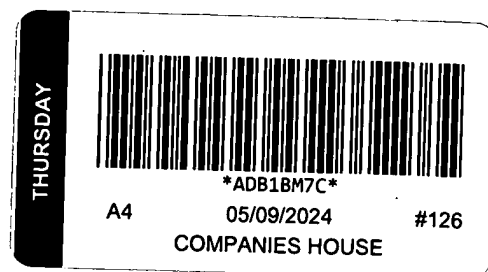


UKTV Media Limited

Annual report and financial statements

Registered number 04266373

For the year ended 31 March 2024



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Strategic report

The directors present their annual report and audited financial statements of UKTV Media Limited (the 'Company') for the year ended 31 March 2024. The Company's financial statements have been prepared in accordance with FRS 101: Reduced Disclosure Framework and these can be seen on pages 11 to 28.

Principal activity

The principal activity of the Company during the year continued to be to operate eight TV brands: Dave, Gold, W, Alibi, Drama, Yesterday, Eden, and UKTV Play, broadcasting across pay, free-to-air and digital platforms.

The Company is a 100% owned trading subsidiary of UKTV Media Holdings Limited.

95% of the shareholding in UKTV Media Holdings Limited is held by BBC Studios Distribution Limited (a wholly owned subsidiary of BBC Studios Limited).

Results and business review

The aim of the Company is to maximise shareholder value, measured as EBITDA, as well as to increase audiences, measured as Share of Commercial Impacts ('SOCI') and Monetisable Views ('MVs') on digital platforms, which are inherently linked to financial targets. The Company defines EBITDA margin as statutory operating profit, with the following operating expenses added back: depreciation, non-content related amortisation, impairments/write-downs, earnout costs, deal costs, transformational restructuring costs and other non-recurring exceptional items. SOCI measures the Company's share of the commercial TV audience, and one commercial impact is defined as one advert viewed by one person once. MVs measure when a viewer watches the Company's VoD content for a minimum of 10 minutes on digital platforms with the ad serving technology integrated, and that at least one advertisement has been viewed at normal speed.

Detailed results of the Company for the year ended 31 March 2024 are set out on page 11. Measurement of the Company performance is against EBITDA, SOCI and MVs.

Key performance indicators

	31 March 2024 £'000	31 March 2023 £'000
EBITDA	54,655	54,643
Monetisable views	160m	114m
Share of commercial impacts	8.84%	8.79%

The Company's EBITDA remained broadly flat for the year at £54.7m. Increased investment in UKTV Play, the Video on Demand (VoD) platform, delivered growth in the MVs and VoD revenues, helping to mitigate linear advertising market declines. Total fiscal year MVs grew from 114m to 160m and total fiscal year SOCI increased from 8.79% to 8.84% due to increased investment resulting in strong viewing performance throughout the year. MVs and SOCI are also measured across the calendar year and for 2023 the Company achieved MVs of 150m (2022: 101m) and SOCI of 8.81% (2022: 8.70%), its best year on record for the current channel portfolio.

Significant events

During the year, the Company launched four 'Free, Ad-supported, Streaming TV' (FAST) channels on streaming platforms Pluto, Samsung and Freevee and renewed its capacity agreements.

Strategic report *(continued)*

Principal risks and uncertainties

The Company considers its key risks and uncertainties to be as follows:


- 1) **Competition:** The Company operates in a highly competitive environment. The Company is committed to obtaining the best programming content available in order to retain its strong market share, despite a challenging advertising market.
- 2) **Substitutes:** Technological advances are changing the way people access and view content resulting in a shift in viewing habits away from traditional linear broadcast TV. The Company continues to invest in and expand its business beyond the linear broadcasting environment.
- 3) **Reliance on key revenue streams:** The Company's key revenue streams come from subscription and advertising revenues. The pay TV model continues to decline due to current economic conditions, structural changes in broadcast viewing and increased market competition from advertising video on demand and hybrid services. This creates risk to advertising revenues due to a mixed global economic outlook, creating a slowdown in spend and a significant period of adjustment in the UK market. The strategic impact of this is intense pressure on traditional linear affiliate revenues and advertising sales revenues for both linear and digital services. Senior management is aware of this and seeks to identify ways to diversify revenue streams and reduce the exposure.
- 4) **People and Talent:** The Company does not have sufficient capability and resource to successfully deliver the key areas of growth in the strategy. This impacts ability to transform the business to deliver the growth plans and achieve financial targets. Margin is challenged due to increased people costs. The business is undertaking a significant transformational programme to support delivery of its growth plan. There is an increased focus on high performance, capabilities and ensuring people are empowered and incentivised to successfully deliver.
- 5) **Business Continuity / Supply Chain:** Risk of failure/poor performance of a key supplier, especially due to the current economic climate and potential inability to meet that Company's operational needs or their contractual obligations. Risk of insufficient resilience in the Company's technology and operations especially where it is outsourced and not under direct control. Risk that a major project fails to deliver or that the volume of change in the organisation becomes unsustainable. Potential impacts could be the interruption or cessation of key services and channels or a potential regulatory breach. Current mitigation includes, an Operations team that actively manages and monitors operations and major supplier contracts; incident management and business continuity arrangements that are in place for managing incidents; major projects approach that balances risk vs strategic benefits, setting realistic scopes, budgets and timetables. The portfolio is managed by an experienced programme management function reporting into senior management.
- 6) **Cyber Security:** The threat landscape continues to develop with Ai-engineered attacks becoming much more sophisticated in approach and therefore more difficult to spot. Such threats present a high level of risk to the organisation and could cause service disruption, loss of content, personal data or business information or fraud of payments to unapproved third parties. The Company, supported by BBC Studios, has recently undertaken a full review of its approach to Information and Cyber Security with focus on policies and procedures, vulnerability scanning, penetration testing and third-party risk management. Staff continue to be supported with a variety of regular training and awareness activities.

Strategic report *(continued)*

Future outlook

In 2024-25 the Company plans to continue its investment in UKTV Play to drive its ambition to be a digital-first business, whilst continuing to strengthen its linear channels. The Company will continue to strategically align with the BBC Studios Group.

By order of the board

DocuSigned by:

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Jackline Ryland
Company Secretary

Date: 15 July 2024

Registered Office:
10 Hammersmith Grove
London, W6 7AP
Registered number: 4266373

Directors' report

Going concern

Due to increased global economic uncertainty, a range of advertising market scenarios have been included in the Company's forecasts and projections to assist the directors in understanding the consequences. After reviewing these forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The Company undertakes risk management operations in order to reduce the risk associated with the financial assets and liabilities held. The Company is exposed to currency risk, credit risk, and liquidity risk which are addressed through natural hedges, monitoring of cashflow forecasts, and assessing financial reliability of customers.

The results for the year ended 31 March 2024 and the financial position of the Company at that date are set out on pages 11 and 12 of the financial statements.

Dividends

During the year, ordinary dividends of £25,000,000 (*31 March 2023: £55,000,000*) were declared, being equivalent to £24,975 (*31 March 2023: £54,945*) per ordinary share, and paid on 27 March 2024.

Directors

The directors and officers who held office during the year and as at the date of this report are as follows:

Marcus Arthur
Lorraine Burgess (resigned 26 June 2024)
Grant Welland

Post Balance Sheet events

No significant events occurred after the Balance Sheet date.

Auditor

The National Audit Office ('NAO') are proposed for reappointment as the Company's auditors, in accordance with section 485 of the Companies act 2006.

Political and charitable contributions

During the year, the Company made charitable donations of £49,761 (*31 March 2023: £18,200*) to match employee fundraising activities and did not make any political contributions (*31 March 2023: £nil*).

Employee participation

The Company employs multiple approaches to ensuring employee participation and involvement. Employee feedback, thoughts and views are measured and tracked through a range of methods including employee surveys which are subsequently used to develop detailed action plans. The Company also has a range of staff leadership and personal development programmes.

Disabled persons

Disabled persons are fully and fairly considered for vacancies arising 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.

Directors' report (continued)

Financial Instruments

The Company's financial risk management operations are carried out by a BBC Group Treasury function, within parameters defined formally by policies and procedures manual agreed by the BBC Board. Full details are given in the consolidated financial statements of BBC Commercial Ltd, which is the group into which the Company is consolidated.

Section 172 statement

The Directors are aware of their duty under Section 172 of the Companies Act 2006 (the 'Act') to operate in a way which they consider, in good faith, would be most likely to promote the success of the Company, in doing so, to have regard (amongst other matters) to the factors detailed in section 172(1) of the Act. As a result of the governance structure embedded within the Company and the wider BBC Group, the matters that it is responsible for considering under the Act have been considered to an appropriate extent by the BBC Group in relation to this Company. The Company has its own Executive Leadership Team that oversees the management of the Company with further direction and leadership provided from BBC Studios Executive Committee. This is achieved whilst promoting and protecting the BBC brand and reputation worldwide, according to the commercial criteria as set out in the Charter and Agreement.


The Directors have a responsibility towards people and the planet. Consideration was given to steps to improve diversity and inclusion across the Company's content and teams, as well as to the plans for keeping production teams safe while making the programmes audiences love. Consideration was given to the impact on the environment when making programmes - including ensuring programmes were Albert certified.

To the extent necessary for an understanding of the development, performance and position of the entity, a further explanation of how the Company and the wider BBC Group has considered the matters set out in the Act is set out in the BBC Commercial Limited Annual Report and Accounts, which does not form part of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all steps that they ought to have taken as director in order to make themselves 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:

D328DBC3FECB4F7...

Jackline Ryland
Company Secretary

Date: 15 July 2024

Registered Office:
10 Hammersmith Grove
London, W6 7AP
Registered number: 4266373

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 of the Company for that year. In preparing these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of UKTV Media Limited

Opinion on financial statements

I have audited the financial statements of UKTV Media Limited (the 'Company') for the year ended 31 March 2024 which comprise the Company's:

- Balance sheet as at 31 March 2024;
- Profit and loss account, and Statement of changes in equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and its 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 requirements of the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Company's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of UKTV Media Limited *(continued)*

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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 director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Company from whom the auditor determines it necessary to obtain audit evidence.
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- preparing the Annual Report, in accordance with the Companies Act 2006; and
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Members of UKTV Media Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Company's accounting policies, and key performance indicators.
- inquired of management, the BBC Director of Quality Risk and Assurance and those charged with governance, including obtaining and reviewing supporting documentation relating to the Company's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Company's controls relating to the Company's compliance with the Companies Act 2006, Corporation and Employment Tax;
- inquired of management, the BBC Director of Quality Risk and Assurance and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant internal specialists, including IT colleagues regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Company for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, large/unusual transactions, bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Company's framework of authority and other legal and regulatory frameworks in which the Company operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the

Independent Auditor's Report to the Members of UKTV Media Limited *(continued)*

Company. The key laws and regulations I considered in this context included Companies Act 2006, employment law and corporate taxation.

I considered whether there was any other evidence of non-compliance with relevant laws and regulations through the review of board minutes and enquiry of appropriate officers.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

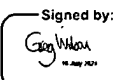
- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the BBC Group Audit and Risk Committee, the BBC Commercial Board (including the Finance and Risk Group), the BBC Commercial Chief Operating Officer, and the BBC Commercial Company Secretary concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

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 I identify during my audit.

Signed by:  16 July 2024
CA290C5EC32142D...
Greg Wilson (Senior Statutory Auditor)

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Registered number 04266373 / For the year ended 31 March 2024

Profit and loss account*for the year ended 31 March 2024*

	<i>Note</i>	31 March 2024 £'000	31 March 2023 £'000
Turnover	2	263,471	261,129
Cost of sales		(133,500)	(133,396)
Gross profit		129,971	127,733
Distribution costs		(55,561)	(52,190)
Administration expenses		(29,900)	(27,163)
Operating Profit		44,510	48,380
Operating profit reconciled as:			
EBITDA		54,655	54,643
Operating exceptional items		(1,675)	-
Depreciation and amortisation		(8,470)	(6,263)
Operating Profit		44,510	48,380
Interest receivable and similar income		-	133
Finance costs		(167)	-
Profit on ordinary activities before taxation	3	44,343	48,513
Tax on profit on ordinary activities	5	(11,786)	(9,357)
Profit for the financial year		32,557	39,156

All turnover and operating profit arose from continuing operations.

There were no recognised gains and losses other than that recognised in the profit and loss account. Accordingly, no statement of comprehensive income has been prepared.

The notes on pages 14 to 28 form a part of these financial statements.

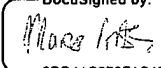
Balance sheet

at 31 March 2024

	Note	31 March 2024		31 March 2023	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible fixed assets	6		16,000		15,433
Tangible fixed assets	7		2,209		2,291
Right-of-use assets	8		6,538		-
Investments	9		7,461		5,711
			<u>32,208</u>		<u>23,435</u>
Current assets					
Programming stock	11	97,555		83,477	
Debtors: amounts falling due within one year	12	90,081		57,742	
Cash at bank and in hand		15,592		10,079	
			<u>203,228</u>	<u>151,298</u>	
Creditors: amounts falling due within one year	13	(103,799)		(56,545)	
Net current assets			99,429		94,753
Total assets less current liabilities			131,637		118,188
Non-current liabilities:					
Provisions	14		(1,688)		(1,688)
Lease liabilities	14		(5,893)		-
Net assets			124,056		116,500
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		159,479		151,923
Merger reserve	16		(55,424)		(55,424)
Share capital redemption reserve	16		20,000		20,000
Shareholders' funds			124,056		116,500

The notes on pages 14 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:

DocuSigned by:

 15 July 2024
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Marcus Arthur
 Director

Statement of changes in equity*for the year ended 31 March 2024*

	Called-up Share Capital £'000	Merger Reserve £'000	Share Capital Redemption Reserve £'000	Profit & Loss Account £'000	Total £'000
At 31 March 2022	1	(55,424)	20,000	167,767	132,344
Profit for the year	-	-	-	39,156	39,156
Dividends paid (<i>note 10</i>)	-	-	-	(55,000)	(55,000)
At 31 March 2023	1	(55,424)	20,000	151,923	116,500
Other opening adjustments *	-	-	-	1,284	1,284
Adjustment due to IFRS 16 **	-	-	-	(1,285)	(1,285)
Balance under IFRS 16 as at 1 April 2023	1	(55,424)	20,000	151,922	116,499
Profit for the year	-	-	-	32,557	32,557
Dividends paid (<i>note 10</i>)	-	-	-	(25,000)	(25,000)
At 31 March 2024	1	(55,424)	20,000	159,479	124,056

* Other opening adjustments relate to the impact of reversing the rent-free provision, previously recognised under IAS17 on the operating lease. Under IAS 17 the rent-free provision would have been spread over the life of the leases and unwound as rent charges commenced.

** The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. It resulted in a decrease in administration expenses and an increase in depreciation and interest expense.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

UKTV Media Limited is a private limited company incorporated in the United Kingdom under the Companies Act and its registered address is 10 Hammersmith Grove, London, W6 7AP.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101), and the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The results and financial position of the company are expressed in pounds sterling (GBP), to the nearest £100,000, which is the functional currency of the Company, and the presentation currency for these financial statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations, equivalent disclosures have been included in the consolidated financial statements of the BBC Group;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - iii. paragraph 118(e) of IAS 38 Intangible Assets;
- e) the requirements of paragraphs 10(d), 10(f), 16, 38(a)-(d), 40(a)-(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- f) the requirements of IAS 7 Statement of Cash Flows;
- g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- h) the requirements of paragraph 17 and 18a of IAS 24 Related Party Disclosures;
- i) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- k) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers; and
- l) the requirements of paragraph 58 of IFRS 16 Leases.

Going concern

Due to increased global economic uncertainty, a range of advertising market scenarios have been included in the Company's forecasts and projections to assist the directors in understanding the consequences. After reviewing these forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes (continued)

1 Accounting policies (continued)

Adoption of new and revised standards

The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period and therefore, the comparative information has not been restated and continues to be reported under IAS 17. The impact of changes is disclosed in note 8.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relevant stand alone prices as determined by the underlying contract.

The Company recognises a right-of-use asset and a lease liability upon lease commencement. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made before the commencement date, plus any initial direct costs and an estimate of restoration costs, less incentives received.

The right-of-use asset is subsequently depreciated using a straight line method from the commencement date over the lease term (which is equal to, or shorter than, the asset's useful life). The right-of-use asset is periodically reduced by impairment losses and adjustments for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of unpaid lease payments at commencement, discounted using the Company's incremental borrowing rate (unless the interest rate implicit in the lease can be readily determined).

The lease liability is measured using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in index or rate, change in estimate of the amount expected to be payable under a residual value guarantee, a change in the lease term or a change in the assessment of an option being exercised.

When the lease liability is re-measured a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying value has been reduced to zero then any further reductions are recorded in the Income statement.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets, which are expensed.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2%.

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

- IFRS 17 *Insurance Contracts*
- Disclosure of accounting policies (amendments to IAS 1 *Presentation of financial statements* and IFRS practical statement 2 *Making materiality judgements*);
- Definition of accounting estimates (amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors*);
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12 *Income taxes*); and
- International tax reform – Pillar two model rules (amendments to IAS 12 *Income taxes*)

These changes have not had a significant impact on the results or financial position of the Company.

Notes (continued)

1 Accounting policies (continued)

Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is a wholly owned subsidiary undertaking of BBC Commercial Limited, incorporated in United Kingdom and registered in England and Wales and its registered address is 1 Television Centre, 101 Wood Lane, London, W12 7FA. The consolidated financial statements of BBC Commercial Limited are available online from www.bbc.co.uk/aboutthebbc/reports/reports.

Cash flow statement

The Company is exempt under FRS 101 from the requirement to present a statement of cash flows as it is a wholly owned subsidiary of UKTV Media Holdings Limited. The smallest group accounts can be found at the BBC Commercial Limited level and its cash flows are included within the consolidated cash flow statement of that company. The consolidated financial statements of BBC Commercial Limited are available online from www.bbc.co.uk/aboutthebbc/reports/reports.

Related parties

The Company has taken advantage of the exemptions under paragraphs 17 and 18a of IAS 24 not to disclose the total compensation of key management personnel and transactions with fellow wholly owned subsidiaries. Terms and conditions of transactions with related parties, and sales and purchases between related parties are made on an arm's length basis.

Turnover

Turnover represents net advertising revenue, subscription revenue and other commercial revenue. All turnover is measured at fair value of the consideration receivable per the contractual terms and stated net of value added tax. Net advertising revenue is recognised over the contractual year in line with revenues generated by the advertising sales partner, subscription fees on pay channels are recognised as earned per the contract, and other commercial revenue is recognised on delivery.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial assets

Financial assets comprise of cash at bank and debtors. These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Since these balances are expected to be realised within 12 months of the reporting date, they are measured at transaction price less any impairment.

Impairment on debtors has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. An expected credit loss has not been recognised in the accounts as it would be immaterial.

Financial liabilities

Short term trade creditors are measured at the transaction price.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Programming stock

Programming stock is stated at the lower of cost, being purchase price, and the value in use. Programming stock is the amount payable under licence agreements on agreed purchases and is transferred to cost of sales on a straight-line basis over the number of transmission days or the number of transmission weeks, as appropriate.

Pensions

The Company does not operate a pension scheme but pays defined contributions into individual pension schemes. The amount charged against profits represents the contributions payable to those schemes in respect of the accounting period.

Operating Leases

Leases that the Company does not recognise a right-of-use asset and a lease liability for as the associated contract does not convey the right to control the use of an identified asset for a period of time in exchange for consideration. Rentals payable relating to assets under operating leases are taken to the profit and loss account evenly over the period of the lease.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Contingent Liabilities

Contingent liabilities are disclosed within the notes to the accounts when the Company has a possible but uncertain obligation; or a present obligation where it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are reviewed for impairment annually. This was completed and management believes that no impairment adjustment is required. Amortisation is provided to write off the cost less the estimated residual value of intangible assets by equal instalments over their estimated useful economic lives as follows:

- Software development and licences costs – 13% to 33% per annum

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Tangible assets are assessed for impairment at each reporting date. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- Furniture & Fittings – Integral features 7% per annum, in line with original lease term. Furniture and moveable fittings 33% per annum.
- IT Hardware – 33% per annum

Investments

Investments are stated at cost and tested for impairment each year, as appropriate.

Investment in subsidiaries

Investments in the Company's subsidiary undertakings are held at cost less impairment.

Common Control Transactions

Common control transactions that arise between Group entities under the control of the same parent are accounted for at book value.

Use of Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed below:

Revenue Recognition

The timing of revenue recognition requires judgement, as does the amount to be recognised. This may involve estimating the fair value of consideration before it is received. In making these judgements the Company considers the revenue recognition criteria set out in IFRS 15.

Programme Stock

Amortisation including impairment is charged to the income statement to match the estimated future economic benefit. This is calculated based on the number of transmission days or the number of transmission weeks, as appropriate.

Innovation Fund

The Fund is assessed annually for impairment and judgement is required when considering the factors in determining whether there is objective evidence of impairment. These include regular reporting from the Investee Boards and communication with internal stakeholders.

Leases

The Company may need to make a judgement on the lease term, dependent on the options to extend or terminate. This could impact the recognition of it either being a right-of use-asset or short-term lease. Restoration costs are estimated with the assistance of expert advice.

Notes (continued)**1 Accounting policies (continued)****Deferred Tax**

Deferred tax arises due to certain temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference. Recognition of deferred tax assets therefore involves judgement regarding timing and level of future taxable income.

2 Geographical location of reporting

The Company's operations are all considered to fall into a single class of business, namely the operation of TV channels which broadcast via pay, free-to-air and digital platforms. The revenue is derived from the geographical areas below.

	31 March 2024	31 March 2023
	£'000	£'000
UK	256,128	253,199
Republic of Ireland	7,343	7,930
	<u>263,471</u>	<u>261,129</u>

3 Profit on ordinary activities before taxation

	31 March 2024	31 March 2023
	£'000	£'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Amortisation of programming inventory	98,247	101,560
Operating lease rentals in respect of rent	-	1,415
Operating lease rentals in respect of plant and machinery	23,687	25,496
Amortisation of intangible fixed assets	6,406	5,455
Depreciation of fixed assets	818	808
Depreciation of right-of-use assets	1,246	-
	<u>1,246</u>	<u>-</u>

The Company auditor's remuneration of £195,000 (31 March 2023: £89,400) was borne by BBC Commercial Limited. No non-audit services were provided in the current period.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company throughout the year (including employees of BBC contracted to work for the Company) was as follows:

	Number of employees	
	31 March 2024	31 March 2023
Administration	328	301

The aggregate payroll costs of these persons charged to the Company during the year were as follows:

	31 March 2024	31 March 2023
	£'000	£'000
Wages and salaries	24,451	20,676
Social security costs	2,749	2,449
Other pension costs (note 18)	1,460	1,330
	<u>28,660</u>	<u>24,455</u>

The aggregate payroll costs include the costs of staff who work on software development which are capitalised and reported within intangible fixed assets. During the period these capitalised costs were £3,537,000 (31 March 2023: £2,708,000). During the current or prior period, no directors were employed by or received any remuneration from the Company. These costs were borne by BBC Studios Distribution Limited.

Notes (continued)**5 Taxation***Analysis of charge in period:*

	31 March 2024		31 March 2023	
	£'000	£'000	£'000	£'000
<i>UK Corporation tax</i>				
Current tax on income for the period	11,361		9,400	
Adjustments in respect of prior periods	302		(14)	
	<hr/>		<hr/>	
Total current tax charge		11,663		9,386
Deferred tax	123		(29)	
	<hr/>		<hr/>	
Total deferred tax		123		(29)
	<hr/>		<hr/>	
Tax on profit on ordinary activities		11,786		9,357
		<hr/> <hr/>		<hr/> <hr/>

Factors affecting tax charge for the current period.

The current tax charge for the period is higher (*31 March 2023: higher*) than the standard rate of corporation tax in the UK. The differences are explained below.

	31 March 2024	31 March 2023
	£'000	£'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	44,343	48,513
Current tax at 25% (<i>31 March 2023: 19%</i>)	11,086	9,217
<i>Effects of:</i>		
Expenses not deductible for tax purposes	150	114
Differences between capital allowances & depreciation	125	69
Adjustments to tax charge in respect of prior periods	302	(14)
	<hr/>	<hr/>
Total current tax charge	11,663	9,386
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting future tax charges

In the UK Government's Finance Act (No.2) 2023, legislation was enacted introducing a 15% global minimum corporate income tax rate, in line with the Organisation for Economic Cooperation and Development's (OECD) Pillar Two model framework. The Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation is effective for the Group's financial year beginning on 1 April 2024.

The Group is in scope of the legislation and has performed a number of preliminary assessments of the Group's potential exposure to Pillar Two income taxes based on financial information of the constituent entities in the Group. Based on the assessments performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are expected to be either above 15% or covered by exemptions provided within the rules. Therefore, it is not expected that the legislation will have a material impact on the Group tax charge.

The BBC has applied the mandatory exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

Notes (continued)

5 Taxation (continued)

Deferred tax	31 March 2024	31 March 2023
	£'000	£'000
Timing differences	184	307
Deferred tax asset	184	307
At beginning of the year	307	278
(Utilised)/Recognised during the period	(123)	29
At the end of the period (<i>note 11</i>)	184	307

As at 31 March 2024, the Company has £nil (*31 March 2023: £nil*) unrecognised tax losses available to relieve against future profits.

Notes (continued)

6 Intangible fixed assets

	Software development & licence costs £'000	Assets under construction £'000	Total £'000
Cost			
At 31 March 2023	48,915	-	48,915
Additions	6,481	492	6,973
	<hr/>	<hr/>	<hr/>
At 31 March 2024	55,396	492	55,888
	<hr/>	<hr/>	<hr/>
Amortisation			
At 31 March 2023	33,482	-	33,482
Provided during the period	6,406	-	6,406
	<hr/>	<hr/>	<hr/>
At 31 March 2024	39,888	-	39,888
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2024	15,508	492	16,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 31 March 2023	15,433	-	15,433
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Amortisation has been charged to administration expenses in the profit and loss account.

7 Tangible fixed assets

	Furniture & Fittings £'000	IT Hardware £'000	Assets under construction £'000	Total £'000
Cost				
At 31 March 2023	5,224	675	-	5,899
Additions	294	307	135	736
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	5,518	982	135	6,635
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 31 March 2023	3,365	243	-	3,608
Provided during the period	579	239	-	818
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	3,944	482	-	4,426
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2024	1,574	500	135	2,209
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value at 31 March 2023	1,859	432	-	2,291
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Depreciation has been charged to administration expenses in the profit and loss account.

Notes (continued)

8 Right of Use Assets

	£'000
Cost	
At 31 March 2023	-
IFRS 16 initial application	13,664
Additions	-
	<hr/>
At 31 March 2024	13,664
	<hr/>
Amortisation	
At 31 March 2023	-
IFRS 16 initial application	5,880
Provided during the period	1,246
	<hr/>
At 31 March 2024	7,126
	<hr/>
Net book value at 31 March 2024	6,538
	<hr/> <hr/>
Net book value at 31 March 2023	-
	<hr/> <hr/>

Right-of-use asset is the value of the leased property recognised upon implementation of IFRS16. The corresponding lease liability is disclosed in note 14.

	£'000
Impact on profit and loss account	
Increase in depreciation and amortisation	(1,246)
Increase in finance charge	(167)
Decrease in other operating expenditure	1,372
	<hr/>
(Decrease)/Increase in profit for the year	(41)

Notes (continued)

9 Fixed asset investments: Innovation Fund

	Company investments in innovation fund
	£'000
Cost	
At 31 March 2023	7,711
Movements during the period	2,750
	<hr/>
At 31 March 2024	10,461
	<hr/>
Impairment losses	
At 31 March 2023	(2,000)
Provided during the period	(1,000)
	<hr/>
At 31 March 2024	(3,000)
	<hr/>
Net book value at 31 March 2024	7,461
	<hr/> <hr/>
Net book value at 31 March 2023	5,711
	<hr/> <hr/>

In 2018, the Company launched its Innovation Fund to invest in burgeoning high-growth companies wishing to access the TV advertising market, where the Company exchanges advertising airtime in return for equity shareholdings. These investments are stated at cost and tested for impairment each year as appropriate.

10 Dividends

	31 March 2024	31 March 2023
	£'000	£'000
Equity Shares		
Ordinary dividends proposed and paid	25,000	55,000
	<hr/>	<hr/>

During the year, ordinary dividends of £25,000,000 (31 March 2023: £55,000,000) were declared, being equivalent to £24,975 (31 March 2023: £54,945) per ordinary share, and paid on 27 March 2024.

Notes (continued)

11 Programming stock

	31 March 2024	31 March 2023
	£'000	£'000
Programming licence fees and production costs	97,555	83,477

Impairment losses recognised in relation to programming stock during the period were £734,000 (31 March 2023: £569,000).

12 Debtors

	31 March 2024	31 March 2023
	£'000	£'000
Amounts falling due within one year		
Trade debtors	23,542	25,321
Amounts owed by HMRC	31,463	-
Amounts owed by fellow subsidiary undertakings	296	358
Other debtors	177	174
Prepayments	11,374	11,411
Accrued income	23,045	20,171
Net deferred tax asset (note 5)	184	307
	90,081	57,742

13 Creditors: amounts falling due within one year

	31 March 2024	31 March 2023
	£'000	£'000
Trade creditors	2,517	4,265
Amounts owed to fellow subsidiary undertakings	15	15
Amounts owed to intermediate parent undertaking	58,852	19,176
Taxation and social security	785	3,745
Accruals and deferred income	38,342	28,561
Lease liabilities	1,548	-
Other provisions	857	-
Other creditors	883	783
	103,799	56,545

Other provisions primarily comprise restructuring costs. No further disclosures have been made due to commercial sensitivity.

Notes (continued)**14 Non-current liabilities**

	Dilapidation Provision £'000	Lease Liability £'000
At 31 March 2023	1,688	-
Provided for in year	-	-
IFRS 16 transition	-	7,293
Utilised in year	-	(1,400)
At 31 March 2024	1,688	5,893

As part of the Company's property leasing arrangements there is an obligation to repair damages which are incurred during the life of the lease, such as wear and tear. The cost is charged to the right of use asset as the obligation arises.

15 Called up share capital

	31 March 2024	31 March 2023
	£	£
<i>Authorised, allotted and fully paid</i>		
1,001 ordinary shares of £1 each	1,001	1,001

16 Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Merger reserve – On 30 November 2014, the Company acquired the trade and net assets of fellow joint venture undertakings UK Channel Management Limited and UK Gold Holdings Limited and its subsidiaries at book value. The trade and net assets of UK Gold Services Limited, a wholly-owned subsidiary of UK Gold Holdings Limited, were transferred at a value equal to UK Gold Holdings Limited's cost of investment in UK Gold Services Limited which was higher than the book value of the net assets of UK Gold Services Limited. The difference was charged to the merger reserve.

Profit and loss account – includes all current and prior period retained profits and losses.

Share capital redemption reserve – On 3 June 2019, as part of the demerger of the business and assets owned by the Company, Scripps Networks Interactive Inc., a wholly owned subsidiary of Discovery Inc., issued an additional £20M loan to the Company, increasing the overall debt by such amount and the Company used this amount to fully redeem the £20M non-cumulative preference shares classified as liabilities at that time. As per UK company law requirements the Company created a capital redemption reserve equal to the nominal amount of preference share capital redeemed.

