one class of shares which carry no right to fixed income

m. Reconciliation of movements in shareholders' funds

	Share capital £m	Profit and loss account £m	Total £m
At 1 April 2011	0 2	233 4	233 6
Profit for the year	-	141 5	141 5
Dividends paid	-	(139 9)	(139 9)
At 31 March 2012	**0 2**	**235 0**	**235 2**
Profit for the year	-	18 2	18 2
Dividends paid	-	(33 3)	(33 3)
At 31 March 2013	**0 2**	**219 9**	**220 1**

Notes to the company financial statements (continued)

n. Financial commitments

Contracts placed for future capital expenditure not provided are as follows

	2013 £m	2012 £m
Tangible fixed assets	8 2	-
Distribution rights	62 9	45 3
Total	**71 1**	**45 3**

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

	Land & buildings £m	Other £m	2013 Total £m	Land & buildings £m	Other £m	2012 Total £m
Leases which expire						
Within one year	0 1	0 5	0 6	-	2 8	2 8
Between two and five years	5 1	2 7	7 8	6 3	4 4	10 7
After more than five years	-	-	-	-	-	-
Total	**5 2**	**3 2**	**8 4**	**6 3**	**7 2**	**13 5**

The Company also has the following unprovided financial commitments

	2013 £m	2012 £m
Programme rights for broadcast	4 7	1 9
Other commitments	28 5	13 9
Total	**33 2**	**15 8**

o. Related party transactions

The Group consolidated financial statements for the year ended 31 March 2013 contain related party disclosures Consequently, the Company has taken advantage of the exemption in FRS 8 Related Party Disclosures, not to disclose transactions with other members of the BBC Group

The value of transactions conducted with non wholly-owned subsidiaries and with other related parties was as follows

Name of related party	Relationship	Income 2013 £m	Expense 2013 £m	Dividends received 2013 £m	Income 2012 £m	Expense 2012 £m	Dividends received 2012 £m
Bedder 6 Limited	Subsidiary	2 6	-	7 5	6 8	-	4 5
UK Programme Distribution Limited	Subsidiary	44 5	-	-	44 6	-	3 5
		47 1	**-**	**7 5**	**51 4**	**-**	**8 0**
UK Channel Management Limited	Joint Venture	7 5	-	1 3	9 2	-	1 6
UK Gold Holdings Limited	Joint Venture	38 1	-	16 5	37 0	-	15 5
JV Programmes LLC	Joint Venture	2 5	-	-	11 3	-	-
Other joint ventures	Joint Venture	6 2	(0 9)	-	5 6	(3 4)	-
Associates	Associate	5 1	(9 2)	0 2	3 2	(2 4)	0 7
		59 4	**(10 1)**	**18 0**	**66 3**	**(5 8)**	**17 8**
		106 5	**(10 1)**	**25 5**	**117 7**	**(5 8)**	**25 8**

Notes to the company financial statements (continued)

o. Related party transactions (continued)

The followıng amounts were outstandıng wıth related partıes at the balance sheet date

Name of related party	Relationship	Receivables 2013 £m	Payables 2013 £m	Net balance 2013 £m	Receivables 2012 £m	Payables 2012 £m	Net balance 2012 £m
Bedder 6 Lımıted	Subsıdıary	-	(1 4)	(1 4)	-	(17 3)	(17 3)
UK Programme Dıstrıbutıon Lımıted	Subsıdıary	16 7	-	16 7	11 8	-	11 8
		16 7	**(1 4)**	**15 3**	**11 8**	**(17 3)**	**(5 5)**
UK Channel Management Lımıted	Joınt Venture	3 6	-	3 6	3 6	-	3 6
UK Gold Holdıngs Lımıted	Joınt Venture	18 2	-	18 2	14 8	-	14 8
Other joınt ventures	Joınt Venture	2 6	(0 4)	2 2	3 0	(0 9)	2 1
Assocıates	Assocıate	3 5	-	3 5	4 3	(0 9)	3 4
		27 9	**(0 4)**	**27 5**	**25 7**	**(1 8)**	**23 9**
		44 6	**(1 8)**	**42 8**	**37 5**	**(19 1)**	**18 4**

At 31 March 2013, the Company also had an outstandıng balance of £1 0m (2012 £2 2m) payable to a joınt venture of the Company's ultımate parent ın respect of group relıef Thıs balance ıs ıncluded wıthın other payables

p. Post balance sheet events

On 26 Aprıl and 4 June 2013, dıvıdends of £20 5m and £9 2m, respectıvely, were paıd ın respect of the financıal year 2012/13

There were no other events subsequent to the balance sheet date detaıls of whıch are requıred to be ıncluded ın the financıal statements

Global offices

EUROPE

London
BBC Worldwide Ltd
Media Centre
201 Wood Lane
London
W12 7TQ
UK
Tel +44 20 8433 2000

BBC Worldwide Ltd
33 Foley Street
London
W1W 7TL
UK
Tel +44 20 7612 3000
Fax +44 20 7612 3003

Cologne
BBC Worldwide Germany GmbH
Im Mediapark 5b
50670 Köln
Germany
Tel +49 221 454 5580
Fax +49 221 454 5581

Paris (production)
BBC Worldwide France Sarl
6 rue Jules Simon
92100
Boulogne-Billancourt
France
Tel +33 1 41 22 94 00
Fax +33 1 41 22 94 09

Paris (sales)
BBC Worldwide France Sarl
264 rue du Faubourg Saint-Honore
75008 Paris
France
Tel +33 1 44 95 84 00
Fax +33 1 44 95 84 09

Warsaw
BBC Worldwide Polska
Pl Pilsudskiego 3
00-078 Warsaw
Poland
Tel +48 (0)22 449 013

MIDDLE EAST

Dubai
BBC Worldwide Dubai Branch
Dubai Media City
Sheikh Zayed Road
Building Number 10
Office #309
Dubai, UAE
Tel +00 97 14 367 8090
Fax +00 97 14 367 8077

AMERICAS

New York
BBC Worldwide America
1120 Avenue of the Americas
5th Floor
New York
NY 10036
USA
Tel +1 212 705 9300
Fax +1 212 894 4401

Los Angeles
BBC Worldwide America
10351 Santa Monica Blvd
Suite 250
Los Angeles
CA 90025
USA
Tel +1 310 405 8205

Chicago
BBC Worldwide America
180 North Stetson Avenue
Suite 1620
Chicago
IL 60601
USA

Michigan
BBC Worldwide America
101 W Big Beaver
Suite 1400
Troy
MI 48084
USA

Miami
BBC Worldwide Channels, Latin America & US Hispanic
255 Alhambra Circle
10th Floor
Coral Gables
Florida 33134
USA
Tel +1 305 461 6999
Fax +1 305 441 0035

Toronto
BBC Worldwide Canada Ltd
409 King Street West
5th Floor
Toronto
Ontario, M5V 1K1
Canada
Tel +1 416 204 0500

ASIA PACIFIC

Hong Kong
BBC Worldwide (Asia)
Rooms 2524-2536
25/F Sun Hung Kai Centre
30 Harbour Road
Hong Kong
Tel +852 2827 2218
Fax +852 2511 2575

Mumbai
BBC Worldwide Media Pvt Ltd
Construction House 'A'
401- 4th Floor
off Linking Road
24th Road Khar West
Mumbai 400052
India
Tel +91 22 61 934 100
Fax +91 22 26 606 517

Mumbai
BBC Worldwide Media Pvt Ltd
803-806 Vaibhav Chambers
Opp Income Tax Office
Bandra Kurla Complex
Mumbai 400051
India

Bangalore
BBC Worldwide
415 Prestige Center Point
7, Edward Road
Bangalore – 560052
India
Tel +91 802 235 1070
Fax +91 802 235 1073

Delhi
BBC World India Pvt Ltd
E-21, 2nd Floor, Hauz Khas Market
New Delhi – 110016
India
Tel +91 11 46 083 800
Fax +91 11 46 083 899

Singapore
BBC Worldwide Channels Asia
700 Beach Road, #08-08
Singapore
199598
Tel +65 6849 5511

Sydney
BBC Worldwide Australia & New Zealand
Level 5 6 Eden Park Drive
Macquarie Park
NSW 2113
Australia
Tel +61 2 9744 4500
Fax +61 2 9870 7317

Beijing
BBC Worldwide Knowledge (Beijing) Business Consulting Co Ltd (Consumer Products Office)
Unit 905, 9/F, Tower 3
China Overseas Plaza
8 Guanghua Dongli
Jianguomenwai Avenue
Chaoyang District
Beijing
China 100020
Tel + 8610 5281 4080
Fax + 8610 5281 4077

Tokyo
BBC Worldwide Japan Ltd
Tokyo Club Building 10F
3-2-6 Kasumigaseki
Chiyoda-ku
Tokyo 100-0013
Japan
Tel +81 3 5157 3580
Fax +81 3 5157 3581

BBC Worldwide also has representatives based in Lausanne, Seoul, Maryland São Paulo and Mexico