

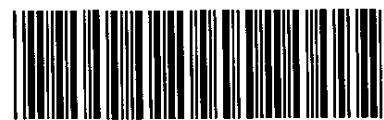
# BBC Studios Limited

Registered number 04463546

## Annual Report and Financial Statements

For the year ended 31 March 2020

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SPE 12/09/2020 #18  
COMPANIES HOUSE

## Officers and advisors

### Directors

Tom Fussell

Tim Davie (resigned 28 August 2020)

Mark Linsey (appointed 3 August 2020)

### Company secretary

Anthony Corriette

### Registered office

1 Television Centre

101 Wood Lane

London

W12 7FA

### Auditor

National Audit Office

157 - 197 Buckingham Palace Road

London

SW1W 9SP

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## Annual Report and Financial Statements

### Strategic Report

The Directors present their annual report and audited financial statements for BBC Studios Limited (the 'Company') for the year ended 31 March 2020. The financial statements have been prepared in accordance with FRS 101: Reduced Disclosure Framework for all periods presented.

#### Principal activities

The Company is the holding company for BBC Studios Distribution Limited and BBC Studios Productions Limited, which together form the BBC Studios Limited group (the 'Group'). The Company receives dividend income from its subsidiary companies.

#### Results and dividends

The Company made a profit of £70.5m during the year (2019: £65.3m). The Directors recommend the payment of a dividend of £70.5m (2019: £65.3m).

#### Overview

The Company has two direct subsidiaries BBC Studios Distribution Limited and BBC Studios Productions Limited.

The principal activity of BBC Studios Distribution Limited is to invest in content and IP for global distribution and exploitation through content sales, channels and ancillaries.

The principal activity of BBC Studios Productions Limited is to develop and produce programme content for the BBC, playing a vital role in delivering quality output and creating valuable intellectual property, as well as competing in the open market for commissions across a broad range of genres.

The profits from BBC Studios Distribution Limited and BBC Studios Productions Limited contribute to significant financial returns that are reinvested into the BBC for the benefit of the UK licence fee payer.

These audited financial statements are in relation to the Company only, and consolidated financial statements have not been prepared. The consolidated results of the Group can be found as a separate operating segment within the annual report of its immediate parent, BBC Commercial Holdings Limited. An overview of the performance of the Group (consisting of BBC Studios Distribution Limited and BBC Studios Productions Limited) is presented below.

## Annual Report and Financial Statements

### Strategic report continued

#### Overview continued

The Group had its highest-ever level of content investment and its best year for content sales. Along with the acquisition of UKTV, this meant that the Group delivered record revenue and EBITDA.

In its second year as a merged business, delivering the very best of British creativity to audiences in the UK and around the world, these results show success in transforming the Group's culture and operations, achieving a strong position alongside other global players. BBC Studios Productions was the most commissioned creator of new content in the UK in 2019.

Sales were £1,387.6m (2018/19: £1,189.2m) up 17%. EBITDA increased to £181.5m (2018/19: £159.4m). For the sixth year running, returns to the BBC, which included dividends and investment in programming, were above £200m, at a record £276.3m (2018/19: £243.3m). Investments in programming increased 19% on the previous year, partly as a result of increased contributions to BBC commissions enjoyed by UK audiences. In the year, those transmitted, included *Seven Worlds, One Planet*, from the Group's award-winning Natural History Unit, and indie-made *His Dark Materials*.

A number of significant content deals were agreed, which either deepened existing partnerships or marked the beginning of new, high growth potential relationships.

With culture a major area of focus, the Group brought in new creative talent, continued to realise the organisational benefits of the merger, and focused on the commercial and audience rewards of reflecting all audiences during the year, as well as working actively to improve the diversity of its workforce.

Efforts within the business to reduce its environmental impact were increased, with the Group ending the year with a commitment to 100% Albert certification across its UK productions from the new financial year, and carbon neutrality for all UK operations, backdated to April 2018, through a combination of reduction and offsetting. The business committed to a long-term reduction in travel that will reflect the drop achieved by global lockdown measures.

Alongside shorter-term measures to mitigate the effects of the coronavirus pandemic, the Group's strategy is a long-term plan to grow revenue and EBITDA. Guided by its purpose to be Bold, British, Creative, the Group's ambition is to bring to life brilliant, inspiring stories with a unique British flavour. By putting people at the heart of the business, and backed up by ongoing transformation and investments, it will focus on three key areas.

First, generating sustainable creative hits through early investment in new intellectual property and growing exploitation of successful formats and programmes. Second, through strengthening services – building on the success of BritBox internationally and UKTV – and evolving global channel brands like BBC Earth and CBeebies. Third, targeting new, and growing existing, major customer partnerships, which take a long-term and strategic approach to financing and developing high quality content for audiences around the world.

## Annual Report and Financial Statements

### Strategic report continued

#### Content

New titles reaching audiences in the year alongside successful favourites *Top Gear*, *DIY SOS*, *Doctor Who* and *Silent Witness* included *Seven Worlds, One Planet*, *Thatcher: A Very British Revolution*, *Sacred Wonders*, *A Fresh Guide To Florence with Fab 5 Freddy*, *Ladhood* and *For Love Or Money* for the BBC, *Prince Charles: Inside the Duchy of Cornwall* for ITV, *Good Omens* for Amazon and the BBC and *The Edge of Science* for YouTube.

Overall, the Group won 77 new commissions (49 for the BBC and 28 from third parties including Apple and Netflix). At year end, the number of third party commissions secured by the production business in its three years as a market-facing commercial studio totalled 53, with more than 700 from the BBC, resulting in a strong future pipeline. Notable new wins for the business were futuristic Terry Pratchett adaptation *The Watch* for BBC AMERICA (a BBC Studios and AMC Networks joint venture) and the Jon Favreau collaboration *Prehistoric Planet* for Apple.

Recognition for the Group's creative success in UK production continues, with 73 awards and 202 nominations in the financial year. The production team was boosted by new senior creative leads into the key genres of drama, comedy and factual.

The Group's production arm is complemented by a high quality portfolio of independent production companies, including Sid Gentle, maker of global hit *Killing Eve*, and Lookout Point, producer of *Gentleman Jack* and an adaptation of Vikram Seth's epic novel *A Suitable Boy* for BBC One. These partly or wholly-owned businesses now make up a significant proportion of content investment and sales, boosting the range of programming that the Group can offer to customers as well as the business' ability to invest in areas from customer insight to trade marketing.

#### Brands

The year saw strong performances for the Group's core brands. The tangible chemistry between *Top Gear's* new presenters broadened and grew the show's audience. Viewer numbers increased across both series 27 and 28, heralding a move to BBC One for the forthcoming series 29. The brand continues to deliver huge audience engagement on digital, with more than 500 million views globally on YouTube across the financial year. Jodie Whittaker's series 12 of *Doctor Who* continued to bring younger audiences to BBC One, raking amongst the top shows for the 16-34 age group. The brand also attracted more than 125 million YouTube views in the year.

The latest landmark Planet title – *Seven Worlds, One Planet* – was the UK's most watched factual title in 2019. It was also a hit internationally, with over 180 million views on the Tencent platform in China to date. Meanwhile, the BBC Earth brand increased in popularity, reaching one billion views on its website shortly after year end. Children's brand *Bluey* goes from strength to strength. Now the number one children's show in Australia - awards include a Logie Award, an AACTA Award and an International Emmy after year end - a deal with Disney announced in June 2019 saw the title premiere on Disney Junior in the US followed by Disney+ in early 2020, alongside the launch of branded events and merchandising.

#### Markets

In the UK, full ownership of UKTV brought immediate benefits, as the team achieved a very sound year in audiences and revenues. Both businesses now work together much more closely, realising the strategic advantages of full ownership, increasing UKTV's investment in original productions and simplifying the way that the Group controls its rights in the UK.

## Annual Report and Financial Statements

### Strategic report continued

#### Markets continued

The business combined its international operations across content sales, branded services and ancillaries outside the UK to form a new Global Distribution division, enabling greater strategic focus on long-term partnerships of scale.

At the beginning of the financial year, a significant deal was agreed with Discovery, making it the exclusive partner for BBC landmark natural history programmes through SVOD. Warner Media's new streaming service HBO Max signed up to become the streaming home of *Doctor Who*, and licensed 700 episodes of content including *Top Gear*; a co-development deal was agreed with Germany's ZDF for scripted and landmark factual content, and a pioneering deal was signed with Russia's biggest technology company Yandex for over 100 hours of scripted programming.

BritBox UK, majority owned by ITV with a content supply agreement from the Group, launched in the UK in November. At year end, ownership of BritBox in North America became equally split between the Group and ITV, while performance has been particularly strong, achieving one million subscribers in March 2020 to become the fastest-growing niche SVOD service in the US. In the same month, plans were announced to launch BritBox in Australia.

#### Group Financial Review

The Group's financial results for the year demonstrate the strength of the business and the success of its strategy, as well as the smooth implementation of the merger and UKTV acquisition. Record sales, EBITDA, content investment and content sales were achieved. Sales have grown by 17% to £1,387.6m and EBITDA is up by 14% to £181.5m. The net debt position at year end, excluding leases, was £111.6m (2018/19: £45.7m) and free cash flow £88.6m (2018/19: £111.2m).

Following a change in Ofcom's regulation of the BBC and the completion of the BBC's Commercial Review, the BBC has changed the lines of business used for Ofcom reporting. The Group now has two lines of business as detailed below. This change more accurately reflects the operating structure of the Group and the wider market. The financial performance of each line of business is detailed below:

#### Performance by line of business

	2020		2019	
	Sales £m	EBITDA £m	Sales £m	EBITDA £m
Production and Distribution	1,059.0	75.8	1,047.5	81.5
Branded Services	384.9	110.8	161.0	70.9
Group eliminations	(56.3)	(5.1)	(19.3)	7.0
<b>Total</b>	<b>1,387.6</b>	<b>181.5</b>	<b>1,189.2</b>	<b>159.4</b>

The BBC Studios Executive Committee tracks the Group's performance across these two lines of business. The line of business analysis above includes an allocation of all central costs – the business continues to drive strong cost control.

## Annual Report and Financial Statements

### Strategic report continued

#### Production and Distribution

Production and Distribution includes programmes commissioned by, and sold to, broadcasters and platform owners globally and the Group's share of the results of its joint venture and associate production companies, format sales, and consumer products.

The UK Production business is continuing to perform well, and activity has increased in commissions for future year delivery.

During the year the business focused on the creative refresh of its key brands and as a result *Top Gear*, the BBC Planet series and *EastEnders* have gone from strength to strength, and the pipeline for new business is strong for both third parties and the BBC.

The Group's independent production portfolio continues to grow in scale, developing and producing both returning and original series across scripted and unscripted genres, for both UK PSB channels as well as US and SVOD services. The Group also sold its 25% stake in indie Two Cities Television to STV Productions.

Revenues in total content sales reached record levels this year, growing 21% year on year. This reflects strong performance in securing and delivering global content partnership deals. This part of the business has benefited from record levels of content investment. The consumer products business managed to hold its results year on year despite significant market pressure, reflecting strong management and cost control.

#### Branded Services

Branded Services includes the BBC-branded channels and digital consumer services outside the UK, UKTV, BBC Studios' share of the results of the joint venture and associate operations in BritBox and BBC AMERICA, and of digital branded services including BBC Player in Asia.

The Branded Services performance in the year was strong with growth in both sales and EBITDA. This reflects the consolidation and strong performance of UKTV and continued growth of BritBox in North America.

On 5 June 2019 the Group took control of the UKTV brand and the majority of its linear channels from a previous joint venture with Discovery, for a purchase consideration of £100m. An additional £73m will be paid, representing the assumption of debt previously financed by Discovery and the impact of recognising the consideration at its present value. The results therefore reflect two months of UKTV as a 50:50 10-channel joint venture, followed by 10 months of full ownership of UKTV and its now-seven channels.

#### Forward view

The Group's content has made an immediate and positive contribution to the BBC's response to the coronavirus pandemic, bringing the whole of the UK together to educate, inform and entertain during tough and unprecedented times, with titles including *The One Show*, *Health Check UK*, *Horizon: Coronavirus Special*, *Big Night In* and *VE Day 75th Anniversary*. The business has also supported customers with enhanced licensing terms and non-exclusive access to public service content packages.



## Annual Report and Financial Statements

### Strategic report continued

#### Forward view continued

Looking forward, the first priority for the business is to protect the health of its people and their families, with extensive support available for those working from home and juggling childcare, and a focus on maintaining wellbeing in a stressful and uncertain climate. The pandemic has had a significant effect on the BBC's community of freelance production talent – the lifeblood of the creative industry both on an off-screen, and the Group has worked to support these individuals with a number of initiatives. The business also made a donation to support the Film and TV Charity's emergency relief fund for industry freelancers.

In operational terms, the coronavirus pandemic will have a clear impact on a number of key areas of business. Although the business is seeing continuing demand for premium content, underpinned by audience choices and the continuing proliferation of services, elsewhere the knock-on effect on the global economy of social distancing measures is, at the time of writing, profound. Filming pauses will delay delivery of content to commissioners and customers, as well as increasing the costs of production overall. Advertising revenues are under significant pressure globally, following dips in consumer confidence and business investment.

The Group is working to minimise the overall financial impact through careful planning and reduction of discretionary spend to safeguard cash and profit where possible. The effects are likely to be significant, however, and the duration of the crisis will be key to the extent of this.

Against this backdrop, the Group will continue to bring the best ideas to audiences around the world, transforming the business to lead the market in its customer approach and focusing on measures to underpin the long-term security of its returns to the wider BBC Group.

#### Principal risks and uncertainties

The principal risks and uncertainties are those relating to the underlying performance of the subsidiary companies. These can be found in the financial statements of the subsidiary companies, and in the consolidated annual report of BBC Commercial Holdings Limited.

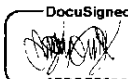
#### Section 172 statement

Section 172 of the Companies Act 2006 requires the Directors to act in the way they consider would most likely

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

The way in which the Directors have had regard for these matters is set out within the Strategic Report.

By order of the Board,

DocuSigned by:  
  
6FD8EF52C39649E..

**Anthony Corriette**  
Company Secretary  
1 September 2020

Registered Address:  
1 Television Centre  
101 Wood Lane  
London W12 7FA

BBC Studios Limited  
31 March 2020

## Annual Report and Financial Statements

### Directors' report

#### Directors

The Directors, who served during the year and up to the date of this report unless otherwise stated, are as

- Tom Fussell
- Tim Davie (resigned 28 August 2020)
- Mark Linsey (appointed 3 August 2020)

#### Financial instruments

The Company's financial risk management operations are carried out by a BBC Group Treasury function, within parameters defined formally by the policies and procedures manual agreed by the BBC Board.

#### Directors' interests and indemnities

No Director had any interest in the share capital of the Company throughout the financial year. No rights were granted to subscribe for shares or debentures of the Company to any of the Directors or their immediate families, or exercised by them, during the financial year. Directors' and Officers' liability insurance cover was in place throughout the financial year as appropriate.

#### Employee participation

The Company participates in a range of approaches in ensuring employee participation and involvement. Employee feedback, thoughts and views are measured and tracked through a range of methods including the pan-BBC survey, which are subsequently used to develop detailed action plans. The Company also has a range of staff leadership and personal development programmes and is committed to fostering constructive relations with our recognised trade unions.

#### Diversity

Recruiting and developing a diverse workforce that is representative of contemporary British society is central to the modern BBC and to BBC Studios Limited as a subsidiary of the BBC. Creating a diverse workforce is part of the BBC's Diversity Strategy.

This has been developed into a workable framework and mechanisms for systematic action planning and reporting across four key areas:

- corporate strategy and business planning – ensuring equality and diversity are part of all strategic decision-making and business planning;
- audiences – understanding and responding to our diverse audiences, through research, audience engagement and outreach initiatives;
- output – creatively reflecting the diversity of our audiences across all our platforms, and in the development of new services and technology; and
- workforce – a workforce that reflects the diversity of modern Britain and an inclusive work environment.

## Annual Report and Financial Statements

### Directors' report continued

#### Training and development

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

#### Health and safety

Responsibility for health and safety across the Company is delegated to the boards of each of the Company's subsidiaries.

#### Disabled persons

Disabled persons are fully and fairly considered for vacancies arising within the Company and are given equal opportunities in relation to training, career development and promotion. Existing employees who become disabled are retained in employment wherever possible, after the provision of any necessary rehabilitation or training.

#### The environment

The Company does not operate in industries where there is potential for serious industrial pollution, however it recognises its responsibility to be aware of and take steps to control and minimise any damage its business might cause to the environment. The Company is a holding company and therefore does not generate any carbon emissions or have any UK energy use. Streamlined Energy and Carbon Reporting for the Group can be found within the consolidated accounts of the Group's immediate parent, BBC Commercial Holdings Limited.

#### Corporate governance

The 2018 UK Corporate Governance Code, issued by the Financial Reporting Council and setting out principles of good corporate governance is not applicable to BBC Studios Limited as a private limited company but the BBC Group voluntarily complies where appropriate. Disclosure of how the BBC complies may be obtained from [www.bbc.co.uk/annualreport](http://www.bbc.co.uk/annualreport).

#### Political and charitable contributions

The Company made no political donations or contributions to charity during the year.

#### Dividends

Dividends of £70.5m were declared by the Company during the year (2019: £65.3m).

#### Future developments

See the Strategic Report for details on the Company's future outlook.

#### Going concern

As set out on page 20, 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.

## Annual Report and Financial Statements

### Directors' report continued

#### Post balance sheet events

There were no events subsequent to the balance sheet date which require disclosure within the financial statements.

#### Auditor


The National Audit Office served as independent external auditor for the year ended 31 March 2020 and 31 March 2019. The National Audit Office have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next board meeting.

#### Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board,

DocuSigned by:  
  
6FDBEF52C39649E

**Anthony Corriette**  
Company secretary

1 September 2020

**Registered address**  
1 Television Centre  
101 Wood Lane  
London  
W12 7FA

## Annual Report and Financial Statements

### Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice, comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

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 Company and of the profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditor's report to the members of BBC Studios Limited

### Opinion on financial statements

I have audited the financial statements of BBC Studios Limited for the year ended 31 March 2020 which comprise the income statement, the balance sheet, statement of changes in equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of the profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the Companies Act 2006.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of BBC Studios Limited in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the BBC Studios Limited's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the BBC Studios Limited have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the BBC Studios Limited's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report to the members of BBC Studios Limited continued

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BBC Studios Limited's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the BBC Studios Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BBC Studios Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause BBC Studios Limited to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Independent auditor's report to the members of BBC Studios Limited continued

### Other information

Directors are responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the 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
- I have not received all of the information and explanations I require for my audit.



**Greg Wilson (Senior Statutory Auditor)**

02 September 2020

**for and on behalf of the**

**Comptroller and Auditor General (Statutory Auditor)**

National Audit Office

157-197 Buckingham Palace Road

Victoria, London

SW1W 9SP

BBC Studios Limited

31 March 2020



## Annual Report and Financial Statements

### Income statement

for the year ended 31 March 2020

	2020	2019
	£m	£m
Dividends received	70.5	65.3
<b>Profit for the year</b>	<b>70.5</b>	<b>65.3</b>

All amounts above are derived from continuing activities.

There are no recognised gains or losses other than those shown above and therefore no separate statement of other comprehensive income is presented.

The notes on pages 20 to 23 form part of the financial statements.

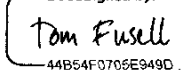
## Annual Report and Financial Statements

### Balance sheet

as at 31 March 2020

	Note	2020 £m	2019 £m
<b>Non-current assets</b>			
Investment in subsidiaries	6	166.8	166.8
<b>Total assets less current liabilities, being net assets</b>		<b>166.8</b>	<b>166.8</b>
<b>Represented by</b>			
Share capital	4	0.1	0.1
Retained earnings	4	166.7	166.7
<b>Total equity</b>		<b>166.8</b>	<b>166.8</b>

The financial statements of BBC Studios Limited, registered number 04463546, were approved by the Directors and authorised for issue on 1 September 2020 and signed on their behalf by:

DocuSigned by:  
  
 44B54F0705E949D

Tom Fussell  
 Director

## Annual Report and Financial Statements

### Statement of changes in equity

for the year ended 31 March 2020

	Share capital £m	Retained earnings £m	Total £m
<b>At 31 March 2018</b>	0.1	166.7	<b>166.8</b>
Profit for the year	-	65.3	65.3
Dividends declared and paid in year	-	(65.3)	(65.3)
<b>At 31 March 2019</b>	0.1	166.7	<b>166.8</b>
Profit for the year	-	70.5	70.5
Dividends declared and paid in year	-	(70.5)	(70.5)
<b>At 31 March 2020</b>	0.1	166.7	<b>166.8</b>

## Annual Report and Financial Statements

### Notes to the financial statements

#### Statement of compliance with FRS 101

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of BBC Commercial Holdings Limited. Consolidated group accounts were prepared in the prior year. The group accounts of the BBC are available to the public and can be obtained as set out in note 5.

#### Accounting policies

This section explains the Company's main accounting policies, which have been applied consistently throughout the year except where stated.

The Company has not prepared consolidated accounts for the year ending 31 March 2020, therefore the financial statements and accompanying notes relate to the results of the Company only.

##### Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, for all periods presented.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions under FRS101:

- IFRS 7 Financial instruments
- IFRS 13 Fair value measurement
- IAS 1 Presentation of financial statements
- IAS 7 Statement of cash flows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 24 Related party disclosures
- IAS 36 Impairment of assets

##### Going concern

The Board remains satisfied with the Company's funding and liquidity position. The Company is expected to continue to operate as holding company and its current level of reserves show that the Company should be able to act in this manner for a period of no less than 12 months from the date of signing these financial statements. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## Annual Report and Financial Statements

### Statement of Group accounting policies continued

#### Subsidiary undertakings

Subsidiaries are entities controlled by the Company. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Investments in subsidiaries are accounted for at cost less, where appropriate, allowances for impairment.

#### Dividends on shares presented within equity

Dividends are recognised through equity in the period in which they are declared. Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

#### Adoption of new and revised accounting standards

The following new and revised standards and Interpretations have been adopted for the first time, as they became effective for this financial year:

- IFRS 16 Leases
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- IFRIC 23 Uncertainty over Income Tax Treatments

They have been applied since 1 April 2019 and have not had a significant impact on the results or financial position of the Company.

#### New standards and interpretations not yet adopted

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 to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts
- Amendments to IFRS 10 and IAS 28 (Sept 2014) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors do not expect that the adoption of the standards and interpretations above would have a material impact on the financial statements of the Company in future periods.

## Annual Report and Financial Statements

### Notes to the financial statements continued

#### 1 Auditor's remuneration

The National Audit Office served as independent external auditors for the Company for the years ended 31 March 2020 and 31 March 2019. The following table presents the aggregate fees for professional services and other services rendered by the external auditors to the Company, all of which are borne by another Group entity. There were no non-audit services provided during the year.

	2020	2019
	£'000	£'000
For the audit of BBC Studios Limited's annual accounts	37.0	99.0

#### 2 Key management personnel compensation

Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the Company. The Studios Group Executive Committee (which includes the Directors) for BBC Studios Limited have been identified as the key management based on their responsibilities and influence for running and overseeing the Company's services and operations.

No key management individuals who served during the year received remuneration from the Company and the Company has not been recharged for any services provided by the Directors. All amounts have been borne by other group entities.

Director's remunerations is as follows:

	2020	2019
	£m	£m
Emoluments	0.7	0.7
Performance related	0.4	0.4
<b>Total Directors</b>	<b>1.1</b>	<b>1.1</b>

The highest paid Director's emoluments are as follows:

	2020	2019
	£m	£m
Emoluments	0.4	0.4
Performance related	0.2	0.2
<b>Total highest paid Director</b>	<b>0.6</b>	<b>0.6</b>

#### 3 Equity Dividends

	2020	2019
	£m	£m
<b>Dividends payable on ordinary equity shares</b>		
Dividends were paid/proposed as follows:		
March 2019 of 130,600p per share	-	65.3
March 2020 of 141,000p per share	70.5	-
<b>Total dividends</b>	<b>70.5</b>	<b>65.3</b>

## Annual Report and Financial Statements

### Notes to the financial statements continued

#### 4 Share capital and reserves

##### Share capital

	2020	2019
	£m	£m
Issued, allotted, called up and fully paid		
At 1 April and 31 March	0.1	0.1

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

##### Retained earnings

The retained earnings reserve reflects accumulated profits to date.

#### 5 Parent undertaking and controlling party

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

#### 6 Interests in subsidiaries

BBC Studios Limited owns 100% of the issued share capital of the following companies which are incorporated in Great Britain and registered in England and Wales.

Directly owned subsidiaries	Registered Address	Holding of ordinary shares %
BBC Studios Distribution Limited	1 Television Centre, 101 Wood Lane, London W12 7FA	100
BBC Studios Productions Limited		100