

BBC WST Limited

**Directors' report and financial
statements**

Registered number 2746733

31 March 2002



Contents

Directors' report	1
Independent auditors' report to the members of BBC WST Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company is providing services to the BBC World Service Trust, its parent undertaking, and the making and broadcasting of radio programmes for audiences in Russia and Albania.

Business review

Both the level of business and the year end financial position were satisfactory.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The retained loss for the financial year was £nil (2001: loss of £nil).

Directors and directors' interests

The directors who held office during the year and up to the date of signing this report were as follows:

NC Chapman (Appointed 23 January 2001, Managing Director from 11 May 2001)

C Beauman

AF Hind

R Land

MC McCulloch (Appointed 12 October 2001)

B Nelson

CAM Thomson (Managing Director until 11 May 2001)

No director had any disclosable interest in the company.

Auditors

Our auditors KPMG have indicated to the directors that their business has transferred to a limited liability partnership, KPMG LLP. Accordingly, they have resigned as auditors of the company and the directors have appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company will be proposed at the forthcoming AGM.

By order of the board



NC Chapman
Director

Bush House
P.O. Box 76
Strand
London
WC2B 4PH

22 Jan 03

Statement of directors' responsibilities

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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



PO Box 695
8 Salisbury Square
London
EC4V 3PD

Independent auditors' report to the members of BBC WST Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

22 January 2003

Profit and loss account

for the year ended 31 March 2002

	Note	2002 £	2001 £
Income		4,920,238	4,491,467
Administrative expenses		(4,954,081)	(4,499,436)
Operating loss		(33,843)	(7,969)
Other interest receivable and similar income	3	42,304	10,088
Profit on ordinary activities before taxation	4	8,461	2,119
Tax on profit on ordinary activities	5	(8,461)	(2,119)
Result for the financial year		-	-

The results shown above all arise from continuing operations.

The company has no other recognised gains and losses other than those included in the profit and loss account above.

There is no difference between the retained profit for the financial year as stated above and its historical cost equivalent.

Balance sheet

at 31 March 2002

	Note	2002 £	2001 £
Current assets			
Debtors	6	2,070,175	481,744
Cash at bank and in hand		235,414	1,058,899
		<hr/>	<hr/>
		2,305,589	1,540,643
Creditors: amounts falling due within one year	7	(2,259,552)	(1,494,606)
		<hr/>	<hr/>
Net current assets		46,037	46,037
		<hr/>	<hr/>
Net assets		46,037	46,037
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	3	3
Profit and loss account	9	46,034	46,034
		<hr/>	<hr/>
Equity shareholders' funds		46,037	46,037
		<hr/>	<hr/>

These financial statements were approved by the board of trustees on 22 January 2003 and were signed on its behalf by:

N.C. Chapman

NC Chapman
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

Cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company under the provisions of the Companies Act 1985.

Income

The majority of income is received in the form of a management fee receivable from The BBC World Service Trust. The remaining income is received in the form of grants and donations and is recognised on an accruals basis in the period to which it relates. In the year to March 2002 there were no grants received.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the statement of financial activities.

Subsidiary undertaking

The company owns 100% of BBC MPM Inform, a close joint stock company registered in Russia. The financial statements of BBC MPM Inform have not been consolidated with those of the company as the company is exempt from the requirement to prepare consolidated financial statements in accordance with section 228 of the Companies Act 1985.

Full provision has been made against the company's investment in BBC MPM Inform of £2,985.

Notes (continued)

2 Directors and employees

The directors received no emoluments in respect of their services to the company (2001: £nil). The aggregate amount paid to the BBC World Service for making available the services of the directors of the company was £nil (2001: £nil).

The company uses staff on secondment from the BBC World Service. Their contracts of employment are with the BBC. Staff employed in the Moscow office had contracts of employment with the BBC WST Limited. The wages and salaries, including social security costs, were £nil (2001: £444,830).

3 Interest receivable and similar income

	2002 £	2001 £
Bank interest receivable	<u>42,034</u>	<u>10,088</u>

4 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>The profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration – audit fee	<u>5,000</u>	<u>5,000</u>

5 Tax on profit on ordinary activities

	2002 £	2001 £
UK corporation tax at 20% (2001: 21%) on bank interest receivable	<u>8,461</u>	<u>2,119</u>

Notes (continued)

6 Debtors

	2002 £	2001 £
Trade debtors	-	3,300
Amounts owed by The BBC World Service Trust	2,020,067	427,249
Amounts owed by BBC Home Service	-	3,248
Other debtors	30	30
Prepayments and accrued income	50,078	47,917
	<u>2,070,175</u>	<u>481,744</u>

7 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to BBC World Service	1,205,527	1,192,640
Amounts owed to BBC Home Service	320,800	-
Other creditors including taxation and social security:		
Corporation tax	8,461	5,245
Accruals and deferred income	724,764	296,721
	<u>2,259,552</u>	<u>1,494,606</u>

8 Share capital

	2002 £	2001 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
3 ordinary shares of £1 each	3	3

Notes (continued)

9 Reconciliation of movements in equity shareholders' funds

	Share capital	Profit and loss account	Total equity shareholders' funds
	£	£	£
At 1 April 2001	3	46,034	46,037
Result for the financial year	-	-	-
At 31 March 2002	3	46,034	46,037

10 Ultimate parent company

The ultimate parent undertaking, ultimate controlling party and parent of the only group in which the results of the company are consolidated is The BBC World Service Trust, a company limited by guarantee, incorporated in the United Kingdom and registered in England and Wales.

Copies of the financial statements for The BBC World Service Trust can be obtained from BBC World Service Trust, Bush House, PO Box 76, Strand, London WC2B 4PH.

11 Subsidiary undertaking

BBC MPM Inform, which is a 100% owned subsidiary incorporated in Russia, has not been consolidated in the company's financial statements.

The aggregate amount of the capital and reserves of BBC MPM Inform was £3,302 (2001: £3,302) at 31 March 2002. The profit for the year then ended was £nil (2001: £nil).

12 Related party transactions

As the company is a wholly owned subsidiary of The BBC World Service Trust, it has taken advantage of the exemption permitted by FRS 8 'Related Party Transactions' and has not disclosed details of transactions or balances with other entities within the group.

During the year, £432,526 (2001: £122,283) of expenditure was settled by the BBC World Service on behalf of the BBC WST Limited and recharged to the company. At 31 March 2002, an amount of £1,205,527 (2001: £1,192,640) was owing to BBC World Service in respect of those arrangements. BBC World Service is a related party by virtue of the fact that NC Chapman and AF Hind, directors during the period, were also key management of BBC World Service.

During the year, the BBC Home Service incurred expenditure on behalf of the company. The net effect of these transactions was £1,587,003 payable (2001: £1,833,232). At 31 March 2002, the company owed £320,800 (2001: £3,248 receivable) to the BBC Home Service. The BBC Home Service is a related party by virtue of the fact that CAM Thomson and B Nelson, directors during the period, were also key management of the BBC Home Service.

There are no other transactions with related parties that require disclosure.