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BBC Worldwide Limited

Annual Report and Financial Statements for the year ended 31 March 2015

Contents

This Review sets out our performance over the year and our contribution to the BBC, reports progress on our three strategic priorities: brands, content and digital, looks at how we support the UK's creative sector and sets out the transformation that our company is undergoing to remain effective in the future.

Highlights

HEADLINE SALES*

£1,001.8m

(2013/14 £1,042 3m) -3 9%

HEADLINE PROFIT*

£138.6m

(2013/14 £157 4m) -11 9%

RETURNS TO THE BBC

£226.5m

(2013/14 £173 8m) +30 3%

PROFIT BEFORE TAX EXCLUDING GAINS AND LOSSES ON DISPOSALS

£107.9m

(2013/14 £122 1m) -11 6%

What we do

We are the main commercial arm and a wholly owned subsidiary of the BBC We exist to build the BBC brand around the world, support the BBC public service mission and maximise returns on its behalf while ensuring all activities are conducted in a way that is consistent with BBC standards and values

BBC Worldwide is a company with content at its heart We invest in, commercialise, market and showcase content from the BBC and the wider UK television industry around the world

Where we operate

Our business is structured across four geographical regions the UK, North America, Australia and New Zealand, and the rest of the world, known collectively as Global Markets We have 18 offices around the world, plus BBC Advertising sales representatives in a further three locations

*Throughout this Review, headline sales refers to gross revenue including the Group s share of revenues from joint ventures Headline profit refers to operating profit before specific items and including the Group s share of operating profits from joint ventures and associates Specific items are set out on page 13 A reconciliation between headline profit and profit before tax is presented in the Chief Financial Officers' review on page 12

Our geographical reportable segments reflect management reporting lines The Group s headline sales and profit remain consistent with the prior year's Annual Review The 2013/14 segment comparatives for headline profit have been recalculated to reflect the revised methodology by which the cost of content is allocated across regions for management reporting to the Worldwide Executive Committee (WEx) from 2014/15 onwards

Chairman's statement

I am pleased to report on a year of positive progress at BBC Worldwide Over the 12 months, and against a backdrop of market transformation that presented some challenges the company took significant strides both to bring its strategy to life and to re-shape its business for the future These moves – investing in premium content, amplifying the BBC brand overseas, and transforming digitally – will underpin profit and shareholder returns in the years ahead, and come at a time when the BBC is more determined than ever to ensure we extract the maximum sustainable future contribution from all our commercial subsidiaries

BBC Worldwide delivered a very respectable financial performance As set out elsewhere in this Annual Review, reported numbers are complicated by a number of factors, principally the part-disposal of BBC AMERICA – a partnership with AMC Networks (AMCN), which will be visible on UK screens through co-developed programmes as well as securing the future of our independent channel in the world's largest media market Overall, results were in line with the Board's expectations and represent a good outcome

Most importantly, 2014/15 saw a step-change in financial flows to BBC Worldwide's parent BBC Worldwide invested £94 4m in BBC commissions (2013/14 £88 9m) from both BBC Production and from UK Independents And at £226 5m (2013/14 £173 8m), shareholder returns were up by almost one-third, equivalent to 12 6% of total BBC Television content spend, up from 10 1% the previous year

Vitally, as a result of this financial contribution, audiences in the UK were able to enjoy investment in programmes at a higher level than the licence fee alone can provide Among these enhanced shows was *Doctor Who*, seen in the UK by an average consolidated audience of 7 4m, airing in over 70 other countries, and achieving record ratings on BBC AMERICA and Space channel in Canada Meanwhile *Life Story*, from the BBC Natural History Unit – which was over 70% funded through commercial investment via BBC Worldwide – was seen by a domestic consolidated audience of 6 5m, with rights to broadcast the series acquired by international broadcasters for 151 territories

However, BBC Worldwide is not just significant for the financial contribution it makes to the Corporation In 'bringing the UK to the world' – one of our public purposes – it provides a route to market for UK programme makers through its sales force, on BBC branded channels internationally, and via the successful UKTV channels in the UK part-owned by BBC Worldwide In total, its indie payments, covering all commissions, rights acquisitions and royalties, remained strong at £113 1m (2013/14 £116 4m) BBC Worldwide champions the cause of UK content and culture both in the UK and outside And research demonstrates that business leaders who consume the BBC have increased propensity to trade with UK firms suggesting economic dividends, beyond television, for the UK as a whole

We believe BBC Worldwide is the most successful commercial subsidiary of any Public Service Broadcaster in the world Although commercial returns are a small part of the BBC's funding mix, we are nonetheless determined to maximise their impact Therefore, looking ahead to the next phase of the BBC's development, and a new Charter period, it is the Board's aim to sustain annual financial returns at around this new level, even without the one-off benefit of BBC AMERICA proceeds This will not be easy, but it is important that we utilise all the BBC's financial levers to their very maximum and BBC Worldwide has ambitious business plans to support this We are therefore looking to BBC Worldwide to generate around £1bn in returns for the Corporation in the five years starting from 2014/15 – an increase of almost one quarter on the previous half-decade

In support of that aim, the year ahead will see further momentum from BBC Worldwide's strategy A continued focus on premium content will include *War and Peace*, natural history landmark *The Hunt*, and the return of *Sherlock* on the slate Global BBC brands will remain at the heart of BBC Worldwide, with results coming through from the three new international channel feeds launched in 2014/15, a further four since year end, and others to follow As well as continued exploitation of world-class programme brands from *Dancing with the Stars* to *Doctor Who* And digital developments will take the form of BBC Store, enabling UK customers to buy and keep the BBC programmes they love, as well as plans for further digital BBC services in selected markets outside the UK

Finally, I would like to acknowledge BBC Worldwide's staff, in the UK and outside its many partners and clients around the world, and all those who have played a role in helping BBC Worldwide to support the BBC in the year

Tony Hall
Chairman, BBC Worldwide
and Director-General BBC

Chief Executive's review

Highlights

- Overall, we have had a good year, balancing the delivery of solid financial results with investment to transform the business for a more competitive global marketplace
- Our commitment to a high level of content investment, coupled with a solid operating performance and the proceeds of our equity partnership with AMCN, allowed us to increase our returns to the BBC by 30 3% to £226 5m
- We made significant progress in our core areas of strategic focus high quality content, delivering stronger brands and increased digital capabilities
- Investing in premium content continued to be the cornerstone of the business, and we were proud to deliver and represent a rich mix of bold and inspiring titles

2014/15 has been a significant year of investment and transformation for BBC Worldwide We began to deliver our strategy, first set out in October 2013, of building our supply of high quality content for clients and our own services alike, developing stronger global brands and accelerating digital innovation All this puts us in a better position to deliver sustainable financial returns to the BBC and generate even better value for UK licence fee payers, both this year and in the future

Overall, we have had a good year, balancing the delivery of solid financial results – including significant growth in returns to the BBC, our primary financial priority – with investment to transform the business for a more competitive global marketplace Notably, our new venture with AMCN has significantly enhanced future prospects for our BBC AMERICA channel while also enabling us to boost shareholder returns for the year

Beyond the AMCN deal, we continued to take steps to drive innovation and underpin the sustainability of our operations This is essential work in the context of a global media market undergoing structural and systemic changes, some of which constrain our trading and outlook in certain areas This has led to initiatives such as growing investment with the independent sector, both in programming and in selective equity investments to support our long-term content supply We launched our new strengthened BBC genre channel brands into lead markets during the year, and delivered significant innovation, such as the BBC Earth platform on BBC com and BBC co uk We also accelerated partnership deals on core brands such as CBeebies, with a successful launch of CBeebies Land at Alton Towers as well as our planned roll-out of CBeebies English language learning centres in China

Within the company, we have focused hard on the culture of our business, encouraging new ways of working These are delivering world-class processes with proprietary programmes such as Adding Value across our sales function, which maximises content revenues across all windows and channels, Brand Labs, our marketing and brands best practice hub, and new procurement practices We have also prioritised the attraction and development of the best global talent in our industry

Finally, across every element of our business, we have continued to focus on nurturing the UK creative industries through initiatives like BBC Worldwide Labs, our start-up programme, showcasing UK creativity overseas and supporting the independent production sector

Returns to licence fee payers

Our commitment to a high level of content investment, coupled with a solid operating performance and the proceeds of our equity partnership with AMCN, allowed us to increase our returns to the BBC by 30 3% to a record £226 5m As detailed by Tony Hall on page 2 this funding also reflects BBC Worldwide's increased contribution to BBC commissioning spend, both from in-house production teams and British indies, which enhances the hours and creative ambition from key titles that UK audiences can enjoy This year alone we have supported the BBC in-house production team as well as over 250 independent producers in delivering a number of notable titles such as *The Honourable Woman Wolf Hall, Life Story* and *Human Universe*

The year's results

While headline sales and profit both declined due to the AMCN transaction and to currency movements adjusted for these effects, our operating performance was broadly flat year on year
Headline sales of £1,001 8m were down 3 9% (2013/14 £1,042 3m) reflecting the absence of BBC AMERICA revenue for most of the second half of the year However, our revenue performance on ongoing operations was up 0 4% to £948 1m (2013/14 £944 5m), helped in particular by continuing growth from digital sales, channel advertising revenue and UKTV In North America, digital sales exceeded linear TV sales for the first time, while strategic partnerships brought a sales uplift in Australia and New Zealand Digital investment in the UK supported successes for our ecommerce offering, BBC Shop, while careful management of our DVD slate, coupled with targeted marketing support, somewhat offset ongoing pressure from the industry-wide decline in the category Meanwhile, difficult trading conditions in Russia coupled with economic sanctions impacted our performance in that market Currency movements reduced sales by £19 5m in aggregate

Headline profit of £138 6m (2013/14 £157 4m) was 11 9% down on the previous year, again including the impact of the AMCN venture Excluding this effect, headline profit on ongoing operations recorded growth of 4 1% at £127 2m (2013/14 £122 2m), including the benefit of just over five months of BBC AMERICA's contribution as an associate Foreign exchange movements hit headline profit by £3 2m in the year

Strategic focus

We made significant progress in our core areas of strategic focus high quality content, delivering stronger brands and increased digital capabilities

Investing in the highest quality content

Investing in premium content continued to be the cornerstone of the business, and we were proud to deliver and represent a rich mix of bold and inspiring titles from across drama – accounting for almost half our total investment – as well as natural history, factual entertainment, comedy, music and children's Our top-selling shows of the year included *Doctor Who, Top Gear, Orphan Black, Life Story, The Musketeers, Atlantis, Call the Midwife, Ripper Street, Sherlock* and *The Honourable Woman* – a range of titles that speaks to the breadth of appetite for British content from global audiences *Doctor Who* S8 was licensed to 189 territories in the year

Chief Executive's review (continued)

Content investment of £180 5m (2013/14 £200 6m) declined due to our venture with AMCN, which means we no longer report BBC AMERICA's content spend – a material element in our overall investment – as well as some inevitable variability in the timing of commissioning decisions for new content We still delivered an increase in investment in BBC-commissioned content to £94 4m up 6 2% (2013/14 £88 9m) This contributed to production of the much anticipated dramas *War and Peace*, *Dickensian* and *SS-GB*, all of which will air in 2016

Partnerships such as that with AMCN for BBC AMERICA are imperative for ensuring we can sustain long-term investment in premium content, and grow both the future reach and profile of BBC AMERICA, the BBC and the titles we represent. The partnership also enables us jointly to increase the volume of intelligent drama, loved by fans both of AMCN (which airs the US record rating drama series, *The Walking Dead*) and of the BBC, through a shared agreement to co-develop future titles, which will complement those we have already co-produced, including Golden Globe winning series *Top of the Lake* and *The Honourable Woman*

In the coming year we intend to build on these successes, keep investing in the highest quality British programmes deepen our relationships with the UK creative sector and look forward to distributing a wealth of exceptional programmes, such as the final instalment of *Wallander*, as well as forthcoming natural history landmark *The Hunt*, and the much anticipated *Sherlock* special and subsequent fourth series, to audiences across the world

Beyond programmes, this year we made some strategic investments into developing independent businesses such as Lookout Point and Curve Media This signals our desire to partner with those producing and making the highest quality UK content Overseas we are focused on building our formats business and growing our production capabilities in core markets so that we can exploit outstanding UK creative work The strength of our French production arm, for example, is set out on page 11

Strengthening our global brands

In 2013/14 we overhauled our channel brands and began investing in pilot markets to support the launch of new channel brands such as BBC First, BBC Brit and BBC Earth These brands are concentrated on genres where we have global strength, and the potential to build strong consumer franchises in a more competitive marketplace
We have been encouraged by the initial audience reaction to both the linear TV launches of BBC Earth and BBC Brit in Poland and the debut of BBC First on the Foxtel subscription platform in Australia.

In the year ahead we will continue to roll-out the BBC genre brands across multiple platforms Linear offerings of BBC Brit and BBC Earth launched post year end in the Nordics in April and BBC First's linear debut outside Australia came in the Netherlands in May Beyond linear, we will continue to build our suite of immersive experiences for audiences of all ages, which this year included a *Top Gear* Track Experience at the show's iconic track at Dunsfold

Digital Innovation

Within the year BBC com celebrated reaching 100 8m unique browsers for the first time in January and generated 1 3bn page views across all platforms for the month of March Our feature sections played a key role in this, driving audiences to 8 3m, up 76 6% (2013/14 4 7m) BBC Earth's launches on BBC com and BBC co uk in September and October respectively made it the first of our genre brands to debut online It offers fans of the natural world a rich mix of short -form content and editorial insight and complements the linear transmission of titles such as *Life Story* It also offers fans an opportunity to share inspiring content of the natural world through the EarthCapture app, launched in March in partnership with Seenit, one of this year's BBC Worldwide Labs start-up companies Within its first few weeks, app users had submitted over 1,200 pieces of content a mix of video and imagery Our finance and science and technology sections, BBC Capital and BBC Future achieved record numbers of unique browsers at year end, at 2 5m and 3 9m respectively up on the previous year (2013/14 Capital 1 6m, Future 2 5m) Our YouTube network has continued to engage fans of our content, with total views increasing in the year by 53 5% to 809m (2013/14 527m)

In 2014/15 we commenced our journey into the transactional landscape, with the development and initial testing of BBC Store as well as early stage development of our international plans for direct-to-consumer services BBC Store will be the first of these ambitions to be realised, in autumn 2015 The service will be available to UK audiences, and will offer the option to buy and keep a wealth of titles, including a number of well-loved classics that to date have not been available commercially

Looking forward, our international digital plans are focused on the roll-out of TV Everywhere services in collaboration with our partners as well as evaluating over the top pilots in one or two lead markets

Building a world-class media company

Last year we also tasked ourselves with building on our strong company culture, ensuring all our employees have access to the best training and opportunities to develop their careers We have accomplished a great deal in this area as you can read on page 7 This work has led to strong staff engagement scores, which place us at the upper end of benchmarks, although we hope to keep setting standards in this area

Looking to the future

As we look to the year ahead, we remain very focused on effective execution of our strategy while remaining agile enough to exploit opportunities as they arise In the rapidly changing market, this will require us to balance the need to invest and innovate with our desire to achieve consistent financial returns This will be challenging, as traditional markets face upheaval, but our outstanding content, the quality of our brands and the strength of our team puts us in a good place to deliver success and build a world-leading creative media business

Tim Davie
Chief Executive, BBC Worldwide
and Director, Global

Strategic progression

Highlights

- We successfully launched BBC First in Australia on the Foxtel subscription TV platform and BBC Brit and BBC Earth as linear channels in Poland
- Our commitment to deliver ambitious premium content reached new heights, while formats also delivered an impressive slate
- Video views across BBC com averaged 36 6m per month across all platforms, up 48 7% year on year

New genre brands

In 2013/14 we set out an ambitious plan to launch three genre brands, BBC First, BBC Earth and BBC Brit offering audiences premium first runs outside the UK of the very best in drama, premium factual and factual entertainment Within the year we successfully launched BBC First in Australia on the Foxtel subscription TV platform and BBC Brit and BBC Earth as linear channels in Poland That was marked with a unique promotional stunt involving a giant statue of *Top Gear's* The Stig crossing Europe to Warsaw BBC Earth launched on BBC com and BBC co uk The site has reached an average of 3 1m unique browsers per month since launching in September

Stand-out achievements for our core brands included *Doctor Who* The World Tour Building on the success of the 50th anniversary we embarked on a 12-day global promotional tour for series eight We visited South Korea, Australia, USA, Mexico and Brazil introducing the Twelfth Doctor, Peter Capaldi, and companion Clara, Jenna Coleman, to international fans This was a first for a British TV series and featured a creative social media programme with activity on Facebook generating 130m post impressions and more than 2m video views across Facebook and YouTube

As part of the launch activity for *Top Gear* S22, we produced an exclusive video with LEGO[R] that has to date been viewed 9 4m times on YouTube and Facebook and held the exclusive 'An Evening With' *Top Gear* in London with all three presenters The event was watched by 1 1m fans on BBC iPlayer

Premium content

Content remained at the heart of our strategy this year and the commitment to deliver ambitious premium content from both BBC in-house and indies reached new heights Titles included the Golden Globe-winning drama *The Honourable Woman* with Maggie Gyllenhaal, *Wolf Hall* with Damian Lewis and Mark Rylance the critically acclaimed *Happy Valley* with Sarah Lancashire, writer Jimmy McGovern's *Banished*, natural history landmark *Life Story*, comedy sequel *The Wrong Mans* S2, new children's titles *Hey Duggee* and *Nelly & Nora*, and the ground-breaking music title *Sonic Highways* from The Foo Fighters We also welcomed back *Doctor Who* S8, *Orphan Black* S2 and *Top Gear* S22 We also announced new co-development, first-look and distribution partnerships with a variety of independent production companies across a range of genres including Curve Media for factual entertainment, King Bert for comedy and Red Planet Cuba Pictures and Lookout Point for drama

Our formats business also delivered an impressive slate with new BBC Worldwide commissions launching within the year including *Mud, Sweat and Gears* and *You're Back in the Room*

Digital innovation

We continued to embrace the opportunities of an increasingly digital landscape Growth of third party streaming services continued to increase demand for our programming, as compelling and exclusive content became the key to winning consumers' attention This year we continued to supply content to leading international services including Amazon Prime Instant Video and Netflix We also formed partnerships with start-up services, such as Stan in Australia

In the UK work commenced on our own digital ownership service BBC Store which will launch in autumn 2015, expanding BBC Worldwide's portfolio of direct-to-consumer digital services and complementing BBC Shop, our ecommerce platform in the UK, USA and Australia We are also developing new opportunities to launch BBC branded digital video services that complement our global brands

BBC com celebrated another year of growth, reaching a monthly average of 85 5m unique browsers, up 8 3% year on year and peaking in January at 100 8m Video views across all platforms averaged 36 6m, up 48 7% year on year, with a peak of 48 7m in January There was also strong growth from mobile and tablet browsers, up 39 5% and 34 9% respectively within the year The feature sections also flourished, attracting an average of 8 3m unique browsers up 76 6% year on year (2013/14 4 7m)

Supporting creativity

Highlights

- In the UK, we buoyed the indie sector, working with over 250 independent producers, selling their shows internationally and returning £113 1m to the sector
- Internationally we acted as a spearhead for the UK's creative industries around the world, offering a platform for the best of British creativity

This year, we had an increasingly important role to play at the heart of the UK s thriving creative and digital eco-system, both at home and overseas

The creative industries are a major success story for the UK, generating £76 9bn Gross Value Added, the measure of direct contribution to the economy, £17 3bn service exports and 1 71m jobs and growing faster than the rest of the UK economy Alongside the public service BBC, we supported, partnered with and showcased the best of British creativity

In the UK, we buoyed the indie sector working with over 250 independent producers, selling their shows internationally and returning £113 1m to the sector, as set out on page 2 The minority equity positions taken in Lookout Point and Curve Media, referred to on page 4, enable us to further enrich our content supply through first-look rights and offer development and distribution opportunities to programme makers

BBC Worldwide Labs, our digital media start-up programme, supported a further six innovative UK entrepreneurial teams looking to grow this year All benefitted from office space, mentoring and access to experts and, to date, ten partnership deals have been signed with BBC Worldwide Labs companies to work on our own brands and projects

We facilitated in bringing the UK's creative industries together to speak with one, more impactful voice with Tim Davie co-chairing UK Trade & Investment's Sector Advisory Group and leading the Creative Industries Council's International work. This year we also became a founder supporter of the Creative Industries Federation

Internationally, we acted as a spearhead for the UK's creative industries around the world, offering a platform for the best of British creativity as the UK's top distributor, operator of over 40 channel feeds in over 120 territories, through our own BBC channels internationally, our UK joint venture UKTV with Scripps Networks Interactive, Inc , BBC AMERICA with AMCN, BBC Kids with Knowledge Network Corporation and BBC Canada with Shaw Communications Inc In total, our international channels have 152 1m (excluding the BBC World News channel) subscribers across the world As well as this, we have a global presence across digital and social media platforms

Exports were increasingly important to the UK's television industry, with TV trade body PACT reporting total sales of UK television to international markets up 5% to £1,284m in 2013/14 We generated exports for the BBC and the wider TV industry, with over 700 international delegates attending BBC Worldwide Showcase 2015 in Liverpool and an increase of 3 2% to £345 3m in TV and digital headline sales this year A survey of international business leaders showed that over half agreed that the BBC plays a direct role in influencing their business decisions in favour of the UK.

We supported a number of creative industries export initiatives this year, including the GREAT Festival of Creativity in Shanghai and the Technology Innovators Forum in China and Los Angeles £150m of business deals, plus further UK-China partnerships such as the opening of our CBeebies English language learning centre in Shanghai, were announced as part of the GREAT Festival

Over the year, we have used our presence to act as a trailblazer for the wider UK creative industries in new markets, with the BBC brand and its association with premium content shining a light on the talent and creativity coming from the UK

Business transformation

Highlights

- Deloitte estimates that in an average month, over 360bn hours of long-form video will be watched globally
- We pride ourselves on delivering the best of British content and BBC branded services to audiences across the world
- It is well known that world-class organisations strive for a high performance culture by setting a clear direction, providing development opportunities and a creative working environment. BBC Worldwide is no exception

Market context

We operate in a fast-paced and ever-changing media landscape While the television industry remains very significant globally – Deloitte estimates that in an average month, over 360bn hours of long-form video will be watched globally – short-form content should account for a further 10bn hours in aggregate of monthly play-out in 2015, with estimates of US households accessing subscription VOD (SVOD) range from 40-57%

The past year has witnessed a rise in hybrid content service launches, further consolidation of media organisations, with aggregate value of European media deals in 2013 and 2014 worth three times more than in the three preceding years combined, continued appetite for drama globally, and increasing competition in sales and distribution

We pride ourselves on delivering the best of British content and BBC branded services to audiences across the world, as the number one content distributor in Europe and the home of premium content and innovative BBC branded services To maintain our position we need to evolve in line with the market, and we took active steps in the year to re-shape our business to that end

Strategic positioning

While BBC AMERICA's ratings and critical acclaim had continued to climb in recent years, we concluded that joining forces with a company which places a high value on premium intelligent and distinctive content, would better secure the channel's future growth in an increasingly challenging environment for independent channel operators The partnership gives BBC AMERICA opportunities to grow reach further, as part of a compelling and unique channel portfolio and a more potent force in the US market Closer to home, we took an equity stake in independent production company Lookout Point, and in two more UK independents since year end, intended to support their growth and secure our independent pipeline in a consolidating market

We also started the transformation of our direct-to-consumer portfolio, developing and launching the new genre brands described on page 5 rolling out three new channels by the year end, and a further four by start of June with more to follow in 2015/16 Brand-building in the linear TV world will give us an important foothold in audiences' hearts and minds as the transition to digital continues

Culture

It is well known that world-class organisations strive for a high-performance culture by setting a clear direction, providing development opportunities and a creative working environment to engage their people BBC Worldwide is no exception and in the year we engaged the vast majority of our employees in a series of workshops around the world to identify those areas we could put more focus on to achieve our aim of high performance
A number of areas were identified, including leadership behaviours, recognition and development As a result, we have already started work on this, developing a leadership commitment made up of six high-performance behaviours which all our employees can expect of our leaders We have put in place a number of new development programmes – for senior leaders, and emerging leaders – all aimed at building leadership and management capability

For the whole company, we also introduced a new development intranet site and tools to enhance virtual and face-to-face learning along with a complete curriculum of new courses In the area of recognition, we have launched a new global awards scheme to highlight and recognise excellence The coming year will see further progress in all these areas

Finally we wanted to enhance the creativity of our work space and the year saw a number of office moves, including the merging of our two London sites into the refurbished iconic Television Centre, as well as new offices in Warsaw, Johannesburg and Singapore By removing assigned desks and putting teams into more efficient, open-plan and creative work spaces we aim to encourage a more flexible way of working both in situ and remotely, and interaction between different teams

UK

PERFORMING WELL

Highlights

- Significant investment made in BBC Store, which launches in the UK in autumn 2015
- New licensing deals included Doctor Who partnership with LEGO®
- To date there have been 7 9m downloads of our Top Gear mobile games

Our UK activities complement British audiences' enjoyment of well-loved BBC content, primarily through our joint-ownership of UKTV and our TV sales, consumer products and live events businesses This year we announced a number of significant new partnerships and events and developed our digital offering through increased investment in digital initiatives, most significantly BBC Store
Overall the UK performed well We reduced our dependency on physical and focused on key titles and brands Headline sales were stable at £361 8m (2013/14 £362 2m), while headline profit was £52 7m (2013/14 £56 2m), with eight out of the ten business areas recording profit growth

We secured a number of second window deals for BBC content, beginning a new partnership with Amazon Prime and continuing our relationship with Netflix. UKTV, the award-winning media company, of which BBC Worldwide owns 50% along with Scripps Networks Interactive, Inc, celebrated its 22nd year with another excellent performance, growing its share of the commercial TV market to an all-time high, up from 8 2% to 9 0% in 2014, achieving critical acclaim and ratings success for original commissions and launching new digital service UKTV Play

BBC Store, a new digital service which will allow consumers in the UK to buy and keep BBC programmes, will launch autumn 2015 with up to 10,000 hours of content including new programmes, titles from our catalogue and previously unavailable gems from the BBC's archive Revenue from our established ecommerce business BBC Shop was up 15 4% to £4 6m

In DVD from January 2014 to December 2014, we finished ahead of all other UK TV studios, with 11 titles in the top 50 best-selling TV titles of the year *Top Gear – The Perfect Road Trip 2* took the top spot, a second year running for the brand, achieving more than double the sales of the nearest competitor, meanwhile Miranda Hart's *My, What I Call, Live Show,* was the second highest selling stand-up comedy title of the year

We progressed two new live event ventures CBeebies Land, a partnership with Merlin Entertainments, opened at Alton Towers in May In August we launched the *Top Gear* Track Experience in partnership with Brandscape Group, based at the *Top Gear* track in Dunsfold We also signed an agreement with London Paramount Entertainment Resort, working towards the inclusion of a range of BBC brands in a major new entertainment park in Kent

We secured some exciting new licensing deals for core BBC brands including a *Doctor Who* partnership with LEGO® Master toy licensee Golden Bear produced our new *Hey Duggee* range for pre-school children and there have been 7 9m downloads of our *Top Gear* mobile games The Games business returned a £1 4m increase in profit, despite a reduction in headline sales

As BBC Good Food celebrated its 25th anniversary, bbcgoodfood com increased its unique reach by 37 0% to 16 0m (2013/14 11 7m) unique browsers TopGear com reached 6 8m unique browsers per month, an increase of 59 5% on last year

Our Radio & Music business had a good year, with the BBC Radio 1 Live Lounge album going platinum and BBC Radio 2 *Sounds of the 80s* and Dave Arch and the *Strictly Come Dancing* Band releases both going silver Demon Music Group also had success with the box set release for Donna Summer BBC Worldwide Learning, which licenses BBC content for educational purposes outside the UK, completed deals with the Ministries of Education in Singapore and France and continued to work with educational publishers from across the globe BBC Motion Gallery successfully established our partnership with Getty Images, growing online sales by 13 7% to £1 2m

North America

CHAMPIONING CHANGE

Highlights

- Digital content sales reported another successful year surpassing linear TV sales for the first time in the region
- Series two of Orphan Black, the original award-winning BBC AMERICA programme, doubled its series one ratings
- BBC AMERICA successfully achieved its 10th consecutive year of ratings growth in 2014 whilst over half of US cable networks experienced year-on-year declines

BBC Worldwide North America is our largest business outside the UK It includes content sales and co-productions, consumer products, BBC com, and BBC Worldwide Productions
2014/15 was a significant year, primarily due to our entering into a long-term strategic agreement with AMC Networks (AMCN), which invested US$200 0m for a 49 9% stake in BBC AMERICA In a market that has witnessed increased consolidation, this venture was an important next step for the cable channel and positioned it for future growth as one of a slate of successful channels operated by AMCN
Headline sales for the region declined by 12 5% from £342 5m to £299 9m and headline profit saw a year-on-year decline from £44 1m to £32 9m, almost solely due to the reduced ownership stake in BBC AMERICA under the venture in the last half of the year At constant currency these declines were 10 7% and 16 9% respectively

On BBC AMERICA, *Doctor Who* continued to grow with the debut of the Twelfth Doctor, Peter Capaldi, and launch of series eight delivering the show's highest ratings to date – up 19 7% versus prior series, with an average of 2 2m viewers each week – while licensing sales on the title returned year-on-year growth of 29 1% *Orphan Black*, the original award-winning BBC AMERICA series became the first drama on US ad-supported television to double its series one audience in key advertising demographics (Adults 18-49, Adults 25-54) when it returned for a second series – establishing itself as a core franchise for North America

BBC AMERICA successfully achieved its 10th consecutive year of ratings growth in 2014/15 - viewership grew 3 0% in the key primetime viewing slot, while over half of US cable networks experienced year-on-year declines

Our focus on extending fan engagement with premium titles such as *Doctor Who*, *Orphan Black* and *Top Gear* reached new heights BBCAmerica com visitors increased by 9 9% and Facebook followers doubled to 2 4m *Doctor Who* remains the number one TV brand on Tumblr and ranks among Twitter's top five most-tweeted about original dramas

Building on our suite of successful co-productions, this year we secured a significant deal between the BBC and PBS to create upwards of ten factual programmes per year

Digital content sales reported another successful year, seeing gains of 54 1% and surpassing linear TV sales for the first time in the region which highlights the growing demand on digital platforms and audiences' appetite for greater choice in how they consume our content Core revenue drivers included exclusive SVOD deals for *Sherlock* and *Happy Valley*, delivery of over 3,000 episodes licensed to Hulu since 2010, and a significant multi-year Netflix catalogue deal spanning multiple genres including BBC Earth titles

While the DVD market in the territory has seen severe declines in revenue across the board, our consumer products division has seen only a marginal decline and the success of digital content sales has helped to balance this out

The feature sections of BBC com continued to draw new users – an increase of 86 3% in the USA and Canada – reaching over 5 1m unique browsers each month This growth is supported by the introduction of more video rich content and the launch of a BBC Earth section that averaged 1 1m unique browsers per month across the USA and Canada since launching in September

Revenue from the production business in Los Angeles declined slightly, driven by a shift in scheduling of the hit show *Da Vinci's Demons* on Starz However, the appetite for popular UK show formats remained strong seeing commission renewals for the much-loved programme *Dancing with the Stars* for ABC, which celebrates its 10th year and 20th series in 2015 as well as a fourth series of the US version of *Top Gear* Original unscripted commission renewals included *Life Below Zero* and *Ladies of London*

Australia and New Zealand

STRONG GROWTH

Highlights

- An excellent performance, with headline sales up 11 8% and headline profit up 13 2% in local currency and up 7 8% and 22 6% after translation into sterling
- Strategic partnerships delivering well across sales, channels and TV formats
- Very strong global debut for BBC First on the Foxtel subscription platform in Australia and further benefits from resulting re-tiering of BBC UKTV

In BBC Worldwide Australia and New Zealand, we wholly own and operate six BBC branded channels, distribute content to all the local platform providers and focus on growth across all our core business areas We work with partners to bring DVDs, live events, entertainment formats and consumer products to the market, as well as offering advertising opportunities on BBC com

Our Australia and New Zealand business delivered excellent growth in both revenue and profit in local currency, up 11 8% and 13 2% respectively, as the benefits of new strategic priorities and partnerships fed into our financial results Translated into sterling, headline sales of £81 9m (2013/14 £76 0m) were up 7 8% and headline profit of £16 3m (2013/14 £13 3m) increased 22 6% This was largely attributable to our channels and digital TV sales businesses, with both lines showing double-digit growth, well ahead of the Australian media market

The principal drivers of growth were a number of key partnerships formed in 2013 and 2014 Our partnership with Foxtel saw the debut of BBC First in August become the platform's most successful non-sport channel launch since 2006 Stand-out ratings successes include launch titles *The Musketeers* and *Peaky Blinders*, along with series four of the long-running BBC series *Call the Midwife* and critically acclaimed *The Missing*, which was supported by a publicity visit from lead actor James Nesbitt

Meanwhile, BBC First's maiden co-commission, Jimmy McGovern s *Banished*, with BBC Two, was partly filmed in Sydney BBC First advertising sales were strong during the year as a result of premium partnerships, and the renewed key sponsorship deal with Audi

The launch of BBC First saw general entertainment channel BBC UKTV move onto Foxtel's entry level Entertainment tier, resulting in an uplift to its audience, while this year BBC Knowledge broadcast series 22 of *Top Gear* just minutes after the UK In New Zealand, UKTV achieved Sky TV's number two entertainment channel ranking during the year In February our portfolio of Australian channels launched on high-growth IPTV platform Fetch TV We anticipate future success from further growth in BBC First, and are evaluating opportunities for additional channel launches in the region

The return of *Doctor Who* S8 on the ABC in August, with more opportunities to view on linear and digital, delivered an increased audience, and Sydney was one of five international stops on the World Tour A *Doctor Who Symphonic Spectacular* tour visited Perth, Adelaide, Auckland and Sydney in February Other stand-out BBC titles on the ABC included *Call the Midwife*, *Silent Witness* and *Death in Paradise*, while our natural history programming continued to do well with *Life* rating highly on Channel Nine five years after its original broadcast.

TV format sales this year encompassed a range of well-loved British factual and entertainment titles appearing on a wide variety of channels This included a second series of *Coast Australia* on The History Channel, and also available to UK audiences on BBC Two, a 14th series of *Dancing with the Stars* on Seven, and *Living with the Enemy* on SBS New format commissions, generated since we entered into a general entertainment production partnership with FremantleMedia Australia, included *The Great Australian Bake Off* on Lifestyle FOOD and *Rachel Khoo's Kitchen Notebook Melbourne* on SBS in Australia In New Zealand we sold *Coast New Zealand* to TV ONE and *Dancing with the Stars* to TV3

We achieved a record result across digital TV sales, up fourfold in the year Our digital reach was also extended in the year with new deals including OTT platforms Stan , Netflix and Lightbox, meaning that our content is now available on over 15 digital platforms in the region The strength of our catalogue should underpin future sales activity, both in finished programmes and formats

Global Markets

REACHING NEW AUDIENCES

Highlights

- Solid underlying performance, despite headwinds of adverse currency movements and economic downturn in Russia, including impact of sanctions
- Good growth in international versions of British formats, with a stand-out five UK formats commissioned from BBC Worldwide Productions in France
- Year of investment in channels – BBC Brit and BBC Earth debuted in Poland in February with encouraging early performance – and in strengthening our local presence by upgrading and opening new offices

Comprised predominantly of the non-English speaking world, our Global Markets business encompasses Western Europe, Central and Eastern Europe, Middle East and Africa (CEMA), Asia and Latin America Business activities range from TV sales and channel operation to production and intellectual property exploitation
In a difficult year, during which our business was affected by adverse currency movements and exceptional conditions in some markets, sales were still broadly flat at £276 3m (2013/14 £279 1m), a decline of 1 0% Profit, however, was down 27 0% at £32 2m (2013/14 £44 1m), reflecting both external headwinds and significant investment in content and marketing for new channel brands Re-stating at constant currency, revenue was up 1 5% while headline profit decreased by 5 0% The year saw real progress made in Asia and Latin America, key channel renewals in important territories and an increased reach through wider distribution the roll-out of new brands and higher TV sales

Western Europe

Western Europe delivered sales of £160 1m (2013/14 £156 2m) and headline profit of £27 0m (2013/14 £34 3m) due to euro weakness and planned channels investment Restating at constant currency, revenue was up 6 3% with headline profit down 2 8%
Western Europe is a key sales market, with local and international SVOD customers becoming increasingly important Stand-out titles included *The Musketeers, Orphan Black, Top Gear* and *Misfits* We renewed a long-standing factual content partnership with France Télévisions and extended a BBC Earth branded block – one of 19 BBC blocks globally – with Pro7Maxx in Germany

Our French production business increased revenue by over 50%, with local versions of five much-loved BBC programmes – BBC production *Dancing with the Stars, Antiques Roadshow, The Weakest Link* and Love Productions *Sewing Bee* and *Bake Off* – on screen in the same month These generated a total primetime average audience of 18 4m *Top Gear* France also enjoyed good ratings and our German joint venture, Tower Productions, received a first commission for original format *One in a Thousand* from ZDF

Rest of World

Challenges in the Russian market which impacted the wider broadcast industry, alongside channels investment and foreign exchange, affected CEMA This was offset by good revenue and headline profit performance in Asia and Latin America As a result of the factors in CEMA, total RoW revenue was down at £116 2m (2013/14 £122.9m) and headline profit down at £5 2m (2013/14 £9 8m)

CEMA
Poland became the debut market for our new genre brands with BBC Brit and BBC Earth launching as linear channels in February Both outperformed established rivals, breaking into the top three in their competitive sets Advertising revenues on our African and Polish channels continued to grow
Format sales included *Great Bake Off* to Israel and Turkey and *Dancing with the Stars* to Slovenia and Romania The latest series of *Dancing with the Stars* in Poland achieved a 24 1% audience share up from 23 8% on 2013/14

TV sales markets showing a strong uplift included Israel, taking *The Honourable Woman, Happy Valley, The Musketeers* and *Sherlock*; Turkey, buying *Intruders Doctor Who* and *Frozen Planet*; and Africa, with *Orphan Black* S1 and S2 and *Atlantis* S1

We also entered our first VOD deals in Africa and Poland and secured a number of digital deals across the Middle East and Central & Eastern Europe

Asia
The year saw success across finished programmes and formats, BBC branded channels and blocks as well as local production *Sherlock* S3 passed 90m views on Chinese digital platform Youku

Significant deals included programme sales and VOD deals across multiple platforms to Taiwan while Japan's NHK signed a co-production agreement for the Natural History Unit's *Wild Japan* Through a partnership with Singapore-based Popular Education we entered the Chinese English language learning market. Audiences enjoyed local versions of formats, with India adding a third version of *Dancing with the Stars* produced by BBC Worldwide Productions in Karnataka for ETV Kannada, and local versions of *Top Gear* and *Dancing with the Stars* returned to China

Latin America
BBC Entertainment was named by milenio newspaper as the Best Pay TV Channel in Mexico for a third successive year Digital sales growth continued, including new deals with Enter Play Brazil and Veo Mexico Format sales remained strong, earning free-to-air prime-time scheduling for *What Not to Wear* in Brazil and for *Dancing with the Stars* in Panama and Costa Rica *Doctor Who* and *Sherlock* were sold to Brazil's TV Cultura, while deals with major pan-regional TV networks including TNT, HBO, Fox, History and A+E, helped BBC content reach new audiences across the region Natural history titles received theatrical release as well as a programming block on Ecuador's Ecuavisa

Chief Financial Officer's review

Financial performance

BBC Worldwide's overall operating performance for 2014/15 was positive, and our shareholder return set a new record

Headline results

The agreement reached in October with AMCN for its purchase of 49 9% of BBC AMERICA has had a significant effect on our year-on-year performance In order to demonstrate the impact of this transaction on our results and to provide a more meaningful year-on-year comparison, we have analysed the income statement and the related notes between BBC AMERICA and the ongoing operations The strategic rationale for this transaction is set out on page 7

Headline sales of £1,001 8m were down by 3 9% (2013/14 £1,042 3m), and headline profit of £138 6m was down by 11 9% (2013/14 £157 4m) as detailed in tables 1 and 2 Adjusting for the effect of the AMCN venture ongoing headline sales were broadly flat at £948 1m (2013/14 £944 5m) with ongoing headline profit of £127 2m (2013/14 £122 2m), showing a 4 1% increase These results were in spite of movements in foreign exchange, which adversely impacted headline sales by £19 5m and headline profit by £3 2m, primarily driven by significant fluctuations in our three main trading currencies, the euro, US dollar and Australian dollar exchange rates, to which we are materially exposed

Regional segmental results are reported on pages 8-11 in the Strategic Report and reflect the geographical way in which we manage our business To ensure that management has the fullest information, we also track our global performance in the major business areas where we operate In the year we increased total TV and digital headline sales by 3 2% to £345 3m (2013/14 £334 6m), reflecting our continuing high levels of investment in premium content along with an ever-increasing focus on global sales activity and expertise Headline sales across our total channels business decreased by £42 4m to £356 9m (2013/14 £399 3m) Of this decrease, £44 1m relates to BBC AMERICA, reflecting underlying good performance at UKTV and our channels activities elsewhere in the world Our total production business grew 3 7% to £161 6m (2013/14 £155 9m), with excellent growth in France more than offsetting the deferral of a third series of *Da Vinci's Demons* into the next financial period in our US production business

Our headline profit margin for the ongoing business increased to 13 4% in the year (2013/14 12 9%) despite organic revenue investment on BBC Store and the first year of rolling out new channel brands, which requires additional investment in both content and marketing

Statutory results

We include our share of revenues from joint ventures, principally those of UKTV, in headline sales and the pre-tax and pre-interest results of our joint ventures and associates in headline profit because we view these operations as a fundamental part of our ongoing activities
Headline results are used by management to measure financial performance, and are reported to the Board The segmental analysis of results for 2013/14 has been restated to reflect the revised methodology by which the cost of content is allocated across the regions Statutory revenue of £851 3m (2013/14 £892 0m) excludes our share of joint venture revenue, and operating profit includes our headline profit as well as specific items, discussed below A reconciliation of headline profit to profit before tax is shown opposite

Specific items

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 our performance These items are detailed in table 3 on page 13, and include our share of the interest and tax of joint ventures and associates, and additional deficit reduction payments to the BBC pension scheme, of £9 4m and £8 1m respectively (2013/14 £9 7m

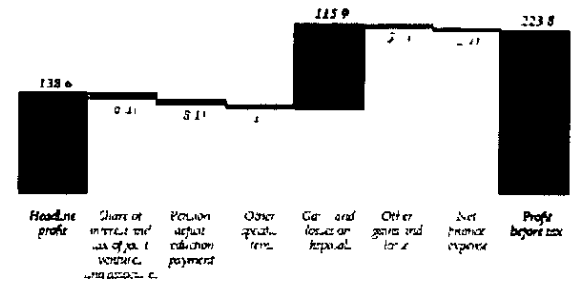
1. Headline sales

Region	14/15 £m	13/14 £m
United Kingdom	361 8	362 2
North America	299 9	342 5
Australia and New Zealand	81 9	76 0
Western Europe	160 1	156 2
Rest of World	116 2	122 9
Eliminations	(18 1)	(17 5)
Total	**1,001 8**	**1,042 3**

2 Headline profit

Region	14/15 £m	13/14 £m
United Kingdom	52 7	56 2
North America	32 9	44 1
Australia and New Zealand	16 3	13 3
Western Europe	27 0	34 3
Rest of World	5 2	9 8
Eliminations	4 5	(0 3)
Total	**138 6**	**157 4**

RECONCILIATION 2014/15
£m



and £2 3m) Other specific items include £2 6m of reorganisation costs, primarily associated with the relocation of our head office, as well as £2 0m relating to impairments of investments in associates The presentation of these items is consistent with previous years

Corporate activity

On 23 October 2014, we sold a 49 9% controlling stake in BBC AMERICA to the US entertainment group, AMC Networks We retained a 50 1% non-controlling interest in BBC AMERICA and received proceeds of US$200 0m (£123 0m), recognising a disposal gain of £115 9m, following the agreed settlement of certain disposal-related liabilities and transaction costs The proceeds included US$160 0m of cash received during the year, and US$40 0m of deferred consideration, received in April 2015

Employees

Average headcount in the year was 1,829, up by five on 2013/14 This movement represents the transfer of New York-based employees working on BBC AMERICA to AMCN in October 2014, offset by hires to principally support our new digital initiatives Employee costs are outlined in table 4 on page 13

Chief Financial Officer's review (continued)

Tax

Our total tax charge was £38 3m (2013/14 £28 1m), including £26 6m (2013/14 £13 8m) in respect of BBC AMERICA. The effect of the BBC AMERICA disposal including the impact of non-taxable goodwill, offset the increase in overall profits from the USA, a higher tax rate jurisdiction than the UK This, together with high-end television tax relief of £7 8m (2013/14 £5 1m), contributed to a reduction in the total effective tax rate to 17 1% (2013/14 22 3%) as noted in table 5
The total tax charge for the year includes £19 1m (2013/14 £24 0m) current tax, and net tax paid in the year amounted to £26 5m (2013/14 £37 6m), due to timing differences between tax accounting and settlement

Cash and net debt

Operating cash flow of £191 0m (2013/14 £150 5m) reflects a reduction in tax paid of £11 1m to £26 5m (2013/14 £37 6m) and an increased focus on working capital management.

Our move to new London headquarters in TVC during the fourth quarter resulted in a one-off increase in cash expenditure on property of £9 5m in the year The increased capital and operating investment in BBC Store and channels, referred to above, also impacted the company's cash flow in the year

The most significant movement in cash during the year was an inflow of £64 5m net proceeds in relation to AMCN's purchase of its interest in BBC AMERICA Together with our underlying performance, this has allowed us to return a total of £226 5m to our parent in the year, an increase of 30 3% of which £111 3m was paid by way of dividends

Average net debt throughout the year was £32 4m (2013/14 £41 8m) and we ended the year with net debt of £69 2m (2013/14 £54 3m) Our debt facility with BBC Commercial Holdings Limited provides us with a maximum facility of £202 2m, of which the final £30 0m is conditional on an equivalent holding in cash

Balance sheet

The net asset increase from £314 7m to £405 6m is for the most part explained by the BBC AMERICA transaction, with the recognition of an associate (initially at £119 9m) less the BBC AMERICA assets sold (primarily £54 8m of programme rights and other inventories)

In addition, we have furthered our investment in premium content, with key acquisitions on titles such as *Doctor Who*, *Orphan Black* and *The Musketeers*, contributing to an increase in distribution rights of £32 7m

Going concern

The company ended the year, following a creditable operating performance and the AMCN transaction, with a robust balance sheet, and able to declare a record return to our shareholder Looking ahead, with the focus on delivery of our stated strategy, coupled with financial discipline and careful management of our cost base, we expect to drive continued value for our shareholder The Directors of BBC Worldwide remain confident in our ability to operate with our existing financial resources, and we therefore continue to adopt the going concern basis in preparing the accounts

Andrew Bott
Chief Financial Officer

3. Specific items

	14/15 £m	13/14 £m
Share of interest and tax of joint ventures and associates	(9 4)	(9 7)
Pension deficit reduction payment	(8 1)	(2 3)
Other		
Reorganisation costs	(2 6)	(7 0)
Amounts written off interests in joint ventures and associates	(2 0)	(2 2)
Transaction fees	(0 2)	(0 6)
	(4 8)	(9 8)
Total	**(22.3)**	**(21 8)**

4. Employee costs

	14/15 £m	13/14 £m
Salaries and wages	(120 0)	(121 4)
Social security costs	(10 7)	(10 6)
Other pension costs	(18 2)	(12 5)
Total	**(148 9)**	**(144 5)**

5. Reconciliation of tax rate

	14/15	13/14
UK corporate tax rate	21 0%	23 0%
Disallowable expenditure	1 5%	1 9%
Non-taxable income	(5 1%)	–
High-end television tax relief	(3 5%)	(4 0%)
Tax-exempt disposals	–	(1 0%)
Higher overseas tax rates	7 2%	3 3%
Tax effect of share of results of joint ventures and associates	(2 7%)	(1 7%)
Reduction in UK tax rate	–	0 3%
Adjustments in respect of prior years	(1 3%)	0 5%
Total	**17 1%**	**22.3%**

BBC Worldwide Executive Committee

Name	Background
Marcus Arthur President, UK & ANZ	Marcus moved into his current role in 2013 He is responsible for BBC Worldwide s businesses in the UK and ANZ Marcus joined BBC Worldwide in 1991 and has held roles including MD of Brands Consumers and New Ventures, Digital Delivery and before that Managing Director, BBC Magazines
Andrew Bott Chief Financial Officer	Andrew was appointed to his current role in 2014 Prior to this from 2007 to 2013 he was CFO of BBC Worldwide North America He joined in 1998 and in 2000 moved to New York Previously, Andrew held positions at PricewaterhouseCoopers and Pearson
Tim Davie Chief Executive, BBC Worldwide and Director, Global	Tim took up his current role in 2013 He is also Chairman of Comic Relief and Vice-Chair of the RTS During his ten years at the BBC, Tim has held the positions of Acting Director-General, Director of Audio & Music and Director of Marketing, Communications & Audiences
Paul Dempsey President, Global Markets	Paul took up his current role in 2013 He is responsible for building BBC Worldwide's portfolio across predominantly non-English speaking territories, known collectively as Global Markets Paul joined BBC Worldwide in 1998 His previous roles include Interim CEO and MD Consumer Products
Charlotte Elston Director of Communications	Charlotte joined BBC Worldwide as Director of Communications in 2010 She oversees all areas of communications globally including external and internal communications, corporate affairs and events Charlotte has previously worked at Aegis Group plc, Pearson Brunswick and Edelman PR
Martyn Freeman General Counsel & Company Secretary	Martyn was appointed to his current role in 2011 He has responsibility for all legal, business affairs, policy and regulatory matters, and from January 2015 became Company Secretary Previously, Martyn held a variety of roles across the BBC, including Head of Business Affairs, Radio & Music, Factual & Learning and News
Kirstin Furber People Director	Kirstin is responsible for Human Resources across BBC Worldwide She was appointed to this position in 2013, having previously been SVP HR Prior to joining BBC Worldwide, Kirstin held roles at Twentieth Century Fox, Discovery Channel, Ziff Davis, Warner Bros and Granada Media Group
David Gibbons Director of Global Operations	David oversees Consumer Digital Technology, Global Technology, eCRM and Analytics, Property, Procurement and the Global Content Supply Chain He joined BBC Worldwide in 2013 Prior to this he held leadership positions in SEEK, GE Capital, Gap and Nike
Amanda Hill Chief Brands Officer	Amanda is responsible for developing the overarching brand strategy for BBC Worldwide Amanda manages the current brand portfolio as well as development and building of new brands She also oversees audience insight, trade and content marketing
Helen Jackson Chief Content Officer	Helen became Chief Content Officer in 2013 She oversees the creative and commercial vision for BBC Worldwide's Content strategy covering commissioning, development and acquisition activity, channels curation and editorial standards Helen previously established BBC Worldwide's Indie Unit
David Moody Director of Strategy	David is responsible for all aspects of the company's direction and strategy David joined BBC Worldwide in 2004 He previously held roles in BBC Ventures, The LEK Partnership, Singapore Telecom International and United News & Media and co-founded Dataroam
Herb Scannell President, BBC Worldwide North America	Herb is responsible for BBC Worldwide in the USA and Canada Prior to joining BBC Worldwide in 2010, he was CEO of Next New Networks a digital media company he co-founded in 2006 Herb was formerly Vice Chairman of MTV Networks and President of Nickelodeon Networks

Risk management

We are committed to supporting effective and efficient risk management practices to safeguard our people, reputation, assets and commercial performance Risk management protects the reputation of the BBC brand as we showcase it internationally, and ensures stability of commercial returns to our parent, the BBC Our risk management approach is aligned to the BBC, to its public purpose and values and its editorial standards This approach is used throughout our businesses, projects and in the formation and management of joint venture (JV) relationships

Tim Davie, Chief Executive, BBC Worldwide and Director, Global, along with the Worldwide Executive (WEx), sponsor risk management Divisional and international boards take ownership of local risk management processes, supported by senior managers who have clearly defined risk accountabilities

A Risk Management and Internal Controls Committee comprised of WEx members and senior managers reviews and challenges the corporate risk register as part of the formal quarterly risk management process

Risk Themes	Strategic Impacts	Mitigation
Reputation and standards Risk that audiences lose confidence in the integrity of our business or our content Risk we fail to represent the character of the BBC to global audiences	Harm to our reputation, our relationship with audiences and to the credibility of the BBC brand	Leadership and management behaviours that promote the BBC values as a platform for the company's culture Emphasis on honest and open communications Policy framework, company communications and HR processes requiring and demonstrating the appropriate behaviours
JV & associate relationships Risk we don't maximise the potential from our JV and associate relationships, the principal ones being UKTV, BBC AMERICA and Immediate Media	Under-delivering against audience expectations and our ambitions for the JV and associate relationships	JV formation is always backed by a detailed definition of the JV benefits, purpose, mechanics and governance, with appropriate safeguards over editorial control Approvals framework, encompassing BBC Public Service and alignment, ensure that potential deals which benefit the UK licence fee payer are explored
Content supply pipeline Risk that ongoing acquisition and consolidation across the independent sector restricts the addressable market for rights in key genres Potential changes to BBC Production	Reduced drama and factual entertainment content, impact the brand and channel strategies	Dedicated Content division with expertise in content acquisition and relationship management. Output deals with a limited number of key independent producers and minority investment stakes to increase the pipeline of creative output We are committed to maximising indie returns notwithstanding the BBC Store and channels strategy
Execution of company strategy Risk that in-region we do not get the most from our affiliate relationships, or the right brand visibility or the right premium vs free-to-air channel mix Risk that we do not achieve sufficient scale in some regional markets Risk from launching new direct-to-consumer service such as BBC Store	Reduce our ability to showcase BBC content. More vulnerable to disruptive digital services Risk operating with sub-scale regional businesses	International channel team who lead negotiations and manage channel launches Regions have extensive knowledge of the affiliate landscape and the expertise to get the right channel mix, platforms and relationships Leadership experience and insight into markets to ensure we secure the right partners, build the right relationships and evolve the right propositions in the context of a global ambition and strategy
Information security Risk that our information assets are compromised Risk that content assets are disclosed or used maliciously Risk of content piracy	Disclosed assets have reduced editorial or commercial value Disruption to business operations	New content path defined for high-value content, including dedicated infrastructure and content handling team New centralised global solution for regional post-production activities (e g localisation and dubbing) Enhanced information security roles and responsibilities, additional resources, and global network convergence
Trading performance and growth Business performance is sensitive to UK and international economic conditions, especially the USA and Australia, and exchange rate movements	Adverse impact on cash flows and reported financial results	Business is diversified across both regions and revenue streams Risk-averse approach to foreign currency management Central management of budgets and performance, cash-flow forecasting, careful debtor management and hedging policy
Regulatory and compliance Potential for non-compliance with UK, and international laws, especially regulatory changes and legislation with extra-territorial reach	Civil or criminal challenge Financial penalties Reputational damage	Comprehensive and enforced policy framework including Executive sponsorship, mandatory training programme, guidelines, regular reporting, specialist committees and steering groups Oversight by Board, Executive and Risk Management Committee Central Business and Legal Affairs resources to support
Business continuity and safety Major incident with risk of disruption to operations, infrastructure and loss of revenue	Potential for injury or death Disruption to business operations Reputational damage	Safety management arrangements supported by policy framework, communications, forums and guides and specialist safety advice Extensive continuity plans encompassing all offices and business operations Training on international travel safety

Corporate responsibility

Highlights

- Team Worldwide, our employee engagement programme, is centred around the three pillars of Community, Sustainability and Challenge
- In 2014 we joined the Ethical Trading Initiative and will be working with them to report on our ethical sourcing activities
- We are working on ensuring that a sustainable way of operating becomes 'business as usual' at BBC Worldwide

We believe in being a responsible corporate citizen by embedding best practices in the way we work and continuously working on improving them over time

Ethical sourcing programme

Ethical sourcing is a core element of our consumer products business We encourage long-term relationships with supplier factories in order to build trust and a commitment to continuous improvement All our suppliers and licensees are required to submit their manufacturers for approval through our ethical sourcing programme in advance of production We review detailed, independent audits for factories in higher risk countries and work with our suppliers and licensing partners to correct any issues that may be highlighted Factories that do not meet our minimum standards are not approved for manufacture until these standards have been met

In 2014 we joined the Ethical Trading Initiative and will be working with them over the coming year to report on our ethical sourcing activities

Environmental issues

We are working on ensuring that a sustainable way of operating becomes 'business as usual at BBC Worldwide We collect data from our offices around the world to enable us to monitor our energy and water consumption and our waste management.
In March, our London headquarters moved into TVC in West London Reducing our environmental impact was an important consideration in both the move process and in setting up our new office We reused most of our existing IT equipment, workstations, chairs and storage furniture, and environmental credentials were a key consideration when we purchased new fittings, furnishings and equipment.
Looking ahead, we intend to implement robust monitoring at TVC and our offices globally to build on the understanding of our environmental impacts and put in place processes to reduce them further

Team Worldwide

Team Worldwide, our employee engagement programme, was launched in February 2014 Centred around the three pillars of Community, Sustainability and Challenge, it has enabled our employees to make contributions to increase our positive impact on society and reduce our negative impact on the environment, while helping employees collaborate, expand their horizons and have fun Through the year, our global offices undertook activities tailored to their local areas These ranged from physical challenges such as sporting and endurance events, to contributing to the local community by donating time and goods in Cologne, Hong Kong, London, Miami, Mumbai, New York, Singapore and Sydney As well as providing time and goods through Team Worldwide, staff raised over £20,000 for Comic Relief and BBC Children in Need in the UK and partner charities in our global offices

Tim Davie
Chief Executive, BBC Worldwide
and Director, Global

Corporate governance report

Highlights

- The BBC Executive Board and its board committees have responsibility for the overall assurance and supervision of BBC Worldwide However, during the coming months it is proposed that the authority to consider and approve the operational matters of the company will be delegated to the BBC Worldwide Board
- We take our legal and regulatory obligations seriously and we have developed clear policies, practices and training and awareness programmes to ensure the protection of personal information
- The 4CC approvals framework embedded within our governance structure ensures that key projects and investments are subject to rigorous evaluation, ensuring compliance with each of the 4CC prior to launch

Corporate governance is about the structure and relationships which determine the corporate direction and performance At BBC Worldwide the board of directors is central to our governance as is its relationship to the other key participants, BBC Public Service, BBC Worldwide and staff

In the Annual Review of 2013/14 we reported that the number of directors of the statutory Board of BBC Worldwide Limited had been reduced in keeping with the policy to streamline boards and committees across the BBC Group

However, in view of the size and significance of BBC Worldwide, the BBC Executive Board decided that the composition of the BBC Worldwide Board should be strengthened to include two additional Non-executive Directors

The BBC Executive Board and its board committees have responsibility for the overall assurance and supervision of BBC Worldwide However, during the coming months it is proposed that the authority to consider and approve the operational matters of the company will be delegated to the BBC Worldwide Board For further detail on the activities of the BBC Executive Board go to www.bbc.co.uk/aboutthebbc

As of 31 March 2015, the Board was composed of Tony Hall (BBC Director-General) as Chairman, Tim Davie (Chief Executive and Director, Global), Andrew Bott (Chief Financial Officer) Anne Bulford (Managing Director, Finance & Operations for the BBC) and from 16 February 2015, Dharmash Mistry and Sir Howard Stringer, both of whom are also Non-executive Directors of the BBC Executive Board

Statutory matters, such as the approval of the company's statutory accounts, the payment of a dividend and the appointment of a director are already reserved to the Board of Directors

The Worldwide Executive Committee (WEx) has principal responsibility for the day-to-day management of the company WEx is chaired by Tim Davie WEx meets weekly to discuss operational matters impacting the business
During the year matters under review included plans to launch the global genre brands BBC First in Australia and New Zealand on Foxtel and BBC Brit and BBC Earth in Poland, and investments in *The Musketeers* S3 and *Doctor Who* S10 Additionally, during the year WEx reviewed people policies and development opportunities across the company

WEx approves expenditure of up to £5m, beyond which the matter is reviewed by WEx and referred to the BBC Worldwide Board or to the BBC Executive Board as appropriate for approval This ensures greater scrutiny of performance and highlights the needs of the regional businesses to be addressed These quarterly performance reviews also serve to strengthen connections between the regions and Content, Brands and other central functions

Content is central to our strategy and one of our most significant areas of expenditure The Content Investment Group (CIG), chaired by the Controller of Content Investment, is responsible for approving investments of distribution and certain broadcast rights CIG also monitors the content pipeline in the context of performance and strategic development in the business, and recommends changes in global content strategy and execution when necessary CIG approves investments between £500,000 and £2m For investments greater than £2m, CIG reviews and recommends the investments to WEx for approval WEx also delegates authority to the Investment Review Group, which considers and approves non-content financial investments between £1m and £2m

Privacy and Information Security

Consumers, talent, partners and employees trust us with their personal information and failure to meet these expectations would lead to a serious loss of trust in the BBC brand Our global privacy and information security programmes govern how we collect, use and manage all forms of personal information across our operating territories, from collecting information in a fair and transparent way to ensuring that this information remains protected and secured at all times This extends to information that does not directly identify an individual but which may impact on an individual's privacy and there has been a significant amount of work in this area in the last 12 months across the organisation

We take our legal and regulatory obligations seriously and we have developed clear policies practices and training and awareness programmes to ensure the protection of personal information These are regularly reviewed to ensure that we are transparent to individuals and provide clear choice on how we use their data Our key focus over the next year will be preparing for the incoming EU General Data Protection Regulation which is due to be finalised in the next six months As part of our compliance programme, our privacy and data protection function will be audited this year

In terms of broader information security we strive for continual improvement in the protection of our business information assets, especially in respect of content Ensuring that these assets are protected at all stages of their lifecycle is vital to the success of our business, and that of our content partners, and to maintaining our reputation as a trusted organisation with high standards of care This is especially important where we share content with third parties around the world and we have developed robust processes for evaluating these risks and ensuring that these partners have adequate security measures in place Our progress in this area is routinely scrutinised by the BBC's Internal Audit function to ensure we are managing risk effectively

Corporate governance report (continued)

Four Commercial Criteria

The BBC's Royal Charter and Agreement requires all of the BBC's commercial activities to comply with the four Commercial Criteria (4CC) Our 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 our 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 ISO 9001 2008 quality standard BBC's Fair Trading arrangements are subject to scrutiny by independent auditors commissioned by the BBC Details of this year's independent Fair Trading audit, undertaken by Deloitte, together with the audit opinion, are available in the BBC Annual Report and Accounts for 2014/15

Editorial Standards

We are required to comply with the BBC Editorial Guidelines and the Advertising and Sponsorship Guidelines for BBC Commercial Services We have an editorial framework which sets out clear editorial accountability for each business area and a dedicated Editorial Standards team that offers support and advice to our businesses During the year we continued to deliver both online and face-to-face training explaining the editorial commercial and advertising standards that we expect

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 2015

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 BBC Public Service and from independent owners of intellectual property, and are exploited through a number of businesses, both wholly-owned and partly-owned through associates and joint ventures, across multiple formats The business is structured across seven geographical regions these regions are grouped into four areas UK, North America, Australia and New Zealand and the rest of the world, principally non-English speaking markets known collectively as Global Markets The two global business areas Content and Brands set the strategic framework and parameters for activities within the regions and keep a close connection into BBC Worldwide's ultimate parent, the British Broadcasting Corporation

Strategic Report and Risk

A review of business performance, including likely future developments, is included in the Strategic Report on pages 3 to11 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 on page 15

Results and dividends

The consolidated profit for the year attributable to the equity shareholder of the Company was £185 5m (2014 £98 1m)
Dividends of £111 3m (2014 £88 3m) were paid during the year

The Directors do not propose any further dividend in respect of the year (2014 £nil), resulting in a total dividend of £111 3m (2014 £58 2m) in respect of the current financial year and £nil (2014 £30 1m) in respect of the prior year

Acquisitions and disposals

During the financial year the Group sold a 49 9% stake in its BBC America channels business to AMC Networks Inc ("AMCN") and, due to the transfer of control over the key decision-making activities to AMCN, the Group's remaining 50 1% investment in the BBC America channels business was reclassified as an associated undertaking Further details of this transaction are set out in Note 27 on page 63

Directors

The Directors who served during the year and until the date of this directors' report were
Tony Hall (Chairman)
Tim Davie
Anne Bulford
Andrew Bott
Dharmash Mistry (appointed 16 February 2015)
Sir Howard Stringer (appointed 16 February 2015)

Jane Earl resigned from office as Company Secretary on 31 January 2015 Martyn Freeman and Anthony Cornette were appointed as Company Secretary and Deputy Company Secretary respectively with effect from 1 January 2015

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(b) to the consolidated financial statements

Directors' interests and indemnities

No Director had any interest in the share capital of the Group at 1 April 2014 or 31 March 2015 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

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job Opportunities are available to disabled employees for training, career development and promotion Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim

Directors' report (continued)

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004 During the year, the policy of providing employees with information about the Group has been continued through the BBC's intranet service, and employees have also been encouraged to present their suggestions and views on the Group's performance through staff surveys Regular meetings are held between local management and employees to allow a free flow of information and ideas Employees participate directly in the success of the business through simplified bonus arrangements

Statement as to disclosure of information to auditor

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 auditor is 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 auditor is aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office

By order of the Board,

Martyn Freeman
Company Secretary
9 June 2015

Registered office
Television Centre
101 Wood Lane
London W12 7FA

Report on Directors' remuneration

BBC Worldwide is not funded by the licence fee but we are keenly aware that, as part of a publicly-funded organisation, it is not appropriate or desirable to lead the market on pay, and that our remuneration policy must be both moderate and justifiable

Over the last three years, we have been progressively simplifying our Reward offering 2014/15 saw the final payments under the Profit Share Plan and no matching payment was due under the Deferred Bonus Plan Both plans are now closed and will not be replaced Directors, senior managers and all other employees now have very simply structured pay packages with a basic salary and a performance-related bonus that is at risk if the required results are not achieved

Wherever possible we use salary survey data to identify the pay range in the market for a particular role in a particular location We continue to pay at or below the market median in the UK and no more than 10% above the local market median elsewhere

As part of the focus on identifying career paths across the whole BBC, we are working to design a job grading structure that will help us ensure that pay is correctly positioned at all levels in BBC Worldwide This work, along with greater alignment between the BBC's commercial operations and public service broadcasting, forms a key part of our vision to create 'one BBC'

The Sales Compensation Framework, developed with the aim of consistently focusing our sales teams on delivering the best possible return to the BBC, was implemented in 2014/15, paying a bonus to sales staff in proportion to targets achieved We will continue to monitor the scheme, refining it as necessary, to ensure that it is delivering maximum value for the BBC

Governance

There were no significant changes to remuneration governance arrangements in 2014/15, with decisions affecting members of the WEx team and company-wide reward being taken by the BBC Executive Remuneration Committee Salary decisions affecting other staff earning more than £125,000 (or local equivalent) per year, and severance payments in excess of £75,000, continue to require approval by the BBC Senior Management Remuneration Committee The BBC Worldwide Pay Forum, comprising the Chief Executive Chief Financial Officer and People Director, continues to review other significant pay decisions

No individual is responsible for setting his or her own remuneration

Full details of all the above governance matters can be found in the BBC Annual Report and Accounts

Executive Directors

This report summarises the remuneration of the CEO and CFO of BBC Worldwide, who are the sole Executive Directors of BBC Worldwide

Tim Davie was CEO for the full year Andrew Bott was Interim CFO and Executive Director of BBC Worldwide from the start of the year He was appointed to the role permanently on 4 June 2014, moving from the USA to the UK on 1 September 2014

Base salary

Tim Davie's annual base salary remained unchanged throughout 2014/15 Andrew Bott's salary also remained unchanged during the year, though it was paid in sterling rather than US dollars (converted at GBP1 = US$ 1 50) after his transfer to the UK on 1 September

Annual Incentives

Annual incentives are provided through the BBC Worldwide Annual Bonus Plan, in which all staff participate (other than those on sales schemes)
The Plan is a relatively simple design with a 'Minimum Growth Hurdle' (a threshold level of performance), a Target Performance level (set to be stretching but, with substantial effort, achievable), at which Target Bonus is payable, and a Maximum Bonus Performance level (above which no further bonus is payable), set significantly above Target.

Target Bonus for the CEO and the CFO is 50% of base pay earnings Bonus for both Executive Directors is wholly dependent on the performance of BBC Worldwide as this is deemed to be the most appropriate indicator of their performance

Report on Directors' remuneration (continued)

Components of reward

The following table summarises the current key fixed and variable components of reward (excluding sales incentives) for Executives and employees

ELEMENT	PURPOSE & LINK TO STRATEGY	PERFORMANCE PERIOD	OPERATION
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
REWARD FROM CURRENT INCENTIVE PLANS			
Annual Incentives	Reward achievement of short-term strategic goals and profit growth	1 year	Bonus, calculated as a percentage of base pay earnings, is payable for achievement of profit targets[1] and, other than for members of the WEx, an agreed level of personal performance The percentage varies by grade (and, at lower levels, by country, in some cases) A reduced bonus is payable for achievement below Target, subject to reaching a threshold level of performance below which no bonus is payable, with additional bonus available for achievement above Target For members of the Executive, bonus is between 20% and 70% of base pay earnings, with the top of that range payable at a level of profit considered to be achievable only in exceptional circumstances The levels of profit performance attracting threshold, target and maximum bonus are set by the BBC Executive Remuneration Committee
REWARD FROM DISCONTINUED INCENTIVE PLANS			
Profit Share Plan	Drive profit performance and returns to BBC Worldwide s shareholder over the long-term while promoting the retention of key management	5 years	The scheme is now closed Balancing payments (earned during 2008-2013, but deferred for two years) will be made in July 2015, after which no further payments will be made The Plan will not be replaced by any other Long Term Incentive Plan
BENEFITS[2]			
Pensions	Pensions are offered in line with normal market practice	Ongoing	Pensions are offered in accordance with the all employee pension arrangements.
Life assurance	Life assurance is offered in line with normal market practice	Ongoing	4x salary for those who join the pension plan, 2x salary for those who don't
Private healthcare	Private healthcare is offered in line with normal market practice at middle management level and above	Ongoing	Family cover for senior executives, single cover for other eligible employees.
Car allowance	With effect from 1 April 2014, BBC Worldwide removed the car allowance benefit for all new Executive Directors and senior managers, to align with arrangements for all BBC employees.	–	Those who were already in receipt of a car allowance have retained it Neither of the Executive Directors receives the allowance

1 Based on headline profit

2 Andrew Bott was employed on a US contract during the period 1 April to 31 August 2014 during which time he received standard US benefits – medical, dental life accidental death and dismemberment dependent life and short-term disability insurances

Report on Directors' remuneration (continued)

Long-term Incentives

Profit Share Plan
The Company's Profit Share Plan (PSP), which covered the five-year period beginning in 2008/09, provided participants with a share in profits above a set of absolute profit (PAIT, profit after interest and tax) hurdles linked to the five-year strategic plan Annual payments commenced after three years of participation in the plan, with balancing (i e deferred) payments made after the end of the five-year period For eligible participants, the payments shown on page 22 will be made after year end in July 2015 These are the second and final of two balancing payments due under the PSP Balancing payments are equal to 50% of the final, full-year payments

The annual cash PSP pay-out was capped at 100% of base pay for each participant

The PSP will not be replaced by any other Long Term Incentive Plan

Pension
Executive Directors who joined the BBC before 1 December 2010 are eligible to participate in the BBC Pension Scheme (the Scheme), which provides for pension benefits on a defined benefit basis Executive Directors who joined the BBC on or after 1 December 2010 are eligible to join LifePlan which is the BBC's defined contribution arrangement The BBC pays matching contributions to LifePlan for employee contributions between 4% and 5% Employee contributions between 6% and 7% are matched plus an additional 1% Employee contributions of 8% or more receive the maximum employer contribution of 10% There is no maximum pensionable salary for contributions to LifePlan

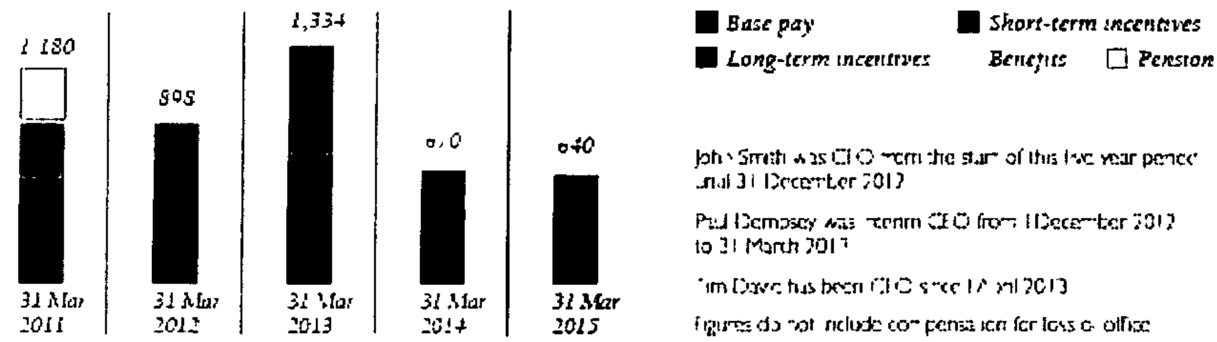
Executive Directors who decide not to join LifePlan or are not already an existing member of the Scheme are, subject to meeting the relevant criteria, automatically enrolled into the National Employment Savings Trust (NEST) The BBC and employees currently pay 1% of qualifying earnings to NEST Individuals can choose to opt out of this

Executive Directors' pension arrangements may be reviewed and amended in response to changes in legislation or similar developments
Features of the BBC s pension arrangements, including normal pension age, are provided in the table on page 24

Details of the BBC Pension Scheme are available at www bbc co uk/mypension and details of LifePlan can be found at www friendslife co uk/microsite/bbc
Tim Davie became an active member of the CAB 2011 section as at 1 January 2012, and retains a deferred pension in the New Benefits section for service up to that date The information in the table on page 25 reflects his CAB 2011 benefits but includes the period before he was appointed as a director

Until 31 August 2014, Andrew Bott was employed on a US contract and participated in the BBC Worldwide Americas 401(k) Retirement Plan, under the terms of which employees may, immediately on joining the organisation contribute up to 70% of pay, to a maximum of US$17,500 per annum BBC Worldwide Americas provides matching contributions equal to 100% of the first 5% of employee contributions Employee contributions are always 100% vested 20% of matching contributions vest each year, becoming fully vested after five years Andrew joined LifePlan on his return to the UK on 1 September 2014 and retains a deferred pension in the New Benefits section for service before his transfer to the USA in 2006

CHANGES TO CEO REMUNERATION
£000s



Report on Directors' remuneration (continued)

Scheme	*'Old' Benefits Defined Benefit*	*'New' Benefits Defined Benefit*	*CAB 2006 Defined Benefit*	*CAB 2011 Defined Benefit*	*LifePlan Defined Contribution*	*National Employment Savings Trust (Auto Enrolment Arrangement) Defined Contribution*
Date Closed	30 September 1996	31 October 2006	30 November 2010	1 January 2012	Open to all eligible employees	Open to all eligible employees
Accrual	60ths accrual	60ths accrual	1 67% accrual Adjusted in line with inflation	1 67% accrual Adjusted in line with CPI	BBC will contribute a maximum of 10% of salary if employee contributes 8% with lower sliding scale	BBC will contribute 1% of qualifying earnings
Salary	Final pensionable	Final pensionable	Career average revalued earnings	Career average revalued earnings		
Normal Pensionable Age	60	60	65	65	N/A	N/A
Earnings Cap	Date of joining before 1 June 1989 uncapped, capped otherwise	Capped at £145,800	Capped at £145,800	Capped at £142,200	Uncapped	Minimum Earnings £5,668 p a Maximum Earnings £41,450 p a
Pensionable salary growth before the Earnings cap is applied	Limited at 1% p a	Limited at 1% p a	Limited at 1% p a	No restriction	N/A	N/A
Employee contribution (% of pensionable salary)	7 5%	7 5%	4%	6%	Minimum employee contribution is 4%	1% of qualifying earnings

Employment contracts

Employment contracts of Executive Directors recently employed by BBC Worldwide in the UK have a maximum notice period of six months Contracts are subject to earlier termination for cause In the UK, if termination arises through redundancy, Executive Directors are entitled to one month's pay for each year of continuing service, up to a maximum of 24 months' base pay (or 12 months' base pay for Executive Directors employed on or after 1 January 2013) This is now subject to a cap of £150,000 in total

Outside interests

Where there is no potential for conflict of interest, and with the prior agreement of the Chair of BBC Worldwide, Executive Directors 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 Executive Directors' development as well as bringing broader business skills to BBC Worldwide

During the year, no Executive Directors held paid external directorships

Non-executive Directors

The Non-executive Directors of BBC Worldwide during the year were Tony Hall, Anne Bulford, Dharmash Mistry (from 16 February 2015) and Sir Howard Stringer (from the same date), none of whom received any remuneration in respect of their duties in this capacity from BBC Worldwide

Report on Directors' remuneration (continued)

Remuneration earned in the year ended 31 March 2015

£'000	*Fee/base pay*	*Annual bonus*	*PSP*	*Taxable benefits*	*Pension-Related Single Figure*	*Total 2014-15*	*Total 2013-14 (including Pension-Related Single Figure)*	*Total 2013-14 (excluding Pension-Related Single Figure)*
Executive Directors								
Tim Davie[1]	400	201	–	2	37	640	670	633
Andrew Bott[2]	288	145	29	4	23	489	124	121
	688	346	29	6	60	1,129	794	754
Non-Executive Directors	–	–	–	–	–	–	–	–
Former Executive Directors	–	–	–	–	–	–	252	224
Total	688	346	29	6	60	1,129	1,046	978

1 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 and for all Career Average Benefit members From that date 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 Tim Davie s base salary has not been adjusted to reflect the impact of the salary sacrifice His total salary sacrifice was £8 532 (2013/14 £8,280)

2 Andrew Bott was an Executive Director of BBC Worldwide throughout the year but was employed on a US contract until 31 August 2014 The figures in the table above include his remuneration up to and including that date converted from US dollars at the rate prevailing at the time of payment together with his remuneration from 1 September 2014 onwards, in sterling

Pension entitlements

£'000	*Age as at 31 March 2015*	*Section*	*Accrued pension 31 March 2015*	*Accrued pension 1 April 2014*	*Defined benefit contributions (via salary sacrifice)*	*Pension-related single figure*
Tim Davie	47	CAB 2011	8	5	9	37

Tim Davie became an active member of the CAB 2011 section as at 1 January 2012 and retains a deferred pension in the New Benefits section for service up to that date The pensions shown relate to CAB 2011 only but include the period before he was a director

Until 31 August 2014 Andrew Bott participated in the BBC Worldwide Americas 401(k) Retirement Plan He joined LifePlan on his return to the UK on 1 September The employer contributions to these two schemes were £6k and £17k respectively He retains a deferred pension in the New Benefits section for service before his transfer to the USA in 2006

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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 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 2015 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated cash flow statement and Consolidated statement of changes in equity the related notes 1 to 36, the Company balance sheet and the related notes a to p 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 European Union The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom 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 Directors' Responsibilities Statement set out on page 26, 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group s and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2015 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 European Union,
- the Company financial statements have been properly prepared in accordance with United Kingdom 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 Strategic Report and 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 Company or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Richard Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

9 June 2015

Consolidated income statement
for the year ended 31 March 2015

	Note	Ongoing businesses 2015 £m	BBC AMERICA 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC AMERICA 2014 £m	Total 2014 £m
Headline sales including joint ventures	2	**948 1**	**53 7**	**1,001 8**	**944 5**	**97 8**	**1,042 3**
Less Share of revenue of joint ventures		(150 5)	-	(150 5)	(150 3)	-	(150 3)
Revenue		**797 6**	**53 7**	**851.3**	**794 2**	**97 8**	**892 0**
Total operating costs	3	(728 5)	(42 3)	(770 8)	(719 7)	(62 6)	(782 3)
Share of results of joint ventures and associates		35 8	-	35 8	25 9	-	25 9
Operating profit		**104 9**	**11 4**	**116 3**	**100 4**	**35.2**	**135 6**
Analysed as							
Headline profit	2	127 2	11 4	138 6	122 2	35 2	157 4
Share of interest and tax of joint ventures and associates	4	(9 4)	-	(9 4)	(9 7)	-	(9 7)
Pension deficit reduction payment	4	(8 1)	-	(8 1)	(2 3)	-	(2 3)
Other specific items	4	(4 8)	-	(4 8)	(9 8)	-	(9 8)
		104 9	**11 4**	**116 3**	**100.4**	**35.2**	**135 6**
Gains on disposals	27	-	115 9	115 9	4 1	-	4 1
Other gains and losses	8	(5 7)	-	(5 7)	(9 3)	-	(9 3)
Finance income	9	0 8	-	0 8	0 4	-	0 4
Finance expense	9	(3 5)	-	(3 5)	(4 6)	-	(4 6)
Profit before tax		**96 5**	**127 3**	**223 8**	**91 0**	**35 2**	**126.2**
Profit before tax excluding gains and losses on disposals		96 5	11 4	107 9	86 9	35 2	122 1
Tax charge for the year	10	(11 7)	(26 6)	(38 3)	(14 3)	(13 8)	(28 1)
Profit for the year attributable to equity shareholder of the parent company	5	**84 8**	**100 7**	**185 5**	**76 7**	**21 4**	**98 1**

Consolidated statement of comprehensive income
for the year ended 31 March 2015

	Ongoing businesses 2015 £m	BBC AMERICA 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC AMERICA 2014 £m	Total 2014 £m
Profit for the year	84 8	100 7	185 5	76 7	21 4	98 1
Items that are or may be reclassified to profit or loss						
Recycling of translation reserves on disposal of business	-	6 1	6 1	-	-	-
Recognition and transfer of cash flow hedges	(10 9)	-	(10 9)	16 4	-	16 4
Tax on cash flow hedges taken directly to other comprehensive income	2 3	-	2 3	(3 7)	-	(3 7)
Exchange differences on translation of foreign operations	16 4	2 8	19 2	(1 5)	(5 6)	(7 1)
Other comprehensive income for the year	**7 8**	**8 9**	**16 7**	**11 2**	**(5 6)**	**5 6**
Total comprehensive income for the year attributable to equity shareholder of the parent company	**92 6**	**109 6**	**202.2**	**87 9**	**15 8**	**103 7**

* BBC AMERICA this comprises the results of New Video Channel America LLC (NVCA) up to the date of disposal, together with the Group's gain on disposal (see note 27) Whilst the transaction does not meet the criteria of a discontinued operation under IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, it is considered to be of sufficient importance as to justify the presentation of a separate column for BBC AMERICA in order to provide a better understanding of the profit and other comprehensive income for the current and the prior year

Consolidated balance sheet
as at 31 March 2015

	Note	2015 £m	2014 £m
Non-current assets			
Goodwill	12	33 4	34 1
Distribution rights	13	202 8	170 1
Other intangible assets	14	27 9	21 0
Property, plant and equipment	15	28 6	16 9
Interests in joint ventures and associates	16	148 8	12 8
Investments	17	13 1	8 5
Deferred tax assets	10	4 2	3 5
Derivative financial assets	24	2 9	3 4
		461 7	**270 3**
Current assets			
Programme rights and other inventories	18	67 3	102 6
Trade and other receivables	19	367 2	315 4
Current tax receivable		20 6	12 7
Derivative financial assets	24	8 4	9 5
Cash and cash equivalents		66 6	45 1
Assets classified as held for sale	21	3 0	-
		533 1	**485 3**
Total assets		**994 8**	**755 6**
Current liabilities			
Interest-bearing loans and borrowings	23	0 3	0 7
Trade and other payables	20	405 2	327 6
Current tax liabilities		4 6	2 6
Provisions	22	5 3	4 7
Derivative financial liabilities	24	10 2	1 1
		425 6	**336 7**
Non-current liabilities			
Interest-bearing loans and borrowings	23	135 5	98 7
Trade and other payables	20	0 8	0 8
Provisions	22	1 9	0 5
Derivative financial liabilities	24	6 2	2 0
Deferred tax liabilities	10	19 2	2 2
		163 6	**104 2**
Total liabilities		**589 2**	**440 9**
Net assets		**405 6**	**314 7**
Equity			
Share capital	25	0 2	0 2
Hedging reserve	26	(3 0)	5 6
Translation reserve	26	12 1	(13 2)
Retained earnings	26	396 3	322 1
Total equity		**405 6**	**314 7**

These consolidated financial statements of BBC Worldwide Limited, registered number 1420028, were approved by the Board of Directors on 9 June 2015 and were signed on its behalf by

Andrew Bott
Chief Financial Officer

Consolidated cash flow statement
for the year ended 31 March 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations	28	217 5	188 1
Tax paid		(26 5)	(37 6)
		191 0	**150 5**
Cash flows from investing activities			
Interest received		0 8	0 4
Dividends received from joint ventures and associates	16	26 5	18 2
Purchases of distribution rights	13	(145 9)	(142 2)
Purchases of other intangible assets	14	(11 7)	(7 7)
Purchases of property, plant and equipment	15	(20 3)	(1 9)
Proceeds on disposal of available-for-sale investments		-	1 8
Disposal of operations net of cash disposed	27	64 5	25 7
Acquisition of interests in joint ventures and associates	16	(3 6)	(0 4)
Acquisition of investments		(5 4)	(2 6)
Amounts advanced to related parties		(0 1)	(0 4)
Repayment by related parties		0 3	2 0
		(94 9)	**(107 1)**
Cash flows from financing activities			
Interest paid		(3 3)	(4 6)
Drawdown of loans and borrowings		36 4	25 5
Equity dividends paid	11	(111 3)	(88 3)
		(78 2)	**(67 4)**
Net increase/(decrease) in cash and cash equivalents		**17 9**	**(24 0)**
Cash and cash equivalents at the beginning of the year		45 1	74 7
Foreign exchange translation gains/(losses)		3 6	(5 6)
Cash and cash equivalents at end of the year		**66 6**	**45 1**

Cash and cash equivalents is comprised entirely of cash at banks and on hand

Consolidated statement of changes in equity
for the year ended 31 March 2015

	Share capital £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2013	**0.2**	**(7.1)**	**(6.1)**	**312.3**	**299.3**
Profit for the year	-	-	-	98.1	98.1
Recognition and transfer of cash flow hedges	-	16.4	-	-	16.4
Tax on items taken directly to equity	-	(3.7)	-	-	(3.7)
Exchange differences on translation of foreign operations	-	-	(7.1)	-	(7.1)
Total comprehensive income for the year	**-**	**12.7**	**(7.1)**	**98.1**	**103.7**
Dividends paid (Note 11)	-	-	-	(88.3)	(88.3)
Balance at 31 March 2014	**0.2**	**5.6**	**(13.2)**	**322.1**	**314.7**
Profit for the year	-	-	-	185.5	185.5
Recycling of translation reserves on disposal	-	-	6.1	-	6.1
Recognition and transfer of cash flow hedges	-	(10.9)	-	-	(10.9)
Tax on items taken directly to equity	-	2.3	-	-	2.3
Exchange differences on translation of foreign operations	-	-	19.2	-	19.2
Total comprehensive income for the year	**-**	**(8.6)**	**25.3**	**185.5**	**202.2**
Dividends paid (Note 11)	-	-	-	(111.3)	(111.3)
Balance at 31 March 2015	**0.2**	**(3.0)**	**12.1**	**396.3**	**405.6**

Notes to the consolidated financial statements

1 Principal accounting policies

BBC Worldwide Limited (the "Company") is a company domiciled and incorporated in the United Kingdom, and its registered address is Television Centre 101 Wood Lane, London W12 7FA The consolidated financial statements of the Company for the year ended 31 March 2015 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

The BBC AMERICA column included in the Income statement and the relevant notes comprises the results of NVCA up to the date of disposal, together with the Group's gain on disposal (see note 27) Whilst the transaction does not meet the criteria of a discontinued operation under IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, it is considered to be of sufficient importance as to justify the presentation of a separate column for BBC AMERICA in order to provide a better understanding of the profit and other comprehensive income for the current and the prior year

(b) Going concern

The Board remains satisfied with the Group s funding and liquidity position The disclosures on page 19 in the Directors' Report in respect of going concern form part of the audited accounts

As at 31 March 2015, the main source of debt funding was an unsecured credit facility with BBC Commercial Holdings Limited (BBCCH) expiring in September 2016 Further information in respect of this facility is included in note 23

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 33

(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 a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control An associate is an entity over which the Group has significant influence Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those 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 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 10 (2011) *Consolidated financial statements*
- IFRS 11 (2011) *Joint arrangements*
- IFRS 12 (2011) *Disclosure of Interests in Other Entities*
- IAS 27 (2011) *Separate Financial Statements (Revised)*
- IAS 28 (2011) *Investments in Associates and Joint Ventures (Revised)*
- Amendment to IAS 32 (2011) *Financial Instruments Presentation*
- Amendment to IAS 36 (2013) *Impairment of Assets*
- Amendment to IAS 39 (2013) *Financial Instruments Recognition and Measurement*
- IFRIC 21 (May 2013) *Levies*

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)

- Amendments resulting from Annual Improvements 2010-2012 Cycle (2013) (effective for periods commencing on or after 1 July 2014)
- Amendments resulting from Annual Improvements 2011-2013 Cycle (2013) (effective for periods commencing on or after 1 July 2014)
- Amendments to IAS 19 (2013) *Employee Benefits* (effective for periods commencing on or after 1 July 2014)
- Amendments to IFRS 7 (2011 and 2013) *Financial Instruments Disclosures* (effective for periods commencing on or after 1 January 2015)
- IFRS 14 (2014) *Regulatory Deferral Accounts* (effective for periods commencing on or after 1 January 2016)
- Amendments to IFRS 10 (2014) *Consolidated Financial Statements* (effective for periods commencing on or after 1 January 2016)
- Amendments to IFRS 11 (2014) *Joint Arrangements* (effective for periods commencing on or after 1 January 2016)
- Amendments to IFRS 12 (2014) *Disclosures of Interests in Other Entities* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 1 (2014) *Presentation of Financial Statements* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 16 (2014) *Property, Plant and Equipment* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 19 (2014) *Employee Benefits* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 27 (2014) *Separate Financial Statements* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 28 (2014) *Investments in Associates and Joint Ventures* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 38 (2014) *Intangible Assets* (effective for periods commencing on or after 1 January 2016)
- Amendments to IAS 41 (2014) *Agriculture* (effective for periods commencing on or after 1 January 2016)
- Amendments resulting from Annual Improvements 2014 Cycle (2014) (effective for periods commencing on or after 1 January 2016)
- IFRS 15 (2014) *Revenue from Contracts with Customers* (effective for periods commencing on or after 1 January 2017)
- IFRS 9 (2014) *Financial Instruments Classification and Measurement* (effective for periods commencing on or after 1 January 2018)
- IAS 39 (2013) *Financial Instruments Recognition and Measurement* (effective from date of application of IFRS 9)

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(d) Adoption of new and revised standards (continued)

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 replaces the existing IAS 39 (2013) Financial Instruments Recognition and Measurement,
- IFRS 15 will impact revenue recognition in particular royalty based income

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

(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

(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

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(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

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

(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 Revenue is recognised when the significant transfer of risks and rewards has occurred

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 from programme content and programme formats Once a contract has been signed, licence fees are recognised on the later of the start of the licence period or when the associated programme is available for delivery
- 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 regional Channels operations and from websites are recognised on transmission or publication of the advertisement
- Production fees and participation royalties earned by the Group 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 through regional consumer products 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

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(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, are held separately from those of the BBC Group

The defined benefit schemes provide benefits based on pensionable pay The assets of the BBC's 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 Therefore as required by IAS 19 *Employee Benefits* BBC Worldwide accounts for the contributions payable to the scheme for the year

(l) Other employee benefits

The Group operates a number of incentive schemes, including the former long term incentive scheme whereby senior executives received a proportion of their remuneration in the form of a share of the Group's profits, which vested 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

(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 ten 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

Notes to the consolidated financial statements (continued)

1 Principal accounting policies (continued)

(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

• Carrier agreements	Unexpired term of agreement
• Software (including internally-generated software)	1-5 years
• Other	3-8 years

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

(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 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 any balance 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, had no impairment loss been recognised

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(r) Programme rights and other inventories

Programme rights in this context refers to programme rights acquired for the primary purpose of broadcasting through the regional channels operations 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

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 CDs, DVDs, raw materials and work in progress, are stated at the lower of cost (determined on a first-in-first-out basis) and net realisable value

(s) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated 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 over 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 directly by any impairment loss, 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 the Consolidated income statement

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

(s) Financial instruments (continued)

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 Consolidated 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

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 in the Consolidated balance sheet at fair value from inception of the host contract Unrealised changes in fair value are recognised as gains or losses within the Consolidated 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 of the derivatives that are designated in the hedge are recognised in other comprehensive income Any ineffective portion is recognised immediately in the Consolidated income statement

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the Consolidated income statement in the periods in which the hedged items are recognised in the Consolidated income statement, in the same line of the Consolidated 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, when 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 Consolidated income statement at the same time as the forecast transaction affects profit or loss, or is recognised in the Consolidated 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, associates or joint ventures In such circumstances, the Group has assessed its ability to control or influence those entities The Group controls an investee if, and only if, the Group has power over the investee (i e existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns 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 or associated undertaking

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 12

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 33

vi Accounting treatment and valuation of NVCA as an associate

As described in note 27, in October 2014 the Group sold a 49 9% interest in its former subsidiary NVCA to AMCN Despite the BBC Worldwide residual 50 1% shareholding in NVCA, AMCN obtained control over the key decision-making activities of NVCA NVCA has therefore been deconsolidated from the date of disposal and due to the significant influence retained by the Group, NVCA has been equity accounted as an associate from that same date The carrying value initially ascribed to NVCA as an associate was based on the Board's assessment of the fair value of NVCA at the date of disposal taking into account the proceeds received for the sale of the controlling interest the significant influence retained by the Group, and the retained right to variable returns from the investment in NVCA As disclosed in note 27, the initial fair value recognised for NVCA as an associate generated an £89 2m uplift over the book value of the net assets retained, which has been recognised as part of the gain on disposal The carrying value of NVCA at 31 March 2015, including the Group's share of equity earnings arising since NVCA's reclassification as an associate, is a key judgement area for the Board, to ensure that there are no indicators of impairment in the value of NVCA that might require a write-down of the Group's investment

Notes to the consolidated financial statements (continued)

2. Segment information

Whilst not required by IFRS 8 *Operating Segments* to present segmental information, such information has been provided below as it is considered meaningful to the users of the accounts

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

With effect from 1 March 2013, the Group changed from divisional to geographical reporting lines across seven regions, balanced by strong global functions for content and brands Each geographical region is responsible for business development and delivering sales and profit growth across all activities in the area

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

- United Kingdom
- North America
- Australia and New Zealand
- Western Europe
- Rest of World

Segment information as presented is consistent with the Group's internal reporting to the Board

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

2015	United Kingdom £m	North America £m	Australia and New Zealand £m	Western Europe £m	Rest of World £m	Eliminations £m	Total £m
Headline sales	**361 8**	**299 9**	**81 9**	**160 1**	**116 2**	**(18 1)**	**1,001 8**
Share of revenue of joint ventures	(148 9)	(0 8)	(0 8)	-	-	-	(150 5)
Revenue	**212.9**	**299 1**	**81 1**	**160 1**	**116 2**	**(18 1)**	**851 3**
Headline profit	**52 7**	**32 9**	**16 3**	**27 0**	**5 2**	**4 5**	**138 6**
Specific items							(22 3)
Operating profit							**116 3**
Gains on disposals							115 9
Other gains and losses							(5 7)
Finance income							0 8
Finance expense							(3 5)
Profit before tax							**223 8**

2014	United Kingdom £m	North America £m	Australia and New Zealand £m	Western Europe £m	Rest of World £m	Eliminations £m	Total £m
Headline sales	**362.2**	**342 5**	**76.0**	**156 2**	**122.9**	**(17.5)**	**1,042.3**
Share of revenue of joint ventures	(146 1)	(3 0)	(1 2)	-	-	-	(150 3)
Revenue	**216 1**	**339 5**	**74 8**	**156 2**	**122 9**	**(17 5)**	**892 0**
Headline profit/(loss) *	**56 2**	**44 1**	**13 3**	**34 3**	**9 8**	**(0 3)**	**157 4**
Specific items							(21 8)
Operating profit							**135 6**
Gains on disposals							4 1
Other gains and losses							(9 3)
Finance income							0 4
Finance expense							(4 6)
Profit before tax							**126 2**

* The regional analysis of headline profit for 2014 has been restated to reflect the revised basis of allocation of content charge with effect from 2015, for management reporting to the Board

The allocation of revenue to geographic segments is based upon the business region in which the sales are generated Inter-regional revenues are eliminated upon consolidation and are reflected in the 'Eliminations' column above

Notes to the consolidated financial statements (continued)

2. Segment information (continued)

Whilst, as noted above, the Board now manages the group by region rather than by business classification, the additional data set out below presents the headline sales by business classification in order to provide an understanding of the size of each of the major business types

2015	Channels £m	Sales and Distribution £m	Production & Formats £m	Consumer Products £m	Other £m	Eliminations £m	Total £m
Headline sales	**356 9**	**345 3**	**161 6**	**124 4**	**67 3**	**(53 7)**	**1,001 8**
Share of revenue of joint ventures	(143 9)	(0 7)	-	(0 1)	(5 8)	-	(150 5)
Revenue	**213 0**	**344 6**	**161 6**	**124.3**	**61 5**	**(53 7)**	**851 3**

2014	Channels £m	Sales and Distribution £m	Production & Formats £m	Consumer Products £m	Other £m	Eliminations £m	Total £m
Headline sales	**399 3**	**334 6**	**155 9**	**146 1**	**59 8**	**(53 4)**	**1,042 3**
Share of revenue of joint ventures	(139 2)	(2 7)	-	(0 3)	(8 1)	-	(150 3)
Revenue	**260 1**	**331 9**	**155 9**	**145 8**	**51 7**	**(53 4)**	**892 0**

Inter-segment revenues are eliminated upon consolidation and are reflected in the 'Eliminations' column above

The Group's geographical reportable segments reflect management reporting lines and do not solely correspond to the country or region after which they are named The Group's revenue by country of destination was as follows

	Headline sales 2015 £m	Share of JV revenue 2015 £m	Revenue 2015 £m	Headline sales 2014 £m	Share of JV revenue 2014 £m	Revenue 2014 £m
United Kingdom	339 2	(145 1)	194 1	363 7	(141 7)	222 0
United States of America	278 5	(0 8)	277 7	315 7	(3 0)	312 7
Australia	72 4	(0 6)	71 8	66 6	(2 1)	64 5
Rest of World	311 7	(4 0)	307 7	296 3	(3 5)	292 8
	1,001 8	**(150 5)**	**851 3**	**1,042 3**	**(150 3)**	**892 0**

The Group's non-current assets, other than financial instruments and deferred tax assets, located in the UK are £298 8m (2014 £241 6m) and located outside of the UK are £155 8m (2014 £21 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

Notes to the consolidated financial statements (continued)

3 Total operatɪng costs

Operatıng costs from contınuıng operatıons comprıse the followıng categorıes of expense

	Ongoing businesses 2015 £m	BBC America 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC America 2014 £m	Total 2014 £m
Cost of sales	499 0	29 0	528 0	482 7	42 0	524 7
Dıstrıbutıon costs	78 9	4 6	83 5	79 2	6 9	86 1
Admınıstratıon costs	150 6	8 7	159 3	157 8	13 7	171 5
Total operating costs	**728 5**	**42 3**	**770 8**	**719 7**	**62 6**	**782 3**

4. Specific items

Share of ınterest and tax of joint ventures and associates

The Group vıews its ınvestments as beıng a fundamental part of ıts ongoıng operatıons IFRS requıres that the Group reports ıts share of the results of joınt ventures and assocıates on an after-tax, after-ınterest basis The ınterest and tax charges borne by joınt ventures and associates have been added back wıthın Headlıne profit as a specific item, ın order to present an operatıng profit measure which more approprıately represents the way ın which the busıness ıs reviewed and assessed ınternally

Pensıon defıcit reductıon payment

As described ın note 31, the Group accounts for contrıbutıons to the BBC Pensıon Scheme as ıf ıt were a defined contrıbutıon scheme In March 2015, the Group made an addıtıonal tax-deductıble cash payment of £8 1m (June 2013 £2 3m) to the BBC ın connectıon wıth the BBC's defıcıt reductıon plan As thıs payment ıs not reflectıve of the ongoıng servıce cost of actıve scheme partıcıpants, management belıeves ıt is appropriate to present thıs cost as a specıfic ıtem Further payments are expected to be made ın future years as descrıbed ın note 31

Other specıfic items

	Ongoing businesses and total 2015 £m	Ongoing businesses and total 2014 £m
Reorganısatıon costs	(2 6)	(7 0)
Amounts wrıtten off interests ın joınt ventures and assocıates	(2 0)	(2 2)
Transactıon fees	(0 2)	(0 6)
	(4 8)	**(9 8)**

Reorganısatıon costs ın both years are tax-deductıble and settled in cash, and ınclude redundancy and sımılar costs arısıng as a result of changes to the Group's organısatıon structure, and costs assocıated wıth the relocatıon of the Group's head office

Amounts wrıtten off ınterests in joınt ventures and assocıates ın the year ended 31 March 2015 were derıved from a comparıson of theır respectıve book values wıth dıscounted cash flow forecasts The charge ın the prior year related to the assocıate AudioGO, which was wrıtten down to £nıl due to that company beıng ın admınıstratıon Such wrıte-offs are non-cash and non-deductıble for tax purposes

Notes to the consolidated financial statements (continued)

5 Profit for the year

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

	Ongoing businesses 2015 £m	BBC America 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC America 2014 £m	Total 2014 £m
Rentals on operating leases and similar arrangements	13 7	0 4	14 1	10 9	0 8	11 7
Sub-lease rentals received on operating leases	(0 2)	-	(0 2)	(0 6)	-	(0 6)
Net foreign exchange (gains)/losses	(0 5)	-	(0 5)	6 1	-	6 1
Government grants receivable	(0 1)	-	(0 1)	(1 0)	-	(1 0)
Depreciation on property, plant and equipment (note 15)	7 8	0 2	8 0	7 6	0 1	7 7
Impairment of property, plant and equipment (note 15)	-	0 9	0 9	-	-	-
Amortisation of intangible assets						
Distribution rights (note 13)	113 0	-	113 0	103 4	-	103 4
Internally generated software assets	3 4	-	3 4	3 0	-	3 0
Other intangible assets	1 0	-	1 0	1 7	-	1 7
Programme rights and other inventories						
Cost recognised as an expense						
- programmes in the course of production	83 0	0 5	83 5	80 3	1 4	81 7
- broadcast rights and other inventories	48 8	14 6	63 4	49 2	22 3	71 5
Write-downs recognised as an expense	3 8	0 6	4 4	4 1	1 2	5 3
Employee costs (note 7)	142 8	6 1	148 9	133 1	11 4	144 5
Impairment loss recognised on loan receivables	0 1	-	0 1	0 6	-	0 6
Impairment loss recognised on trade receivables (note 19)	1 0	0 1	1 1	3 3	-	3 3
Reversal of impairment losses recognised on trade receivables (note 19)	(2 8)	-	(2 8)	(0 9)	-	(0 9)

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

6 Auditor's remuneration

	Ongoing businesses 2015 £m	BBC America 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC America 2014 £m	Total 2014 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0 4	0 1	0 5	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 2	-	0 2	0 2	-	0 2
Total audit fees	**0 6**	**0 1**	**0.7**	**0 5**	**-**	**0 5**
Tax services	0 2	-	0 2	0 1	-	0 1
Other services	0 1	-	0 1	-	-	-
Total non-audit fees	**0 3**	**-**	**0 3**	**0 1**	**-**	**0 1**

Notes to the consolidated financial statements (continued)

7. Employee costs

The average number of employees during the year was as follows

	Ongoing businesses 2015 Number	BBC America 2015 Number	Total 2015 Number	Ongoing businesses 2014 Number	BBC America 2014 Number	Total 2014 Number
United Kingdom	438	-	438	453	-	453
North America	360	86	446	363	151	514
Australia and New Zealand	197	-	197	179	-	179
Western Europe	324	-	324	288	-	288
Rest of World	424	-	424	390	-	390
Total number of employees	**1,743**	**86**	**1,829**	**1,673**	**151**	**1,824**

Within the averages above, 93 (2014 96) part-time employees have been included at their full-time equivalent of 66 (2014 64), including casual staff

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

	Ongoing businesses 2015 £m	BBC America 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC America 2014 £m	Total 2014 £m
Salaries and wages	114 4	5 6	120 0	110 9	10 5	121 4
Social security costs	10 4	0 3	10 7	10 0	0 6	10 6
Other pension costs	18 0	0 2	18 2	12 2	0 3	12 5
	142 8	**6 1**	**148 9**	**133 1**	**11 4**	**144 5**

In addition to the above, redundancy costs and compensation for loss of office payments totalling £1 3m (2014 £5 1m) were incurred in the year

The remuneration of the Directors during the year was as follows

	Ongoing businesses and total 2015 £'000	Ongoing businesses and total 2014 £'000
Emoluments	1,040	971
Long-term incentive schemes	29	7
	1,069	**978**

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

	Ongoing businesses and total 2015 Number of Directors	Ongoing businesses and total 2014 Number of Directors
Defined benefit schemes	1	2
Money purchase schemes	1	1

Further details of Directors' remuneration are provided in the Report on Directors' remuneration on pages 21 to 25 Further information regarding the compensation earned by key management can be found in note 34

The Group contributed £23 000 (2014 £3,000) to money purchase schemes for its Directors in the year

The remuneration of the highest paid Director during the year was £603,000 (2014 £633,000)

Notes to the consolidated financial statements (continued)

8 Other gains and losses

	Ongoing businesses and total 2015 £m	Ongoing businesses and total 2014 £m
Change in fair value of derivative financial instruments	(4 0)	6 1
Change in fair value of available-for-sale financial assets	-	1 1
Recognition of share of net liabilities of joint ventures (note 16)	-	(16 5)
Increase in earn-out payments due in respect of prior acquisitions	(1 3)	-
Reduction in earn-out proceeds receivable on prior disposals	(0 4)	-
	(5 7)	(9 3)

9. Net financing costs

	Ongoing businesses and total 2015 £m	Ongoing businesses and total 2014 £m
Interest receivable	0 8	0 4
Finance income	**0 8**	**0 4**
Interest payable on loan from parent undertaking	1 8	1 7
Interest payable on derivative financial instruments	1 2	2 3
Other interest payable	0 5	0 6
Finance expense	**3 5**	**4 6**

Notes to the consolidated financial statements (continued)

10. Taxation

Tax charge for the year

	Ongoing businesses 2015 £m	BBC America 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC America 2014 £m	Total 2014 £m
Current tax						
UK corporation tax	-	5 7	5 7	4 2	-	4 2
Foreign tax	13 5	3 3	16 8	6 4	13 8	20 2
Adjustments in respect of prior years	(3 4)	-	(3 4)	(0 4)	-	(0 4)
	10 1	**9 0**	**19 1**	**10 2**	**13 8**	**24 0**
Deferred tax						
Origination and reversal of timing differences	0 9	17 6	18 5	2 6	-	2 6
Reduction in rate of UK corporation tax	0 1	-	0 1	0 4	-	0 4
Adjustments in respect of prior years	0 6	-	0 6	1 1	-	1 1
	1 6	**17 6**	**19 2**	**4 1**	**-**	**4 1**
Tax on profit on ordinary activities	**11 7**	**26 6**	**38 3**	**14 3**	**13 8**	**28 1**

The UK corporation tax charge is net of a credit of £7 8m (2014 £5 1m) in respect of High-end television tax relief

A tax credit of £2 2m (2014 £2 2m) is included in the Consolidated income statement in respect of specific items (note 4)

In addition to the amount charged to the Consolidated income statement a tax credit of £2 3m (2014 charge of £3 7m) 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 (2014 lower) than the standard rate of corporation tax in the UK of 21% (2014 23%) The tax charge can be reconciled to the profit per the Consolidated income statement as follows

	Ongoing businesses 2015 £m	BBC America 2015 £m	Total 2015 £m	Ongoing businesses 2014 £m	BBC America 2014 £m	Total 2014 £m
Profit before tax	96 5	127 3	223 8	91 0	35 2	126 2
Tax at the UK corporation tax rate of 21% (2014 23%)	20 3	26 7	47 0	20 9	8 1	29 0
Effects of						
Disallowed expenditure	1 7	1 5	3 2	2 3	-	2 3
Non-taxable income	-	(11 3)	(11 3)	-	-	-
High-end television tax relief	(7 8)	-	(7 8)	(5 1)	-	(5 1)
Tax-exempt disposals of businesses	-	-	-	(1 2)	-	(1 2)
Tax differential on wholly-owned overseas earnings	6 3	9 7	16 0	(1 6)	5 7	4 1
Tax effect of share of results of joint ventures and associates	(6 1)	-	(6 1)	(2 1)	-	(2 1)
Reduction in rate of UK corporation tax	0 1	-	0 1	0 4	-	0 4
Adjustments in respect of previous years	(2 8)	-	(2 8)	0 7	-	0 7
Tax charge for the year	**11 7**	**26 6**	**38 3**	**14 3**	**13 8**	**28 1**

Notes to the consolidated financial statements (continued)

10. Taxation (continued)

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 2013/14 tax charge was paid in 2014/15 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 some time 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 actual tax liability arising from 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 2014, the rate was reduced from 23% to 21% A further annual reduction is expected to follow in the next year, reducing the corporation tax rate to 20% from 1 April 2015 Deferred tax has been calculated applying the tax rates that have been enacted at the balance sheet date with no material effect on the group

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 2013	**3 8**	**3 4**	**3 1**	**(1 4)**	**8.9**
Charged to the income statement	(0 6)	(0 5)	(1 3)	(1 7)	(4 1)
Charged to other comprehensive income	-	-	(3 7)	-	(3 7)
Foreign exchange translation gains and losses	0 4	1 2	-	(1 4)	0 2
At 31 March 2014	**3 6**	**4 1**	**(1 9)**	**(4 5)**	**1 3**
(Charged)/credited to the income statement	(0 3)	1 5	0 8	(21 2)	(19 2)
Credited to other comprehensive income	-	-	2 3	-	2 3
Foreign exchange translation gains and losses	-	1 1	-	(0 5)	0 6
At 31 March 2015	**3 3**	**6 7**	**1 2**	**(26 2)**	**(15.0)**

Other deferred tax balances predominantly relate to deferred tax on deferred capital gains and fair value interest in joint venture intangibles

Deferred tax is recorded in the balance sheet as follows

	2015 £m	2014 £m
Deferred tax assets	4 2	3 5
Deferred tax liabilities	(19 2)	(2 2)
Net deferred tax (liability)/asset	**(15.0)**	**1 3**

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 £170 0m (2014 £170 0m) 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 There is no time limit for the utilisation of those 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 £0 3m (2014 £0 1m) 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. Dividends

	2015 £m	2014 £m
Amounts recognised as distributions to equity holders in the period		
Interim dividends for the prior year of £nil per share (2014 £120 24 per share)	-	30 1
Interim dividends for the current year of £445 36 per share (2014 £232 80 per share)	111 3	58 2
	111.3	88 3

12 Goodwill

	2015 £m	2014 £m
Cost and net book value		
At beginning of the year	34 1	36 1
Foreign exchange translation losses	(0 7)	(2 0)
Carrying amount	33 4	34 1

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

	2015 £m	2014 £m
Consumer distribution	25 4	25 4
Australian Channels	8 0	8 7
	33 4	34 1

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 CGU's 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

No goodwill impairment has been recognised to date

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 long term growth rate of -6% (2014 -6%)

A discount rate of 11 7% (2014 14 4%) has been applied to the cash flows

Management is 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 (2014 five years) and a discount rate of 11 9% (2014 14 9%) Cash flows beyond the forecast period have been extrapolated using an expected growth rate of 1 0% (2014 1 0%) 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 recently contracted terms

Management believes 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)

13. Distribution rights

	2015 £m	2014 £m
Cost		
At 1 April	474 6	326 9
Additions	145 9	142 2
Foreign exchange translation gains	1 7	5 5
Fully amortised rights written off	(0 2)	-
At 31 March	**622 0**	**474 6**
Amortisation		
At 1 April	304 5	195 3
Charge for the year	113 0	103 4
Foreign exchange translation losses	1 9	5 8
Fully amortised rights written off	(0 2)	-
At 31 March	**419 2**	**304 5**
Net book value	**202 8**	**170 1**

Included within distribution rights is self-funded content in the course of production totalling £5 3m (2014 £9 8m)

Notes to the consolidated financial statements (continued)

14. Other intangible assets

2015	Carrier Agreements £m	Software £m	Other £m	Total £m
Cost				
At 1 April	9 2	46 1	0 7	56 0
Additions	-	11 7	-	11 7
Disposals	-	(13 7)	-	(13 7)
Foreign exchange translation losses	(0 7)	-	-	(0 7)
At 31 March	**8 5**	**44 1**	**0 7**	**53 3**
Amortisation				
At 1 April	3 1	31 3	0 6	35 0
Charge for the year	0 6	3 8	-	4 4
Disposals	-	(13 7)	-	(13 7)
Foreign exchange translation gains	(0 2)	-	(0 1)	(0 3)
At 31 March	**3 5**	**21 4**	**0 5**	**25 4**
Net book value	**5 0**	**22 7**	**0 2**	**27 9**

2014	Carrier Agreements £m	Software £m	Other £m	Total £m
Cost				
At 1 April	11 3	39 8	0 9	52 0
Additions	-	7 7	-	7 7
Disposals	-	(1 5)	-	(1 5)
Foreign exchange translation (losses)/gains	(2 1)	0 1	(0 2)	(2 2)
At 31 March	**9 2**	**46 1**	**0 7**	**56 0**
Amortisation				
At 1 April	3 1	28 7	0 7	32 5
Charge for the year	0 7	4 0	-	4 7
Disposals	-	(1 5)	-	(1 5)
Foreign exchange translation (gains)/losses	(0 7)	0 1	(0 1)	(0 7)
At 31 March	**3 1**	**31 3**	**0 6**	**35 0**
Net book value	**6 1**	**14 8**	**0 1**	**21 0**

Other assets comprise advertising relationships and non-compete agreements

Of total software additions recognised during the year, £10 6m (2014 £7 5m) related to internally developed software

Notes to the consolidated financial statements (continued)

15 Property, plant and equipment

2015	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 7	30 4	11 5	1 4	56 2
Additions	-	12 2	6 8	1 3	-	20 3
Disposal of subsidiaries	-	(0 2)	-	-	-	(0 2)
Other disposals	-	(0 4)	(2 0)	(0 4)	-	(2 8)
Transfers	-	-	1 4	-	(1 4)	-
Foreign exchange translation gains	-	0 2	0 4	0 1	-	0 7
At 31 March	**0 2**	**24 5**	**37 0**	**12 5**	**-**	**74 2**
Depreciation						
At 1 April	-	9 0	20 9	9 4	-	39 3
Depreciation charge for the year	-	3 0	3 8	1 2	-	8 0
Impairment charge for the year	-	0 9	-	-	-	0 9
Disposal of subsidiaries	-	(0 1)	-	-	-	(0 1)
Other disposals	-	(0 4)	(2 0)	(0 4)	-	(2 8)
Foreign exchange translation losses	-	-	0 2	0 1	-	0 3
At 31 March	**-**	**12 4**	**22 9**	**10 3**	**-**	**45 6**
Net book value	**0 2**	**12 1**	**14 1**	**2 2**	**-**	**28 6**

2014	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 6	33 1	11 9	2 2	61 0
Additions	-	-	1 5	0 4	-	1 9
Disposals	-	(0 1)	(4 1)	(0 4)	-	(4 6)
Transfers	-	-	0 8	-	(0 8)	-
Foreign exchange translation losses	-	(0 8)	(0 9)	(0 4)	-	(2 1)
At 31 March	**0 2**	**12 7**	**30 4**	**11 5**	**1 4**	**56 2**
Depreciation						
At 1 April	-	6 8	21 9	8 8	-	37 5
Charge for the year	-	2 7	3 8	1 2	-	7 7
Disposals	-	(0 1)	(4 1)	(0 4)	-	(4 6)
Foreign exchange translation gains	-	(0 4)	(0 7)	(0 2)	-	(1 3)
At 31 March	**-**	**9 0**	**20 9**	**9 4**	**-**	**39 3**
Net book value	**0 2**	**3 7**	**9 5**	**2 1**	**1 4**	**16 9**

At 31 March 2015 the Group had contractual commitments for the acquisition of property, plant and equipment totalling £1 3m (2014 £7 9m)

Notes to the consolidated financial statements (continued)

16. 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 movements in joint ventures and associates during the year were as follows

	Joint ventures 2015 £m	Associates 2015 £m	Total 2015 £m	Joint ventures 2014 £m	Associates 2014 £m	Total 2014 £m
At 1 April	0 7	12 1	12 8	19 3	16 0	35 3
Additions	0 6	122 9	123 5	0 4	-	0 4
Disposals	-	-	-	(9 9)	(1 4)	(11 3)
Recognition of share of net liabilities	-	-	-	(16 5)	-	(16 5)
Reclassification from other investments	-	0 8	0 8	-	-	-
Share of results	27 6	8 2	35 8	25 4	0 5	25 9
Adjustment to provision for unrealised profits	1 1	(0 5)	0 6	(0 1)	0 1	-
Dividends receivable	(29 6)	(2 4)	(32 0)	(17 9)	(0 3)	(18 2)
Foreign exchange translation gains/(losses)	0 2	12 1	12 3	-	(0 6)	(0 6)
Amounts written off	-	(2 0)	(2 0)	-	(2 2)	(2 2)
At 31 March	**0 6**	**151 2**	**151 8**	**0 7**	**12 1**	**12 8**

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

	Joint ventures 2015 £m	Associates 2015 £m	Total 2015 £m	Joint ventures 2014 £m	Associates 2014 £m	Total 2014 £m
Interests in joint ventures and associates	0 6	148 2	148 8	0 7	12 1	12 8
Non-current assets held for sale (note 21)	-	3 0	3 0	-	-	-
	0 6	**151 2**	**151 8**	**0 7**	**12 1**	**12 8**

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 ("Scripps") for the production, marketing and supply on a wholesale basis of free-to-air and subscription channels in the UK The partnership operates through the joint venture company UKTV Media Holdings Limited ("UKTV")

UKTV is financed by Scripps and has both trade with and debt in a number of subsidiary operating companies These companies previously formed a number of discrete legal groups with ownership of each held directly by the joint venture partners In accordance with IAS 28 *Joint Ventures and Associates*, BBC Worldwide equity accounted only for those joint ventures which were cumulatively profitable Accordingly, the Group did not account for two companies within the UKTV group which had net liabilities and where BBC Worldwide had no obligation to provide further funding

During the prior year, UKTV management agreed in principle to a reorganisation of the unified UKTV Group, which involved collapsing the disparate trading subsidiaries into a single trading entity As a result of this change which became effective on 30 November 2014 BBC Worldwide recognised a 50% share of those net liabilities not previously recognised, recording a charge of £16 5m in the Consolidated income statement for the year to 31 March 2014 As at 31 March 2014 and 31 March 2015, the consolidated UKTV group was in an overall net asset position

UKTV was the only material joint venture undertaking held by the Group in both the current and the prior year

Ragdoll Worldwide Limited

In April 2006, BBC Worldwide entered into an agreement with Ragdoll Worldwide Limited to form a joint venture The purpose of the joint venture was 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 and the joint venture was classified as held for sale The joint venture was disposed of in the year ended 31 March 2014 (see note 27)

Notes to the consolidated financial statements (continued)

16. Interests in joint ventures and associates (continued)

The following represents the Group's aggregate share of joint ventures during the year

	UKTV 2015 £m	Other JV's 2015 £m	Total 2015 £m	UKTV 2014 £m	Other JV's 2014 £m	Total 2014 £m
Non-current assets	5 6	0 3	5 9	2 8	14 2	**17 0**
Current assets (including UKTV cash and cash equivalents £13 5m (2014 £24 6m))	186 5	4 7	191 2	189 1	9 3	**198 4**
Current liabilities (including UKTV financial liabilities £125 2m (2014 £76 4m))	(127 8)	(4 9)	(132 7)	(83 1)	(9 5)	**(92 6)**
Non-current liabilities (including UKTV financial liabilities £53 5m (2014 £94 4m))	(53 5)	(1 1)	(54 6)	(94 4)	(14 8)	**(109 2)**
Net assets of joint ventures	**10 8**	**(1 0)**	**9 8**	**14 4**	**(0 8)**	**13 6**
Group's share of net assets of joint ventures	**5 3**	**0 3**	**5 6**	**7 2**	**(0 4)**	**6 8**
Provision for unrealised profit	(5 0)	-	(5 0)	(6 1)	-	(6 1)
Interests in joint ventures at 31 March	**0 3**	**0.3**	**0 6**	**1 1**	**(0.4)**	**0 7**
Revenue	288 0	12 0	300 0	278 4	22 6	301 0
Expense (UKTV including depreciation £2 1m (2014 £1 3m))	(216 4)	(11 1)	(227 5)	(210 1)	(22 7)	(232 8)
Interest payable	(3 7)	-	(3 7)	(3 7)	-	(3 7)
Taxation	(14 1)	(0 1)	(14 2)	(14 8)	(0 3)	(15 1)
Profit after taxation	**53 8**	**0 8**	**54 6**	**49 8**	**(0 4)**	**49 4**
Results not recognised	-	-	-	-	0 7	0 7
Profit from joint ventures (all from continuing operations)	**53 8**	**0 8**	**54 6**	**49 8**	**0 3**	**50.1**
Profit from joint ventures attributable to other parties	(26 9)	(0 4)	(27 3)	(24 9)	(0 2)	(25 1)
Other adjustments	-	0 3	0 3	-	0 4	0 4
Group's share of profit from joint ventures recognised in Consolidated Income statement	**26 9**	**0 7**	**27.6**	**24 9**	**0 5**	**25 4**

Notes to the consolidated financial statements (continued)

16. Interests in joint ventures and associates (continued)

Interests in associates

Interests in associates in the current and previous years included the following material operation

NVCA

As set out in Note 27, on 23 October 2014, the Group sold a 49 9% stake in NVCA, formerly a wholly-owned subsidiary of BBC Worldwide Americas Inc , and retained an investment of 50 1% in NVCA Whilst the Group retains significant influence over NVCA, and has the right to variable returns, it no longer has control, and hence the Group has deconsolidated NVCA from the date of the sale and accounts for its retained interest since that date as an associate

The following represents the Group's share of associates held during the year

	NVCA 2015 £m	Other 2015 £m	Total 2015 £m	Total 2014 £m
Aggregation of 100% of each associate				
Non-current assets	251 9	6 1	258 0	30 0
Current assets	64 2	34 1	98 3	47 3
Current liabilities	(26 5)	(17 9)	(44 4)	(23 3)
Non-current liabilities	(7 3)	(8 1)	(15 4)	(44 6)
Net assets	**282.3**	**14 2**	**296 5**	**9 4**
Group's share of net assets	**141 4**	**4.0**	**145 4**	**3 5**
Goodwill on acquisition	-	10 5	10 5	8 2
Provision for unrealised profit	(3 5)	-	(3 5)	-
Other	(1 2)	-	(1 2)	0 4
Interests in associates at 31 March	**136 7**	**14 5**	**151 2**	**12 1**
Revenue	42 8	39 9	82 7	53 3
Result for the year	15 0	4 2	19 2	4 6
Group's share of results of associates (all from continuing operations)	**7 5**	**0 7**	**8 2**	**0 5**

The Group has board representation and participates in policy-making decisions affecting Educational Publishers LLP and Woodlands Books 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

Notes to the consolidated financial statements (continued)

17. Investments

	2015 £m	2014 £m
Available-for-sale investments carried at fair value		
Unquoted equities	4 4	4 4
Loans receivable carried at amortised cost		
Loans to joint ventures and associates (note 34)	0 5	0 4
Loans to other entities	8 2	3 7
	8 7	**4 1**
Total investments	**13 1**	**8.5**

18. Programme rights and other inventories

	2015 £m	2014 £m
Programme rights for broadcast	31 4	72 5
Programmes in the course of production	17 8	13 2
Raw materials and consumables	1 7	2 7
Work in progress	1 4	2 1
Finished goods and goods for resale	15 0	12 1
	67 3	**102 6**

19. Trade and other receivables

	2015 £m	2014 £m
Current		
Trade receivables	218 1	192 0
Prepayments	13 3	27 5
Royalty advances	10 3	11 2
Accrued income	65 6	55 6
Amounts owed by joint ventures and associates (note 34)	24 6	19 4
Other receivables	35 3	9 7
	367 2	**315 4**

Included within Trade and other receivables is £27 1m (2014 £14 0m) due after more than one year

The net carrying amounts of trade and other receivables approximates to their fair value

Notes to the consolidated financial statements (continued)

19 Trade and other receivables (continued)

Included in the Group s trade and other receivables at 31 March 2015 are balances of £21 7m (2014 £29 1m) which are past due at the reporting date but are 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

	2015 £m	2014 £m
Up to 3 months	16 7	23 5
3 to 6 months	2 9	3 5
Over 6 months	2 1	2 1
	21 7	29 1

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 against 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 33)

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 £1 2m at 31 March 2015 (2014 £3 6m)

Notes to the consolidated financial statements (continued)

19 Trade and other receivables (continued)

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

	2015 £m	2014 £m
Balance at the beginning of the year	3 6	9 3
Impairment losses recognised	1 1	3 3
Amounts written off	(0 7)	(8 1)
Impairment losses reversed	(2 8)	(0 9)
	1 2	**3 6**

20 Trade and other payables

	2015 £m	2014 £m
Current		
Trade payables	44 1	33 0
Rights creditors	106 0	96 8
Accruals	60 2	57 8
Deferred income	58 0	52 0
Amounts owed to ultimate parent undertaking	47 6	43 8
Amounts owed to fellow subsidiary undertakings	16 0	9 1
Amounts owed to joint ventures and associates (note 34)	3 4	0 4
Other payables including other tax and social security	69 9	34 7
	405 2	**327 6**
Non-current		
Trade and other payables	0 8	-
Accruals	-	0 8
	0 8	**0 8**
	406 0	**328 4**

Rights creditors comprise royalty payments owing to producers of and contributors to television programmes, DVDs and other media Other payables include £0 8m relating to contingent consideration (2014 £0 5m) (see note 33)

The carrying amounts of trade and other payables approximate to their fair value

21. Assets held for sale

The asset classified as held for sale in the current year relates to the Group's investment in the Temple Street associate (see note 16), which on 31 March 2015 was approved by the Board for disposal There were no assets classified as held for sale at 31 March 2014

	2015 £m	2014 £m
Investments in joint ventures and associates	3 0	-
Total assets classified as held for sale	**3 0**	**-**
Net assets of disposal groups	**3 0**	**-**

Notes to the consolidated financial statements (continued)

22 Provisions

	Property related £m	Onerous contracts £m	Other £m	Total £m
At 1 April 2014	1 5	2 1	1 6	5 2
Additional provision in the year	2 1	1 3	1 2	4 6
Utilisation of provision	(0 1)	(0 5)	(1 4)	(2 0)
Released to the Consolidated income statement	(0 2)	-	(0 5)	(0 7)
Transfers	0 9	(0 9)	-	-
Foreign exchange translation gains and losses	0 1	-	-	0 1
At 31 March 2015	**4 3**	**2 0**	**0 9**	**7 2**

Property-related provisions include onerous leases in respect of properties held under non-cancellable leases, when the expected benefits to be derived by the Group from subletting those properties are lower than the unavoidable costs payable over the remaining term of the respective leases, together with provisions for dilapidations in respect of leasehold properties

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract

Other provisions primarily comprise restructuring provisions

Provisions are analysed between current and non-current as follows

	2015 £m	2014 £m
Current	5 3	4 7
Non-current	1 9	0 5
	7 2	5 2

Notes to the consolidated financial statements (continued)

23. 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 2015 £m	Indian Rupee 2015 £m	Total 2015 £m	Sterling 2014 £m	Indian Rupee 2014 £m	Total 2014 £m
Unsecured borrowings at amortised cost						
Loans from related parties	135 5	-	135 5	98 7	-	98 7
Bank loans	-	0 3	0 3	-	0 7	0 7
	135 5	**0 3**	**135.8**	**98 7**	**0 7**	**99 4**
Total borrowings						
Amount due for settlement within 12 months	-	0 3	0 3	-	0 7	0 7
Amount due for settlement after more than 12 months	135 5	-	135 5	98 7	-	98 7
	135 5	**0 3**	**135 8**	**98 7**	**0 7**	**99 4**

The Group's principal source of funding is a multi-currency loan facility of £202 2m (2014 £202 2m) with BBC Commercial Holdings Limited (BBCCH), its intermediate parent undertaking, of which £30 0m (2014 £30 0m) is available only on condition that an equivalent cash balance is maintained The loan facility expires on 30 September 2016 and attracts interest based on BBCCH's borrowing cost plus a margin of 1 0%

The Group also has a working capital loan facility in India of INR 120m (£1 3m (2014 £1 2m)), with an overdraft limit within this facility of INR 40m (£0 4m (2014 £0 4m)) The loan facility has no expiration date but can be called upon for repayment at any time and therefore has been classed as current The balance attracts interest of base rate plus a margin

In addition, the Group has a multi-currency collective net overdraft facility with a limit of £2m and a base currency of GBP This attracts interest of 1% above base rate if drawn down in GBP, and interest of the bank's currency overdraft rate plus a 1% margin if drawn down in other currencies As at 31 March 2015 and 31 March 2014 the facility was unutilised

There are no charges over cash at bank or other financial assets in respect of borrowings or other liabilities (2014 None)

Notes to the consolidated financial statements (continued)

24. Derivative financial instruments

2015	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Derivatives that are designated as cash flow hedges					
Forward foreign currency contracts	2 7	7 5	(8 6)	(4 7)	(3 1)
Interest rate swaps	-	-	-	(0 6)	(0 6)
	2.7	**7 5**	**(8 6)**	**(5.3)**	**(3 7)**
Derivatives that are not in a formal hedge relationship					
Forward foreign currency contracts	0 1	0 9	(1 1)	(0 9)	(1 0)
Embedded derivatives	0 1	-	(0 5)	-	(0 4)
	0 2	**0 9**	**(1 6)**	**(0 9)**	**(1 4)**
	2 9	**8 4**	**(10 2)**	**(6 2)**	**(5 1)**

2014	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Derivatives that are designated as cash flow hedges					
Forward foreign currency contracts	2 8	5 7	(0 5)	(0 1)	7 9
Interest rate swaps	-	-	-	(0 7)	(0 7)
	2 8	**5 7**	**(0 5)**	**(0 8)**	**7 2**
Derivatives that are not in a formal hedge relationship					
Forward foreign currency contracts	0 6	3 8	(0 5)	(0 1)	3 8
Interest rate swaps	-	-	(0 1)	-	(0 1)
Embedded derivatives	-	-	-	(1 1)	(1 1)
	0 6	**3 8**	**(0 6)**	**(1 2)**	**2 6**
	3 4	**9 5**	**(1 1)**	**(2.0)**	**9 8**

Fair value movements on derivative financial instruments that are not in a formal hedge relationship are recorded in the Consolidated income statement within other gains and losses

The total notional principal amount of the outstanding forward foreign exchange contracts at 31 March 2015 was £356 6m (2014 £292 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) recognised in the hedging reserve on forward foreign exchange contracts in cash flow hedge relationships at 31 March 2015 were £10 9m (2014 gains of £16 4m) Future relevant 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 36 months

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2015 were £60 0m (2014 £100 0m) 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

Notes to the consolidated financial statements (continued)

25. Called up share capital

	2015 £m	2014 £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

26 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) During the current year, gains of £6 2m were removed from the hedging reseves and credited to revenue in the income statement (2014 gains of £3 1m)

Translation reserve

The translation reserve comprises all foreign exchange differences arising since the transition to IFRS, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries Since 1 April 2008, £4 7m of exchange losses on foreign currency borrowings have been offset in reserves against exchange gains on the related investment in overseas subsidiaries

Retained earnings

At 31 March 2015, the cumulative goodwill written off to reserves on acquisitions prior to 1 April 1998 amounted to £14 2m This amount is unchanged from the prior year, and remained in equity upon transition to IFRS as permitted by IFRS 1

Notes to the consolidated financial statements (continued)

27. Disposals

The following summarises the disposals of the Group for both the current and the prior year

BBC AMERICA

On 23 October 2014, BBC Worldwide sold a 49 9% stake in NVCA, formerly a wholly-owned subsidiary of BBC Worldwide Americas Inc , to AMC Networks Inc ("AMCN") in return for proceeds of $200m (£123 0m), with BBCW retaining an investment of 50 1% in NVCA The $200m proceeds comprised $160m (£98 4m) in cash and $40m (£24 6m) deferred consideration in the form of a six-month promissory note, due by 23rd April 2015

The disposal was a strategic move to take advantage of the greater negotiating power and sector knowledge of the larger US networks
While the Group retains a 50 1% shareholding in NVCA, AMCN has control over the key decision-making activities Therefore, whilst the Group retains significant influence over NVCA, and has the right to variable returns, it no longer has control, and hence the Group has deconsolidated NVCA from the date of the sale and accounts for its retained interest since that date as an associate

NVCA operates the US TV Channel BBC AMERICA, which represented a significant proportion of both the Group's channels business (37 6% of channels statutory revenue in the year to 31 March 2014) and also its North American operations (28 8% of North America statutory revenue in the year to 31 March 2014) However whilst material to the Group's results, NVCA and the disposal of the BBC AMERICA channels business have not been treated as discontinued operations under IFRS 5 ("Non-Current Assets Held for Sale and Discontinued Operations") as they do not represent the disposal of either a separate major line of business or a separate geographical area of operation

The net assets of NVCA at the date of disposal were

	23 October 2014 £m
Property, plant and equipment	0 1
Programme rights and other inventories	54 8
Trade and other receivables	22 0
Trade and other payables	(15 7)
Cash and cash equivalents	0 1
	61 3

Net gain on disposal

	£m
Consideration for disposal	123 0
Net assets disposed of	(30 6)
Cumulative currency translation losses	(6 1)
Gain on disposal	86 3
Fair value of associate recognised	119 9
Share of net assets reclassified to associates	(30 7)
Gain on fair value uplift of associate	89 2
Fair value of retained liabilities, and transaction costs, in respect of business disposal	(59 6)
Net gain	115 9
Satisfied by	
Cash and cash equivalents	98 4
Deferred consideration	24 6
	123 0
Net cash inflow arising on disposal	
Consideration received in cash	98 4
Less Cash and cash equivalents disposed of	(0 1)
Less Settlement of retained liabilities and transaction costs in respect of business disposal	(33 8)
	64 5

Notes to the consolidated financial statements (continued)

27. Disposals (continued)

In the pnor year the followmg disposals took place

Ragdoll

On 13 September 2013, the Group disposed of its interest in Ragdoll Worldwide Limited for cash consideration of £8 7m and a £3 5m dividend immediately prior to disposal resulting in a gain on disposal of £2 3m Net assets at the date of disposal were £9 9m

Big Talk

On 26 July 2013, the Group disposed of its interest in Big Talk Productions Limited for cash consideration of £3 1m and £1 3m loan settlement, resulting in a gain on disposal of £1 7m Net assets at the date of disposal were £1 5m

Haymarket

On 12 August 2013, the Group disposed of its interest in BBC Haymarket Exhibitions Limited for cash consideration of £0 1m resulting in a gain on disposal of £0 1m Net assets at the date of disposal were £nil

28. Notes to the cash flow statement

	2015 £m	2014 £m
Profit before tax	223 8	126 2
Less		
Gains and losses on disposals	(115 9)	(4 1)
Other gains and losses	5 7	9 3
Finance income	(0 8)	(0 4)
Finance expense	3 5	4 6
Operating profit	**116 3**	**135.6**
Adjustments for		
Share of results of joint ventures and associates (excluding movements in provisions for unrealised profits)	(36 4)	(25 9)
Depreciation and impairment of property, plant and equipment	8 0	7 7
Amortisation and impairment of intangible assets	117 4	108 1
Impairment of investments	2 1	2 8
Impairment loss recognised on trade and other receivables	1 1	3 3
Reversal of impairment losses recognised on trade and other receivables	(2 8)	(0 9)
Net foreign exchange (gains)/losses	(0 5)	6 1
Increase in provisions	-	2 0
Cash flows before movements in working capital	**205 2**	**238 8**
Increase in trade and other receivables	(33 6)	(19 7)
Increase in programme rights and other inventories	(16 5)	(12 1)
Increase/(decrease) in trade and other payables	62 4	(18 9)
Cash generated from operations	**217 5**	**188 1**

Notes to the consolidated financial statements (continued)

29. Commitments and contingent liabilities

	2015 £m	2014 £m
Capital commitments		
Distribution rights	96 0	75 4
Property, plant and equipment	1 3	7 9
Intangible assets	6 3	0 6
	103 6	**83 9**
Other financial commitments		
Programme rights for broadcast	1 5	16 8
Other commitments	29 2	32 7
	30 7	**49 5**
Total unrecognised commitments	**134 3**	**133 4**

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 £20 8m and £119 2m, respectively (2014 £19 1m and £72 6m respectively)

The Group has a number of contingent liabilities arising from litigation and from the rights of its customers and suppliers to undertake routine audits These arise from trading activities undertaken in the ordinary course of business BBC Worldwide makes specific provision for the best estimate of any amounts which might be awarded as a result of these 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 23) At 31 March 2015, total amounts drawn down under this facility were £135 5m (2014 £98 7m) In addition the Group has given guarantees in relation to a US private placement in the name of BBC Commercial Holdings Limited At 31 March 2015, the total amount of this debt was £175 2m (2014 £157 8)

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

30. 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

	2015 £m	2014 £m
Within one year	9 0	13 0
In the second to fifth years inclusive	29 2	24 1
After five years	59 0	60 7
	97 2	**97 8**

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

Notes to the consolidated financial statements (continued)

31. Retirement benefits

The Group operates a number of own defined contribution pension schemes The assets of those 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 0 million (2014 £4 7million)

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 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 £13 2 million in the year (2014 £7 8 million) No contributions were prepaid or accrued at 31 March 2015 (2014 £nil) The contribution amount payable by BBC Worldwide for a particular year is determined by the number of active members employed at the preceding balance sheet date, calculated as a percentage of the total scheme

The BBC Pension Scheme was the main pension plan of the Group and although it covers the majority of the current employees is now closed to new entrants This plan provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds

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

	2015 £m	2014 £m
BBC Pension Scheme	940 7	1,508 5
Unfunded Scheme	7 5	7 2
Total	**948 2**	**1,515 7**

The actuarial valuation for the BBC Pension Scheme was updated for IAS 19 purposes to 31 March 2015 by Towers Watson, consulting actuaries Additional disclosure about the scheme and its financial position under IAS 19 is presented below

Scheme financial position

	2015 £m	2014 £m
Scheme assets**	12 766 3	10,684 2
Scheme liabilities	(13,707 0)	(12,192 7)
Deficit	**(940 7)**	**(1,508 5)**

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

Notes to the consolidated financial statements (continued)

31. Retirement benefits (continued)

Changes in the present value of plan liabilities

The table below illustrates the movement on the 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

	2015 £m	2014 £m
At 1 April	12,192 7	11,809 8
Current service cost	181 0	167 2
Past service cost	1 1	2 4
Administration costs	8 4	8 3
Interest on pension plan liabilities	533 1	523 1
Experience gains arising on plan liabilities	(317 4)	(62 3)
Changes in assumptions underlying plan liabilities	1,499 4	114 1
Contributions by plan participants	0 8	1 1
Benefits paid	(392 1)	(371 0)
At 31 March	**13,707 0**	**12,192 7**

Changes in the fair value 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

	2015 £m	2014 £m
At 1 April	10,684 2	10,201 1
Expected rate of return on plan assets	473 6	453 5
Actuarial gains on plan assets	1,672 5	177 0
Contributions by employer	327 4	222 5
Contributions by plan participants	0 8	1 1
Benefits paid	(392 2)	(371 0)
At 31 March	**12,766 3**	**10,684 2**

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 For more information, including target asset allocations, on the Scheme see http //www bbc co uk/mypension

	2015 £m	2015 %	2014 £m	2014 %
Equity and pooled vehicles	3,568 0	27 9	3,490 4	32 6
Derivatives	(817 8)	(6 4)	20 3	0 2
Fixed interest bonds - public sector	558 9	4 4	382 7	3 6
Fixed interest bonds - other	1 055 9	8 3	863 7	8 1
Index-linked bonds - public sector	4 377 5	34 3	2,531 5	23 7
Property – UK	743 1	5 8	653 9	6 1
Property – overseas	430 5	3 4	374 6	3 5
Alternatives*	2,494 0	19 5	1,964 7	18 4
Cash and other current assets	356 2	2 8	402 4	3 8
At 31 March	12 766 3	100 0	10 684 2	100 0

*Alternatives include private equity debt and currency

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 2015 was £2,102 0m (2014 £631 0m)

Notes to the consolidated financial statements (continued)

31. Retirement benefits (continued)

Funding the Scheme

The 2013 actuarial valuation by Towers Watson of the pension scheme showed a funding shortfall of £2,054m Consequently a recovery plan was agreed between the BBC and the pension scheme Trustees which details the contribution amounts to be paid by the BBC over a 12 year period commencing 2014

As described in note 4, additional contributions of £8 1m paid by the Group to the BBC in 2015 (2014 £2 3m) have been presented outside Headline profit The Group payment for next year is expected to be £3 4m, reflecting the current recovery plan

The contributions to the scheme by members are mainly paid via a salary sacrifice arrangement These have been treated as employer contributions

The next formal actuarial valuation is expected to be performed as at 1 April 2016

	2016	Projected 2015	2014
	%	%	%
Employer	16 7	16 7	14 5
Employee (Old and New Benefits)	7 5	7 5	7 5
Employee (Career Average Benefits 2006)	4 0	4 0	4 0
Employee (Career Average Benefits 2011)	6 0	6 0	6 0

On the basis of pension assumptions made, the BBC Group expects to make contributions to the scheme totalling £129 5 million in 2015/2016

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

	2015	2014
	%	%
Rate of increase in salaries	1 0	1 0
Rate of increase in pension payments		
Old Benefits	2 9	3 4
New Benefits	2 7	3 2
Career Average Benefits (2006)	2 4	2 4
Career Average Benefits (2011)	1 8	2 3
Inflation assumption (RPI)	2 9	3 4
Inflation assumption (CPI)	1 9	2 4
Discount rate	3 4	4 4

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

2015	Assumption used	Movement	Impact on scheme liabilities %	Impact on scheme liabilities £m
Discount rate	3 4%	Decrease 0 1%	2 2	(308)
Discount rate	3 4%	Increase 0 1%	1 7	230
Retail price inflation rate	2 9%	Decrease 0 1%	1 8	245
Retail price inflation rate	2 9%	Increase 0 1%	1 8	(251)
Mortality rates	See below	Decrease 0 1%	3 5	477
Mortality rates	See below	Increase 0 1%	3 6	(494)

2014	Assumption used	Movement	Impact on scheme liabilities %	Impact on scheme liabilities £m
Discount rate	4 4%	Decrease 0 1%	2 1	(258)
Discount rate	4 4%	Increase 0 1%	1 6	195
Retail price inflation rate	3 4%	Decrease 0 1%	1 8	215
Retail price inflation rate	3 4%	Increase 0 1%	1 8	(220)
Mortality rates	See below	Decrease 0 1%	3 3	404
Mortality rates	See below	Increase 0 1%	3 4	(418)

Notes to the consolidated financial statements (continued)

31 Retirement benefits (continued)

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

Principal demographic assumptions

	2015	2014
	Number of years	Number of years
Retiring today		
Male	27 5	27 4
Female	29 9	29 8
Retiring in 20 years		
Male	29 4	29 3
Female	31 9	31 8

The mortality assumptions have been selected to reflect the characteristics and experience of the membership of the scheme and are based on those used for the actuarial investigation which was carried out for funding purposes as at 1 April 2013 The standard 'S1' series of tables, published by the CMI, reflect recent research into mortality experience in the UK A subset of these tables has been used for males and females, with a multiplier of 122% for males and 107% for females For the allowance for future improvements, the CMI 2012 core projection has been adopted with a long term trend of 1 25% for both males and females

Notes to the consolidated financial statements (continued)

32. Capital management

The capital structure of the Group consists of net debt which includes the borrowings disclosed in note 23 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-commissioned 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

33. 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 (mainly 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 66 1% in 2015 versus 65 1% in 2014

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

Notes to the consolidated financial statements (continued)

33. Financial instruments and risk management (continued)

Currency risk (continued)

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 embedded derivatives are given in note 24

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 2015 or 31 March 2014

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/(loss) and equity impact on the Group's derivative financial instruments of a 10% weakening of Sterling compared to other foreign currency rates

	2015 £m	2014 £m
Forward foreign currency contracts	(36 1)	(25 2)
Embedded derivatives	0 5	(0 7)
Total impact on derivatives	**(35 6)**	**(25 9)**
Impact on income statement	(6 9)	(10 5)
Impact on other comprehensive income	(28 7)	(15 4)
Total impact on comprehensive income	**(35 6)**	**(25 9)**

The same movement in currency rates would result in an income statement gain of £4 7m (2014 £2 1m) 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 2015 would have increased by £0 9m (2014 £0 6m) 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)

33. 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 32 At 31 March 2015 the net debt limit imposed by BBC Group on BBC Worldwide was £172 2m (2014 £172 2m), with a gross debt limit of £202 2m (2014 £202 2m) subject to an equivalent £30 0m (2014 £30 0m) cash balance being held These limits are subject to review going forward

In order to comply with this ceiling 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

Maturity analysis of financial liabilities

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

2015	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	10 1	5 5	0 5	-	16 1
Embedded derivatives	0 5	-	-	-	0 5
Other creditors	0 5	0 4	-	-	0 9
Financial liabilities measured at amortised cost					
Bank loans	0 3	-	-	-	0 3
Loan from intermediate parent undertaking	2 0	136 4	-	-	138 4
Trade and other payables	347 2	0 8	-	-	348 0

2014	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	0 5	0 4	-	-	0 9
Embedded derivatives	-	1 1	-	-	1 1
Other creditors	0 3	-	0 1	0 1	0 5
Financial liabilities measured at amortised cost					
Bank loans	0 7	-	-	-	0 7
Loan from intermediate parent undertaking	1 9	98 7	-	-	100 6
Trade and other payables	275 6	0 8	-	-	276 4

Notes to the consolidated financial statements (continued)

33. Financial instruments and risk management (continued)

Categorisation of financial assets and liabilities

	Available-for-sale 2015 £m	Loans and receivables 2015 £m	Derivatives used for hedging 2015 £m	Total 2015 £m	Available-for-sale 2014 £m	Loans and receivables 2014 £m	Derivatives used for hedging 2014 £m	Total 2014 £m
Assets as per Balance Sheet								
Derivative financial instruments	-	-	11 2	11 2	-	-	12 9	12 9
Embedded derivatives	-	-	0 1	0 1	-	-	-	-
Available-for-sale investments	3 0	-	-	3 0	-	-	-	-
Interests in joint ventures and associates	-	148 8	-	148 8	-	12 8	-	12 8
Unquoted equities	4 4	-	-	4 4	4 4	-	-	4 4
Loans receivable	-	8 7	-	8 7	-	4 1	-	4 1
Trade and other receivables	-	353 9	-	353 9	-	287 9	-	287 9
Cash and cash equivalents	-	66 6	-	66 6	-	45 1	-	45 1
	7 4	578.0	11 3	596 7	4 4	349 9	12 9	367 2

	Other financial liabilities 2015 £m	Derivatives used for hedging 2015 £m	Total 2015 £m	Other financial liabilities 2014 £m	Derivatives used for hedging 2014 £m	Total 2014 £m
Liabilities as per Balance Sheet						
Derivative financial instruments	-	15 9	15 9	-	2 0	2 0
Embedded derivatives	-	0 5	0 5	-	1 1	1 1
Bank loans	0 3	-	0 3	0 7	-	0 7
Loan from intermediate parent undertaking	135 5	-	135 5	98 7	-	98 7
Trade and other payables	348 0	-	348 0	276 4	-	276 4
	483 8	16 4	500 2	375 8	3 1	378 9

Non-derivative financial assets consist of cash at bank, short-term investments, available-for-sale investments trade receivables, other receivables and accrued income Non-derivative financial liabilities consist of borrowings, trade payables, other payables and accruals

The fair values of all non-derivative financial instruments approximate to the carrying value in the Balance Sheet The following methods and asumptions have been used to determine fair values

- The fair values of cash at bank and bank loans approximate their carrying values because of the short-term maturity of these instruments and
- The fair value of trade and other receivables and payables accrued income and accrued costs approximate their carrying values (see notes 19 and 20 respectively)

Notes to the consolidated financial statements (continued)

33. 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 2015 £m	Level 2 2015 £m	Level 3 2015 £m	Total 2015 £m	Level 1 2014 £m	Level 2 2014 £m	Level 3 2014 £m	Total 2014 £m
Financial assets at fair value through profit and loss								
Derivative financial instruments	-	11 2	-	11 2	-	12 9	-	12 9
Embedded derivatives	-	0 1	-	0 1	-	-	-	-
Available-for-sale financial assets								
Unquoted equities	-	-	4 4	4 4	-	-	4 4	4 4
	-	11 3	4 4	15 7	-	12 9	4 4	17 3
Financial liabilities at fair value through profit and loss								
Derivative financial instruments	-	(15 9)	-	(15 9)	-	(2 0)	-	(2 0)
Embedded derivatives	-	(0 5)	-	(0 5)	-	(1 1)	-	(1 1)
Other payables	-	-	(0 8)	(0 8)	-	-	(0 5)	(0 5)
	-	(16 4)	(0 8)	(17 2)	-	(3 1)	(0 5)	(3 6)

There were no transfers between levels during the year

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

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	2015 £m	Assets £m	Liabilities £m	2014 £m
Opening balance	4 4	(0 5)	3 9	5 1	(0 4)	4 7
Change in fair value recorded in other gains and losses	-	(0 2)	(0 2)	1 1	-	1 1
Unwinding of discount recorded within finance expense	-	(0 1)	(0 1)	-	(0 1)	(0 1)
Settlements	-	-	-	(1 8)	-	(1 8)
Closing balance	4 4	(0 8)	3 6	4 4	(0.5)	3 9

Notes to the consolidated financial statements (continued)

34. 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 31

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 19 and 20 respectively

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

	2015 £m	2014 £m
Dividends paid	(111 3)	(88 3)
Interest costs	(1 8)	(1 7)
Acquisition of distribution rights	(59 9)	(52 1)
Royalties and other programme related fees	(19 5)	(23 7)
Other expense	(42 6)	(22 4)
Pension top up	(8 1)	(2 3)
Ad sales commission	17 1	19 2
Programme licence income	16 9	9 3
Other income	7 9	4 2
	(201 3)	(157 8)

Other income and expense includes recharges of administrative and other similar costs including property recharges 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 2015 £m	Expense 2015 £m	Dividends receivable 2015 £m	Income 2014 £m	Expense 2014 £m	Dividends receivable 2014 £m
UKTV Media Holdings Limited	Joint Venture	47 9	-	28 7	46 6	-	16 5
JV Programmes LLC	Joint Venture	-	-	0 9	-	(0 1)	1 4
Other joint ventures	Joint Venture	0 7	(0 8)	-	0 8	(1 8)	-
New Video Channel America LLC	Associate	12 7	(3 6)	2 1	-	-	-
Other associates	Associate	2 5	(14 7)	0 3	2 1	(12 9)	0 3
		63 8	(19 1)	32 0	49 5	(14 8)	18 2

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 2015 £m	Payables 2015 £m	Net balance 2015 £m	Receivables 2014 £m	Payables 2014 £m	Net balance 2014 £m
UKTV Media Holdings Limited	Joint Venture	5 5	-	5 5	18 4	-	18 4
JV Programmes LLC	Joint Venture	-	-	-	-	-	-
Other joint ventures	Joint Venture	-	-	-	-	(0 3)	(0 3)
New Video Channel America LLC	Associate	17 4	(3 3)	14 1	-	-	-
Other associates	Associate	2 2	(0 1)	2 1	1 4	(0 1)	1 3
		25 1	(3 4)	21 7	19 8	(0 4)	19 4

At 31 March 2015 the Group also had an outstanding balance of £1 0m (2014 £1 0m) 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)

34 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

	2015 £m	2014 £m
Short-term employee benefits	5 6	5 7
Post-employment benefits	0 4	0 4
Other long-term benefits	0 2	0 2
	6 2	**6 3**

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

35 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

36 Events after the balance sheet date

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 2015

	Note	2015 £m	2014 restated * £m
Fixed assets			
Goodwill	c	12 2	13 8
Distribution rights	d	195 2	164 2
Tangible fixed assets	e	47 2	26 7
Investments	f	125 1	121 6
		379 7	**326 3**
Current assets			
Programme rights and other stocks	g	43 7	32 3
Debtors			
- amounts falling due within one year	h	372 5	316 0
- amounts falling due after more than one year	h	8 9	7 8
Cash at bank and in hand		163 0	53 5
		588 1	**409 6**
Creditors amounts falling due within one year	i	(655 5)	(432 2)
Net current liabilities		**(67 4)**	**(22 6)**
Total assets less current liabilities		**312 3**	**303 7**
Creditors amounts falling due after more than one year	i	(141 7)	(101 5)
Provisions for liabilities	j	(6 3)	(7 7)
Net assets		**164 3**	**194 5**
Capital and reserves			
Called up share capital	l	0 2	0 2
Profit and loss account	m	164 1	194 3
Shareholder's funds		**164 3**	**194 5**

These financial statements of BBC Worldwide Limited, registered number 1420028, were approved by the Board of Directors and authorised for issue on 9 June 2015, and were signed on its behalf by

* The balance sheet at 31 March 2014 has been restated to show bank balances of £53 5m, previously offset against Bank loans and overdraft, to reflect bank offset arrangements

Andew Bott
Chief Financial Officer

Notes to the consolidated financial statements (continued)

34. 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

	2015 £m	2014 £m
Short-term employee benefits	5 6	5 7
Post-employment benefits	0 4	0 4
Other long-term benefits	0 2	0 2
	6 2	6.3

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

35. 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

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Creditors amounts falling due after more than one year	i	(141 7)	(101 5)
Provisions for liabilities	j	(6 3)	(7 7)
Net assets		**164 3**	**194 5**
Capital and reserves			
Called up share capital	l	0 2	0 2
Profit and loss account	m	164 1	194 3
Shareholder's funds		**164 3**	**194 5**

* The balance sheet at 31 March 2014 has been restated to show bank balances of £53 5m, previously offset against Bank loans and overdraft, to reflect bank offset arrangements

These financial statements of BBC Worldwide Limited, registered number 1420028, were approved by the Board of Directors and authorised for issue on 9 June 2015, and were signed on its behalf by

Andew Bott
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 UK Generally Accepted Accounting Practice (UK GAAP) They 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

The balance sheet at 31 March 2014 has been restated to show bank balances of £53 5m, previously offset against Bank loans and overdraft, to reflect bank offset arrangements

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)

Programme rights and 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 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 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 2015 of £81 1m (2014 £62 7m) There have been no recognised gains or losses in the current or preceding year other than the profit for the year and accordingly, no statement of recognised gains and losses has been presented in these financial statements

The auditor's remuneration for audit and other services is disclosed in note 6 of the consolidated financial statements

c. Goodwill

	£m
Cost	
At 1 April 2014 and 31 March 2015	**16 3**
Amortisation	
At 1 April 2014	2 5
Charge for the year	1 6
	4 1
Net book value at 31 March 2015	**12 2**
Net book value at 31 March 2014	13 8

Goodwill arose in the year ended 31 March 2013 following the hive-up of trade and assets from the Company's subsidiary, Bedder 6 Limited

d. Distribution rights

	£m
Cost	
At 1 April 2014	477 3
Additions	141 0
* The balance sheet at 31 March 2014 has been restated to show bank balances of £53 5m, previously offset against Bank loans and overdraft,	(0 2)
accordance with bank offset arrangements	**618 1**
Amortisation	
At 1 April 2014	313 1
Charge for the year	110 0
Fully amortised rights written off	(0 2)
At 31 March 2015	**422 9**
Net book value at 31 March 2015	**195 2**
Net book value at 31 March 2014	164 2

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 2014	7 3	77 6	5 9	0 4	91 2
Additions	7 4	21 2	0 4	-	29 0
Transfer to completed assets	-	0 4	-	(0 4)	-
Disposals	(0 6)	(14 9)	(0 2)	-	(15 7)
At 31 March 2015	**14 1**	**84 3**	**6 1**	-	**104 5**
Depreciation					
At 1 April 2014	6 1	52 9	5 5	-	64 5
Charge for the year	2 2	5 8	0 5	-	8 5
Disposals	(0 6)	(14 9)	(0 2)	-	(15 7)
At 31 March 2015	**7 7**	**43 8**	**5 8**	-	**57 3**
Net book value at 31 March 2015	**6 4**	**40 5**	**0 3**	-	**47 2**
Net book value at 31 March 2014	1 2	24 7	0 4	0 4	26 7

The Company does not hold any assets under finance leases (2014 £nil)

Notes to the company financial statements (continued)

f. Investments

	2015 £m	2014 £m
Subsidiaries	101 9	106 8
Associates	14 0	10 2
Other investments	9 2	4 6
	125 1	121 6

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 0%
BBC Worldwide Australia Pty Limited	+	Australia	Programme distributor	100 0%
BBC Worldwide Canada Limited	+	Canada	Programme distributor	100 0%
BBC Worldwide France Sarl	+	France	Programme distributor	100 0%
BBC Worldwide Germany GmbH	+	Germany	Programme distributor	100 0%
BBC Worldwide Japan KK	+	Japan	Programme distributor	100 0%
BBC Worldwide Productions LLC		USA	Content production	100 0%
BBC Worldwide Reality Productions LLC		USA	Content production	100 0%
BBC Worldwide Channels Australasia Pty Limited		Australia	TV channel operator	100 0%
UK Programme Distribution Limited *	+	England & Wales	Programme distributor	100 0%
Tonto Films & Television Limited	+	England & Wales	Content production	100 0%
BBC Worldwide Australia Holdings Pty Limited	+	Australia	Holding company	100 0%
2 entertain Limited	+	England & Wales	Holding company	100 0%
2 entertain Video Limited		England & Wales	DVD/video publisher	100 0%
Demon Music Group Limited		England & Wales	CD/music publisher	100 0%
Worldwide Channel Investments Limited	+	England & Wales	Holding company	100 0%
Joint ventures				
UKTV Media Holdings Limited	+	England & Wales	TV channel operator	50 0%
JV Programmes LLC		USA	Content creation	50 0%
Park Publishing Partnership		Australia	Magazine producer	50 0%
Sub-Zero Events Limited	+	England & Wales	Live stage-performance operator	50 0%

\+ 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

On 23rd October 2014 the Group sold a 49 9% stake in New Video Channel America LLC, a former 100% subsidiary to AMC Networks Inc ("AMCN") While the Group retains a 50 1% shareholding in NVCA, AMCN has control over the key decision-making activities of NVCA Therefore, whilst the Group retains significant influence over NVCA, and has the right to variable returns, it no longer has control, and hence the Group has deconsolidated NVCA from the date of the sale and accounts for its retained interest since that date as an associate Details of this transaction are given in note 27 to the consolidated financial statements

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act.

BBC Earth Productions (Life) Limited
2entertain Management Limited
BBC Video Limited
BBC Worldwide Investments Limited
MCI Music Publishing Limited
Demon Music Group Limited
Worldwide Channel Investments Limited
Bedder 6 Limited

Notes to the company financial statements (continued)

f. 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 0%
Baby Cow Productions Limited	+	England & Wales	Content creation	25 0%
Burning Bright Productions Limited	+	England & Wales	Content creation	25 0%
Clerkenwell Films Limited	+	England & Wales	Content creation	25 0%
Slim Film & TV Limited	+	England & Wales	Content creation	25 0%
Sprout Pictures (TV) Limited	+	England & Wales	Content creation	25 0%
Temple Street Productions Inc.	+	Canada	Content creation	25 0%
Tower Productions GmbH	+	Germany	Content creation	49 0%
Children's Character Books Limited	+	England & Wales	Children's book publisher	25 0%
AudioGo Limited		England & Wales	Audiobook publisher	14 0%
Educational Publishers LLP	+	England & Wales	Educational product licensor	15 0%
Woodlands Books Limited	+	England & Wales	Book publisher	15 0%
New Video Channel America LLC		USA	TV channel operator	50 1%
Lookout Point Limited	+	England & Wales	Content creation	35 0%
Curve Media Limited	+	England & Wales	Content creation	25 0%
Other Investment				
Left Bank Pictures Limited	+	England & Wales	Content creation	12 2%

\+ Held directly by BBC Worldwide Limited
* The shares held by the Group entitle it to 20% of voting rights

	Subsidiaries £m	Associates £m	Other investments £m
Cost			
At 1 April 2014	212 5	12 0	6 2
Additions	-	3 8	4 7
Disposals	(2 4)	-	-
At 31 March 2015	**210 1**	**15 8**	**10 9**
Provisions for impairment			
At 1 April 2014	105 7	1 8	1 6
Charge for the year	2 5	-	0 1
At 31 March 2015	**108 2**	**1 8**	**1 7**
Net book value at 31 March 2015	**101 9**	**14 0**	**9 2**
Net book value at 31 March 2014	106 8	10 2	4 6

Notes to the company financial statements (continued)

g. Programme rights and other stock

	2015 £m	2014 £m
Programme rights for broadcasting	18 0	22 2
Programmes in the course of production	21 2	7 9
Work in progress	-	0 3
Finished goods for resale	4 5	1 9
	43 7	**32 3**

h. Debtors

	2015 £m	2014 £m
Amounts falling due within one year		
Trade debtors	108 5	88 0
Prepayments and accrued income	44 3	41 9
Amounts owed by ultimate parent undertaking	0 1	0 3
Amounts owed by subsidiary undertakings	182 9	137 4
Amounts owed by fellow subsidiary undertakings	-	1 5
Amounts owed by joint ventures and associates	20 1	19 4
Derivative financial instruments	8 4	9 5
Corporation tax recoverable	2 4	9 3
Other debtors	5 8	8 7
	372 5	**316 0**
Amounts falling due after more than one year		
Derivative financial instruments	2 8	3 4
Deferred tax	6 1	4 4
	8 9	**7 8**
	381 4	**323 8**

i. Creditors

	2015 £m	2014 restated * £m
Amounts falling due within one year		
Bank loans and overdraft	240 7	111 4
Trade creditors	36 9	22 7
Rights creditors	60 5	54 5
Accruals and deferred income	83 8	77 0
Amounts owed to ultimate parent undertaking	46 0	43 8
Amounts owed to subsidiary undertakings	130 1	98 2
Amounts owed to fellow subsidiary undertakings	12 1	3 9
Amounts owed to joint ventures and associates	0 4	0 2
Derivative financial instruments	10 2	1 1
Other creditors including other taxes and social security	34 8	19 4
	655 5	**432 2**
Amounts falling due after more than one year		
Loan owed to intermediate parent undertaking	135 5	98 7
Accruals and deferred income	-	0 8
Derivative financial instruments	6 2	2 0
	141 7	**101 5**
Total creditors	**797 2**	**533 7**

Details of bank loans and loans owed to the Company's intermediate parent undertaking are given in note 23 to the consolidated financial statements

* The balance sheet at 31 March 2014 has been restated to show bank balances of £53 5m, previously offset against Bank loans and overdraft, to reflect bank offset arrangements

Notes to the company financial statements (continued)

j. Provisions for liabilities and contingent liabilities

	Deferred tax £m	Onerous contracts £m	Other provisions £m	Total £m
At 1 April 2014	2 7	2 1	2 9	7 7
Provided during the year	-	-	1 6	1 6
Released in the year	(0 5)	-	(0 7)	(1 2)
Transfers	-	(0 5)	0 5	-
Utilised in the year	-	-	(1 8)	(1 8)
At 31 March 2015	**2 2**	**1 6**	**2 5**	**6 3**

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Other provisions primarily relate to reorganisation costs, property-related provisions including onerous, non-cancellable leases where the expected benefits to be derived by the Company from subletting those properties are lower than the unavoidable costs payable over the remaining term of the respective leases, and provisions for dilapidations in respect of leasehold properties

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 2015 total amounts drawn down by the BBC Commercial Holdings Group under this facility were £135 5m (2014 £98 7m)

k. Deferred tax

Deferred tax is provided as follows

	Fixed asset timing differences £m	Derivative timing differences £m	Total £m
At 1 April 2014	3 7	(2 0)	1 7
Charged to profit and loss	(0 9)	3 1	2 2
At 31 March 2015	**2 8**	**1 1**	**3 9**

Deferred tax is recorded in the balance sheet as follows

	2015 £m	2014 £m
Deferred tax assets	6 1	4 4
Deferred tax liabilities	(2 2)	(2 7)
Net deferred tax asset	**3 9**	**1 7**

l. Called up share capital

	2015 £m	2014 £m
Issued 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 company financial statements (continued)

m. Reconciliation of movements in shareholder's funds

	Share capital £m	Profit and loss account £m	Total £m
At 1 April 2013	0 2	219 9	220 1
Profit for the year	-	62 7	62 7
Dividends paid	-	(88 3)	(88 3)
At 31 March 2014	**0 2**	**194 3**	**194 5**
Profit for the year	-	81 1	81 1
Dividends paid	-	(111 3)	(111 3)
At 31 March 2015	**0 2**	**164 1**	**164 3**

n Financial commitments

Contracts placed for future capital expenditure not provided are as follows

	2015 £m	2014 £m
Tangible fixed assets	6 3	7 8
Distribution rights	96 0	75 4
Total	**102 3**	**83 2**

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

	Land & buildings £m	Other £m	2015 Total £m	Land & buildings £m	Other £m	2014 Total £m
Leases which expire						
Within one year	0 1	0 6	0 7	5 4	0 6	6 0
Between two and five years	0 6	-	0 6	0 4	0 6	1 0
After more than five years	2 2	1 3	3 5	0 2	0 6	0 8
Total	**2 9**	**1 9**	**4 8**	**6 0**	**1 8**	**7 8**

The Company also has the following unprovided financial commitments

	2015 £m	2014 £m
Programme rights for broadcast	1 5	6 5
Other commitments	25 2	12 8
Total	**26 7**	**19 3**

o Related party transactions

The Group consolidated financial statements for the year ended 31 March 2015 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 2015 £m	Expense 2015 £m	Dividends received 2015 £m	Income 2014 £m	Expense 2014 £m	Dividends received 2014 £m
UK Programme Distribution Limited	Subsidiary	-	-	-	42 5	-	-
		-	-	-	42 5	-	-
UKTV Media Holdings Limited	Joint Venture	47 9	-	28 7	46 6	-	16 5
Other joint ventures	Joint Venture	-	-	-	-	(0 1)	-
New Video Channel America LLC	Associate	11 2	-	-	-	-	-
Other associates	Associate	0 8	14 2	0 1	1 9	(12 9)	0 3
		59 9	14 2	28 8	48 5	(13 0)	16 8
		59 9	14 2	28 8	91 0	(13 0)	16 8

Notes to the company financial statements (continued)

o Related party transactions (continued)

The following amounts were outstanding with related parties at the balance sheet date

Name of related party	Relationship	Receivables 2015 £m	Payables 2015 £m	Net balance 2015 £m	Receivables 2014 £m	Payables 2014 £m	Net balance 2014 £m
Bedder 6 Limited	Subsidiary	-	-	-	-	(1 0)	(1 0)
UK Programme Distribution Limited	Subsidiary	-	-	-	15 9	-	15 9
		-	-	-	**15 9**	**(1 0)**	**14 9**
UKTV Media Holdings Limited	Joint Venture	5 5	(0 3)	5 2	18 4	-	18 4
Other joint ventures	Joint Venture	-	-	-	-	(0 1)	(0 1)
New Video Channel America LLC	Associate	12 8	-	12 8	-	-	-
Other associates	Associate	1 8	(0 1)	1 7	1 4	(0 1)	1 3
		20 1	**(0 4)**	**19 7**	**19 8**	**(0 2)**	**19 6**
		20 1	**(0 4)**	**19 7**	**35 7**	**(1 2)**	**34 5**

At 31 March 2015, the Company also had an outstanding balance of £1 0m (2014 £1 0m) payable to a joint venture of the Company's ultimate parent in respect of group relief This balance is included within other payables

p Post balance sheet events

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

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