

B B C E N T E R P R I S E S L I M I T E D

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH 1994

Registered Number: 1420028



BBC ENTERPRISES LIMITED

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BBC ENTERPRISES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited consolidated financial statements of the group for the year ended 31st March 1994.

RESULTS FOR THE YEAR

The consolidated profit after taxation and minority interests for the year was £7,975,000 (1993: £6,700,000) which will be added to reserves. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company coproduces and subsequently licenses television programmes worldwide, publishes books and magazines, and distributes videos, tapes and programme related products. The activities are organised under various operating divisions and subsidiaries. The objective is to maximise the multimedia potential throughout the world for BBC products and to reinvest into BBC programming. The major operating areas are now:

1. International Division

This division is the major co-producer of BBC programmes and provider of third party co-finance and facilities for the BBC. The division is responsible for worldwide licensing and distribution of television programming on behalf of the BBC and other producers.

The division has opened offices in France (Paris) and Germany (Cologne) to add to the current overseas presence through the Australian branch office (Sydney), BBC Lionheart in America (New York) and the Canadian office (Toronto). A representative office will open in Hong Kong during 1994. The remit of the division now includes the overseas exploitation of multimedia products such as videos and books.

2. Magazines Division

The group, including its subsidiary and associated undertakings, publishes and distributes a wide range of magazines including the leading UK listings magazine Radio Times. Continuing growth and new launches have resulted in a wide range of consumer magazines, many leading their particular market sector, and each having an important and mutually advantageous association with BBC Television programmes. A sub-division within magazines group is Electronic Publishing the three main businesses of which are Audiocall, Broadcasting Data Services and Datacast.

BBC ENTERPRISES LIMITED
REPORT OF THE DIRECTORS (CONT'D)

3. Cable & Satellite Division

This division is responsible for the development of cable and satellite projects in the exploitation of the BBC programme archive. The division also markets sport, news and current affairs programmes worldwide.

4. Consumer Products Division

The division invests in BBC programmes and products and produces and distributes videos and audio tapes for the consumer market. It also publishes books associated with BBC output and produces educational publishing materials for schools, further education and business training. Other activities include character merchandising, the development of interactive media, and retail outlets.

INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Note 16 in the Notes to the Financial Statements for the year ended March 31st 1994 lists investments in subsidiaries and Note 17 lists investments in associated undertakings. Changes to investments in subsidiaries and associated undertakings occurring during this financial year were as follows:-

On December 30th 1993, the company acquired the remaining 22.5% of Redwood Publishing Limited and disposed of the third party contract publishing activities. The wholly owned subsidiary was renamed Woodlands Publishing Limited.

On January 15th 1994 BBC Frontline Limited, in which the company has a 23% interest, changed its name to Frontline Limited.

In February 1994 the Company increased its interest in Twin Network Limited to 19% and in the same month Twin Network Limited ceased to trade.

On March 25th 1994 Video World Publishing Limited and World Publications Limited were each put into a members' voluntary winding up.

CURRENT AND FUTURE DEVELOPMENTS

Overview

The bulk of the Company's turnover is still dependent on the U.K. economy and the 93/94 plan was predicated on a steadily improving domestic market. In the event there was little evidence of recovery and the retail market place was relatively flat. It is with some satisfaction therefore that we publish our record turnover and particularly profits whilst continuing to increase the rate of reinvestment into BBC programmes. It is a measure of the very strong product and the publishing and marketing skills of the Company to have achieved such results in a low growth economy.

BBC ENTERPRISES LIMITED
REPORT OF THE DIRECTORS (CONT'D)

Overseas has seen increased turnover through the established Lionheart subsidiary in the USA and Australia/New Zealand business through the Sydney office. The newer offices in France and Germany have justified their investment with incremental revenue and profit.

Future

The Company will continue to play its part in the development of the BBC commercial policy and to achieve planned growth in a co-ordinated manner with other BBC commercial activities.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the consolidated financial statements.

EMPLOYEES AND HEALTH AND SAFETY

The company has fulfilled its intention of becoming an employer in its own right, separate from the BBC and will progressively determine and implement appropriate conditions of service and personnel strategies.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

It is company policy to make information available to employees to enable them to take a wider interest in the company and its performance. This objective is achieved through regular consultative meetings, handbooks, newspapers and noticeboards.

DIRECTORS

The directors who served during the year are:

R Phillis	(Chairman appointed April 1993)
D E Hatch	(Vice Chairman)
Dr J A G Thomas	(Became Managing Director August 1993)
K S Owen	
K N Wright	
N J Chapman	
G Massey	
P S Phippen	(Appointed October 1993)
J Alexander	
W Wyatt	
G Roscoe	
A P Howden	
C J Arnold-Baker	(Resigned July 1993)

BBC ENTERPRISES LIMITED
REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS' INTERESTS

No director had any interest in the share capital of the company at 1st April 1993 or 31st March 1994.

CONTRIBUTIONS FOR CHARITABLE PURPOSES

Charitable contributions amounted to £11,104 (1993: £53,920)

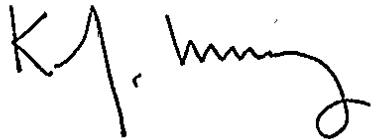
INSURANCE OF DIRECTORS

The group maintains insurance for BBC Enterprises Limited's directors in respect of their duties as directors.

AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting to reappoint Coopers & Lybrand as the company's auditors.

BY ORDER OF THE BOARD



K N WRIGHT
Director

May 26th 1994

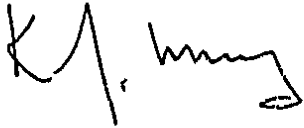
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD



K N WRIGHT
Director

**AUDITORS' REPORT TO THE MEMBERS
OF BBC ENTERPRISES LIMITED**

We have audited the financial statements on pages 7 to 27 which have been prepared on the basis set out in the accounting policies on page 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and company as at 31 March 1994 and of the profit and total recognised gains of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

**Coopers & Lybrand
London
Chartered Accountants and Registered Auditors**

26 May 1994

BBC ENTERPRISES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1994

	<u>Notes</u>	<u>1994</u> £'000	<u>1993</u> £'000
TURNOVER	2	238,876	204,327
Cost of sales		<u>145,750</u>	<u>127,929</u>
GROSS PROFIT		93,126	76,398
Net operating expenses	3	76,013	65,716
Income from interests in associated undertakings		681	1,073
OPERATING PROFIT		<u>17,794</u>	<u>11,755</u>
Loss on termination of operations	19	<u>(3,155)</u>	<u>-</u>
		14,639	11,755
Net interest payable	4	<u>(1,059)</u>	<u>(1,385)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	13,580	10,370
Taxation on profit on ordinary activities	7	<u>6,032</u>	<u>3,378</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		7,548	6,992
Minority interests		<u>427</u>	<u>(292)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND MINORITY INTERESTS		7,975	6,700
Dividends		-	-
RETAINED PROFIT FOR THE YEAR	19	<u>7,975</u> =====	<u>6,700</u> =====

All activities are derived from continuing operations.

BBC ENTERPRISES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1994</u> £'000	<u>1993</u> £'000
Profit for the financial year	7,975	6,700
Other net gains and losses recognised in reserves:		
Exchange translations effect on:		
profit for the financial year	11	248
foreign currency net assets	117	921
	<hr/>	<hr/>
Total recognised gains and losses for the year	8,103 =====	7,869 =====
Total recognised gains and losses for the year (as above)	8,103	7,869
Goodwill written off on acquisitions	(1,686)	-
Transfer of goodwill previously written off to the profit and loss account	3,155	-
	<hr/>	<hr/>
Net additions to shareholders funds	9,572	7,869
Shareholders' funds at 1st April	37,644	29,775
	<hr/>	<hr/>
Shareholders' funds at 31st March	47,216 =====	37,644 =====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

a) Basis of Accounting

The company and its subsidiaries prepare their financial statements in accordance with the historical cost convention.

b) Basis of Consolidation

The consolidated financial statements show the results for the year ended 31st March 1994 and the state of affairs at that date of the company and its subsidiaries.

As permitted by Section 228(7) of the Companies Act 1985 no profit and loss account has been presented for the holding company.

c) Turnover

Turnover which excludes value added tax, sales between group companies and trade discounts, represents licence fees from the distribution of joint productions, agency income and commission from the distribution of programmes on behalf of the BBC and from other producers' titles and from the publication of magazines, books, videos, records and tapes, character merchandising, transmission, and other facilities.

d) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at that date and the results of overseas subsidiaries are translated into sterling at month-end rates.

Differences on exchange arising from the retranslation of the opening net investment in subsidiary undertakings, and from the translation of the results of those undertakings at month-end rates are taken to reserves. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e) Purchased goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiary and associate undertakings is written off immediately against reserves. On disposal goodwill previously written off against reserves is transferred to the profit and loss account for the year.

f) Tangible Fixed Assets

Tangible fixed assets are stated at cost, other than assets costing less than £100 which are written off in the year of acquisition. Depreciation of plant and machinery, furniture and fittings, tools and equipment is calculated to write off the cost of the assets by equal annual instalments over their estimated economic lives, at appropriate rates, between three and five years. Depreciation on buildings has been calculated on the straight line basis over an estimated life of forty years.

g) Leased Assets

Finance lease rentals are capitalised at the total amount of rentals payable under the leasing agreement (excluding finance charges) and are depreciated, on a straight line basis, from the date of acquisition, over the lower of the period of the lease and the period of their anticipated useful life of five years. Finance charges are charged over the period of the lease on a reducing balance basis in relation to the original cost. Rentals under operating leases are charged on a straight line basis over the lease term.

h) Investment in Programmes for Future Sale

Investment in programmes for future sale are stated at cost, after writing off the costs of programmes that are considered irrecoverable, less accumulated amortisation. Certain 'topical' programme genres are recognised as having a one to two year life and are amortised accordingly. Amortisation on all other programming is charged against income over the average marketable life which is estimated to be five years. The cost of 'Investment in Programmes for Future Sale' and accumulated amortisation have been reduced by the value of programmes over five years old.

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

i) Stocks

Stocks comprising records, books and paper stock and work in progress are stated at the lower of cost and net realisable value.

j) Pensions

BBC Enterprises Limited is a member of the BBC Pension Scheme and its contributions to the scheme are based on pension costs across the BBC as a whole.

The charge to the profit and loss account for pensions comprises the regular pension cost reduced by the amortisation of the scheme surplus over the average remaining service lives of employees in the scheme.

The company also operates its own defined contribution scheme.

k) Deferred Taxation

Deferred taxation has been provided at 31st March 1994 at expected applicable rates to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes except to the extent that it is, in the opinion of the directors, reasonable to assume that the timing differences will not crystallise in the future so as to give rise to a tax liability.

l) Segmental Reporting

As permitted by paragraph 55 (5) schedule 4 of the Companies Act 1985 and Statement of Standard Accounting Practice 25 the group has not presented segmental information on profit before tax and net assets as, in the view of the directors, such disclosure would be seriously prejudicial to its interests.

m) Cash Flow Statement

The cash flows of the group are included in the consolidated group cash flow statement of the British Broadcasting Corporation, the ultimate parent, consequently the group is exempt, under the terms of Financial Reporting Statement No. 1, from publishing a cash flow statement.

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1994</u> £'000	<u>1993</u> £'000
Turnover analysed by type of business		
Television sales	64,031	53,083
Magazines and books publishing	115,228	105,441
Videos, records and tapes	44,411	36,723
Other activities	15,206	9,080
	<u>238,876</u>	<u>204,327</u>
	=====	=====

Turnover analysed by geographical destination
(all turnover originates from within the UK)

UK	175,586	148,627
Rest of world	63,290	55,700
	<u>238,876</u>	<u>204,327</u>
	=====	=====

Television sales include licensing for standard television, cable, and simultaneous relay. Co-production contributions to the British Broadcasting Corporation are administered by BBC Enterprises Limited but not included in the above turnover figures. All turnover and profit on ordinary activities before taxation is derived from continuing operations.

	<u>1994</u> £'000	<u>1993</u> £'000
3. NET OPERATING EXPENSES		
Distribution costs	51,730	43,019
Administrative expenses	24,283	22,697
	<u>76,013</u>	<u>65,716</u>
	=====	=====

	<u>1994</u> £'000	<u>1993</u> £'000
4. NET INTEREST PAYABLE		
Interest receivable	571	661
Interest payable on bank loans and overdrafts repayable by instalments within five years	(1,630)	(2,046)
	<u>(1,059)</u>	<u>(1,385)</u>
	=====	=====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1994</u> £'000	<u>1993</u> £'000
Depreciation - owned	3,421	3,070
- held under finance leases	33	16
Amortisation of programme investment for future sales	28,346	22,186
Auditors' remuneration		
- company audit fees	78	75
- subsidiaries audit fees	64	58
- other fees	149	155
Operating lease rentals	1,388	1,353
Hire of plant and machinery	12	139
Amounts written off investments	10	10

6. DIRECTORS AND EMPLOYEES

a) Employees

	<u>1994</u> £'000	<u>1993</u> £'000
Staff costs - wages and salaries	27,901	25,130
- social security costs	2,600	2,288
- other pension costs	835	364
	<u>31,336</u>	<u>27,782</u>
	=====	=====

Excluded from staff costs analysed above are the following amounts in respect of redundancy costs: £318,473 (1993: £405,508).

The average number of persons employed by the group during the year was:

	1994	1993
	Number	Number
Cable and Satellite	30	25
International Division	220	206
Magazines	515	509
Consumer Products	211	203
Service Departments	187	179
	<u>1,163</u>	<u>1,122</u>
	=====	=====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

b) Pensions

Many employees are members of the BBC Pension Scheme, which provides salary related pension benefits on a defined-benefit basis. The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contribution which, together with the specified contributions payable by employees and proceeds from the scheme's assets, are sufficient to fund the benefits payable under the scheme.

The latest actuarial valuation of the scheme was at 1st April, 1993, using the projected unit method. The main long-term assumptions are that the annual rate of return on investments would exceed increases in earnings by 1.9% and exceed pension increases by 3.8%.

The market value of the scheme's assets at 1st April 1993 was £3,436m and the actuarial value of the assets represented 118% of the value of the benefits due to members, after allowing for expected future increases in earnings. The employer's and employees' standard contribution rates were 4½% of pensionable salary. This maintained the Scheme surplus within the parameters of the Inland Revenue guidelines.

After allowing for the cost of certain benefit improvements, the pension charge in the BBC Enterprises Limited financial statements for 1993/94 was £605,000 (1992/3: £364,000) after deducting a proportion of the scheme surplus amortised over the average remaining service of the contributing members.

The Company also operates its own defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £39,302 (1992/3: £70).

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

6. DIRECTORS AND EMPLOYEES (CONT'D)

c) Directors' emoluments

The remuneration paid to the directors of the parent company was:	<u>1994</u> £'000	<u>1993</u> £'000
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Emoluments (including pension contributions and benefits in kind)	<u>854</u>	<u>873</u>
---	------------	------------

Fees and emoluments (excluding pension contributions) include amounts paid to:	<u>1994</u> £'000	<u>1993</u> £'000
--	----------------------	----------------------

The Chairman	-	-
The highest-paid director	118	134

The number of directors (including the Chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	<u>1994</u> Number	<u>1993</u> Number
£ 0 - £ 5,000	5	6
£ 40,001 - £ 45,000	1	-
£ 60,001 - £ 65,000	-	1
£ 80,001 - £ 85,000	2	-
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	-	1
£ 95,001 - £100,000	1	3
£100,001 - £105,000	1	1
£105,001 - £110,000	1	-
£115,001 - £120,000	1	1
£125,001 - £135,000	-	1

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u> £'000	<u>1993</u> £'000
Current:		
UK Corporation tax at 33% (1993: 33%)	5,267	957
Group relief payable	3,136	3,125
Deferred taxation (see note 14)	(3,446)	(1,348)
Double taxation relief	<u>(523)</u>	<u>(503)</u>
	4,434	2,231
Overseas taxation	<u>1,587</u>	<u>1,901</u>
	6,021	4,132
Share of associated undertakings tax	225	326
Prior year adjustment:		
Corporation tax	144	(1,286)
Group relief payable	(2,494)	(312)
Deferred taxation (see note 14)	<u>2,136</u>	<u>518</u>
	<u>6,032</u>	<u>3,378</u>

£3,155,000 charged in the profit and loss account has not been relieved for Corporation Tax purposes.

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

8. TANGIBLE FIXED ASSETS

a) Group

	<u>Buildings</u> £'000	<u>Plant & Machinery</u> £'000	<u>Fixtures & Fittings</u> £'000	<u>Total</u> £'000
Cost:				
At 1st April 1993	10,589	9,901	6,910	27,400
Additions	65	2,435	726	3,226
Disposals	-	(267)	(33)	(300)
Exchange adjustment	6	-	10	16
Reclassification	-	72	(72)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1994	10,660	12,141	7,541	30,342
	=====	=====	=====	=====
Accumulated depreciation:				
At 1st April 1993	1,924	6,511	4,990	13,425
Charge for the year	354	1,978	1,122	3,454
Eliminated on disposals	-	(175)	(30)	(205)
Exchange adjustment	5	-	7	12
Reclassification	-	48	(48)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1994	2,283	8,362	6,041	16,686
	=====	=====	=====	=====
Net book value:				
At 31st March 1994	8,377	3,779	1,500	13,656
	=====	=====	=====	=====
At 31st March 1993	8,665	3,390	1,920	13,975
	=====	=====	=====	=====

The net book value of plant & machinery includes an amount of £nil (1993: £32,737) in respect of assets obtained under finance leases.

The net book value of buildings contains the following amounts in respect of leasehold and freehold property:

	1994 £'000	1993 £'000
Short leasehold	171	268
Long leasehold	4,013	4,142
Freehold assets	4,193	4,255
	<hr/>	<hr/>
	8,377	8,665
	=====	=====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

8. TANGIBLE FIXED ASSETS (CONT'D)

b) Company

	<u>Buildings</u> £'000	<u>Plant & Machinery</u> £'000	<u>Fixtures & Fittings</u> £'000	<u>Total</u> £'000
Cost:				
At 1st April 1993	9,883	9,508	4,833	24,224
Additions	57	2,294	352	2,703
Disposals	-	(235)	(23)	(258)
At 31st March 1994	<u>9,940</u>	<u>11,567</u>	<u>5,162</u>	<u>26,669</u>
Accumulated depreciation:				
At 1st April 1993	1,486	6,283	3,956	11,725
Charge for the year	248	1,857	646	2,751
Eliminated on disposals	-	(151)	(21)	(172)
At 31st March 1994	<u>1,734</u>	<u>7,989</u>	<u>4,581</u>	<u>14,304</u>
Net book value:				
At 31st March 1994	<u>8,206</u>	<u>3,578</u>	<u>581</u>	<u>12,365</u>
At 31st March 1993	<u>8,397</u>	<u>3,225</u>	<u>877</u>	<u>12,499</u>

The net book value of buildings contains the following amounts in respect of leasehold and freehold property:

	1994 £'000	1993 £'000
Long leasehold	4,013	4,142
Freehold assets	4,193	4,255
	<u>8,206</u>	<u>8,397</u>

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

9. INVESTMENT IN PROGRAMMES FOR FUTURE SALE	<u>Group</u> £'000	<u>Company</u> £'000
Cost:		
At 1st April 1993	85,652	70,472
Exchange Adjustment	214	-
Additions	38,196	22,042
Written off during the year	(10,425)	(10,425)
Less: cost of programmes fully amortised as at 31st March 1994	<u>(5,749)</u>	<u>(4,741)</u>
At 31st March 1994	107,888	77,348
	=====	=====
Amortisation:		
At 1st April 1993	40,578	32,040
Exchange Adjustment	187	-
Amortisation for the year	28,346	19,459
Amortisation on programmes written off during the year	(10,425)	(10,425)
Less: accumulated amortisation on programmes fully amortised as at 31st March 1994	<u>(5,749)</u>	<u>(4,741)</u>
At 31st March 1994	<u>52,937</u>	<u>36,333</u>
	=====	=====
Net book value:		
At 31st March 1994	54,951	41,015
	=====	=====
At 31st March 1993	45,074	38,432
	=====	=====
The amortisation charge for the year of £28,346,000 (1993: £22,186,000) is included in cost of sales.		

10. STOCKS

	Group		Company	
	<u>1994</u> £'000	<u>1993</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000
Raw materials and consumables	1,534	2,294	1,026	1,220
Work in progress	3,331	2,942	3,331	2,942
Finished goods and goods for resale	<u>4,055</u>	<u>3,486</u>	<u>4,055</u>	<u>3,486</u>
	8,920	8,722	8,412	7,648
	=====	=====	=====	=====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

11. DEBTORS

	Group		Company	
	<u>1994</u> £'000	<u>1993</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000
Amounts falling due within one year:				
Trade debtors	38,409	32,516	26,267	25,628
Amounts owed by subsidiary undertakings	-	-	5,202	3,644
Amounts owed by associate undertakings	8,827	8,002	8,827	8,002
Other debtors	2,808	3,501	1,322	2,555
Prepayments and accrued income	<u>5,896</u>	<u>9,760</u>	<u>5,712</u>	<u>8,788</u>
	<u>55,940</u> =====	<u>53,779</u> =====	<u>47,330</u> =====	<u>48,617</u> =====
Amounts falling due after more than one year:				
Trade debtors	<u>747</u>	<u>928</u>	<u>614</u>	<u>292</u>
	<u>747</u> =====	<u>928</u> =====	<u>614</u> =====	<u>292</u> =====
	<u>56,687</u> =====	<u>54,707</u> =====	<u>47,944</u> =====	<u>48,909</u> =====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

12. CREDITORS

Amounts falling due
within one year:

	Group		Company	
	<u>1994</u> £'000	<u>1993</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000
Bank loans and overdrafts	-	701	-	410
Trade creditors	27,289	28,309	25,928	25,872
Amounts owed to the BBC	13,134	6,983	3,420	5,005
Amounts owed to subsidiary undertakings	-	-	7,905	1,883
Amounts owed to associate undertakings	179	-	179	-
Amounts owed to fellow subsidiary undertakings	2,475	3,159	2,500	3,159
Other creditors	2,379	1,721	1,627	1,319
Corporation Tax	4,044	-	3,664	-
Social security and other taxes	1,376	1,506	612	961
Accruals and deferred income	28,385	22,026	21,877	17,912
	<u>79,261</u> =====	<u>64,405</u> =====	<u>67,712</u> =====	<u>56,521</u> =====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

13. CREDITORS

Amounts falling due
after more than one year:

	Group		Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank loan repayable within five years by instalments	-	24,000	-	24,000
Loan owed to the BBC	18,000	-	18,000	-
Obligations under finance leases	-	16	-	-
Other creditors	<u>22</u>	<u>111</u>	<u>-</u>	<u>50</u>
	<u>18,022</u> =====	<u>24,127</u> =====	<u>18,000</u> =====	<u>24,050</u> =====

During the year the company repaid its syndicated loan of £24,000,000. At the year end this facility, placed with UK commercial banks, was still in place.

In March 1994 the BBC provided the company with an interest bearing facility of up to £40,000,000 of which £18,000,000 was utilised at 31st March 1994.

14. DEFERRED TAXATION (Group and Company)

	£'000	
At 1st April 1993	1,806	
Current year credit (see note 7)	(3,446)	
Prior year charge (see note 7)	<u>2,136</u>	
At 31st March 1994	<u>496</u> =====	
The full potential liability comprises:	<u>1994</u> £'000	<u>1993</u> £'000
Capital allowances on tangible fixed assets	830	(1,020)
Capital allowances on investment in programmes for future sale	(111)	2,468
Other timing differences	<u>(223)</u>	<u>358</u>
	<u>496</u> =====	<u>1,806</u> =====

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

15. CALLED UP SHARE CAPITAL	<u>1994</u>	<u>1993</u>
	£'000	£'000
Authorised		
1,000,000 Ordinary shares of £1 each	1,000	1,000
	=====	=====
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250	250
	=====	=====
16. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (Company)		£,000
At 1st April 1993		8,606
Provisions		(2,689)
Additions		<u>5,754</u>
At 31st March 1994		<u>11,671</u>
		=====

The principal subsidiaries of the company as at 31st March 1994 are:

<u>% Interest</u>	<u>Name</u>	<u>Principal Activity</u>
100	Lionheart Television International Incorporated*	Coproducer and distributor of television programmes and multi media exploitation
100	Woodlands Publishing Limited	Magazine Publishing
100	Hartog Hutton Publishing Limited	Publisher of Periodicals
100	BBC Enterprises (France) SARL**	Programme licencing and multimedia exploitation
100	BBC Enterprises (Investments) Limited	Investment company
100	BBC Enterprises (Germany) GMBH***	Programme Licensing and multimedia explcitation
100	Broadcasting Data Services	Publisher of listings data
55	BBC Direct Ltd	Direct Marketing

* registered in Delaware, USA

** incorporated in France

*** incorporated in Germany

All of the above are incorporated in England and Wales, except where otherwise indicated, and have been included in the consolidated accounts.

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

17. INVESTMENTS IN ASSOCIATED UNDERTAKINGS

	<u>Group</u> £'000	<u>Company</u> £'000
At 1st April 1993	373	11
Retained Profits	(353)	-
Less: provisions against investments	(10)	(10)
	<hr/>	<hr/>
At 31st March 1994	10	1
	<hr/>	<hr/>

The principal associates of the company as at 31st March 1994 are:

<u>% Interest</u>	<u>Name</u>	<u>Principal Activity</u>
23	Frontline Limited	Distribution of Magazines.
50	Galleon Limited	Magazine subscription fulfilment management.
50	BBC Haymarket Exhibitions Limited	Organisation of trade and public exhibitions.

All of the above are incorporated in England and Wales.

18. TRADE INVESTMENTS

The company also has an interest of 12.7% in Cardcast Limited and 19% interest in Twin Network Ltd, both of these investments have been fully provided against.

In addition the Group owns 2,999 £1 ordinary shares and one £1 special 'A' share which gives a 20% interest in UK Gold Television Limited of nominal value. In the opinion of the directors, the group is not in a position to exercise significant influence over the operating and financial policies of UK Gold, largely because of the disposition of the other shareholders and the voting arrangements, and has no requirement to provide financial support. The group's interest in UK Gold has therefore been accounted for as a trade investment.

All of the above companies are registered in England and Wales.

19. PROFIT AND LOSS ACCOUNT

	<u>Group</u> £'000	<u>Company</u> £'000
At 1st April 1993	37,394	34,814
Retained profit for the year	7,975	9,057
Exchange adjustment	128	-
Goodwill written off	(1,686)	-
Goodwill written back	3,155	-
	<hr/>	<hr/>
At 31st March 1994	46,966	43,871
	<hr/>	<hr/>

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

19. PROFIT AND LOSS ACCOUNT (CONT'D)

During the year BBC Enterprises acquired the remaining 22½% of Redwood Publishing Limited. Net liabilities of £57,827 were acquired for a total consideration of £1,628,625. As a result of the acquisition £1,686,452 of goodwill was written off to reserves during the year.

In March 1994 World Publications Limited and Videoworld Limited were put into members voluntary receivership. As a result goodwill previously written off of £2,368,350 relating to World Publications Limited and £786,516 relating to Videoworld Limited, was transferred to the profit and loss account for the year. At the time of going into receivership both companies had net assets of £1 each. Consequently, a total charge to the profit and loss account of £3,154,868 has been made and separately disclosed as a loss on termination of operations.

Goodwill arising on acquisitions is written off to reserves in the year of acquisition. The cumulative goodwill written off is £4,785,547.

20. CAPITAL COMMITMENTS

	Group		Company	
	<u>1994</u> £'000	<u>1993</u> £'000	<u>1994</u> £'000	<u>1993</u> £'000
Fixed Assets:				
Authorised but not contracted for	1,177	1,812	1,177	1,812
Programme Investments:				
Contracted for but not provided for	12,606	8,410	12,606	7,210
Authorised but not contracted for	36,782	28,175	20,182	17,800

21. LEASE COMMITMENTS

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

	<u>1994</u> £'000	<u>1993</u> £'000
Expiring: within one year	3	41
between one and two years	-	54
between two and five years	877	860
after more than five years	448	416
	<hr/>	<hr/>
	1,328	1,371
	<hr/>	<hr/>

The lease commitment expiring after more than five years is in respect of land and buildings.

BBC ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1994 (Cont'd)

22. CONTINGENT LIABILITY

The company, together with fellow subsidiaries BBC World Service Television Limited and BBC Subscription Television Limited has entered into a group banking arrangement with Midland Bank Plc whereby the balances on the accounts of the three companies are offset. To comply with banking regulations, the three companies have provided unlimited guarantees in respect of the overdrafts and loan facilities of the other participants.

23. BRITISH BROADCASTING CORPORATION

The company is a wholly owned subsidiary of the British Broadcasting Corporation which is incorporated in the United Kingdom by Royal Charter. Copies of the financial statements of the British Broadcasting Corporation may be obtained from BBC Information Services, 201 Wood Lane, London, W12 7TS.