

Registered number: 06034850

**BBC.com Limited**

**Director's report and Financial Statements  
for the year ended 31 March 2012**

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## Director's report

The Director presents his report and the audited financial statements of BBC.com Limited (the "Company") for the year ended 31 March 2012.

### PRINCIPAL ACTIVITY

The principal activity of BBC.com is to commercialise the international traffic to BBC.co.uk.

### BUSINESS REVIEW

BBC.com is one of the world's largest broadcast news websites, reaching an average of 58.5m (2011: 55.1m) users in 2011/12 (Omniure).

The website offers BBC news and lifestyle content in an advertising-supported environment for international audiences and helps extend the reach of the BBC brand around the world.

Our objective in 2011/12 was to improve engagement by increasing the breadth of content and localisation of BBC.com with new editions for India, Australia/New Zealand and Asia launched along with a Future section to enrich the site with specialist content. We will continue to invest in further specialist content in the year ahead.

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

### RESULTS AND DIVIDENDS

The profit after taxation for the year was £1,319,430 (2011 loss: £514,402).

The Director does not recommend the payment of a dividend (2011: £nil).

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are consistent with those of the BBC Worldwide group, full details of which are given on pages 33 and 34 of the BBC Worldwide consolidated financial statements which are available online at [bbcworldwide.com](http://bbcworldwide.com). The principal risks and uncertainties which the Company shares with BBC Worldwide include:

- **Economic Climate** – Business performance sensitive to economic slowdown in the key territories (USA, EMEA and Australia). The business is diversified across territories and revenue streams.
- **Strategic Execution** – Regular review of the strategy in the context of the market and prompt reshaping of priorities to reflect changing external conditions.

### DIRECTOR

The director who held office during the year was as follows:

David Moody

Anthony Corriette is the Company Secretary.

### DIRECTORS' INTERESTS AND INDEMNITIES

The Director did not have any interest in the share capital of BBC.com Limited at 1 April 2011 or 31 March 2012. No rights to subscribe for shares in or debentures of the Company were granted to the Director or his immediate family, or exercised by him, during the financial year. Director's and Officers' insurance cover was in place throughout the financial year as appropriate.

## Director's report (continued)

### POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations during the year (2011: £nil).

### GOING CONCERN

Notwithstanding the Company's net current liabilities and net liabilities, the Director has received confirmation from the directors of the parent company that they will not demand immediate repayment of debts owed to them and will continue to support the Company financially to enable it to meet its liabilities as and when they fall due, for a period not less than one year from the date of approval of these financial statements and accordingly the going concern basis continues to be adopted in the preparation of the accounts.

### DISCLOSURE OF INFORMATION TO AUDITOR

The Director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### AUDITOR

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

By order of the board

  
**Anthony Corriette**  
Company Secretary  
17 September 2012

Registered Office:  
Media Centre,  
201 Wood Lane  
London W12 7TQ

## Statement of Director's responsibilities

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Director must not approve the financial statements unless he is 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 period. In preparing these financial statements, the Director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's Report to the members of BBC.com Limited**

We have audited the financial statements of BBC.com Limited for the year ended 31 March 2012 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 4, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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
- we have not received all the information and explanations we require for our audit.



**P Korolkiewicz (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London, E14 5GL

17 September 2012

## Profit and Loss Account for the year ended 31 March

	Note	2012 £	2011 £
Gross sales		<b>28,439,654</b>	24,181,152
Commissions		<b>(3,061,670)</b>	(2,194,950)
<b>Turnover</b>	1,2	<b>25,377,984</b>	21,986,202
Cost of sales		<b>(8,420,307)</b>	(8,273,771)
<b>Gross profit</b>		<b>16,957,677</b>	13,712,431
Administrative expenses		<b>(14,974,738)</b>	(15,125,747)
<b>Operating profit / (loss)</b>		<b>1,982,939</b>	(1,413,316)
Intercompany interest payable		<b>(278)</b>	-
<b>Profit / (loss) on ordinary activities before taxation</b>	3	<b>1,982,661</b>	(1,413,316)
Tax on profit / loss on ordinary activities	7	<b>(663,231)</b>	898,914
<b>Profit / (loss) for the financial year</b>	14	<b>1,319,430</b>	(514,402)

The result for the current and prior year was from continuing operations.

There is no difference in the result for the financial period as reported compared to a historical cost basis in either the current or prior year.

## Balance Sheet

As at 31 March

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	9	1,148,501	578,092
Investments	8	62	62
		<b>1,148,563</b>	<b>578,154</b>
<b>Current assets</b>			
Debtors	10	8,384,521	6,940,783
Cash at bank and in hand		31,596,930	12,906,374
		<b>39,981,451</b>	<b>19,847,157</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(53,390,595)</b>	<b>(34,005,322)</b>
<b>Net current liabilities</b>		<b>(13,409,144)</b>	<b>(14,158,165)</b>
<b>Total assets less current liabilities</b>		<b>(12,260,581)</b>	<b>(13,580,011)</b>
<b>Net liabilities</b>		<b>(12,260,581)</b>	<b>(13,580,011)</b>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account	14	(12,260,582)	(13,580,012)
<b>Total equity shareholders' deficit</b>		<b>(12,260,581)</b>	<b>(13,580,011)</b>

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 17 September 2012 and were signed on its behalf by:



David Moody  
Director



## Statement of total recognised gains and losses for the year ended 31 March

	Note	2012 £	2011 £
<b>Profit / (loss) for the financial year</b>	14	<b>1,319,430</b>	(514,402)
Effect of foreign currency translation	14	-	(203,762)
<b>Total recognised gains and losses relating to the financial year</b>		<b>1,319,430</b>	(718,164)

## Notes to 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.

#### 1a Basis of preparation

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

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### 1b Going concern

Notwithstanding the Company's net current liabilities and net liabilities, the director has received confirmation from the directors of the parent undertaking that they will not demand immediate repayment of debt but will continue to support the Company financially to enable it to meet its liabilities as and when they fall due, for a period not less than one year from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

If the Company were unable to continue to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify any fixed assets as current assets.

#### 1c Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 (revised) to prepare a cash flow statement on the grounds that its ultimate parent undertaking owns over 90% of the issued share capital of the Company and includes the Company in its own published consolidated financial statements.

#### 1d Turnover

Company turnover represents income from advertising sales. It is recognised on publication or distribution of the related advertisements or commercial activity on BBC.com.

Turnover excludes value added tax and trade discounts and is recognised at the fair value of consideration receivable.

#### 1e Foreign currencies

Transactions in foreign currencies are translated into sterling at a monthly average exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at 31 March. Surpluses and deficits arising from the translation of monetary assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the profit and loss account.

#### 1f Tangible fixed assets

Tangible fixed assets are stated at cost after any provision for impairment, less accumulated depreciation. Expenditure on fixed assets is capitalised together with directly attributable costs incurred on capital projects. Depreciation is calculated so as to write off the cost less estimated residual value 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 for the principal categories of assets (computer software & equipment) are 3 to 7 years.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### 1g Taxation

The charge for taxation is based on the loss for the year 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, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is more likely than not that they will be recovered.

#### 1h Pension costs

Employees participate in both defined benefit and defined contribution schemes to which the Company contributes.

##### Defined contribution scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions to this scheme are charged to the profit and loss account when payable.

##### Defined benefit scheme

The BBC Pension Scheme provides benefits based on final pensionable pay. The pension assets of the BBC Pension Scheme are held separately from those of the BBC Group.

The BBC Pension Scheme is a group wide scheme and as such the participating employers are unable to identify their shares of the underlying assets and liabilities on a reasonable and consistent basis. Therefore, as permitted by FRS 17 'Retirement benefits', the Company accounts for the scheme as if it were a defined contribution scheme. The expenditure charged for the year as a result represents the contributions payable in the year.

### 2 Analysis of turnover

#### 2a Turnover analysed by activity

	2012 £	2011 £
Advertising sales	16,906,112	14,642,356
Commission on advertising sales	8,471,872	7,343,846
<b>Total</b>	<b>25,377,984</b>	<b>21,986,202</b>

#### 2b Turnover analysed by geographical destination

	2012 £	2011 £
Americas	16,248,684	14,811,453
Europe, Middle East and Africa	4,733,711	3,953,433
Rest of World	4,395,589	3,221,316
<b>Total</b>	<b>25,377,984</b>	<b>21,986,202</b>

The prior year figures have been restated to better reflect the Company's reportable segment reporting.



## Notes to the financial statements (continued)

### 3 Notes to the profit and loss account

#### 3a Loss on ordinary activities before taxation is stated after charging:

	2012 £	2011 £
Depreciation	408,957	95,897
Foreign exchange loss	11,252	896,256

#### 3b Auditor's remuneration

Auditor's remuneration was borne by the parent company in the current and prior financial years. The audit fee relating to the Company was as follows:

	2012 £	2011 £
Audit of these financial statements	3,000	3,000

Fees paid to the Company's auditor, KPMG LLP, and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the Company's ultimate parent, the BBC.

### 4 Remuneration of directors

No directors received any remuneration for services to the Company during the year (2011: £nil).

### 5 Staff numbers and costs

The employees are employed by BBC Worldwide Limited but all services are performed for, and costs borne by, BBC.com Limited. The average number of persons employed including directors (full-time equivalent) during the year was as follows:

	2012 Average	2011 Average
Administration	26	27

The aggregate payroll costs of these persons were as follows:

	2012 £	2011 £
Salaries and wages	2,385,987	1,902,121
Social security costs	194,314	173,932
Other pension costs	137,525	208,499
	2,717,826	2,284,552



## Notes to the financial statements (continued)

### 6 Pension schemes

Many BBC Worldwide Limited employees are members of the BBC Group's pension schemes. These comprise the BBC Pension Scheme (a defined benefit scheme which is now closed to new members), a small unfunded plan (the unfunded scheme, which is also closed to new members) and defined contribution schemes (Lifeplan and the Group Personal Pension Scheme).

#### BBC Pension Scheme

The BBC Pension Scheme provides benefits on a defined benefit basis funded from assets held in separate trustee-administered funds.

The 2010 actuarial valuation by Towers Watson of the pension scheme showed a funding shortfall of £1,131m. Consequently a recovery plan was agreed between the BBC and the pension scheme Trustees whereby additional contributions totalling £905m are to be paid by the BBC over a period of 11 years which commenced in 2011.

The next formal actuarial valuation is expected to be performed as at 1 April 2013.

	<b>Projected</b>					
	<b>2013</b>	<b>2012</b>	<b>2011*</b>	<b>2010*</b>	<b>2009*</b>	
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Employer**	14.5	14.5/ 15.5	18.2	18.9	19.1/ 19.7	
Employee (Old and New Benefits)	7.5	7.5	7.5	6.8	6.0	
Employee (CAB 2006)	4.0	4.0	4.0	4.0	4.0	
Employee (CAB 2011)	6.0	6.0	-	-	-	

\* Comparative figures have been restated to include the BBC's share of additional voluntary contributions.

\*\* Includes an allowance for BBC AVC matching contributions of 0.1%/0.3% (2011: 0.3%) but excludes the cost effectively paid for by the employee and the salary sacrifice element.

On the basis assumed above, the BBC expects to make contributions to the scheme totalling £136.8m in the year to 31 March 2013.

BBC.com Limited, following the provisions within FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. This is because it is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The pension cost for this scheme therefore represents contributions payable by the Company to the scheme.

The combined pension costs for the defined benefit scheme and defined contribution schemes in which the Company's employees participate amounted to £0.1 million in the year (2011: £0.2 million). No contributions were prepaid or accrued at 31 March 2012 (2011: £nil). Additional disclosure about the defined benefit scheme is provided in the BBC Annual Report and Accounts that can be obtained from [www.bbc.co.uk/annualreport](http://www.bbc.co.uk/annualreport).

## Notes to the financial statements (continued)

### 7 Taxation

#### 7a Analysis of charges for the year

The charge for the year, based on a rate of corporation tax of 26% (2011: 28%), comprised:

	2012 £	2011 £
<b>UK corporation tax:</b>		
UK group relief payable / (receivable)	408,589	(530,715)
UK corporation tax	65,177	-
Deduct: Double tax relief	(65,177)	-
Adjustments in respect of prior years	24,335	-
Overseas tax	65,177	11,860
<b>Total current tax charge / (credit)</b>	<b>498,101</b>	<b>(518,855)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	45,703	133,585
Tax rate reduction	25,566	17,139
Adjustments in respect of prior years	93,861	(530,783)
<b>Total deferred tax</b>	<b>165,130</b>	<b>(380,059)</b>
<b>Tax charge / (credit) on profit / loss on ordinary activities</b>	<b>663,231</b>	<b>(898,914)</b>

#### 7b Factors affecting the tax charge

The current tax charge for the period is lower (2011: lower) than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below.

	2012 £	2011 £
Profit / (loss) on ordinary activities before tax	1,982,661	(1,413,316)
Current tax charge / (credit) at 26% (2011: 28%)	515,492	(395,728)
Effects of:		
Disallowed expenditure	3,977	1,920
Depreciation less than capital allowances	(45,703)	(133,585)
Tax differential on overseas earnings	-	8,538
Adjustments in respect of prior years	24,335	-
<b>Current tax charge / (credit) for the period (note 7a)</b>	<b>498,101</b>	<b>(518,855)</b>

#### 7c Analysis of deferred tax balance

In accordance with FRS 19 'Deferred Taxation', the Company provides for all deferred tax liabilities in full less available deferred tax assets.

	2012 £	2011 £
<b>Deferred tax provision</b>		
Provision at start of the year	(462,741)	(82,682)
Deferred tax credit (note 7a)	165,130	(380,059)
Provision at end of the year	(297,611)	(462,741)
<b>Deferred tax (asset)</b>		
Depreciation in excess of capital allowances (note 10)	(297,611)	(462,741)
<b>Total deferred tax</b>	<b>(297,611)</b>	<b>(462,741)</b>

## Notes to the financial statements (continued)

### 7 Taxation (continued)

#### 7d Factors that may affect future tax charges

The future total tax charge will be affected by the mix of profits generated from the different tax jurisdictions in which the Company operates (principally the UK, the US and Australia) and the statutory tax rates applicable in these territories.

The future tax charge may also differ from the UK statutory rate of corporation tax as a result of expenses disallowable for corporation tax deduction and as a result of income which is not taxable.

The UK Government has announced a phased reduction in the main rate of corporation tax in the UK. On 1 April 2012, the rate was reduced from 26% to 24%. Two further annual reductions of 1% are expected to follow in subsequent years, reducing the corporation tax rate to 22% from 1 April 2014. The impact of the future rate reductions will be accounted for in future periods, to the extent that they are enacted at the balance sheet date; however, it is estimated that this will not have a material effect on the Company.

### 8 Investments

Cost and net book value	
<b>At 1 April 2011 and 31 March 2012</b>	<b>62</b>

Since 1 November 2007 the Company has owned 100% of the ordinary share capital of BBC.com Inc, a company registered in the USA to commercialise the international traffic to bbc.co.uk.

### 9 Tangible fixed assets

	<b>Computer software and equipment £</b>
Cost	
At 1 April 2011	3,726,535
Additions	979,366
<b>At 31 March 2012</b>	<b>4,705,901</b>
Depreciation	
At 1 April 2011	3,148,443
Charged in year	408,957
<b>At 31 March 2012</b>	<b>3,557,400</b>
Net book value:	
<b>At 31 March 2012</b>	<b>1,148,501</b>
At 31 March 2011	578,092



## Notes to the financial statements (continued)

### 10 Debtors: amounts falling due within one year

	2012 £	2011 £
Trade debtors	2,158,397	2,348,956
Amounts owed by fellow subsidiary undertakings	3,646,464	2,844,543
Other debtors	175,726	-
Deferred tax asset (note 7c)	297,611	462,741
Prepayments and accrued income	2,106,323	1,284,543
	<b>8,384,521</b>	<b>6,940,783</b>

### 11 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	1,115,758	951,043
Amounts owed to ultimate parent undertaking	1,604,230	-
Amounts owed to immediate parent undertaking	47,699,856	31,291,469
Amounts owed to fellow subsidiary undertakings	1,841,783	-
Accruals and deferred income	1,128,968	1,762,810
	<b>53,390,595</b>	<b>34,005,322</b>

### 12 Capital Commitments

	2012 £	2011 £
Programme investments	-	4,226,373
<b>Total</b>	<b>-</b>	<b>4,226,373</b>

### 13 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<b>100</b>	<b>100</b>
<i>Issued, allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1
	<b>1</b>	<b>1</b>

### 14 Reserves and reconciliation of movements in equity shareholders' deficit

	Share capital £	Profit and loss account £	Total equity shareholders' deficit £
At 1 April 2011	1	(13,580,012)	(13,580,011)
Profit for the year	-	1,319,430	1,319,430
<b>At 31 March 2012</b>	<b>1</b>	<b>(12,260,582)</b>	<b>(12,260,581)</b>



## Notes to the financial statements (continued)

### 15 Related party transactions

The Company is a wholly owned subsidiary of BBC Worldwide Limited and has taken exemption under FRS 8 from disclosing transactions and balances with wholly owned entities which form part of the group headed by the British Broadcasting Corporation (BBC).

There are no other transactions with related parties which require disclosure.

### 16 Parent undertaking and controlling party

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

### 17 Subsequent events

On 12 September 2012, the BBC Worldwide Board approved the sale of the Company to another company owned by the BBC. The sale transaction is expected to complete at the end of September 2012.

