

Registered number: 1420028

BBC Worldwide Limited

**Report and financial statements for
the year ended 31 March 1996**



BBC Worldwide Limited

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BBC Worldwide Limited

Directors' report

The directors present their report and the audited consolidated financial statements of the group for the year ended 31 March 1996.

Results

The consolidated profit after taxation and minority interests for the year was £8,962,000 (1994/95: £13,403,000) which will be added to reserves. The directors do not recommend the payment of a dividend (1994/95: £nil).

Principal activities and business review

The group co-produces 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 multiple media potential throughout the world for British Broadcasting Corporation ("BBC") products and to reinvest into BBC programming.

From April 1995 the activities of BBC World Service Television Limited were integrated into BBC Worldwide Limited and the combined operations organised into three operating divisions. The three-division structure of BBC Worldwide Limited is focused on their respective business objectives:

BBC Worldwide Publishing

Responsible for the continuing growth worldwide of the existing magazines, books, videos and licensing businesses and the development of a multi-media publishing business internationally.

BBC Worldwide Television

Growing the existing co-production of programming with the BBC and subsequent exploitation of rights through the network of regional offices, including product licensed from the BBC. The continuing development of BBC branded channels throughout the world.

BBC Worldwide Learning

Developing educational programmes and products to suit different regions and cultures of the world by exploiting existing BBC educational material.

Future developments

Since the year end, together with our partners Pearson and Foxtel, we have launched an entertainment channel in Australia. In September 1996 we announced an alliance with ICL to develop a commercial BBC on line service that will be available over the Internet.

In December 1996 a reorganisation of the business divisions and management structure was announced. These changes will move the group towards a structure which can deliver more effectively our ability to build and exploit cross media brands in the markets and regions in which we operate.

BBC Worldwide Limited

Directors' report (cont'd)

Employees and health and safety

The group continues to determine and implement appropriate conditions of service and personnel strategies commensurate with its commercial objectives and strategies and to develop fully the potential of its staff in rapidly changing circumstances.

The group's policy is to facilitate the employment of disabled persons. Disabled persons, whether registered as such or not, are fully and fairly considered for vacancies arising within the group and are given equal opportunities with other staff in relation to training, career development and promotion. Existing employees who become disabled are retained in the group's employment wherever possible, after the provision of any necessary rehabilitation or training.

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

Directors

The directors who served during the year were:

R W Phillis	(Chairman)
M C Young	
Dr J A G Thomas	
N J Chapman	
R J Emery	
J S Younger	(appointed 14 December 1995)
D E Hatch	(resigned 25 October 1995)
K N Wright	(resigned 11 November 1995)
P S Phippen	(resigned 11 April 1995)
A W Wyatt	(resigned 4 January 1996)
J G Roscoe	(resigned 13 December 1995)
A P Howden	(resigned 27 October 1995)

The directors who were appointed after the year end were:

P Teague	(appointed 6 January 1997)
M Phillips	(appointed 6 January 1997)

Directors' interests

No director had any interest in the share capital of the company at 1 April 1995 or 31 March 1996. According to the register of directors' interests, 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.

BBC Worldwide Limited**Directors' report (cont'd)****Creditor payment policy**

It is BBC Worldwide Limited's policy to comply with the CBI prompt payment code in relation to the payment of suppliers. BBC Worldwide Limited monitors compliance against the terms of this code.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company was passed at the Annual General Meeting.

By order of the board



R W Phillis
Director

Date: 29th January 1997

Registered Office
Woodlands
80, Wood Lane
London W12 0TT

BBC Worldwide Limited**Statement of directors' responsibility for the preparation of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period.

In preparing those financial statements, the directors are required to :

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

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

BBC Worldwide Limited**Auditors' report to the members of BBC Worldwide Limited**

We have audited the financial statements on pages 6 to 27.

Respective responsibilities of directors and auditors

As described on page 4 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 group'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 company and the group as at 31 March 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
London

Date: 30 January 1997

BBC Worldwide Limited**Consolidated profit and loss account for the year ended 31 March 1996**

	Note	1996 £'000	1995 £'000
Turnover	2	338,412	273,906
Cost of sales		<u>(229,912)</u>	<u>(160,512)</u>
Gross profit		108,500	113,394
Net operating expenses	3	<u>(96,975)</u>	<u>(93,385)</u>
Operating profit		11,525	20,009
Income from interests in associated undertakings		<u>1,212</u>	<u>1,464</u>
		12,737	21,473
Net interest payable	4	<u>(937)</u>	<u>(391)</u>
Profit on ordinary activities before taxation	5	11,800	21,082
Taxation on profit on ordinary activities	7	<u>(2,838)</u>	<u>(7,674)</u>
Profit on ordinary activities after taxation		8,962	13,408
Minority interests		<u>-</u>	<u>(5)</u>
Retained profit for the financial year	18	<u>8,962</u>	<u>13,403</u>

The above results are derived from continuing operations.

BBC Worldwide Limited

Consolidated balance sheet as at 31 March 1996

	Note	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	8a	15,561	18,832
Investment in programmes for future sale	9	73,597	54,458
Investments in associated undertakings	11a	212	970
Other investments	12	<u>906</u>	<u>1,369</u>
		<u>90,276</u>	<u>75,629</u>
Current assets			
Stocks	13	12,283	15,064
Current debtors	14	87,981	70,970
Long term debtors	14	228	275
Investments		527	51
Cash at bank and in hand		<u>9,652</u>	<u>8,411</u>
		110,671	94,771
Creditors: amounts falling due within one year	15	<u>(128,653)</u>	<u>(116,863)</u>
Net current liabilities		<u>(17,982)</u>	<u>(22,092)</u>
Total assets less current liabilities		72,294	53,537
Creditors: amounts falling due after more than one year	15	(17,107)	(6,800)
Provisions for liabilities and charges	16	<u>-</u>	<u>(1,304)</u>
Net assets		<u>55,187</u>	<u>45,433</u>
Capital and reserves			
Called up share capital	17	250	250
Profit and loss account	18	<u>54,930</u>	<u>45,176</u>
Equity shareholders' funds		55,180	45,426
Minority interests		<u>7</u>	<u>7</u>
		<u>55,187</u>	<u>45,433</u>

The financial statements on pages 6 to 27 were approved by the board of directors on 29th January 1997 and were signed on its behalf by:

R W Phillis
Director



BBC Worldwide Limited**Company balance sheet as at 31 March 1996**

	Note	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	8b	14,407	17,166
Investment in programmes for future sale	9	60,412	45,748
Investments in subsidiary undertakings	10	17,677	17,679
Investments in associated undertakings	11b	1	46
Other investments	12	<u>906</u>	<u>1,369</u>
		<u>93,403</u>	<u>82,008</u>
Current Assets			
Stocks	13	12,283	14,099
Current debtors	14	81,861	64,593
Long term debtors	14	120	96
Investments		527	-
Cash at bank and in hand		<u>5,294</u>	<u>2,350</u>
		100,085	81,138
Creditors: amounts falling due within one year	15	<u>(130,559)</u>	<u>(114,847)</u>
Net current liabilities		<u>(30,474)</u>	<u>(33,709)</u>
Total assets less current liabilities		62,929	48,299
Creditors: amounts falling due after more than one year	15	(17,107)	(6,800)
Provisions for liabilities and charges	16	<u>-</u>	<u>(1,304)</u>
Net assets		<u>45,822</u>	<u>40,195</u>
Capital and reserves			
Called up share capital	17	250	250
Profit and loss account	18	<u>45,572</u>	<u>39,945</u>
Equity shareholders' funds		<u>45,822</u>	<u>40,195</u>

The financial statements on pages 6 to 27 were approved by the board of directors on 29th January 1997 and were signed on its behalf by:

R W Phillis
Director



BBC Worldwide Limited**Consolidated statement of total recognised gains and losses**

	1996 £'000	1995 £'000
Profit for the financial year	8,962	13,403
Other net gains and losses recognised in reserves:		
Exchange translations effect on:		
profit for the financial year	(58)	(74)
foreign currency net assets	<u>790</u>	<u>(947)</u>
Total recognised gains and losses for the year	<u>9,694</u>	<u>12,382</u>

Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Total recognised gains and losses	9,694	12,382
Goodwill written off on acquisitions	-	(14,172)
Transfer of goodwill previously written off to the profit and loss account	<u>60</u>	<u>-</u>
Net increase/(decrease) in shareholders' funds	<u>9,754</u>	<u>(1,790)</u>
Shareholders' funds at 1 April	<u>45,426</u>	<u>47,216</u>
Shareholders' funds at 31 March	<u>55,180</u>	<u>45,426</u>

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996**

1. Principal accounting policies

The principal accounting policies which have been applied consistently are set out below.

a) Basis of preparation

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

b) Basis of consolidation

The results of subsidiary companies are consolidated into the financial statements of BBC Worldwide Limited. A share of the results of associated undertakings are incorporated. Management information is used where the year end of the associate is non-coterminous with that of the group.

As permitted by Section 230 of the Companies Act 1985 no profit and loss account has been presented in respect of the holding company. The company's profit after taxation for the year dealt with in the financial statements of BBC Worldwide Limited was £5,627,000 (1995: £10,246,000).

c) Turnover

Turnover, which excludes value added tax 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

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at 31 March. Any gains or losses on translation are included in the profit and loss account.

For consolidation purposes, differences on exchange arising from the re-translation of the opening net investment of a subsidiary undertaking, and from the translation of the results of that undertaking at month-end rates, are taken to reserves.

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

1. Principal accounting policies (cont'd)

e) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of the identifiable net assets acquired and 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 less accumulated depreciation. Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service.

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

Land and Buildings	
Long leasehold buildings	40 years
Short leasehold buildings	unexpired term of the lease
Plant and machinery	3 - 5 years
Furniture and fittings	3 - 5 years

g) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

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. Amortisation of investment in programmes for future sale is charged against income over the average marketable life which is estimated to be five years. The cost and accumulated amortisation of investment in programmes for future sale are reduced by the original cost of programmes over five years old.

i) Stocks

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

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

1. Principal accounting policies (cont'd)

j) Pension costs

Defined benefit scheme

The BBC operates a defined benefit pension scheme, details of which can be found in the BBC Annual Report and Accounts for 1995/96. Contributions to the scheme are based on pension costs across the BBC as a whole. They are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Defined contribution scheme

BBC Worldwide Limited operates its own defined contribution scheme. Contributions to the scheme are charged to the profit and loss account when payable.

k) Deferred taxation

Deferred taxation has been provided at 31 March 1996 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. Provision is made only to the extent that it is, in the opinion of the directors, probable that an actual liability will crystallise in the foreseeable future.

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 taxation 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 BBC, the ultimate parent. The group is thus exempt, under the terms of Financial Reporting Standard No. 1, from preparing a cash flow statement.

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31st March 1996 (cont'd)**

2. Turnover

Turnover analysed by type of business	1996 £'000	1995 £'000
Television	131,424	81,100
Magazine and book publishing	134,946	117,527
Video and audio	47,445	51,216
Other activities	<u>24,597</u>	<u>24,063</u>
	<u>338,412</u>	<u>273,906</u>

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

UK	213,461	195,686
Rest of world	<u>124,951</u>	<u>78,220</u>
	<u>338,412</u>	<u>273,906</u>

Television sales include licensing for standard television, cable, and simultaneous relay and channel sales. Co-production contributions to the BBC are administered by BBC Worldwide Limited but not included in the above turnover.

3. Net operating expenses

	1996 £'000	1995 £'000
Distribution costs	63,295	65,235
Administrative expenses	<u>33,680</u>	<u>28,150</u>
	<u>96,975</u>	<u>93,385</u>

4. Net interest payable

	1996 £'000	1995 £'000
Interest receivable	572	486
Interest payable:		
BBC loan	(1,484)	(802)
Bank loans and overdrafts	(22)	(5)
Other	<u>(3)</u>	<u>(70)</u>
	<u>(937)</u>	<u>(391)</u>

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1996 £'000	1995 £'000
Depreciation - owned assets	4,973	4,594
Amortisation of investment in programmes for future sale	31,392	29,795
Auditors' remuneration		
- company audit fee	80	79
- subsidiaries audit fee	43	58
- other fees	55	118
Operating lease rentals - plant and machinery	805	952
- other	1,324	792
6. Directors and employees	1996 £'000	1995 £'000
a) Employees		
Staff costs - wages and salaries (excluding redundancies)	33,413	29,490
- social security costs	3,038	2,949
- other pension costs	<u>1,164</u>	<u>1,216</u>
	<u>37,615</u>	<u>33,655</u>

In addition to the above, redundancy costs of £380,000 (1994/95: £1,875,000) were incurred in the year.

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

	1996 Number	1995 Number
Television	262	285
Magazines	456	448
Consumer products	260	247
Service departments	<u>203</u>	<u>202</u>
	<u>1,181</u>	<u>1,182</u>

BBC Worldwide Limited**Note to the financial statements
for year ended 31st March 1996 (cont'd)**

6. Directors and employees (cont'd)

b) Pensions

BBC Pension scheme

Many employees are members of the BBC Pension Scheme, which provides salary related pension benefits on a defined benefit basis. Details of this scheme can be found in the BBC Annual Report and Accounts for 1995/96.

The pension charge in the BBC Worldwide Limited financial statements for the year was £830,000 (1994/95: £527,000). This includes a proportion of scheme surplus amortised over the average remaining service lives of the contributing members. A provision of £116,000 is included in creditors (1995: asset of £284,000), this being the excess of the accumulated pension cost over the amount funded.

BBC Worldwide Limited group schemes

The group also operates its own defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £334,000 for the year (1994/95: £111,000).

c) Directors' emoluments

The remuneration paid to the directors of the parent company was:	1996 £'000	1995 £'000
Emoluments (including pension contributions and benefits in kind)	988	789
Compensation for loss of office	<u>250</u>	<u>640</u>
	<u>1,238</u>	<u>1,429</u>

The emoluments of the chairman, who was also the highest paid director, in 1995/96 (excluding pension contributions) were £243,000 (1994/95: £ nil). The emoluments of the highest paid director, (excluding pension contributions) in 1994/95 were £163,000.

BBC Worldwide Limited

**Note to the financial statements
for year ended 31st March 1996 (cont'd)**

6. Directors and employees (cont'd)

c) Directors' emoluments (cont'd)

The number of directors (including the chairman) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£ 0 - £ 5,000	6	7
£ 35,001 - £ 40,000	1	-
£ 45,001 - £ 50,000	-	1
£ 65,001 - £ 70,000	-	1
£ 90,001 - £ 95,000	-	1
£100,001 - £105,000	-	1
£105,001 - £110,000	-	1
£115,001 - £120,000	1	1
£135,001 - £140,000	1	-
£145,001 - £150,000	1	-
£155,001 - £160,000	1	-
£160,001 - £165,000	-	1
£240,001 - £245,000	1	-

7. Taxation on profit on ordinary activities

	1996 £'000	1995 £'000
UK corporation tax at 33% (1994/95: 33%)	838	4,585
Group relief payable	3,752	4,176
Deferred taxation (see note 16)	(3,118)	(3,517)
Double taxation relief	<u>(1,096)</u>	<u>(782)</u>
	376	4,462
Overseas taxation	<u>2,918</u>	<u>2,273</u>
	3,294	6,735
Share of associated undertakings' tax	511	388
Prior year adjustments:		
Corporation tax	(2,423)	(3,987)
Group relief payable	(502)	213
Deferred taxation (see note 16)	1,814	4,325
Associated undertakings	<u>144</u>	<u>-</u>
	<u>2,838</u>	<u>7,674</u>

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

8. Tangible fixed assets

a) Group

	Buildings £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 April 1995	10,855	23,417	8,702	42,974
Additions	-	4,104	1,423	5,527
Disposals	(4,510)	(2,560)	(38)	(7,108)
Transfers	(16)	16	-	-
Exchange adjustment	<u>42</u>	<u>-</u>	<u>76</u>	<u>118</u>
At 31 March 1996	<u>6,371</u>	<u>24,977</u>	<u>10,163</u>	<u>41,511</u>
Depreciation				
At 1 April 1995	3,503	13,177	7,462	24,142
Charge for the year	180	3,752	1,041	4,973
Eliminated in respect of disposals	(1,675)	(1,503)	(37)	(3,215)
Transfers	(4)	4	-	-
Exchange adjustment	<u>2</u>	<u>-</u>	<u>48</u>	<u>50</u>
At 31 March 1996	<u>2,006</u>	<u>15,430</u>	<u>8,514</u>	<u>25,950</u>
Net book value:				
At 31 March 1996	<u>4,365</u>	<u>9,547</u>	<u>1,649</u>	<u>15,561</u>
At 31 March 1995	<u>7,352</u>	<u>10,240</u>	<u>1,240</u>	<u>18,832</u>

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

	1996 £'000	1995 £'000
Short leasehold	623	640
Long leasehold	3,742	3,877
Freehold	<u>-</u>	<u>2,835</u>
	<u>4,365</u>	<u>7,352</u>

BBC Worldwide Limited

Notes to the financial statements for the year ended 31 March 1996 (cont'd)

8. Tangible fixed assets (cont'd)

b) Company

	Buildings £'000	Plant & machinery £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 April 1995	9,945	22,768	6,231	38,944
Additions	-	3,990	1,283	5,273
Disposals	(4,510)	(2,521)	(5)	(7,036)
Intra group transfers	<u>259</u>	<u>15</u>	<u>1,281</u>	<u>1,555</u>
At 31 March 1996	<u>5,694</u>	<u>24,252</u>	<u>8,790</u>	<u>38,736</u>
Depreciation				
At 1 April 1995	3,233	12,696	5,849	21,778
Charge for the year	136	3,681	843	4,660
Eliminated in respect of disposals	(1,675)	(1,496)	(4)	(3,175)
Intra group transfers	<u>244</u>	<u>9</u>	<u>813</u>	<u>1,066</u>
At 31 March 1996	<u>1,938</u>	<u>14,890</u>	<u>7,501</u>	<u>24,329</u>
Net book value:				
At 31 March 1996	<u>3,756</u>	<u>9,362</u>	<u>1,289</u>	<u>14,407</u>
At 31 March 1995	<u>6,712</u>	<u>10,072</u>	<u>382</u>	<u>17,166</u>

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

	1996 £'000	1995 £'000
Short leasehold	14	-
Long leasehold	3,742	3,877
Freehold	<u>-</u>	<u>2,835</u>
	<u>3,756</u>	<u>6,712</u>

BBC Worldwide Limited

**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

9. Investment in programmes for future sale	Group £'000	Company £'000
Cost		
At 1 April 1995	106,879	76,153
Additions	49,488	38,132
Written off during the year	(8,328)	(8,328)
Less: cost of programmes fully amortised	(9,137)	(8,982)
Exchange adjustment	<u>2,524</u>	<u>-</u>
At 31 March 1996	<u>141,426</u>	<u>96,975</u>
Amortisation		
At 1 April 1995	52,421	30,405
Amortisation for the year	31,392	23,468
Amortisation on programmes written off during the year	(8,328)	(8,328)
Less: accumulated amortisation on programmes fully amortised	(9,137)	(8,982)
Exchange adjustment	<u>1,481</u>	<u>-</u>
At 31 March 1996	<u>67,829</u>	<u>36,563</u>
Net book value:		
At 31 March 1996	<u>73,597</u>	<u>60,412</u>
At 31 March 1995	<u>54,458</u>	<u>45,748</u>

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

10. Investments in subsidiary undertakings (company)	Shares in subsidiary undertakings
	£'000
Cost	
At 1 April 1995	20,334
Disposals	<u>(2)</u>
At 31 March 1996	<u>20,332</u>
Provisions	
At 1 April 1995	<u>(2,655)</u>
At 31 March 1996	<u>(2,655)</u>
Net book value	
At 31 March 1996	<u>17,677</u>
At 31 March 1995	<u>17,679</u>

The principal subsidiaries of the company as at 31 March 1996 were:

% Interest	Name	Principal activity
100	BBC Worldwide Americas Inc*	Co-producer and distributor of television programmes and multi-media exploitation
100	Woodlands Publishing Limited	Magazine publishing
100	BBC Worldwide (France) SARL**	Programme licensing and multi-media exploitation
100	BBC Worldwide (Investments) Limited	Investment company
100	BBC Worldwide (Germany) GMBH***	Programme licensing and multi-media exploitation
100	Broadcasting Data Services Limited	Publisher of listings data
75	European Channel Broadcasting Limited	Satellite broadcaster

* 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 financial statements.

On 1 April 1995, the net assets and liabilities of Woodlands Publishing Limited, a wholly owned subsidiary, were acquired by BBC Worldwide Limited for net book value.

BBC Worldwide Limited

**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

11. Investments in associated undertakings

	Interests in associated undertakings £'000	Net loans to associated undertakings £'000	Total £'000
a) Group			
Cost			
At 1 April 1995	473	270	743
Additions	-	480	480
Disposals/transfer to trade investments	(225)	-	(225)
At 31 March 1996	<u>248</u>	<u>750</u>	<u>998</u>
Share of post acquisition reserves			
At 1 April 1995	654	-	654
Retained profits less losses	701	-	701
Distributions	(1,884)	-	(1,884)
At 31 March 1996	<u>(529)</u>	<u>-</u>	<u>(529)</u>
Provisions			
At 1 April 1995	(427)	-	(427)
Provided in year	(55)	-	(55)
Disposals/transfer to trade investments	225	-	225
At 31 March 1996	<u>(257)</u>	<u>-</u>	<u>(257)</u>
Net book value			
At 31 March 1996	<u>(538)</u>	<u>750</u>	<u>212</u>
At 31 March 1995	<u>700</u>	<u>270</u>	<u>970</u>

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

11. Investments in associated undertakings (cont'd)

Interests in
associated
undertakings
£'000

b) Company

Cost

At 1 April 1995 and 31 March 1996 473

Provisions

At 1 April 1995 (427)

Provided in year (45)

At 31 March 1996 (472)

Net book value

At 31 March 1996 1

At 31 March 1995 46

The principal associates of the group as at 31 March 1996 are:

% Interest	Name	Principal activity
23	Frontline Limited	Distribution of magazines
50	Galleon Limited	Magazine subscription fulfilment management
50	BBC Haymarket Exhibitions Limited	Organisation of trade and public exhibitions
45	European Channel Management Limited	Channel distribution

All of the above are incorporated in England and Wales.

European Channel Management Limited, which commenced operating in January 1995, is regarded as an associated undertaking of BBC Worldwide Limited, but BBC Worldwide Limited has no obligation to provide it with financial support under the investment agreement. As a result BBC Worldwide Limited's share of pre-tax losses for the year to 31 March 1996 (£8.7m) (1994/95 (£5.2m)), and net liabilities at 31 March 1996 of £13.8m (1995 £5.1m) have not been included within these financial statements.

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

12. Other investments	Group £'000	Company £'000
Cost		
At 1 April 1995	1,630	1,627
Transfer to current asset investments	(334)	(334)
At 31 March 1996	<u>1,296</u>	<u>1,293</u>
Provisions		
At 1 April 1995	(261)	(258)
Provided in year	(129)	(129)
At 31 March 1996	<u>(390)</u>	<u>(387)</u>
Net book value		
At 31 March 1996	<u>906</u>	<u>906</u>
At 31 March 1995	<u>1,369</u>	<u>1,369</u>

The principal investments (all of which are unlisted) of the group are as follows:

% Interest	Name	Principal Activity
20	UK Gold Television Limited (see below)	Satellite broadcaster
20	Satellite News Corporation Limited	Satellite broadcaster

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.

BBC Worldwide Limited
**Notes to the financial statements
for the year ended 31 March 1996 (Cont'd)**

13. Stocks	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Raw materials and consumables	2,829	2,854	2,829	1,889
Work in progress	5,053	5,624	5,053	5,624
Finished goods and goods for resale	<u>4,401</u>	<u>6,586</u>	<u>4,401</u>	<u>6,586</u>
	<u>12,283</u>	<u>15,064</u>	<u>12,283</u>	<u>14,099</u>
14. Debtors	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	58,488	52,719	44,333	37,232
Amounts owed by subsidiary undertakings	-	-	13,509	9,727
Amounts owed by associated undertakings	18,716	9,779	13,708	10,123
Other debtors	2,548	2,686	2,114	1,799
Prepayments and accrued income	<u>8,229</u>	<u>5,786</u>	<u>8,197</u>	<u>5,712</u>
	<u>87,981</u>	<u>70,970</u>	<u>81,861</u>	<u>64,593</u>
Amounts falling due after more than one year:				
Trade debtors	<u>228</u>	<u>275</u>	<u>120</u>	<u>96</u>

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

15. Creditors

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Amounts falling due within one year:				
Trade creditors	55,235	40,786	54,032	39,592
Amounts owed to the BBC	20,461	23,700	17,772	21,009
Amounts owed to subsidiary undertakings	-	-	11,342	10,431
Amounts owed to associated undertakings	-	-	560	-
Amounts owed to fellow subsidiary undertakings	1,634	502	1,634	203
Other creditors	2,275	3,603	1,200	1,800
Corporation tax	5,061	5,036	4,933	4,631
Social security and other taxes	843	862	843	862
Accruals and deferred income	<u>43,144</u>	<u>42,374</u>	<u>38,243</u>	<u>36,319</u>
	<u>128,653</u>	<u>116,863</u>	<u>130,559</u>	<u>114,847</u>
Creditors: amounts falling due after more than one year:				
Loan owed to the BBC	<u>17,107</u>	<u>6,800</u>	<u>17,107</u>	<u>6,800</u>

The loan to the BBC is not repayable before April 1997 and bears interest at market rates.

BBC Worldwide Limited

**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

16. Provisions for liabilities and charges

Deferred taxation (Group and Company)	£'000
At 1 April 1995	1,304
Current year credit (see note 7)	(3,118)
Prior year charge (see note 7)	1,814
	<u> </u>
At 31 March 1996	<u> </u>

17. Called up share capital	1996	1995
	£'000	£'000
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued, allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	<u>250</u>	<u>250</u>

18. Profit and loss account	Group	Company
	£'000	£'000
At 1 April 1995	45,176	39,945
Retained profit for the year	8,962	5,627
Exchange adjustment	732	-
Goodwill written back	<u>60</u>	<u> </u>
At 31 March 1996	<u>54,930</u>	<u>45,572</u>

19. Capital commitments	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Contracted but not provided for:				
Programme investments	15,826	12,936	11,067	12,936
Authorised but not contracted for:				
Programme investments	31,059	33,464	29,690	33,464
Fixed assets	2,545	1,037	2,545	1,037

BBC Worldwide Limited**Notes to the financial statements
for the year ended 31 March 1996 (cont'd)**

20. Operating leases

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

	Land & buildings £'000 1996	Land & buildings £'000 1995	Plant & machinery £'000 1996	Plant & machinery £'000 1995
Expiring:				
within one year	-	-	86	125
between two and five years	296	180	1,063	790
after more than five years	<u>675</u>	<u>885</u>	<u>-</u>	<u>-</u>
	<u>971</u>	<u>1,065</u>	<u>1,149</u>	<u>915</u>

21. Contingent liability

The company, together with its subsidiary BBC World Service Television Limited and fellow subsidiary 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.

The company is the subject of litigation from its fellow shareholder in Audio International Ltd. It is not practicable to make an estimate of any financial effect of the litigation. However, the company is strenuously contesting the proceedings and the directors do not consider that this action will result in a material effect on the financial condition of the group.

22. Ultimate holding company

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