FINANCIAL STATEMENTS

Above:
Teen comedy drama *Boarders*, written by Daniel Lawrence Taylor, returned for a second series

Financial statements

Comptroller and Auditor General's Certificate and Report on the Group Financial Statements

The Certificate and Report of the Comptroller and Auditor General to the Board of the British Broadcasting Corporation, acknowledging that Parliament also places reliance on the Group Accounts and Report

Opinion on financial statements
I certify that I have audited the financial statements of the British Broadcasting Corporation (BBC) Group for the year ended 31 March 2025 which comprise the BBC Group's:

- Consolidated balance sheet as at 31 March 2025;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated cashflow statement and Consolidated 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 Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the BBC Group's affairs as at 31 March 2025 and of the deficit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the Royal Charter for the continuance of the British Broadcasting Corporation and Secretary of State directions issued thereunder.

Opinion on regularity
In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions
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 (2024)'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the BBC Group 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.

The framework of authorities that has been considered in the context of my opinion on regularity is:

- the Royal Charter for the continuance of the British Broadcasting Corporation and the agreements issued thereunder on 7 November 2016 and 26 May 2022; and
- other agreements the BBC has entered into with Government Ministers.

Conclusions relating to going concern
In auditing the financial statements, I have concluded that the BBC Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the BBC Board's assessment of the BBC Group's ability to continue to adopt the going concern basis of accounting included understanding and assessing risks to future revenue streams and the BBC Group's ability to access borrowings and take other mitigating actions to manage cash-flows. I also considered my wider understanding of the environment in which the BBC Group operates which may have implications for the ability to adopt the going concern basis of accounting.

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 BBC Group'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.

In relation to the BBC Board's reporting on how it has applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the BBC Board's statement in the financial statements about whether the Board considered it appropriate to adopt the going concern basis of accounting.

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

Financial statements continued

Comptroller and Auditor General's Certificate and Report on the Group Financial Statements continued

Overview of my audit approach

Summary of my audit approach	
Key Audit Matters	I identified the following as key audit matters for my audit of the BBC Group: • Consolidation Processes and Scope • Revenue recognition - Licence Fee and Commercial revenue • Accounting for Corporate Transactions • Valuation of Defined Benefit Pension Scheme Assets and Liabilities • Programme asset accounting • Valuation of lease liabilities • Valuation of derivatives
Materiality	I have applied materiality of £50m for my audit of the BBC Group financial statements, approximately 1% of group revenue (2023/24: £50 million, 1% of group revenue).
Scope	I included in the scope of my audit various classes of transactions, account balances and disclosures arising from the Public Service Broadcaster and BBC Commercial Group components based on the risk of material misstatement to the BBC Group financial statements, given their size, estimation, and/or complexity. I also included in the scope of my audit in the licence fee income that I audit as part of the Television Licence Fee Trust Statement audit and certain Defined Benefit Pension Scheme assets that are audited by the BBC Pension Scheme auditors. My audit included coverage of 97.5% of BBC Group income and 97.9% of BBC Group total assets through the work performed directly as a group auditor and work performed by the component auditors.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed risk of fraud through management override of controls, where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; its report on matters that it considered to be significant to the financial statements is set out on pages 105 - 107.

In the previous year I recognised a key audit matter relating to the risks around major IT changes. There have been no major IT changes during 2024/25 and so this is not a key audit matter this year.

In addition, in the previous year I identified a key audit matter in respect of accurately accounting for and valuing the BBC's acquisition of ITV plc's 50% stake in BritBox International, especially given its timing near year-end. This year, I extended the scope of this key audit matter to 'Accounting for Corporate Transactions'. As well as reviewing retrospective adjustments made to the provisional amounts recorded for the BritBox acquisition, I assessed a risk of material misstatement in relation to other in-year corporate transactions by the BBC Commercial Group: the disposal of the BBC's stake in New Video Channel America (NVCA); and the acquisitions of Brutal Media and Werner Film Group.

There are no new key audit matters for 2024/25 that have significantly influenced my overall audit strategy.

Consolidation processes and scope

Description of risk
The production of BBC Group financial statements requires multiple levels of consolidation of entities within the Group, identification of consolidation adjustments and elimination of intra-group transactions. The complexity of the group structure, the volume and value of required adjustments and the manual interventions in the consolidation processes increase the risk of material misstatement.

There is also a risk around the scope of consolidation as management judgement is often required in determining which entities are required to be consolidated into the Group, rather than treated as joint ventures, associates or investments. This applies to the BBC's investment in Daunus Ltd, which was set up as part of the refinancing of the London Broadcasting House refurbishment and sale and lease back arrangement. Management have assessed that the investment represents a joint venture and that it is not a subsidiary controlled by the BBC. This is a significant judgement.

How the scope of my audit responded to the risk
I assessed the design and implementation of controls relevant to this key audit matter. I have reperformed the BBC Group and BBC Commercial consolidations to ensure they have been undertaken appropriately, including sub-consolidations in the commercial entities. I have also tested the accuracy and completeness of consolidation adjustments and intra-group eliminations.

In respect of Daunus Ltd, through review of contractual information, management information, the financial statements of Daunus Ltd and Board minutes, I concluded that there had been no changes to the existing arrangement and that Daunus Ltd continues to be correctly classified as a Joint Venture.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Revenue recognition – Commercial

Commercial revenue from contracts with customers – £2,152 million (2023/24: £1,859 million) – refer to note B1

Description of risk
There are several sources of revenue within the BBC's commercial subsidiaries where I deem the recognition of revenue to be complex and involve management judgement and therefore to present a higher risk of fraud or misreporting, including revenue recognition being managed to achieve particular results or to meet stakeholder expectations.

The revenue streams I have considered subject to the most risk comprise:

- Content and format licensing income: this income is derived from complex contracts that require significant judgement around revenue recognition.
- Advertising revenue: these contracts are managed externally by third parties and not billed in line with the financial year. Therefore, accrued advertising revenues are subject to a degree of estimation.
- Revenue associated with productions:although most production revenue is generated from within the BBC Group, a material amount is derived from external commissions. Large production contracts are complex with multiple performance obligations which require a degree of judgement around revenue recognition.

I consider that there may be an incentive to manage and report commercial revenue in ways that meet stakeholders' expectations. This might involve revenue collection and reporting processes. As the BBC Commercial Group uses EBITDA to measure its performance, and revenue is a key enabler of its activities, I consider there is a heightened risk around the occurrence and cut-off of revenue recorded in the current period, and thereby EBITDA reported. This has been a key focus of my testing in this area.

How the scope of my audit responded to the risk
I assessed the design and implementation of controls relevant to this key audit matter. I have carried out work to understand the nature of the BBC Group's commercial revenues, including reviewing contractual documentation and management reporting, making enquiries of management responsible for BBC commercial activities (both within the UK and at significant territories overseas, both by value and by risk). I have assessed the reasonableness of revenue recognition policies adopted by the BBC's commercial subsidiaries, focusing my attention on the highest risk and most significant revenue streams.

My testing included: undertaking detailed analysis of key revenue streams and identifying transactions with the greatest risk for which I reviewed contract /documentation to understand the key features and confirmed that they have been appropriately treated in the financial statements, assessing the appropriateness of management's judgements with regards to the phasing and timing of revenue recognition; and, considering transactions arising around the year-end, for evidence of that they had been included in the correct accounting period.

For the revenue streams above, a sample of contracts have been substantively tested to ensure that the accounting reflects the substance of the contract, taking an integrated approach to encompass both income statement and balance sheet impacts arising from contractual transactions.

I reviewed recoverability by assessing the nature of contractual arrangements, confirming amounts received after the reporting date, and reviewing management's assessment of the need to provide for non-recovery. I have also reviewed disclosures made to confirm these are in accordance with accounting standards.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Revenue recognition – Licence fee

Licence fee revenue – £3,843 million (2023/24: £3,660 million) – refer to note B2

Description of risk
The BBC's primary source of revenue is derived from the Television Licence Fee (the licence fee). The licence fee is set by the Secretary of State for Culture, Media and Sport in accordance with the 2016 Royal Charter for the Continuance of the BBC; the current Charter ends in 2027/28.

I consider that there may be an incentive to manage and report licence fee revenue in ways that meet stakeholders' expectations. This might involve the BBC or other parties involved in the licence fee revenue collection and reporting process. I consider that there is a heightened risk around the year end of revenue recognition being managed to achieve particular results and this has been a key focus of my testing in this area.

How the scope of my audit responded to the risk
In relation to the licence fee revenue recognised in the BBC Group's consolidated financial statements, I have assessed the reasonableness of the licence fee revenue recognition policy. I have substantively tested the amounts and the timing of licence fee revenue paid to the BBC by the Secretary of State for Culture, Media and Sport as well as its associated disclosures. I assessed the design and implementation of controls relevant to this key audit matter.

Given that the licence fee revenue and balances recorded in the Television Licence Fee Trust Statement (the Trust Statement) provide an authoritative expectation as to the related Licence Fee revenue and balances recorded in the consolidated financial statements, I have carried out audit procedures on the BBC's Licence Fee collection systems and processes and on related transactions and balances reported in the Trust Statement, which I also audit. These included obtaining assurance on the accuracy, completeness and occurrence of licence fee revenue recorded in the Trust Statement by using IT audit procedures on key licence fee collection systems, testing controls and a sample of in-year transactions and year-end balances. I have also obtained assurance over the proper operation of cut-off by examining evidence showing cash receipts and licences issued around the year end.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Accounting for Corporate Transactions

Goodwill adjustment £4 million, Disposal proceeds £33 million – refer to notes C1 and E7

Description of risk
The Commercial Group has undertaken a number of corporate transactions within the calendar year. As these are non-routine and may involve judgement and estimates, there is an increased risk of material misstatement.

I am aware of the below listed significant corporate transactions:

- Adjustments arising from the prior year acquisition of BritBox
- Disposal of the BBC's stake in NVCA in November 2024
- Acquisitions of Brutal Media and Werner Film Group in April 2024

How the scope of my audit responded to the risk
I assessed the design and implementation of controls relevant to this key audit matter. I considered, and where appropriate, challenged management's accounting papers supporting their treatment of the transactions.

I have reviewed the relevant approvals that support the transactions and performed substantive procedures on the treatment, balances and disclosures to ensure they were correctly carried out and disclosed, including engaging an auditor's expert to assess the carrying value in the financial statements at the balance sheet date.

I reviewed retrospective adjustments made to the provisional amounts recorded for the BritBox acquisition. I challenged management over the rationale for the adjustments and agreed the adjustments to relevant supporting information.

I agreed the proceeds of the sale of the BBC's stake in NVCA to the purchase agreement and cash received in the bank. I reperformed management's calculation of the loss on disposal, agreeing all inputs to appropriate audit evidence. I challenged management on whether other transactions should be considered as part of the consideration arising on the disposal.

I challenged management over whether the disposal constituted a discontinued operation, and reviewed their accounting treatment paper, which determined that it did not.

I reviewed management's accounting for the acquisitions of Brutal Media and Werner Film Group. For both transactions I reviewed the sale purchase agreements and agreed key elements of the acquisitions to relevant supporting information. These elements included the purchase price and the recognition and measurement of assets acquired, liabilities assumed and the resultant goodwill recognised.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Valuation of defined benefit pension scheme assets

Defined benefit pension scheme asset: £12,558 million (2023/24: £13,776 million) – refer to note D6

Description of risk
The valuation of the defined benefit pension scheme assets reported in the accounts is highly judgemental, and changes to market assumptions can result in material changes to the valuation. Pension assets include equities, bonds, repurchase agreements, property, alternative investments and other assets. There is also a longevity swap contract in place for this pension scheme which is held at fair value. The valuations for some of these assets are inherently subjective and require a significant level of estimation in selecting appropriate valuation methodologies and assumptions. Given these factors, and the quantum of the assets, I have assessed the valuation of the pension scheme assets as a significant risk of material misstatement to my audit.

How the scope of my audit responded to the risk
I have obtained an understanding of the BBC's pension scheme arrangements and assessed the processes and controls used by management to value and account for pension scheme assets.

To audit the pension scheme assets, I have used the work of the BBC pension scheme auditors. The scheme auditors used their in-house valuations experts to consider whether the methodology and assumptions used in valuing these assets were reasonable. I reviewed the results of the procedures carried out by the scheme auditors to assess if they were sufficient for the purposes of my audit. I also commissioned additional specified procedures from the pension scheme auditors to ensure that all assets material to the BBC Group have been audited, and that where assets are held in unquoted formats, appropriate benchmarks, control reports and fund manager statements have been reviewed to challenge or verify year end valuations. The totality of this work by the pension scheme auditors, with my team's review of this work, provides assurance over the valuation of the Scheme assets, which is a key input to the pension scheme calculation reported by the BBC Group.

I have also commissioned experts to consider the assumptions and methodology used in valuing the assets were reasonable in relation to the longevity swap contract. I reviewed the results of their procedures and assessed the expertise and independence of the experts who prepared the valuation of the swap.

I have tested the accounting entries to the underlying work performed by the BBC's actuaries and reviewed disclosures made to confirm these are in accordance with the accounting standards.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Valuation of defined benefit pension scheme liabilities

Defined benefit pension scheme liability: £11,684 million (2023/24: £13,890 million) – refer to note D6

Description of risk
The valuation of the defined benefit pension scheme liabilities reported in the accounts is highly judgemental, and changes to actuarial assumptions, such as discount rate, inflation and mortality rates, can result in material changes to the valuation. The IAS 19 valuation of the pension scheme liability was carried out by external actuarial experts commissioned by the BBC. Given these factors, and the quantum of pension scheme liabilities, I have assessed the valuation of the pension scheme liabilities as a significant risk of material misstatement to my audit.

How the scope of my audit responded to the risk
I have obtained an understanding of the BBC's pension scheme arrangements and assessed the processes and controls used by management to value and account for pension scheme liabilities.

Using actuarial experts, I have assessed the reasonableness of the method, model, data and key assumptions used by the BBC's actuaries in determining the pension scheme liability, benchmarking them against other schemes; and I have assessed the nature and appropriateness of BBC context-specific assumptions and challenged these, where appropriate. I have assessed the expertise and independence of the BBC's actuaries.

I have tested the accounting entries to the underlying work performed by the BBC's actuaries and reviewed disclosures made to confirm these are in accordance with the accounting standards.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Programme asset accounting

Programme-related assets and other inventory: £1,207 million (2023/24: £1,196 million) – refer to note E1

Description of risk
The BBC Group recognises assets in respect of costs associated with making or acquiring a programme. These assets are then released to cost of sales in the Consolidated Income Statement as programmes are delivered (BBC Studios) or transmitted (Public Service Broadcaster).

The valuation of programme assets is a highly material estimate in the accounts, and there is a significant amount of judgement over the initial value, release to cost of sales and the impairment of these assets.

There is a risk that the approach to valuation (judgment over initial value and consumption of these assets) could result in material misstatement, or that the processes to identify impairment of programme assets are not sufficient to identify material overstatement. As this process is manual, there is also a risk of human error, which given the size of these balances, could have a material impact on the financial statements.

How the scope of my audit responded to the risk
I assessed the design and implementation of controls relevant to this key audit matter. I have assessed the policy adopted by management in respect of programme assets as a key accounting judgement, including an assessment against the relevant accounting standards and the wider practice within the media industry.

In particular, I reviewed the change in the accounting estimate in respect of children's programmes to recognise associated costs over average contract life rather than on first transmission. I considered independent viewing pattern evidence to challenge management's assessment of the differing consumption of children's programmes and other programme categories, and the continued appropriateness of recognising other programme categories on first transmission.

I have reviewed the methodology and assumptions used in management's calculations and whether there is any indication of bias. I substantively tested a sample of programme assets to confirm that these had been accounted for in accordance with the policy adopted by management.

I understood and evaluated the approach to managing production costs and identifying indicators of impairment and considered potential indicators of impairment of programme assets through my wider understanding of the business. This included a review of Board Minutes, considering wider information, and holding discussions with the programme and production accounting teams to assess the controls over programme spend.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Valuation of lease liabilities

Obligations under leases: £1,649 million (2023/24: £1,678 million) – refer to note F2

Description of risk
BBC has a significant number of leases that often require judgment around the method, model, data and assumptions used in calculating the value of the lease liabilities. These judgments include a consideration of repurchase options at the end of the lease term and the treatment of contingent rent arrangements. Therefore, I have identified a risk of material misstatement in respect of the valuation of lease liabilities.

How the scope of my audit responded to the risk
My procedures included:

- Assessing the design and implementation of controls relating to this key audit matter.
- For a sample of leases – recalculating the lease liabilities, confirming for those entered into in prior periods that the ongoing accounting treatment remains appropriate, and for existing and new leases assessing the reasonableness of inputs into lease calculations and key assumptions and judgements, and checking these for consistency and contradictory evidence through inspection of lease documentation.
- Assessing whether disclosures relating to the accounting policies adopted by management in relation to leases are sufficient.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Valuation of derivatives

Cash flow swaps financial assets: £310 million (2023/24: £343 million) – refer to note G4

Cash flow swaps financial liabilities: £461 million (2023/24: £482 million) – refer to note G4

Description of risk
The BBC entered into an agreement involving cash flow swaps as part of the 2016-17 refinancing of the London Broadcasting House sale and lease back arrangement. The valuation of the Fontus cash flow swap assets and liabilities requires significant management judgements, and changes to assumptions can result in material changes to the valuation.

We have identified risks around the method, model, data and assumptions used in estimating the fair value of the derivative assets and liabilities related to the Fontus cash flow swaps, as well as the sufficiency and accuracy of the related disclosures.

How the scope of my audit responded to the risk
I assessed the design and implementation of controls relevant to this key audit matter. Using experts, I have assessed the reasonableness of the method, model, data and key assumptions used in determining the Fontus cash flow swap assets and liabilities. I have reviewed the relevant disclosures to confirm these are in accordance with the accounting standards and that the values disclosed are in line with the output from the model used to value these assets and liabilities.

Key observations
The outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.

Application of materiality

Materiality
I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the BBC Group's financial statements as a whole as follows:

Materiality	£50 million (2023/24: £50 million)
Basis for determining materiality	Approximately 1% of revenue (2023/24: approximately 1% of revenue)
Rationale for the benchmark applied	I chose Group revenue as the materiality benchmark because, in my professional judgement, revenue is the key driver of the BBC Group's business; in particular licence fee revenue and commercial revenue generated by the BBC Group are key drivers of stakeholder interest. Parliament and the public have an interest in the way in which the BBC Group is funded and how it spends its funds. The level of licence fee revenue and commercial revenue determines the resources available to the BBC Group and drives strategic decisions around spending and investment.

Performance Materiality
I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2024/25 audit (2023/24: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations
Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not correct, for example disclosures in the Related Parties note in the financial statements. Assessment of the materiality of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold
I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000 as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Committee would have decreased net deficit and increased net assets by £12.8 million.

Financial statements continued

Audit scope
The scope of my Group audit was determined by obtaining an understanding of the BBC Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

In line with the revisions to *ISA (UK) 600 Audits of Group Finance Statements (Including the Work of Component Auditors)* I assessed my approach to the audit of the BBC Group considering the risks of material misstatement given the size, estimation, and/or complexity of various classes of transactions, account balances and disclosures within the BBC Group financial statements. I used this risk assessment to determine the audit procedures I require to be performed under my direction, supervision and review, whether those classes of transactions, account balances and disclosures arise within the BBC Group itself or in its components.

Based on my risk assessment, I included in the scope of my audit various classes of transactions, account balances and disclosures arising from the BBC Public Service Broadcaster and BBC Commercial Group components. I also included in the scope of my audit the licence fee income that I audit as part of the Television Licence Fee Trust Statement audit and certain pension scheme assets that are audited by the BBC Pension Scheme auditors as I identified risks of material misstatements in these balances and disclosures.

My audit included coverage of 97.5% of BBC Group income and 97.9% of BBC Group total assets through the work performed directly as a group auditor and work performed by the component auditors.

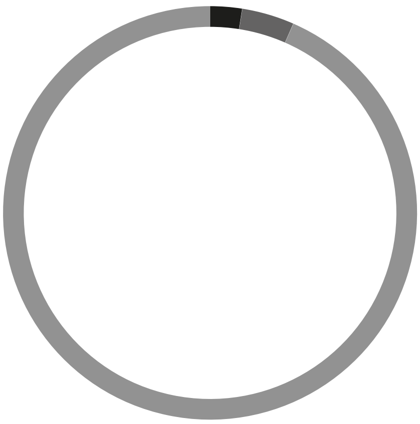
I audited the BBC Public Service Broadcaster component as part of my audit of the BBC Group.

I have had direct involvement in the audit strategy for all other scoped in components. I issued Group audit instructions which enabled me to direct the component auditors to carry out the procedures required for my audit opinion on the BBC Group's consolidated financial statements.

I am the appointed auditor for all but one of the components. For the BBC Pension Scheme Assets component, I have used the work of the appointed auditors and commissioned additional procedures to gain assurance over these asset balances.

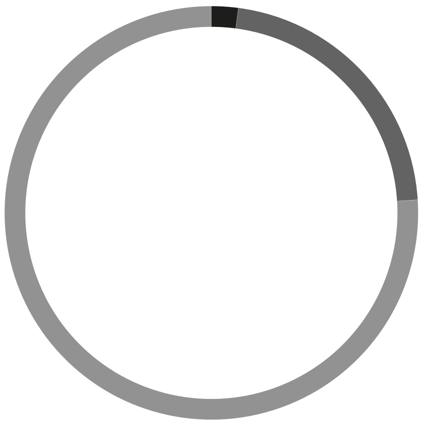
Audit procedures in accordance with local adaptations of International Standards on Auditing have been conducted for classes of transactions, account balances and disclosures included in the scope of my audit and I have satisfied myself that sufficient work has been undertaken to provide the necessary assurances for my audit opinion on the BBC Group's consolidated financial statements.

GROUP COVERAGE BY INCOME



Components with no risk for the purposes of the group account (other PSB entities)	**2.5%**
Components where I directly performed testing as the group auditor (BBC Public Service Broadcaster)	**4.1%**
Components where I used the work of the component auditor (BBC Commercial Group, Licence Fee income, Pension Scheme assets)	**93.4%**

GROUP COVERAGE BY TOTAL ASSETS*



Components with no risk for the purposes of the group account (other PSB entities)	**2.1%**
Components where I directly performed testing as the group auditor (BBC Public Service Broadcaster)	**21.9%**
Components where I used the work of the component auditor (BBC Commercial Group, Licence Fee income, Pension Scheme assets)	**76.0%**

* Pension assets (£12,558 million) and liabilities (£11,684 million) are presented in the accounts on a net basis (£874 million) but are audited separately. We included gross pension assets in total assets when calculating group coverage.

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Other Information
The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The BBC Board is 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 certificate, I do not express any form of assurance conclusion thereon.

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 terms of my engagement
In addition to my audit of the BBC Group's consolidated financial statements, the Board has engaged me to audit the information in the Remuneration report that is described as having been audited, which the Board has decided to prepare as if the BBC were required to comply with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) made under the Companies Act 2006, where relevant.

In my opinion, the parts of the Remuneration report which I have been engaged to audit have been properly prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 where relevant, as if those requirements were to apply to the BBC Group.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic and Governance Reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic and Governance Reports 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 BBC Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Governance Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the BBC Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the remuneration report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have not been made; or
- a corporate compliance statement has not been prepared.

Corporate compliance statement
The terms of my engagement require me to review the BBC Board's statement in relation to going concern, longer-term viability and that part of the Corporate Compliance Statement relating to the BBC Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Compliance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- The BBC Board's statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 146;
- The BBC Board's explanation as to its assessment of the entity's prospects, the period this assessment covers and why they feel this period is appropriate set out on page 120;
- The BBC Board's statement whether the financial statements are fair, balanced and understandable set out on page 127;
- The BBC Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 108 to 119;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 108 to 119; and
- The section describing the work of the Audit and Risk Committee set out on page 105 to 107.

Responsibilities of the BBC Board for the financial statements
As explained more fully in the Statement of the Board Responsibilities in respect of the Annual Report and Accounts, the BBC Board is responsible for:

- maintaining proper accounting records;
- providing me 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 me with additional information and explanations needed for my audit;
- providing me with unrestricted access to persons within the BBC Group from whom I determine it necessary to obtain audit evidence.
- preparing Group financial statements, which give a true and fair view, in accordance with applicable law and UK adopted international accounting standards;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;

- preparing the Annual Report, which includes the Remuneration report, in accordance with the Royal Charter for the continuance of the British Broadcasting Corporation and Secretary of State directions issued thereunder; and
- assessing the BBC Group'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 BBC Board either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
My responsibility is to audit, certify and report on the financial statements in accordance with 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 certificate 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 BBC Group's accounting policies, key performance indicators and performance incentives;
- inquired of management, the BBC's Director for Quality, Risk and Assurance and those charged with governance, including obtaining and reviewing supporting documentation relating to the BBC Group'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 BBC Group's controls relating to the BBC Group's compliance with the Royal Charter for the continuance of the British Broadcasting Corporation, the Communications Act 2003, the Companies Act 2006 in so far as it is applicable to the BBC Group, regulations established by the Office of Communications, the Competition and Markets Authority and regulations relating to money laundering and sanctions.
- inquired of management, the BBC's Director for Quality, Risk and Assurance and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team, including significant component audit teams, and the relevant internal and external specialists, including information technology, corporate finance, actuarial and tax specialists, 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 BBC Group for fraud and identified the greatest potential for fraud in the following areas: judgements relating to revenue recognition and profit recognition; posting of unusual journals; complex transactions; and management override of controls, including bias in management's estimation. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the BBC Group's framework of authority and other legal and regulatory frameworks in which the BBC Group 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 BBC Group. The key laws and regulations I considered in this context included the Royal Charter for the continuance of the British Broadcasting Corporation, the Communications Act 2003, the Companies Act 2006 in so far as it is applicable to the BBC Group, regulations established by the Office of Communications and the Competitions and Markets Authority, regulations relating to money laundering and sanctions and applicable taxation and employment legislation.

In addition, I considered the following matters:

- the risk of fraud in revenue recognition with respect to both licence fee and commercial revenue as well as the judgement involved in impairing their associated receivables;
- the potential for management bias and high degree of judgment required in valuing the intangible assets, in particular goodwill arising from the acquisition of BritBox International;
- the high degree of management's judgement applied in the valuation of programme assets and potential for management bias in making decisions to impair them;
- the high degree of judgement applied in valuing the defined benefit pension scheme assets and liabilities, which exposes the valuation to a risk of management manipulation or bias; and
- the complex nature of the BBC's property portfolio and related financing arrangements including accounting for property under IFRS 16, which gives rise to significant judgements that may be subject to management bias.

Audit response to identified risk
To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and tested them 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 Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in assessing the reasonableness of the accounting treatment applied, as well as considerations of key inputs, model calculations and other methods of estimation, judgements and assumptions, relating to key estimates, I considered whether these indicated any potential bias or manipulation.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members, including internal and external specialists and significant component audit teams 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 certificate.

Other auditor's responsibilities
I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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.

Report
I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office

157-197 Buckingham Palace Road
London
SW1W 9SP

30 June 2025

Financial statements continued

Consolidated income statement for the year ending 31 March 2025

	Note	2025 £m	2024* £m
Licence fee income	B1	**3,843**	3,660
Other income	B1	**2,057**	1,729
Total income	B1	**5,900**	5,389
Total operating costs	B1	**(6,032)**	(5,652)
Group operating deficit		**(132)**	(263)
Share of results of associates and joint ventures	E7	**5**	29
Other gains and losses	C3	**23**	213
Net financing (expenditure)/income	C4	**(19)**	13
Deficit before taxation		**(123)**	(8)
Taxation	C5.1	**11**	241
(Deficit)/surplus for the year		**(112)**	233
Attributable to:			
BBC		**(112)**	234
Non-controlling interests		**–**	(1)
(Deficit)/surplus for the year		**(112)**	233

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Consolidated statement of comprehensive income for the year ending 31 March 2025

	Note	2025 £m	2024* £m
(Deficit)/surplus for the year		**(112)**	233
Other comprehensive income:			
Remeasurement on defined benefit pension schemes	D6.1	**959**	(921)
Total items that will not be reclassified to the income statement in the future		**959**	(921)
Currency translation adjustment		**(14)**	(8)
Gain on cash flow hedges		**11**	11
Recycling of translation reserves on disposal		**(31)**	(2)
Deferred tax charge on financial instruments		**(3)**	(3)
Total items that may be reclassified to the income statement in the future		**(37)**	(2)
Other comprehensive income/(expenditure) net of tax		**922**	(923)
Total comprehensive income/(expenditure) for the year		**810**	(690)
Attributable to:			
BBC		**810**	(689)
Non-controlling interests		**–**	(1)
Total comprehensive income/(expenditure) for the year		**810**	(690)

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Consolidated balance sheet

	Note	As at 31 March 2025 £m	As at 31 March 2024* £m
Non-current assets			
Intangible assets (including goodwill)	E2	**869**	909
Property, plant and equipment	E4	**444**	428
Right-of-use assets	F1	**1,505**	1,501
Investment properties	E5, F3	**4**	31
Interests in associates and joint ventures	E7	**13**	100
Trade and other receivables	H1.2	**240**	220
Contract assets	H1.1	**5**	–
Investments		**11**	7
Derivative financial instruments	G4.2	**325**	349
Deferred tax assets	C5.5	**–**	2
Pension assets	D6.1	**868**	–
		4,284	3,547
Current assets			
Programme-related assets and other inventories	E1	**1,207**	1,196
Trade and other receivables	H1.3	**1,098**	1,112
Contract assets	H1.1	**16**	19
Assets classified as held for sale	E6	**6**	32
Derivative financial instruments	G4.2	**16**	18
Current tax assets	C5.4	**79**	119
Cash and cash equivalents	G1	**477**	559
		2,899	3,055
Current liabilities			
Trade and other payables	H2.3	**(1,256)**	(1,256)
Contract liabilities	H2.1	**(243)**	(223)
Borrowings	G2.1	**(2)**	(6)
Obligations under leases	F2	**(140)**	(133)
Provisions	H4	**(79)**	(54)
Derivative financial instruments	G4.2	**(5)**	(10)
Current tax liabilities	C5.6	**(9)**	–
		(1,734)	(1,682)
Non-current liabilities			
Trade and other payables	H2.2	**(65)**	(70)
Contract liabilities	H2.1	**(13)**	(21)
Borrowings	G2.2	**(442)**	(520)
Obligations under leases	F2	**(1,509)**	(1,545)
Provisions	H4	**(120)**	(113)
Derivative financial instruments	G4.2	**(463)**	(483)
Deferred tax liabilities	C5.5	**(50)**	(69)
Pension liabilities	D6.1	**–**	(121)
		(2,662)	(2,942)
Net assets		**2,787**	1,978
Attributable to the BBC:			
Operating reserve	I2	**2,777**	1,930
Hedging reserve	I2	**18**	10
Translation reserve	I2	**(8)**	37
		2,787	1,977
Non-controlling interests		**–**	1
Total capital and reserves		**2,787**	1,978

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

The financial statements were approved by the Board and authorised for issue on 27 June 2025, and signed on their behalf by:

Tim Davie
Director-General

Leigh Tavaziva
Group Chief Operating Officer

Financial statements continued

Consolidated statement of changes in equity for the year ending 31 March 2025

	Note	Operating reserve* £m	Hedging reserve £m	Translation reserve* £m	Other reserves £m	Total* £m	Non-controlling interests £m	Total* £m
At 1 April 2023		2,617	2	47	–	2,666	2	2,668
Surplus/(deficit) for the year		234	–	–	–	234	(1)	233
Currency translation adjustment	I2	–	–	(8)	–	(8)	–	(8)
Cash flow hedges	I2	–	11	–	–	11	–	11
Deferred tax on financial instruments		–	(3)	–	–	(3)	–	(3)
Recycling of translation reserves on disposal		–	–	(2)	–	(2)	–	(2)
Remeasurement of defined benefit pension scheme	D6.1	(921)	–	–	–	(921)	–	(921)
Total comprehensive (loss)/income for the year		(687)	8	(10)	–	(689)	(1)	(690)
At 31 March 2024		1,930	10	37	–	1,977	1	1,978
Deficit for the year		(112)	–	–	–	(112)	–	(112)
Currency translation adjustment	I2	–	–	(14)	–	(14)	–	(14)
Cash flow hedges	I2	–	11	–	–	11	–	11
Deferred tax on financial instruments		–	(3)	–	–	(3)	–	(3)
Recycling of translation reserves on disposal		–	–	(31)	–	(31)	–	(31)
Remeasurement of defined benefit pension scheme	D6.1	959	–	–	–	959	–	959
Total comprehensive income/(loss) for the year		847	8	(45)	–	810	–	810
Dividends declared in year		–	–	–	–	–	(1)	(1)
At 31 March 2025		**2,777**	**18**	**(8)**	**–**	**2,787**	**–**	**2,787**

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Consolidated cash flow statement for the year ending 31 March 2025

	Note	2025 £m	2024* £m
Operating activities			
Group deficit before taxation		**(123)**	(8)
Depreciation, amortisation and impairment	B6, C3	**455**	396
Difference between pension charge and cash contribution		**(34)**	(68)
Fair value impact of derivatives associated with loans		**–**	1
Fair value impact of other derivatives		**(7)**	16
Gain on disposal of tangible and intangible fixed assets		**(11)**	(3)
Gain on disposal/deemed disposal of associates and joint ventures	C3	**(1)**	(206)
Other gains and losses		**(2)**	–
Share of results of associates and joint ventures	E7	**(5)**	(29)
Financing income (excluding fair value swaps)		**(56)**	(94)
Financing costs (excluding fair value swaps)		**81**	62
Decrease in programme-related assets and inventories		**(10)**	(56)
(Increase)/decrease in receivables and contract assets		**(21)**	111
Increase/(decrease) in payables and contract liabilities		**5**	(25)
Increase/(decrease) in provisions		**25**	(41)
Cash generated from operations		**296**	56
Tax received		**83**	158
Net cash from operations		**379**	214
Investing activities			
Interest received		**41**	40
Financing income relating to swap transactions		**18**	16
Dividends received from associates and joint ventures	E7	**9**	49
Proceeds from disposal of property, plant and equipment		**79**	16
Proceeds from disposal of associates and joint ventures		**33**	–
Cash received from long-term deposits		**–**	100
Acquisition of interests in associates and joint ventures		**(2)**	(9)
Acquisition of subsidiary net of cash acquired		**(6)**	(204)
Purchases of other intangible assets		**(241)**	(243)
Purchases of property, plant and equipment		**(84)**	(72)
Net cash used in investing activities		**(153)**	(307)
Financing activities			
Interest paid	C4	**(29)**	(11)
Proceeds from increase in borrowings		**292**	352
Repayments of borrowings	G2.3	**(376)**	(4)
Proceeds from settlement of interest rate swap		**1**	–
Payment of obligations under leases		**(193)**	(183)
Net cash (used)/generated in financing activities		**(305)**	154
Net (decrease)/increase in cash and cash equivalents		**(79)**	61
Cash and cash equivalents at beginning of the year	G1	**559**	500
Effect of foreign exchange rate changes on cash and cash equivalents		**(3)**	(2)
Cash and cash equivalents at the end of the year	G1	**477**	559

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Financial statements continued
Contents

The structure of these notes to the financial statements include accounting risks and judgements clearly highlighted in each section, explanations of complex terms and the policies are included in the relevant notes as denoted by the book symbol:

The notes are organised as follows:

Notes to the accounts

A. How the BBC's accounts are prepared

This section includes the BBC's policies on how the financial statements have been prepared and what standards have been adopted and applied during the year. Other accounting policies are captured in each of the following sections alongside the relevant notes.

Risk – Consolidation
The BBC is complex group consisting of many entities from across the world, some with different year end dates, functional currencies and accounting policies. Trade occurs between members which also requires identification for elimination on consolidation. The consolidation of such a large organisation therefore holds a degree of inherent risk of misstatement.

Incorporation
The BBC is incorporated in the United Kingdom by Royal Charter.

Statement of accounting policies
The BBC is required to select and apply accounting policies for each type of transaction entered into throughout the year and in the preceding year. An accounting policy sets out the framework for how assets, liabilities, income and expenditure should be accounted for in the financial statements, in accordance with the applicable standard, how those items will be measured and where they are presented in the statement of total income and expenditure, balance sheet and statement of cash flows.

Basis of preparation
These consolidated financial statements for the BBC have been prepared in accordance with UK adopted IFRS. Additional analysis is also presented to meet regulatory requirements including those prescribed by DCMS, Ofcom and the Charter.

The financial statements are principally prepared on the historical cost basis. Exceptions are noted within the relevant section of the notes.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the BBC's financial position and performance.

Use of estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates that affect the reported performance and position of the BBC, or areas where assumptions or estimates are significant to the consolidated financial statements.

It also requires management to exercise judgement in applying the BBC's accounting policies. These areas involve a higher degree of judgement or complexity and are therefore drawn out at the front of each note.

In summary, the most significant estimate and judgement areas are:

Area	Key judgement	Significant estimates
Income recognition (Note B)	The criteria for recognising income have been satisfied	
Acquisitions (Note C)	Determining the valuation method for each asset/liability to derive the fair value	Determining the duration and expected quantum of future revenues in the calculation of the fair value of intangible assets acquired
Other gains/losses (Note C)	Classification of income or expense as other gains and losses and therefore reported separately from operating profit	
Pension scheme and actuarial assumptions (Note D)		Estimates of the assumptions used in the valuation of pension assets and liabilities
Programme assets (Note E)	Determining the most appropriate release of inventory to operating costs as programmes are consumed by audiences	
Leases (Note F)	Determining the lease term used in the valuation of lease liabilities and right-of-use assets that are linked to the exercise of lease breaks and purchase options	
Cash flow swaps (Note G)		Estimates over the assumptions used to calculate fair value
Classification of investments (Note E and I)	The complexity of some of the BBC's investments can require significant judgement in the assessment of control when determining whether an investment should be classified as either subsidiary, joint venture or associate.	

Risks relevant to the disclosures made are also highlighted at the start of each section and cross-referenced across the Annual Report and Accounts accordingly.

Financial statements continued

Notes to the accounts continued

In addition to the consolidation risk mentioned above, the significant risk areas identified are:

- Income recognition (Note B);
- Acquisitions (Note C);
- Valuation of defined benefit pension scheme (Note D);
- Complex property transactions (Notes E and F);
- Valuation of derivatives (Note G);
- Programme accounting (Note E).

Going concern
The financial statements are prepared on a going concern basis. The Directors believe this to be appropriate for the reasons set out below.

The Board have prepared and reviewed cash flow forecasts for the 12-month period from the date on which these financial statements were authorised for issue.

In the Board's judgement, the key assumptions underpinning the three-year plan, and the associated cash flow forecast, are the licence fee settlement that sets the financial parameters for the BBC from 2025/26 to 2027/28, the Charter and Agreement that protects a licence fee until 2027 along with the licence fee coverage assumptions, the level of BBC Pension Scheme contributions, market conditions impacting the BBC Commercial Group and the full delivery of transformation and savings plans. In the short term, these factors, point towards the current year Income Statement deficit continuing at a lower level into the next year. The BBC Group has sufficient cash reserves and borrowing facilities to support this position, which is expected to return to surplus after two years.

To manage these factors prudently, as well as dealing with other wider sector and macro-economic challenges, BBC management will continue to apply financial stress testing and sensitivity analysis in its ongoing financial planning routines and will maintain a list of prioritised mitigations which could be implemented to protect the BBC's financial position if required.

Further information on this approach is in the Viability Statement on page 120, which shows a robust assessment of the principal risks facing the Corporation, including those that would threaten its business model, future performance, solvency or liquidity. In particular, the Directors have applied assumptions relating to the changing risk profile arising as described under principal risk 1, 'Our Finances' to cash flow and budgetary modelling.

The Charter and licence fee give the BBC a secure source of income, however the timing of cash flows is an important factor in the consideration of going concern given the borrowing restrictions agreed with the DCMS for both the Public Service Broadcasting (PSB) Group (£2,200 million of which £2,000 million is available to fund leases) and the Commercial Group (£850 million in 2025/26, rising to £950 million by 2026/27, of which £200 million is specifically for leases).

The Board remains satisfied with the BBC's funding and liquidity position. The BBC PSB has external funding available comprising a £200 million revolving credit facility which expires in February 2028 with two one-year extensions available. This was refinanced in 2024 and is currently unutilised. Including leases, PSB net debt at 31 March 2025 was £1,169 million, which equates to headroom of £1,031 million against the borrowing limit available.

There are separate facilities available to the BBC Commercial Group. At the balance sheet date, the primary sources of funding to the Commercial Group was a combined £490 million revolving credit and term loan facility from several international banks, comprising £348 million of the former and £142 million of the latter (maturing in January 2028 with two one-year extension options requiring lender consent) and two private placements with an insurance company of £150 million each (maturing in February 2039 and July 2041). The financial covenants associated with the facilities are unchanged.

As at the year-end the BBC Commercial Group had drawn down £442 million (2024: £520 million).

The Board of the BBC has reviewed the cash flow forecasts, projections and available external borrowing facilities. Together with the sensitivities and mitigating factors in the context of available funds, they expect the BBC to be able to meet its debts as they fall due for the 12-month period from the date on which these financial statements are authorised for issue.

As a result, the Board are satisfied that the going concern basis is appropriate for the preparation of these financial statements.

Basis of consolidation
The BBC's financial statements include the results of the BBC and all businesses controlled by the BBC (subsidiaries) together with the BBC's share of the results of businesses over which the BBC has significant influence but not control (associates) and those which the BBC jointly controls (joint ventures).

At the point of acquisition, and wherever relevant circumstances change thereafter, the BBC has assessed whether its economic interest should be considered to be subsidiaries, associates or joint ventures. In such circumstances, the assessment performed is on the BBC's ability to control or influence those entities. The BBC controls an investee if, and only if, it has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. Where such policies are reserved such that an economic partner has the power to veto key strategic financial and operating decisions, the entity is considered to be an associate or joint venture undertaking.

The BBC consolidates its subsidiaries on a line-by-line basis, recognising separately any share of results held by non-controlling interests. A non-controlling interest is the interest in a subsidiary that is not owned, directly or indirectly, by the BBC. The non-controlling interest reflects the amount of the net result for the year and the net assets/(liabilities) which are not attributable to the BBC.

Changes in the BBC's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, being movements between reserves attributable to the BBC and non-controlling interests. The carrying amounts of non-controlling interests are adjusted to reflect any changes in their and the BBC's relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the BBC.

When the BBC loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the net assets of the subsidiary (including attributable goodwill) and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to the income statement or transferred directly to retained earnings as appropriate. The fair value of any interest retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate or joint venture.

The BBC accounts for its interests in associates and joint ventures using the equity method. Using the equity method, the BBC presents its interest in associates or joint ventures as a single line item in the balance sheet, measured at the cost of the investment plus the share of the net result, less dividends received. The equity-accounted result for the year is presented as a single line item in the income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used into line with those used by the BBC. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Unrealised gains from transactions with associates and joint ventures are eliminated to the extent of the BBC's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions
Transactions in foreign currencies are translated into the functional currency of each entity of the BBC at an average exchange rate.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rate of exchange ruling at that date. Foreign currency gains or losses arising from the translation of assets and liabilities at these rates of exchange, together with exchange differences arising from transactions settled during the year, are included in the income statement within operating costs. Non-monetary assets and liabilities measured at historical cost are translated into sterling at the rate of exchange on the date of initial recognition.

Financial statements of foreign operations
The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. The income and expenses of foreign operations are translated into sterling at average rates of exchange ruling during the financial period, which is a good approximation for the actual rate. Exchange differences arising on translation are recognised directly in the translation reserve.

On disposal of an investment in a foreign operation, the associated translation reserve balance is released to the income statement.

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

- Classification of liabilities as current or non-current (amendments to IAS 1). This amendment requires liabilities to be classified as current/non-current depending on the rights that exist at the balance sheet date, regardless of whether you will exercise that right.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
- Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7). The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

These have been applied since 1 April 2024 and have not had a significant impact on the results or financial position of the BBC.

New standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the following standards and interpretations that have been endorsed by the UK, which have not been applied as not yet effective are:

- Lack of exchangeability (amendments to IAS 21). This amendment provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

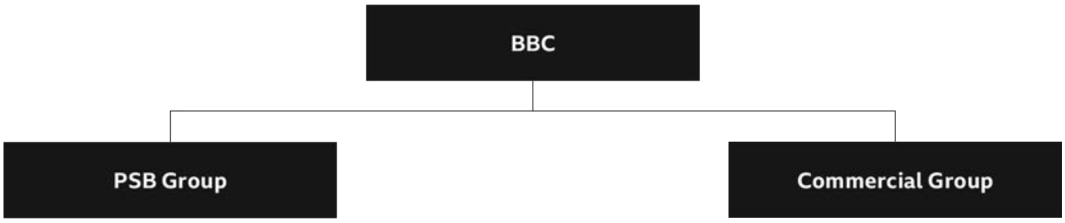
The directors do not expect that the adoption of the standards and interpretations above would have a material impact on the financial statements of the BBC in future periods.

Financial statements continued
Notes to the accounts continued

B. The BBC's operations, income and expenditure
The BBC Group structure separates its PSB Group activities from the Commercial Group.

The distinction between the segments is important as the BBC must not cross-subsidise its commercial activities through its PSB Group or grant-funded activities.

The PSB Group part of the BBC receives licence fee income for the purpose of making content available for licence fee payers. PSB Group therefore owns many programme titles which have the potential to generate additional income through a more commercial market, for example airing across other platforms, merchandising, etc.



The commercial arm of the BBC Group is used to trade within that commercial market. It is self-funded and operates independently to the PSB arm of the BBC Group. The profits generated are distributed back to the PSB Group, through dividends and programme investment, thereby contributing towards the funding of PSB Group activities.

The notes in this section provide information on the performance in the year for each segment of the BBC Group.

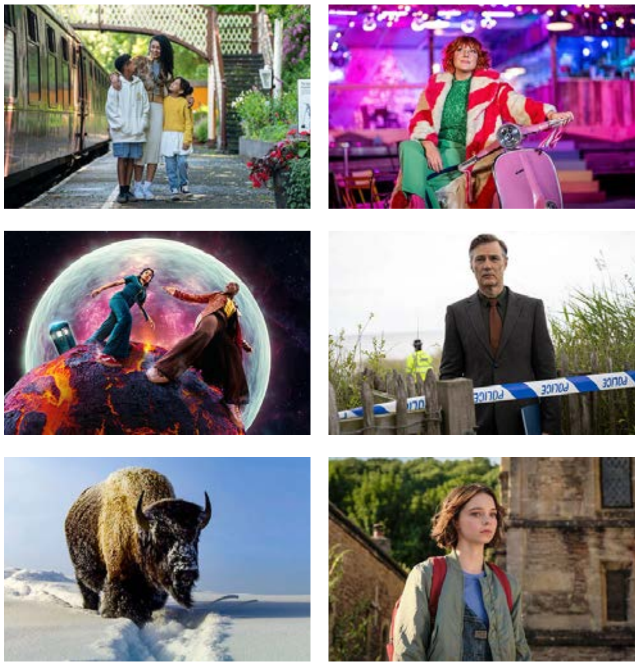
The BBC's operating segments are reported in a manner consistent with the internal reports provided to the BBC Board, who are responsible for making strategic decisions, allocating resources and assessing performance of the operating segments. They are noted as:

PSB Group

PSB Group is responsible for the BBC Public Service activities and provides a wide range of programmes to audiences across the UK on television, radio, digitally and across the world via its World Service provision. Examples of some of its well known services are:

Commercial Group

The Commercial Group is the BBC's production and distribution business. It creates, invests in, develops, produces, commercialises and distributes content which sits at the heart of the BBC schedule as well as across multiple platforms and around the world, delivering value back to the licence fee consumer through support for programme funding and cash dividends. Examples of some of its well-known brands are:



B. The BBC's operations, income and expenditure continued

Group adjustments reflect eliminations required for trading activity between the segments detailed above.

Information regarding reporting segment total assets and liabilities, financing income/cost and taxation is not reported to the Board.

Further information on the PSB Group expenditure can be found within the Chief Operating Officer's Review. Key policies adhered to are:

- Spend by BBC service shows the cost to the licence fee payer of providing the relevant service and therefore excludes any costs funded by a co-producer.
- For BBC Online, the service spend reflects the incremental costs of getting content to audiences unless the content is specifically commissioned for this service.

This means the costs reported against individual services are not necessarily equivalent to the costs which would be incurred by such a service on a stand-alone basis.

The prices charged for the services provided between PSB Group and the Commercial Group are determined on an arm's length basis in accordance with Ofcom's Trading and Separation Obligations and the BBC published transfer pricing methodologies.

Also included within this section is additional information to comply with Ofcom's Commercial and Trading Reporting requirements.

Risk – Income recognition

There is a risk that income is not recognised correctly in line with financial reporting standards. The nature of the risk varies between licence fee income in the public service and commercial income.

The BBC mitigates this risk by ensuring good financial controls are in place, and regularly reviewing material areas or complex judgements relating to income recognition.

Judgement – Income recognition

Income recognition in the BBC's Commercial Group can be complex with a number of different income streams including sale of content to global broadcasters, subscription income and income from the sale of physical and digital products. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the criteria for recognising income have been satisfied, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised.

Financial statements continued
Notes to the accounts continued

B. The BBC's operations, income and expenditure continued
B1 Income and operating results

2025	Note	PSB Group £m	Commercial Group £m	Intra-group eliminations £m	Group £m
Licence fee income	B2	3,843	–	–	3,843
Total income from contracts with customers	B3.2	221	2,152	(449)	1,924
Grant income		107	1	–	108
Rental and associated income		15	1	(10)	6
Other income		17	1	1	19
Total other income		360	2,155	(458)	2,057
Total income	B3.1	4,203	2,155	(458)	5,900
Depreciation and amortisation	B6	(142)	(304)	3	(443)
Other operating costs		(4,307)	(1,769)	487	(5,589)
Total operating costs	B7	(4,449)	(2,073)	490	(6,032)
Group operating (deficit)/surplus	B8	(246)	82	32	(132)
Share of results of associates and joint ventures	E7	–	5	–	5
Other gains and losses	C3	29	(6)	–	23
Operating segment result		(217)	81	32	(104)
Financing income	C4				62
Financing costs	C4				(81)
Net financing income	C4				(19)
Deficit before taxation					(123)
Taxation	C5.1				11
Deficit for the year					(112)

The tables in this section demonstrate how each of our different operating segments have performed over the past 12 months and how we internally monitor and report our results. The Commercial Group aims to maximise their long-term operating profits to provide commercial returns back to the BBC Group. The PSB Group is closely monitored on its effective use of the licence fee and the public services it provides. Its primary obligation is delivering value for all audiences.

B. The BBC's operations, income and expenditure continued

B1 Income and operating results continued

2024	Note	PSB Group £m	Commercial Group* £m	Intra-group eliminations £m	Group £m
Licence fee income	B2	3,660	–	–	3,660
Total income from contracts with customers	B3.2	207	1,859	(473)	1,593
Grant income		112	–	–	112
Rental and associated income		31	–	(12)	19
Other income		7	–	(2)	5
Total other income		357	1,859	(487)	1,729
Total income	B3.1	4,017	1,859	(487)	5,389
Depreciation and amortisation	B6	(149)	(234)	4	(379)
Other operating costs		(4,144)	(1,681)	552	(5,273)
Total operating costs	B7	(4,293)	(1,915)	556	(5,652)
Group operating (deficit)/surplus	B8	(276)	(56)	69	(263)
Share of results of associates and joint ventures	E7	–	29	–	29
Other gains and losses	C3	13	200	–	213
Operating segment result		(263)	173	69	(21)
Financing income	C4				94
Financing costs	C4				(81)
Net financing income	C4				13
Deficit before taxation					(8)
Taxation	C5.1				241
Surplus for the year					233

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

B2 Licence fee income

Income from television licences represents the value of licences issued in the year, less a deduction for refunds, cancellations and estimated impairment of licence fee sales debt.

The BBC collects the licence fee on behalf of the Government's consolidated fund. Licence fee income is then drawn down from the consolidated fund by DCMS and passed to the BBC as grant income. Licence fee income is recognised in full at the point the licence comes into force. Accordingly a licence fee receivable/payable is also recognised for those licences paid in arrears/advance.

	2025			2024		
	Licence fee £	**Licences in force as at 31 March 000**	**Total income £m**	Licence fee £	Licences in force as at 31 March^ 000	Total income £m
Colour^	**169.50**	**22,574**	**3,821**	159.00	22,938	3,638
Monochrome	**57.00**	**3**	**–**	53.50	4	–
Concessionary - Blind	**84.75**	**73**	**6**	79.50	72	6
Concessionary - Other	**7.50**	**122**	**1**	7.50	117	1
Quarterly payment scheme premium			**15**			15
Total paid-for licences		**22,772**	**3,843**		23,131	3,660
BBC funded*		**1,020**	**–**		964	–
Total licences/licence fee income		**23,792**	**3,843**		24,095	3,660

* Primarily relates to free licences issued to anyone over 75 who receive Pension Credit. Licence holders who are over 75 and resident in an Accommodation for Residential Care (ARC) scheme or an ARC scheme with Preserved Rights are also eligible for a free licence.

^ The total number of licences in force at 31 March 2024 has been restated to correct a system error in the calculation of the cash scheme licences. This had no impact on customers or income.

During the year 3 million (2024: 3 million) colour licences were issued under the quarterly payment scheme at a premium of £5 each (2024: £5).

B. The BBC's operations, income and expenditure continued

B3 Total income

Income from contracts with customers

Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Income recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the triggers for income recognition have been met, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised.

Income is recognised either when the performance obligation in the contract has been performed ('point in time' or 'over time') as control of the performance obligation is transferred to the customer. A performance obligation must meet one of the three criteria in IFRS 15 *Revenue* to meet 'over time' recognition. The default category, if none of these criteria are met, is 'point in time' recognition. Further detail on the category of income recognition for each income stream can be found below.

IFRS 15 provides more comprehensive guidance for contracts to licence intellectual property, or contracts where licence of intellectual property is a significant component. Each performance obligation is identified and evaluated as to whether it represents a right to access the content (income recognised over time) or represents a right to use the content (income recognised at a point in time) and all three of the criteria referred to above must be met to meet the definition of a 'right to access' licence. The majority of the Group's contracts to licence intellectual property have defaulted to a 'right to use' licence and the income recognised at a 'point in time'.

Content and format sales

Licence fees from programme content and programme formats are recognised on the later of the start of the licence period (taking into account any holdback dates) or when the Group's performance obligations have been satisfied. For content sales the performance obligation will generally be to deliver the associated programme to the customer, therefore income is recognised 'episodically' – on delivery of each episode. For format sales, there are two performance obligations – to provide the format 'bible' and in some cases production assistance. Income is allocated to each of these performance obligations based on stand-alone selling prices and recognition at the two separate 'points in time'. The payment terms are over the term of the contract.

Production income

Production income is recognised on delivery of the related programme or on a stage of completion basis, depending on the nature of the contract with the customer. Income is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. The payment terms are over the term of the contract.

Subscription fees

Subscription fees on pay channel platforms, from subscriptions to print and online publications and services are recognised as earned, pro-rata over the subscription period. The performance obligation is to provide the subscription service over the period of the contract. This performance obligation meets the definition of 'right to access' as the customer simultaneously receives and consumes the benefits as the Group provides the service. Therefore, subscription fee income is recognised 'over time'. Minimum guarantees related to subscription fee income are recognised pro-rata straight line over the contract life, in line with 'over time' recognition. The payment terms are quarterly in arrears.

Advertising income

Advertising income is recognised on transmission or publication of the advertisement. The performance obligation is satisfied at this 'point in time' – when each advertisement occurs. The payment terms are over the term of the contract.

Consumer products

Income generated from the sale of consumer products (merchandising) is recognised at the time of delivery. Income from the sale of goods is stated net of deductions for actual and expected returns based on management judgement and historical experience. The performance obligation is delivery of the products and therefore income is recognised at a 'point in time'. The payment terms are over the term of the contract.

Royalties

Royalty income arising from sales and usage-based royalties are recognised at the later of when the subsequent sales or usage occurs, or the performance obligation has been satisfied except where there is insufficient data to measure this and then royalty income is recognised on a cash basis. The value of income recognised on a cash basis is immaterial to the accounts. Minimum guarantees related to royalty income are recognised on delivery of the completed content to the customer, with any subsequent royalties recognised as earned. Therefore, royalty income is recognised at a 'point in time'. The payment terms are over the term of the contract.

Grant income

Grants, other than licence fee income, from government departments are recognised as income in the financial year that they relate to. Grants from other public bodies are recognised as income consistently with the related costs, provided that there is reasonable assurance that the BBC will comply with any conditions attached to the grant and that the grant will be received.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

Other income

Other income arises from activities such as the sale of goods, provision of services and granting of licences. Income is measured after deductions for value added tax, any other sales taxes, trade discounts and sales between BBC companies.

The recognition point varies depending on the nature of the revenue stream.

B. The BBC's operations, income and expenditure continued
B3 Total income continued
B3.1 PSB Group Income

	2025			2024		
	External income £m	Intra-group Income £m	Total Income £m	External income £m	Intra-group Income £m	Total Income £m
Licence fee income	**3,843**	**–**	**3,843**	3,660	–	3,660
Content and format sales	**6**	**12**	**18**	6	10	16
Production income	**39**	**5**	**44**	39	5	44
Royalties	**28**	**48**	**76**	22	48	70
Advertising income	**1**	**1**	**2**	–	–	–
Consumer products	**24**	**1**	**25**	22	1	23
Other contract income	**22**	**34**	**56**	24	30	54
Total income from contracts with customers	**120**	**101**	**221**	113	94	207
Grant income	**107**	**–**	**107**	112	–	112
Rental and associated income	**5**	**10**	**15**	19	12	31
Other income	**14**	**3**	**17**	5	2	7
Total other income	**126**	**13**	**139**	136	14	150
Total income	**4,089**	**114**	**4,203**	3,909	108	4,017

B3.2 Income from contracts with customers

2025	Note	PSB Group £m	Commercial Group £m	Intra-group eliminations £m	Group £m
Income streams					
Content and format sales		**18**	**363**	**(37)**	**344**
Production income		**44**	**775**	**(328)**	**491**
Royalties		**76**	**175**	**(48)**	**203**
Advertising income		**2**	**307**	**(1)**	**308**
Subscription fees		**–**	**444**	**–**	**444**
Consumer products		**25**	**86**	**(1)**	**110**
Other contract income		**56**	**2**	**(34)**	**24**
	B1, B3.1	**221**	**2,152**	**(449)**	**1,924**
Timing of transfer of goods and services					
At a point in time		**129**	**1,503**	**(412)**	**1,220**
Over time		**92**	**649**	**(37)**	**704**
	B1	**221**	**2,152**	**(449)**	**1,924**
External revenue by segment					
Income from contracts with customers		**120**	**1,804**	**–**	**1,924**

This table details the BBC's external sources of contract income by operating segment and the timing of how the income is received.

Financial statements continued
Notes to the accounts continued

B. The BBC's operations, income and expenditure continued
B3 Total income continued
B3.2 Income from contracts with customers *continued*

2024	Note	PSB Group £m	Commercial Group £m	Intra-group eliminations £m	Group £m
Income streams					
Content and format sales		16	309	(31)	294
Production income		44	821	(366)	499
Royalties		70	91	(48)	113
Advertising income		–	302	–	302
Subscription fees		–	241	–	241
Consumer products		23	93	(1)	115
Other contract income		54	2	(27)	29
	B1, B3.1	207	1,859	(473)	1,593
Timing of transfer of goods and services					
At a point in time		134	1,560	(445)	1,249
Over time		73	299	(28)	344
	B1	207	1,859	(473)	1,593
External revenue by segment					
Income from contracts with customers		113	1,480	–	1,593

B3.3 Transaction price allocated to the remaining performance obligations
The following table includes income expected to be recognised in the future related to the performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2026 £m	2027 £m	2028 £m	Beyond £m
Content and format sales	157	34	147	5
Production income	279	65	41	59
Royalties	37	39	40	41
Advertising income	208	205	205	154
Subscription fees	108	93	81	10
Other contract income	1	–	–	–
	790	436	514	269

This table details the amounts still due under contracts that have not yet been fulfilled. This therefore gives an indication of when that income is expected to be recognised in the future.

The BBC applies the practical expedient allowable by paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

B3.4 Contract costs
Costs of obtaining long-term contracts and costs of fulfilling contracts
The costs of fulfilling contracts do not result in the recognition of a separate asset because:

- such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
- for service contracts, income is recognised over time by reference to the stage of completion, meaning that control of the asset is transferred to the customer on a continuous basis as work is carried out. Consequently, no asset for work in progress is recognised.

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

There were no capitalised commission fees or any other material contract costs in the current year or prior year.

B. The BBC's operations, income and expenditure continued

B4 Geographical location of non-current assets and income

2025	PSB Group £m	Commercial Group £m	Intra-group eliminations £m	Group £m
Non-current assets excluding deferred tax and derivative financial instruments:				
UK	**2,305**	**652**	**558**	**3,515**
America	**8**	**371**	**–**	**379**
Australia	**–**	**30**	**–**	**30**
Rest of world	**22**	**13**	**–**	**35**
	2,335	**1,066**	**558**	**3,959**
Additions included in non-current assets and investments	**86**	**326**	**–**	**412**
External income:				
UK	**4,176**	**850**	**(458)**	**4,568**
America	**12**	**778**	**–**	**790**
Australia	**1**	**108**	**–**	**109**
Rest of world	**14**	**419**	**–**	**433**
	4,203	**2,155**	**(458)**	**5,900**

2024	PSB Group £m	Commercial Group* £m	Intra-group eliminations £m	Group £m
Non-current assets excluding deferred tax and derivative financial instruments:				
UK	2,294	637	(251)	2,680
America	9	439	–	448
Australia	–	25	–	25
Rest of world	31	12	–	43
	2,334	1,113	(251)	3,196
Additions included in non-current assets and investments	84	737	1	822
External income:				
UK	3,992	913	(487)	4,418
America	11	454	–	465
Australia	1	79	–	80
Rest of world	13	413	–	426
	4,017	1,859	(487)	5,389

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Non-current assets are the Group's long-term investments where the full value will not be realised within an accounting year.

The allocation of income and non-current assets to geographical segments is based upon the business region in which the income is generated/assets reside.

Further analysis of the Group's income by product or service line is not provided as this information is not routinely reported to the Board.

B5 Contribution from commercial activities

A dividend of £73 million was declared and paid by BBC Commercial Limited to the PSB Group during the year (2024: £88 million dividend declared but accounted for and paid during 2024/25). Both dividends were paid during the 2024/25 financial year.

BBC Studios declared and paid a dividend of £205 million to BBC Commercial Limited during the year (2024: £73 million dividend declared but accounted for and paid during 2024/25).

BBC Studioworks declared and paid a dividend of £3 million to BBC Commercial Limited during the year (2024: nil)

BBC Global News Holdings Limited declared, and settled via a transfer of assets, a dividend in specie of £2 million to BBC Commercial Limited during the year (2024: nil)

The dividends above are not identifiable in the consolidated primary statements as they are eliminated upon consolidation.

Financial statements continued
Notes to the accounts continued

B. The BBC's operations, income and expenditure continued
B6 Total operating costs
The accounting policies for the sections below are detailed within their respective balance sheet notes with the exception of development and research costs.

Online and TV development spend funds the near-term development of new platforms and services, particularly for BBC Online. This is primarily focused on new features for existing services and also includes related support and overhead costs.

It is distinct from research department costs which is focused on much longer-term research of new technology and standards that benefit the whole industry.

Total operating costs of £6,032 million (2024: £5,652 million) have been arrived at after charging the following items:

	Note	2025 £m	2024 £m
Intangible fixed assets, property, plant and equipment and other investments			
Depreciation			
- owned assets	E4	**66**	67
- leased assets	F1, F3	**99**	99
Amortisation of intangible fixed assets	E2	**278**	213
Inventories			
Write-downs of programme-related assets recognised as an expense		**13**	17
Other operating costs			
Staff costs	D2	**1,662**	1,587
Online and TV development		**88**	71
Research costs		**21**	21
Content impairments		**–**	9
Net exchange differences on settled transactions		**9**	(2)
Expenses relating to short-term leases	F5	**6**	10
Audit fees (see below)		**3**	3
Impairment of trade receivables	H1.4	**6**	5
Expenses relating to leases of low-value assets, excluding short-term leases	F5	**–**	1

Research costs are incurred to explore ideas for new programmes or assets, such as BBC iPlayer. Research costs are where the ideas are generated, some of which are then developed further into a plan or design where the costs are then categorised as development.

The Comptroller and Auditor General (C&AG) is the statutory external auditor for the BBC Group. The National Audit Office (NAO) provided external audit services on behalf of the C&AG for the financial years ended 31 March 2025 and 31 March 2024.

The following table presents the aggregate fees for the external audit (including the audit of pay disclosures and other assurance work) undertaken by the NAO. As in prior years, the NAO on behalf of the C&AG also audits the TV Licence Fee Trust Statement and provides Value for Money reports on the activities of the BBC to Parliament. These services are funded by Parliament.

No additional services were provided by the C&AG or NAO during 2024/25 or 2023/24.

	2025 £m	2024 £m
For the audit of the BBC's annual accounts	**1**	1
For the audit of subsidiaries of the BBC	**2**	2
Total fees paid	**3**	3

B. The BBC's operations, income and expenditure continued

B7 Analysis of total operating costs by commercial activities

	Commercial Group	
	2025 £m	2024 £m
Cost of sales	**1,566**	1,440
Distribution costs	**192**	164
Administration expenses	**315**	311
Total operating costs	**2,073**	1,915

Analysis of total operating costs for the PSB Group can be found within the Chief Operating Officer's review on page 64.

B8 Commercial EBITDA

The Commercial Group believes that earnings before interest, tax, depreciation and amortisation ('EBITDA') is the non-statutory measure of financial performance that best provides guidance to help understand performance on a comparable basis year-on-year. The intention of this is to illustrate an underlying profitability that can be benchmarked relatively easily and gives a reasonable base from which to link through to cash flow measures.

The Commercial Group defines EBITDA margin as statutory operating profit, with the following operating expenses added back: depreciation; non-content-related amortisation; impairments; earnout costs and non-cash settled long term incentive plan costs; deal costs; transformational restructuring costs; and other non-recurring exceptional items. In calculating EBITDA, the Commercial Group also offsets costs with creative sector incentive tax credits, which aligns to market practice.

The following table reconciles the EBITDA to the operating profit report:

	Commercial Group	
	2025 £m	2024 £m
Statutory operating profit/(loss)	**82**	(56)
Stated before adding back:		
Operating exceptional items	**29**	56
Share of EBITDA of associates and joint ventures	**6**	39
Creative sector incentive tax credits	**6**	80
Depreciation, amortisation and impairment*	**105**	80
EBITDA	**228**	199

* Excludes amortisation relating to distribution rights

Operating exceptional items include the following:

	Commercial Group	
	2025 £m	2024 £m
Acquisition related costs	**8**	23
Transformational restructuring costs	**13**	10
Content impairments and onerous contracts	**–**	9
Other gains and losses and exceptional items	**8**	14
Total operating exceptional items	**29**	56

Financial statements continued
Notes to the accounts continued

C. Other profit and loss items
This section provides information relating to the following areas of the income statement:

Acquisitions and disposals
The BBC operates within a competitive market, and in order to ensure the BBC remains competitive and innovative within the market place, commercial decisions can be made to acquire other commercial operations or dispose of existing assets and investments.

+ Risk – Acquisitions

Where large acquisitions are performed there is the risk that the transaction is not valued or accounted for correctly given the degree of judgement applied to the fair value calculation of the assets and liabilities purchased, the value of the consideration paid and consequently the resulting goodwill generated.

Judgements – Acquisitions

All identified assets and liabilities included within an acquisition are recognised at fair value as at the acquisition date. Fair value is determined by what could be exchanged between knowledgeable, willing parties in an arm's length transaction. Judgement is required in determining the valuation method for each identifiable asset and liability, which is specific for each category based on the most appropriate valuation method – including the cost, income and market approaches.

Significant estimate – Acquisitions

Significant estimation techniques can be required when determining the duration and expected quantum of future revenues in the calculation of the fair value of intangible assets acquired.

Other gains and losses
The BBC generates gains and losses which are unrelated to its normal course of business. These gains and losses are associated with the reclassification of certain financial assets which are separately disclosed.

Judgement – Other gains and losses

The classification of income or expense as exceptional in nature and hence recognised separately from operating profit requires judgement.

Net financing costs
The BBC incurs interest and other costs associated with the borrowing of funds which largely relate to bank borrowings, leases and the unwinding of discount rate applied to its longer-term payables. Financing income is largely generated by the BBC on the cash it holds in the bank, including its investments returns during the year and the unwinding of discounts applied to its longer-term receivables. Also included in net financing costs is the fair value movement of financial instruments used to manage the risk of interest rate fluctuations and fix the payment profile of lease repayments. Depending on market movements, these fair value changes could be classified as either income or expense in the year.

Estimate – Net finance costs

Net finance costs is the difference between the expected return on assets and the interest liabilities. For long-term receivables (where the right to receive consideration exceeds one year) and long-term payables (where the obligation to pay consideration exceeds one year) an effective interest rate is used to discount future cash flows over the life of the contract back to its present value. Judgement is required in determining the value of the effective interest rate so it reflects a current market assessment of the time value of money.

Taxation
The BBC's public sector 'free-to-air' broadcasting activities are not subject to taxation. The PSB Group is however liable to taxation on its other activities which yield a taxable profit including rent, royalties and interest receivable. The commercial subsidiaries in the BBC Group are taxed in accordance with tax legislation.

Estimate – Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation of 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 estimates around the timing and level of future taxable income.

C. Other profit and loss items continued

C1 Acquisitions

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given by the BBC in exchange for control of the acquiree. The acquiree's separately identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair value at the acquisition date. Subsequent adjustments to the fair values of net assets acquired are made within 12 months of the acquisition date where original fair values were determined provisionally. These adjustments are accounted for from the date of acquisition. Transaction costs that the BBC incurs in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred. On acquisition, the BBC recognises any non-controlling interest either at fair value or at the non-controlling interest's proportionate share of net assets. When control is obtained in successive share purchases (a 'step acquisition') it is accounted for using the acquisition method at the acquisition date. The previously held interest is remeasured to fair value at the acquisition date and a gain or loss is recognised in the income statement.

Acquisitions

All identified assets and liabilities included within an acquisition are recognised at fair value as at the acquisition date.

There were no material acquisitions in the current year but, as permitted under IFRS 3, the BBC has finalised the following material acquisition from the prior year:

BritBox International

On 29 February 2024, BBC Studios completed a deal with ITV plc to acquire its share of BritBox International. A gross cash payment of £272 million was made comprising consideration for equity acquired of £255 million and a £17 million payment for ITV debt held with BritBox. At the date of acquisition, BritBox had £80 million of cash so the net cash investment was £192 million.

A provisional goodwill balance was recognised under IFRS 3 *Business Combinations* in 2023/24 as the initial accounting for the transaction was incomplete at year end given the proximity of the deal to 31 March 2024. This has now been finalised in 2025 resulting in an additional £4 million goodwill recognised and the balance sheet restated as follows.

	Previously reported 2024 £m	Restatement £m	Restated 2024 £m
Non-current assets			
Intangible assets	900	9	909
Other non-current assets	2,638	–	2,638
	3,538	9	3,547
Current assets			
Programme-related assets and other inventories	1,203	(7)	1,196
Current tax assets	116	3	119
Other current assets	1,740	–	1,740
	3,059	(4)	3,055
Current liabilities			
Trade and other payables	(1,260)	4	(1,256)
Provisions	(54)	–	(54)
Other current liabilities	(372)	–	(372)
	(1,686)	4	(1,682)
Non-current liabilities			
Trade and other payables	(69)	(1)	(70)
Provisions	(113)	–	(113)
Deferred tax liabilities	(63)	(6)	(69)
Other non-current liabilities	(2,690)		(2,690)
	(2,935)	(7)	(2,942)
Net assets	**1,976**	**2**	**1,978**
Operating reserve	1,926	4	1,930
Translation reserve	39	(2)	37
Other reserve and minority interest	11	–	11
Total capital and reserves	**1,976**	**2**	**1,978**

A further £4 million gain was recognised to other gains and losses within the Income Statement and this offset against £2 million translation losses recycled through Other Comprehensive Income.

Financial statements continued
Notes to the accounts continued

C. Other profit and loss items continued
C1 Acquisitions continued
Details of both the provisional and final purchase consideration, the net assets acquired and goodwill are as follows:

	Final 2025 £m	Provisional 2024 £m
Cash consideration for equity acquired	**255**	255
Cash payment for ITV debt held with BritBox	**17**	17
	272	272

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value £m	Adjustment £m	Final fair value £m
Intangible assets:			
Technology	5	–	5
Brand name	76	(2)	74
Customer relationships	214	7	221
Rights to broadcast acquired programmes and films	136	(7)	129
Receivables	36	3	39
Cash and cash equivalents	80	–	80
Payables	(114)	(1)	(115)
Deferred revenue	(21)	(1)	(22)
Provisions	(7)	–	(7)
Deferred tax liability	(38)	(6)	(44)
Net assets acquired	367	(7)	360

The assets acquired included customer-related intangible assets with an aggregate fair value of £221 million (2024 provisional: £214 million). The fair value of these assets has been determined using the excess earnings method. This method considers the present value of net cash-flows expected to be generated by the customer relationships, excluding any cash-flows relating to contributory assets.

The determination of their fair value was affected by assumptions such as future revenue levels and the duration over which revenues are expected to be derived from those relationships. Different assumptions about such matters would have changed the estimated fair value calculated.

The goodwill recognised has been calculated as follows:

	Final 2025 £m	Provisional 2024 £m
Cash consideration paid	**(272)**	(272)
Net assets acquired	**360**	367
Joint venture disposed	**(269)**	(272)
Goodwill recognised	**181**	177

Business combination achieved in stages
Pre-acquisition the BritBox joint venture was originally revalued from £70 million to a fair value of £272 million, which resulted in a £202 million gain recognised in the income statement in the prior year.

The fair value of this joint venture was finalised in 2025 at £269 million and £2 million of cumulative foreign currency translation gains were identified along with a £5 million onerous commitment to the joint venture which was released as a result of consolidating the joint venture. The net impact of these changes is to increase the gain on deemed disposal to £206 million.

Acquired receivables
The fair value of acquired trade receivables was £27 million. The gross contractual amount for trade receivables due was £27 million, all of which was expected to be collected.

C. Other profit and loss items continued

C1 Acquisitions

Purchase consideration – cash inflow

	Final 2025 £m	Provisional 2024 £m
Cash consideration	**(272)**	(272)
Add cash acquired	**80**	80
Net outflow of cash - investing activities	**(192)**	(192)

C2 Disposals

The BBC disposed of its interest in New Video Channel America, LLC and Moonage during the year. See note E7 for further details.

There were no other material disposals in year.

C3 Other gains and losses

The table below provides a summary of the other gains and losses.

	Note	2025 £m	2024* £m
Gain on financial instruments		**10**	2
Gain on disposal of asset held for sale		**13**	13
Gain on disposal of investment property		**7**	–
Gain on deemed disposal of associates and joint ventures	C1	**–**	206
Gain on disposal of interests in associates and joint ventures	E7	**1**	–
Impairment of investments	E2, E7	**(10)**	(8)
Other gains and losses		**2**	–
		23	213

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Deemed disposal gains and losses were driven by the BBC increasing its investment leading to the reclassification to that of a subsidiary. The entity is therefore consolidated as such, and hence a deemed disposal is recognised for the equity investment previously held.

C4 Net financing costs

Set out below is an analysis of the financing income and expenses incurred in the year.

	Note	2025 £m	2024 £m
Financing income			
Interest income		**39**	40
Unwinding of discounted receivables		**17**	17
Fair value gains on financial instruments classified as fair value through surplus/(deficit)		**6**	–
Financing income excluding that received from pension plan liabilities		**62**	57
Net interest income on pension plan liabilities	D6.3	**–**	37
Total financing income		**62**	94
Financing costs			
Interest expense		**(29)**	(11)
Unwinding of discounted payables		**(1)**	–
Fair value losses on financial instruments classified as fair value through surplus/(deficit)		**–**	(19)
Interest on obligations under leases	F5	**(48)**	(51)
Total financing expenditure excluding that paid on pension plan liabilities		**(78)**	(81)
Net interest expenditure on pension plan liabilities		**(3)**	–
Total financing expenditure		**(81)**	(81)
Net financing (expenditure)/income		**(19)**	13

Financial statements continued

Notes to the accounts continued

C. Other profit and loss items continued

C5 Taxation

The tax charge for the period comprises both tax currently payable and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in reserves, in which case it is recognised in reserves.

Current tax is the expected tax payable for the year, using tax rates that are enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In respect of tax currently payable:

- the PSB Group is not liable to corporation tax on any surplus licence fee income or grants received from government departments; however, it is fully liable for corporation tax on capital gains and on all its other external income. Expenditure on capital assets is not eligible for capital allowances giving rise to temporary differences that would lead to deferred tax assets or liabilities. Movements of fair value adjustments in the income statement give rise to deferred tax balances; and
- the BBC's commercial subsidiaries are liable for corporation tax based on taxable profit for the year.

Current tax assets and current tax liabilities are offset if, and only if, there is a legally enforceable right to set off the recognised amounts; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided using the balance sheet liability method on any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the tax rates expected to apply in the period when the liability is settled or the asset is realised using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

C5.1 Recognised in the income statement

The tax credit for the year, based on the rate of corporation tax of 25% (2024: 25%) comprised:

	Note	**2025 £m**	2024 £m
Current tax			
UK corporation tax		**11**	77
Foreign tax		**(24)**	(19)
Adjustments in respect of prior years		**(7)**	198
Total current tax		**(20)**	256
Deferred tax			
Origination and reversal of temporary differences		**14**	(11)
Adjustments in respect of prior years		**17**	(4)
Total deferred tax		**31**	(15)
Total taxation in the consolidated income statement	C5.2	**11**	241

C. Other profit and loss items continued

C5 Taxation continued

C5.2 Reconciliation of the effective tax rate

The Group's effective tax rate for the year ended 31 March 2025 is (9)% (2024: (3,013)%) which is lower than (2024: lower than) the standard rate of Corporation Tax in the UK due to the items shown below:

	Note	2025 £m	2024* £m
Deficit before tax		**(123)**	(8)
Deficit before tax multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)		**31**	2
Effects of:			
Public service activities			
Public service taxable external income		**10**	2
Non-taxable public service income		**(48)**	(70)
Commercial activities			
Disallowed expenditure (including impairment)		**10**	13
Losses utilised		**–**	(9)
Creative sector incentives		**21**	80
Tax exempt capital gain (International)		**(8)**	38
Tax exempt capital gain (UK)		**–**	13
Overseas earnings		**–**	(7)
Tax differential on overseas earnings		**(1)**	–
Deferred tax not recognised		**(14)**	(15)
Adjustments in respect of prior years		**10**	194
Total tax for the year	C5.1	**11**	241

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

The tax credit is primarily driven by the results of the commercial businesses, as the Group's public sector 'free-to-air' broadcasting activities are not subject to taxation.

The lower effective tax rate in the prior year is partly driven by the resolution of PSB HMRC's enquiry into the corporate tax treatment of intellectual property income derived from the BBC's Rights Archive, for accounting periods ended 31 March 2009 to 31 March 2021. The agreement impacts accounting periods following the enquiry period. As a result of the agreement reached with HMRC during the prior year regarding the application of the intangible fixed asset regime, a one-off adjustment in respect of prior periods was recorded. This comprised a prior year current tax credit of £137 million. As the Group now has excess tax losses no deferred tax asset is recognised on the UK tax losses carried forward.

C5.3 Factors that may affect future tax charges

The UK corporation tax rate of 25% was effective from 1 April 2023 (and substantively enacted on 24 May 2021).

In the UK, Finance Act (No.2) 2023 (substantively enacted on 20 June 2023) introduced a 15% global minimum corporate income tax rate in line with the Organisation for Economic Cooperation and Development's (OECD) Pillar Two model framework. Pillar Two legislation has also been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning on 1 April 2024.

Management has performed an assessment 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 assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are either above 15% or covered by exemptions provided within the rules (Transitional Safe Harbour).

Therefore, it is not expected that the legislation will have a material impact on the Group tax charge. As a result, the BBC is not subject to additional top-up taxes under the Pillar Two framework and no deferred tax liabilities have been recognised in relation to Pillar Two.

The Group will continue to monitor developments in the implementation of Pillar Two rules and assess any future impact on its financial reporting.

C5.4 Current tax asset

The current tax asset totalling £79 million (2024: £119 million) includes £50 million (2024: £80 million) due in respect of creative sector incentives outstanding on high-end drama, comedy, natural history and factual productions.

C. Other profit and loss items continued
C5 Taxation continued
C5.5 Deferred tax assets/(liabilities)

	Fixed asset temporary differences £m	Provisions £m	Financial instruments £m	Intangible assets and other temporary differences* £m	Net deferred tax (liability)/asset £m
At 1 April 2024	(7)	(10)	(1)	(49)	(67)
Credit to the income statement	1	–	–	13	14
Charge to reserves	–	–	(3)	–	(3)
Adjustment in respect of prior years	12	10	(2)	(3)	17
Exchange and other differences	–	–	–	(9)	(9)
Acquisition of joint ventures and associates	–	–	–	(2)	(2)
At 31 March 2025	**6**	**–**	**(6)**	**(50)**	**(50)**

Deferred tax asset/(liability) presented within:	**2025 £m**	2024* £m
Non-current assets	**–**	2
Non-current liabilities	**(50)**	(69)
	(50)	(67)

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of taxable or deductible temporary differences, the carry forward of unused losses and/or the carry forward of unused tax credits.

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base, where the tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

The BBC has unrecognised deferred tax assets arising on capital losses totalling £152 million (2024: £146 million) and other trading and non-trading losses, including non-trading losses arising from fixed intangible assets, of £980 million (2024: £924 million).

The deferred tax asset on capital losses has not been recognised on the basis that there is insufficient certainty that capital gains will arise against which the Group can utilise these losses. The deferred tax assets on trading and non-trading losses have not been recognised on the basis that there is insufficient certainty that future profits will arise against which the Group can utilise these losses.

There is no time limit for the utilisation of either of these losses and the position is reviewed annually.

C5.6 Current tax liabilities
Total current tax liabilities totalling £9 million were due in overseas jurisdictions at 31 March 2025. There were no current tax liabilities due at 31 March 2024.

D. What the BBC spends on its people

The BBC employs a significant number of people. It also provides pension benefits to both current and past employees. This section has two main parts; the first details employee numbers (excluding freelancers and agency staff), staff costs and transactions with members of the BBC Board and BBC Executive Committee who served during the year. The second presents the key information relating to the BBC Group's pension plans.

The analysis provided in the pension notes is based on the IAS 19 *Employee Benefit*s estimate of the scheme's assets and liabilities as at 31 March 2025. This accounting valuation provides a snapshot of the scheme at the year end date and is therefore sensitive to short-term fluctuations within markets.

To ensure the scheme is adequately funded to meet its liabilities, a statutory triennial actuarial valuation is also performed as an appraisal of the fund's assets versus liabilities. This will often differ to the IAS 19 accounting valuation due to the difference in discount rates used to determine the liability. Whilst the actuarial valuation uses discount rates based on gilts, the accounting valuation uses discount rates based on high credit corporate bonds. Generally therefore, the accounting valuation presents a more favourable funding position than that required on an actuarial basis.

Risk – Defined benefit pension scheme

Changes in the assumptions used to calculate the IAS 19 valuation of the BBC's defined benefit pension scheme can result in large swings in the final numbers disclosed. The BBC therefore carries a risk of a material misstatement arising on this highly judgemental area if the assumptions used are not appropriate.

Sensitivity analysis on these assumptions (discount, inflation and mortality rates) is presented in Note D7.5 to reflect the impact of this risk.

The defined benefit pension scheme exposes the BBC to the following risks:

Risk	Description
Investment risk	Actual returns may differ from expected returns. Investments are diversified, across and within asset classes, to avoid over-exposure to any one asset class or market.
Currency risk	Scheme assets are subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles (PIV). The Trustees limit overseas currency exposure through a currency hedging policy which seeks to partially hedge the major currency exposures (euro and US dollar).
Counterparty risk	A counterparty may default whilst owing money to the scheme. Collateral is posted by the counterparty for long-term transactions when the valuation of the transaction is favourable to the scheme.
Interest rate risk	A fall in interest rates would cause the present value of liabilities to rise. To mitigate this risk, the scheme's Trustees invest in bonds, derivatives and other investments with predictable long-term cash flows that will tend to rise in price if interest rates fall.
Longevity risk	Longer life expectancy would increase the Scheme's liabilities. The Scheme's Trustees regularly assess the possibility and value of hedging the Scheme's longevity risk. The scheme has also taken out a longevity hedge to cover approximately one third of the pension liability.
Inflation risk	An increase in expected inflation will cause the present value of liabilities to rise if it is not accompanied by a rise in interest rates. To mitigate this risk, the scheme's Trustees invest in index-linked bonds, derivatives and other assets where value is likely to increase if inflation rises.
Liquidity risk	The scheme may not have sufficient liquid assets to allow it to meet its liabilities and other obligations as they fall due. The amount of cash held to pay benefits is assessed well in advance to minimise unforeseen sales and transaction costs and the large majority of the scheme's assets are invested in highly liquid assets.

Significant estimate – Defined benefit pension scheme

Judgement is required when determining the assumptions used in calculating the pension costs and obligations of the BBC's defined benefit schemes. These include the discount rate, inflation rate and mortality.

The BBC mitigates this risk by using assumptions recommended by independent actuarial specialists, which is reviewed and approved by BBC senior management (see page 105).

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D. What the BBC spends on its people continued
D1 Persons employed
The average full-time equivalent number of persons employed in the year was:

	2025			2024		
Average	Staff excluding apprentices	Apprentices^	Total number	Staff excluding apprentices	Apprentices^	Total number
PSB Group	**17,103**	**428**	**17,531**	17,201	410	17,611
Commercial Group	**4,178**	**64**	**4,242**	4,118	66	4,184
Group total	**21,281**	**492**	**21,773**	21,319	476	21,795

^ Includes Early Careers and FJAA apprentices.

Within the averages above 2,363 (2024: 2,899) part-time employees have been included at their full-time equivalent of 1,588 (2024: 1,655).

In addition to the above, the BBC employed an average full-time equivalent of 1,518 (2024: 1,554) persons on a casual contract.

The full-time equivalent number of persons employed at 31 March was:

	2025			2024		
At March 31	Staff excluding apprentices	Apprentices^	Total number	Staff excluding apprentices	Apprentices^	Total number
PSB Group	**16,815**	**385**	**17,200**	17,203	389	17,592
Commercial Group	**4,249**	**59**	**4,308**	4,268	58	4,326
Group total	**21,064**	**444**	**21,508**	21,471	447	21,918

^ Includes Early Careers and FJAA apprentices.

D2 Employee remuneration

Other employee benefits
Other short- and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

Termination benefits
Termination benefits (redundancy costs) are recognised when the BBC has a present obligation as a result of a past event and it is probable that it will result in a payment. This is typically the earlier of when the BBC can no longer withdraw or recognises costs for a restructure.

	Note	2025 £m	2024 £m
Salaries and wages		**1,316**	1,250
Social security costs		**162**	152
Pension costs			
Main scheme (defined benefit)	D6.3	**74**	93
Other schemes	D6.3	**110**	92
		1,662	1,587

Employee pension contributions made via salary sacrifice are included within pension costs, with a corresponding reduction in salaries and wages.

D3 Remuneration of the BBC Board and BBC Executive Committee
The total emoluments of the members of the BBC Board and BBC Executive Committee are disclosed in the Remuneration Report.

D4 Key management personnel compensation
Key management personnel are those people who have authority and responsibility for planning, directing and controlling the activities of the BBC. This includes members of the BBC Board and BBC Executive Committee, including the non-executive directors (see the BBC Remuneration report).

At 31 March 2025, 22 individuals were classified as key management personnel (2024: 20).

Information about the BBC's structure, senior staff salaries and expenses are published on the BBC's website.

	2025 £m	2024 £m
Short-term employee benefits	**6.0**	5.6
Pension benefits	**0.1**	0.1
	6.1	5.7

D. What the BBC spends on its people continued

D5 Related party transactions with key management personnel

Juniper Communications Limited (Juniper) was co-owned by BBC Chair Samir Shah (70%) and his wife Belkis Shah (20%) until all stakes were sold on 4th August 2024. Samir Shah was not an employee of Juniper and had no editorial control. Juniper currently produces Politics London and Politics South East for the BBC, in a commissioning arrangement pre-dating Samir Shah's appointment to the BBC Board on 4 March 2024.

In the period between 1 April 2024 and 4th August 2024 the BBC made payments totalling £290k to Juniper Communications Limited. The BBC has on-going commitments with Juniper Communications Limited post the sale of the Chair's stakes.

The Royal Welsh College of Music & Drama is Chaired by BBC Non-Executive Director Michael Plaut. In the period between 1 April 2024 and 31 March 2025 the BBC made payments totalling £1k to Royal Welsh College of Music & Drama and had no future commitments at the balance sheet date.

Non-Executive Director and Chair to the BBC Commercial Group, Sir Damon Buffini, is also a Director for The Royal National Theatre. In the period between 1 April 2024 and 31 March 2025 the Commercial Group made payments totalling £11k to The Royal National Theatre and had no outstanding balances or future commitments at the balance sheet date.

The BBC entered into a 4-year agreement on 9 August 2023 with The Royal National Theatre, whereby the BBC may make available and broadcast the National Theatre Live, Harold Pinter Theatre recording of C.P. Taylor's 'Good'.

Sir Damon Buffini was not involved with any of these transactions, which were all performed on an arms length basis.

Michael Plaut's wife Julia Plaut completed work for BBC National Orchestra of Wales during the year for a trivial fee.

D6 Group pension plans

Defined contribution plans

The BBC Group's defined contribution pension plans do not give rise to balance sheet pension assets/(liabilities) as there is no ongoing liability for the employer from these plans once the contributions due for the year have been settled.

The amounts charged as expenditure for the defined contribution plans represent the contributions payable by the BBC for the accounting period.

Defined benefit plans

The BBC Group has two defined benefit pension schemes, the BBC Pension Scheme and the Unfunded Scheme.

The BBC Pension Scheme is accounted for within its own financial statements but gives rise to net liabilities which are included on the BBC Group balance sheet as the BBC bears the risks of investment returns, life expectancies and inflation, which impact the future pension payment amounts. The net position consists of two parts:

- Scheme liabilities: the present value of the future pension payments the BBC is required to pay in respect of employee service performed up to the balance sheet date; and
- Scheme assets: the assets held by the pension fund, into which the BBC pays annual contributions. These assets are used to fund the payments to retired members and to generate returns to fund future pension payments.

The Pension Scheme, of which a significant minority of staff are members, provides benefits based on pensionable pay. The assets of the BBC's Pension Scheme are held separately from those of the BBC.

The Unfunded Scheme gives rise to net liabilities, representing the present value of liabilities expected to be paid to remaining members, and is reported collectively with the BBC Pension Scheme above in the balance sheet.

Pension scheme assets are measured at fair value. Pension scheme liabilities are measured using the projected unit credit method. The present value of scheme liabilities is calculated by discounting estimated future cash outflows at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities.

Should the pension scheme be in a net asset position, under the Pension Scheme rules, the BBC considers that they are entitled to any surplus on the pension scheme in the event that it is wound up. It is the actuarial valuation, as opposed to the IAS 19 estimate, which would be used to determine the amount due if the scheme was wound up.

Remeasurement comprising gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur.

Remeasurement recorded in the statement of comprehensive income is not recycled through the income statement. When the benefits of a plan are changed the resulting change in benefit that relates to past service is then recognised immediately in the income statement. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on settlements and curtailments;
- net interest expense or income; and
- remeasurement.

The current service cost and past service cost are included within operating costs in the consolidated income statement. Curtailments gains and losses are accounted for as past service cost. Net interest expense or income relating to the funded defined benefit pension plans is included within 'finance income' or 'finance costs', as relevant, in the consolidated income statement.

Administration costs directly related to the management of plan assets are deducted from the return on plan assets, which are recorded as remeasurements in the statement of comprehensive income. Other administrative scheme expenses associated with running the scheme are recorded within operating expenses when incurred.

D. What the BBC spends on its people continued

D6 Group pension plans continued

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the BBC's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

The pension scheme is valued under two bases:

- **Actuarial basis**: This measure is used by the scheme trustees as part of the mandatory three-yearly scheme valuation. The assumptions tend to carry a higher level of caution as the measurement is done on the basis of being able to pay out full scheme benefits. This measurement also provides the basis for any deficit recovery contribution required.
- **IAS 19/Accounting basis**: This valuation is performed at each year end date to disclose the value of the defined benefit pension scheme within the Annual Report & Accounts. The measurement details are prescribed by IAS 19 to provide a consistent measurement of accounting across different companies.

D6.1 Group pension plans

	2025			2024		
	BBC Pension Scheme £m	**Unfunded Scheme £m**	**Total £m**	BBC Pension Scheme £m	Unfunded Scheme £m	Total £m
(Deficit)/surplus in scheme at the start of the year	**(114)**	**(7)**	**(121)**	702	(7)	695
Movement in the year:						
Current service cost	**(74)**	**–**	**(74)**	(93)	–	(93)
Contributions (from employer)	**116**	**–**	**116**	170	–	170
Administration costs incurred	**(9)**	**–**	**(9)**	(9)	–	(9)
Net finance (expenditure)/income	**(3)**	**–**	**(3)**	37	–	37
Remeasurement gains/(losses)	**958**	**1**	**959**	(921)	–	(921)
Surplus/(deficit) in scheme at the end of the year	**874**	**(6)**	**868**	(114)	(7)	(121)

Current service cost is the underlying cost to the BBC of pension rights earned by employees during the year.

Net finance income is the net of the expected return on assets and the interest charged on liabilities.

Remeasurement gains and losses arise when the actual performance of the scheme is different from that predicted.

The assumptions for pension scheme liabilities of the Unfunded Scheme are the same as the main scheme. As the scheme is unfunded there are no assets.

D6.2 BBC Pension Scheme financial position

IAS 19 valuation	Note	**2025 £m**	2024 £m
Scheme assets	D7.6	**12,558**	13,776
Scheme liabilities	D7.2	**(11,684)**	(13,890)
Surplus/(deficit)		**874**	(114)
Percentage by which scheme assets cover liabilities		**107%**	99%

The IAS 19 Pensions valuation takes assets at their market value and discounts the accrued liabilities by reference to the discount rate of an AA-rated corporate bond.

A deferred tax asset or liability in relation to the scheme does not arise for the BBC because most of the BBC's PSB Group activity is not subject to taxation.

D. What the BBC spends on its people continued

D6 Group pension plans continued

D6.3 Pension charges in the consolidated income statement

	Note	Defined benefit schemes: BBC Pension Scheme £m	Defined benefit schemes: Unfunded Scheme £m	Defined contribution scheme £m	All schemes £m
2025					
Current service cost	D2	**(74)**	**–**	**(110)**	**(184)**
Administration costs		**(9)**	**–**	**–**	**(9)**
Total operating charge		**(83)**	**–**	**(110)**	**(193)**
Net finance expenditure	C4	**(3)**	**–**	**–**	**(3)**
Net cost in consolidated income statement		**(86)**	**–**	**(110)**	**(196)**
2024					
Current service cost	D2	(93)	–	(92)	(185)
Administration costs		(9)	–	–	(9)
Total operating charge		(102)	–	(92)	(194)
Net finance income	C4	37	–	–	37
Net cost in consolidated income statement		(65)	–	(92)	(157)

D6.4 BBC Pension Scheme gains/(losses) in the consolidated statement of comprehensive expenditure

IAS 19 valuation	2025 £m	2024 £m
Return on plan assets (excluding amounts included within interest)	**(1,389)**	(1,190)
Remeasurement gains/(losses) arising from:		
- Experience adjustments	**574**	(117)
- Changes in demographic assumptions	**13**	100
- Changes in financial assumptions	**1,760**	286
Net gain/(loss) recognised in the consolidated statement of comprehensive expenditure	**958**	(921)

Remeasurement gains/(losses) arise from actual performance being different from that predicted.

Only defined benefit schemes give rise to gains and losses in the statement of comprehensive income/(loss).

D7 BBC Pension Scheme

The BBC Pension Scheme is closed to new entrants. It provides pensionable salary-related benefits on a defined benefit basis.

The Pension Scheme is administered by a fund that is legally separated from the BBC Group. The Trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders of the scheme. The Pension Scheme Trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities.

The Trustee of the BBC Pension Scheme has considered whether there may be implications for the Scheme from the July 2024 judgement of the Court of Appeal in Virgin Media vs NTL Pension Trustees II Limited. It has concluded that the risks at issue in the Virgin Media case do not create any benefit related liability exposure for the Scheme.

D7.1 Funding the BBC Pension Scheme

Accounting valuations of the scheme are performed by PricewaterhouseCoopers LLP, consulting actuaries. Formal actuarial valuations are performed by Willis Towers Watson and are undertaken at least every three years. The most recent triennial actuarial valuation was performed a year early than previously reported, as at 1 April 2024, and showed a funding surplus of £296 million on an actuarial basis. The pension Trustees agreed the next formal valuation will be performed no later than as at 1 April 2026.

Prior to the valuation in April 2024, a recovery plan was in place to reduce the actuarial valuation shortfall. Whilst no recovery plan is now required (given the surplus funding position of the Scheme), the new Schedule of Contributions provided for an employer contribution of £125 million to be paid to the Scheme by the earlier of 1 July 2027 and the date on which the 2026 valuation is completed, unless a replacement Schedule of Contributions has been put in place that does not require it. This provision is designed to help protect the Scheme against the risk of reversal of the recent improvement in the funding position (on an actuarial basis) and a contingent liability has been recognised accordingly (see note H4).

Financial statements continued

Notes to the accounts continued

D. What the BBC spends on its people continued
D7 BBC Pension Scheme continued
D7.1 Funding the BBC Pension Scheme *continued*

Contribution rates	2026 %	**2025 %**	2024 %
Employer	18.3	**30.0/18.3**	42.3/30.0
Employee (Old and New Benefits)	7.5	**7.5**	7.5
Employee (Career Average Benefits 2006)	4.0	**4.0**	4.0
Employee (Career Average Benefits 2011)	6.0	**6.0**	6.0

The member contributions to the scheme are mainly paid via a salary sacrifice arrangement. These have been treated as employer contributions.

On the basis of the pension assumptions above, contributions totalling £77 million are expected to be paid in 2025/26.

Below are the cash flows that have occurred through the BBC Pension Scheme itself. These are recognised in the BBC Pension Scheme's own financial statements as opposed to the BBC's.

	2025 £m	2024 £m
Contributions including additional voluntary (employer and employee)	**118**	172
Investment income	**329**	315
Cash inflows	**447**	487
Payments of pensions and transfers out	**(599)**	(563)
Expenses	**(27)**	(27)
Net cash outflow	**(179)**	(103)

As the scheme is closed to new entrants, the level of contribution from employees will decrease (as members retire, there are no new entrants to replace the reduction in employee contributions).

D7.2 Changes in the fair value of plan liabilities
The key items which affect the movement on plan liabilities are the additional year of pension benefits earned, any gains or losses relating to participants leaving the pension scheme, changes in assumptions made and benefits paid out during the year.

	Note	**2025 £m**	2024 £m
Opening present value of plan liabilities		**13,890**	13,973
Current service cost		**74**	93
Administration cost		**9**	9
Interest on pension plan liabilities		**653**	644
Remeasurement (gains)/losses:			
- Experience adjustments		**(574)**	117
- Changes in financial assumptions		**(1,760)**	(286)
- Changes in demographic assumptions		**(13)**	(100)
Contributions by plan participants		**2**	2
Benefits paid and expenses		**(597)**	(562)
Closing present value of plan liabilities	D6.2	**11,684**	13,890

Changes in demographic and financial assumptions change the estimates used to value the future pension asset/liability.

Demographic assumptions include mortality rates, staff turnover and early retirement.

Financial assumptions encompass items such as discount rate and future salary levels.

D. What the BBC spends on its people continued
D7 BBC Pension Scheme continued
D7.3 Plan liabilities principal actuarial assumptions made
The calculation of the scheme liabilities requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries at the balance sheet date were:

Principal financial assumptions	2025 %	2024 %
Rate of increase in salaries	**1.0**	1.0
Rate of increase in pension payments:		
Old Benefits*	**3.4**	3.5
New Benefits*	**3.3**	3.3
Career Average Benefits (2006)*	**2.3**	2.3
Career Average Benefits (2011)*	**2.9**	2.9
Inflation assumption (RPI)^	**3.4**	3.5
Inflation assumption (CPI)^	**3.2**	3.1
Discount rate	**5.8**	4.8

* For more information on the different pension arrangements, please refer to the Remuneration Report.
^ RPI and CPI are long-term assumptions.

The discount rate for the IAS 19 Pensions valuation has been derived with reference to market yields at the end of the reporting period on AA-rated sterling-denominated corporate bonds with maturities consistent with the estimated term of the post-employment benefit obligations. Certain types of bonds are excluded from the calculating model, either because they have unusual features, are relatively small or potential outliers, in order to remove the distortion that might otherwise occur from including unusual, less liquid or potentially misrated bonds. Extrapolation is performed when the profile of the scheme's expected benefit outflow is longer than the cash flows of the available bonds.

The average life expectancy assumptions for members, after retiring at 60 years of age, are as follows:

Principal demographic assumptions	2025 Number of years	2024 Number of years
Retiring today:		
Male	**27**	27
Female	**29**	29
Retiring in 20 years:		
Male	**28**	29
Female	**30**	31

The mortality assumptions have been selected to reflect the characteristics and experience of the membership of the scheme and are based on those in line with the preliminary funding valuation as at 1 April 2024. The standard 'S3' series of tables, published by the Continuous Mortality Investigation (CMI), reflect recent research into mortality experience in the UK. A subset of these tables have been used for males and females, with a multiplier of 101% for male members and dependents and 102% for female members and dependents. For the allowance for future improvements, the CMI 2023 core projection has been adopted with an 'initial addition' of 0.5% and a long-term trend of 1.25% for both males and females.

D7.4 Scheme membership analysis and maturity profile

Principal demographic assumptions	2025 Number	2024 Number
Contributors	**5,678**	6,223
Pensioners	**23,453**	22,640
Dependants	**4,414**	4,468
Deferred pensioners	**23,951**	24,888

The maturity of a scheme provides an indication of the cash requirements of the scheme and the likely attitude of the Trustees to risk within their investment policy.

The more mature a scheme, the more likely that the Trustees will favour low-risk investments.

As the scheme is now closed to new entrants, the number of contributors will decrease whilst the number of pensioners increase over time.

The total number of scheme beneficiaries as at 31 March 2025 was 44,097 (2024: 44,777).

Membership numbers in the table above are higher as members can hold more than one record. For example, contributing members who have transferred to the Career Average Benefits 2011 section from another section of the scheme may have a deferred pensioner record for their benefits built up in the Old Benefits, New Benefits or Career Average Benefits 2006 sections and a contributing record for their Career Average Benefits 2011 benefits.

D. What the BBC spends on its people continued
D7 BBC Pension Scheme continued
D7.4 Scheme membership analysis and maturity profile *continued*
The average duration of the benefit obligation at the end of the reporting period is 13 years (2024: 15 years). This number can be subdivided into the duration related to:

- Contributors: 19 years (2024: 22 years)
- Pensioners: 9 years (2024: 11 years)
- Deferred pensioners: 18 years (2024: 20 years)

D7.5 Plan liabilities assumption sensitivities
The sensitivities of the schemes' liabilities to changes in the principal assumptions are set out below:

2025	Assumption used	Movement	Impact on scheme liabilities %	(Increase)/decrease on scheme liabilities £m
Discount rate	**5.8%**	**decrease 0.1%**	**1.2%**	**(138)**
	5.8%	**increase 0.1%**	**1.2%**	**136**
Retail price inflation rate	**3.4%**	**decrease 0.1%**	**1.2%**	**136**
	3.4%	**increase 0.1%**	**1.0%**	**(117)**
Mortality rate	**See Note D7.3**	**decrease 1 year**	**3.8%**	**446**
	See Note D7.3	**increase 1 year**	**4.0%**	**(463)**

2024	Assumption used	Movement	Impact on scheme liabilities %	(Increase)/decrease on scheme liabilities £m
Discount rate	4.8%	decrease 0.1%	1.4%	(189)
	4.8%	increase 0.1%	1.3%	185
Retail price inflation rate	3.5%	decrease 0.1%	1.1%	154
	3.5%	increase 0.1%	1.2%	(172)
Mortality rate	See Note D7.3	decrease 1 year	3.7%	515
	See Note D7.3	increase 1 year	3.9%	(548)

The **discount rate** for the IAS 19 Pensions valuation has been derived with reference to market yields at the end of the reporting period on AA-rated sterling-denominated corporate bonds with maturities consistent with the estimated term of the post-employment benefit obligations. Certain types of bonds are excluded from the calculating model, either because they have unusual features, are relatively small or potential outliers, in order to remove the distortion that might otherwise occur from including unusual, less liquid or potentially misrated bonds. Extrapolation is performed when the profile of the scheme's expected benefit outflow is longer than the cash flows of the available bonds.

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligation due to the likelihood of some linkage between assumptions.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

D7.6 Changes in the fair value of plan assets
The key items which affect the movement on plan assets are the additional year of contributions made, changes in the value of the pension plan assets (including the investment return) and benefits paid during the year.

The employee contributions to the scheme by members are mainly paid through a salary sacrifice arrangement. These have been treated as employer contributions.

	Note	2025 £m	2024 £m
Opening fair value of plan assets		**13,776**	14,675
Interest income on assets		**650**	681
Remeasurements on plan assets		**(1,389)**	(1,190)
Contributions by employer		**116**	170
Contributions by plan participants		**2**	2
Benefits paid and expenses		**(597)**	(562)
Closing fair value of plan assets	D6.2	**12,558**	13,776

Remeasurements on plan assets represent the amount by which the assets held by the scheme (such as equities, bonds and property) have performed better or worse than the prior year value.

D. What the BBC spends on its people continued
D7 BBC Pension Scheme continued
D7.7 Plan assets

The allocation of assets by the pension fund Trustees is governed by the need to manage risk against the desire for high returns and liquidity needs.

	2025		2024	
Type of asset	£m	%	£m	%
Held at quoted market prices:				
Equities	**394**	**3**	368	3
Pooled vehicles	**70**	**1**	64	–
Repurchase agreements	**(2,192)**	**(17)**	(1,578)	(11)
Fixed interest bonds	**3,630**	**29**	2,772	20
Index-linked bonds	**4,311**	**33**	4,927	36
Derivatives	**(24)**	**–**	11	–
Other assets:				
Property				
- UK	**977**	**8**	953	7
- Pooled investment vehicles	**389**	**3**	422	3
Alternatives*	**4,940**	**39**	5,513	40
Cash and other current assets	**63**	**1**	324	2
Total assets	**12,558**	**100**	13,776	100
Actual return on pension plan assets**	**(739)**		(510)	

* Alternatives are investments in asset classes other than the traditional quoted equities, bonds, property and cash. They include investments in private equity, private credit, hedge funds, infrastructure and renewable energy investments. They are generally illiquid investments as some may require sufficient time to find buyers willing to pay full market value. They are useful for managing risk as they enhance portfolio diversification and potentially reduce risk as their cash flows can be well suited to meeting the scheme's liabilities.

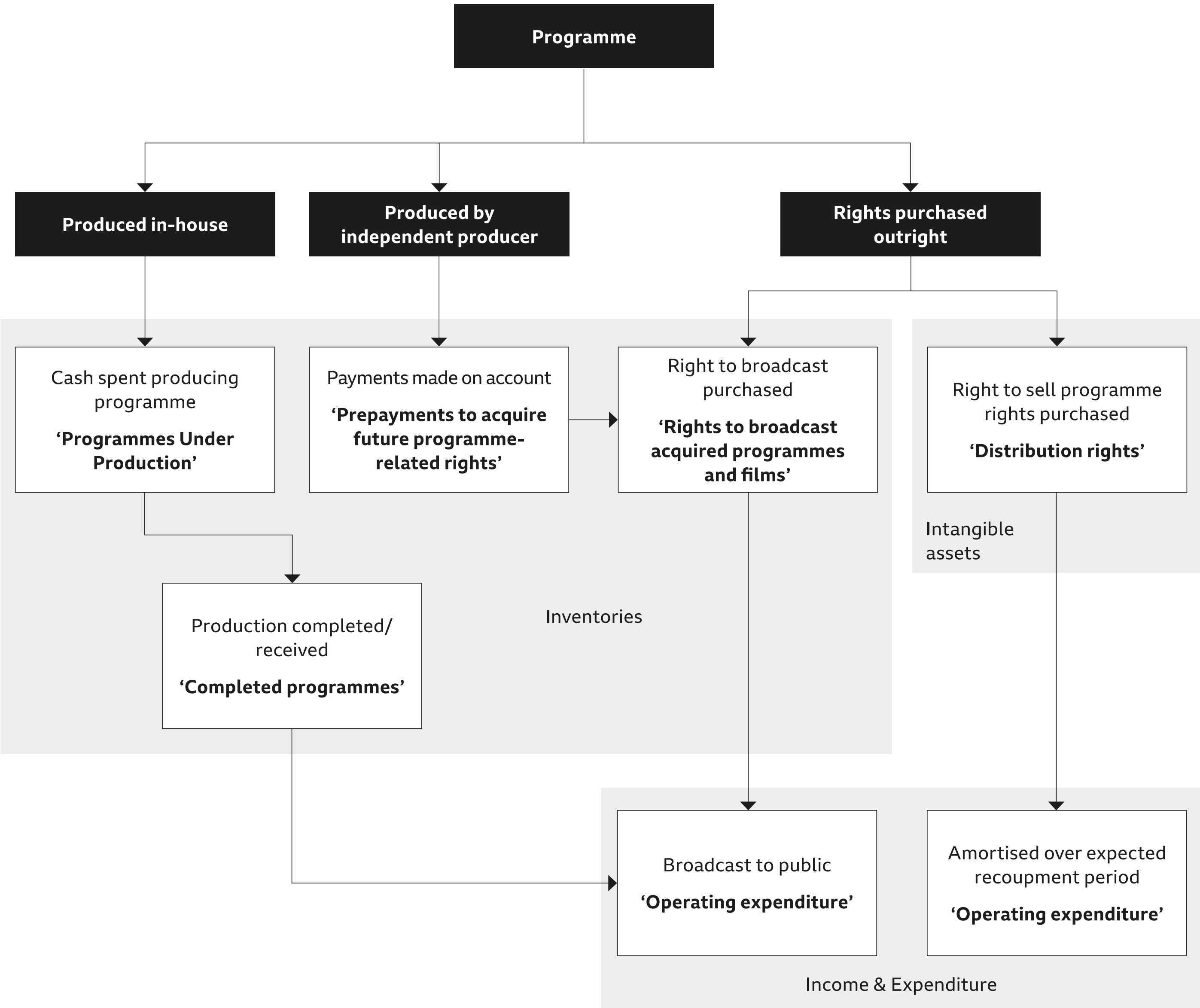
** This constitutes realised (losses)/gains from the receipt of investment income (e.g. dividends and rent), transactions where assets are sold and unrealised fair value changes.

A long-term plan of achieving full funding, based on the actuarial valuation, on a discount rate equal to the yield on liability matching gilts plus 0.5% per annum has been agreed. The scheme's strategic asset allocation is based on the scheme's funding ratio, with the intention of not taking more risk than necessary to return to full funding over the horizon of the plan. Indirect currency risk exposure exists through pooled investment vehicles held in foreign currencies, valued at £3,129 million (2024: £3,425 million).

E. The assets owned by the BBC
In providing the range of services to audiences, the BBC makes use of a significant number of assets in its operations. This section sets out the owned assets the BBC intends to continue to use, those to be disposed of and any disposals made during the year. See section F for leased (right-of-use) assets held.

Owned assets can be broadly split into the following sections:

Programme-related assets
Programme assets can be recognised within either inventories or intangible assets as follows:



E. The assets owned by the BBC continued

Risk – Programme assets

There is a risk the accounting for programme assets held on the balance sheet may result in a misstatement due to the significant amount of judgements used in the accounting valuation methodologies.

The changing approach to the way viewers consume BBC content (iPlayer vs linear) also adds risk around the timing of the release of these assets to the consolidated income statement and therefore the carrying value held on the consolidated balance sheet at each year end.

Judgement – Carrying value of programme assets

Judgement is required when assessing whether there is any indication of impairment over the carrying value of programme assets (including distribution rights).

When programmes are available across multiple platforms judgement is also required to determine when the associated cost should be recognised in the consolidated income statement. The BBC's policy is to recognise the majority of transmission spend from inventories on first transmission and a review is performed at each year end to verify whether this is still appropriate. There are a small number of instances where this basis of recognition wasn't appropriate to apply.

As viewers consume more content across digital platforms, it's likely that the release from inventories should change to better reflect the period of consumption rather than just first transmission. The BBC identified that Children's programmes are consumed differently to others and recognition over an estimated average contract length would be more appropriate. Although the review performed at 31 March 2025 didn't identify any further changes required, the BBC is monitoring this very closely to ensure the correct recognition policy is maintained. This was recognised prospectively as a change in the estimation of the period of release. As a result of this the charge to the Consolidated Income Statement is £83 million less in 2024/25 and will unwind over the remaining life of the assets.

Estimate – Carrying value of programme assets

Estimation can be required when calculating the carrying value of programme assets (including distribution rights), most significantly when calculating:

- the estimated average marketable life of distribution rights when setting the amortisation profile over these assets.
- the estimated consumption patters for programmes when setting the release of these assets to the income statement.
- the estimated average contract length of Children's programmes when setting the consumption profile of these assets.
- the calculation of any identified impairment over the carrying value of all programme assets (inventories and distribution rights).

Intangible assets
Intangible assets include goodwill, programme rights (see above), software and carrier agreements.

Estimate – Impairment of goodwill

The determination of whether goodwill is impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate that reflects current market assessments of the risks specific to the asset and the time value of money, in order to calculate present value. The estimation process is complex due to the inherent risks and uncertainties associated with long-term forecasting. If different estimates of the projected future cash flows or a different selection of an appropriate discount rate or long-term growth rate were made, these changes could materially alter the projected value of the cash flows of the asset, and as a consequence materially different amounts would be reported in the financial statements.

Property-related assets
Property, plant and equipment, furniture and fittings and assets under construction.

Risk – Complex property transactions

Where there are complex property transactions, there is a risk of misstating carrying values due to the valuation methods used, along with external factors, particularly for the areas such as:

- Accounting for properties under IFRS 16 *Leases*
- London Broadcasting House refinancing and the treatment of Daunus Ltd
- Other property transactions

Financial statements continued
Notes to the accounts continued

E. The assets owned by the BBC continued
Property-related assets continued

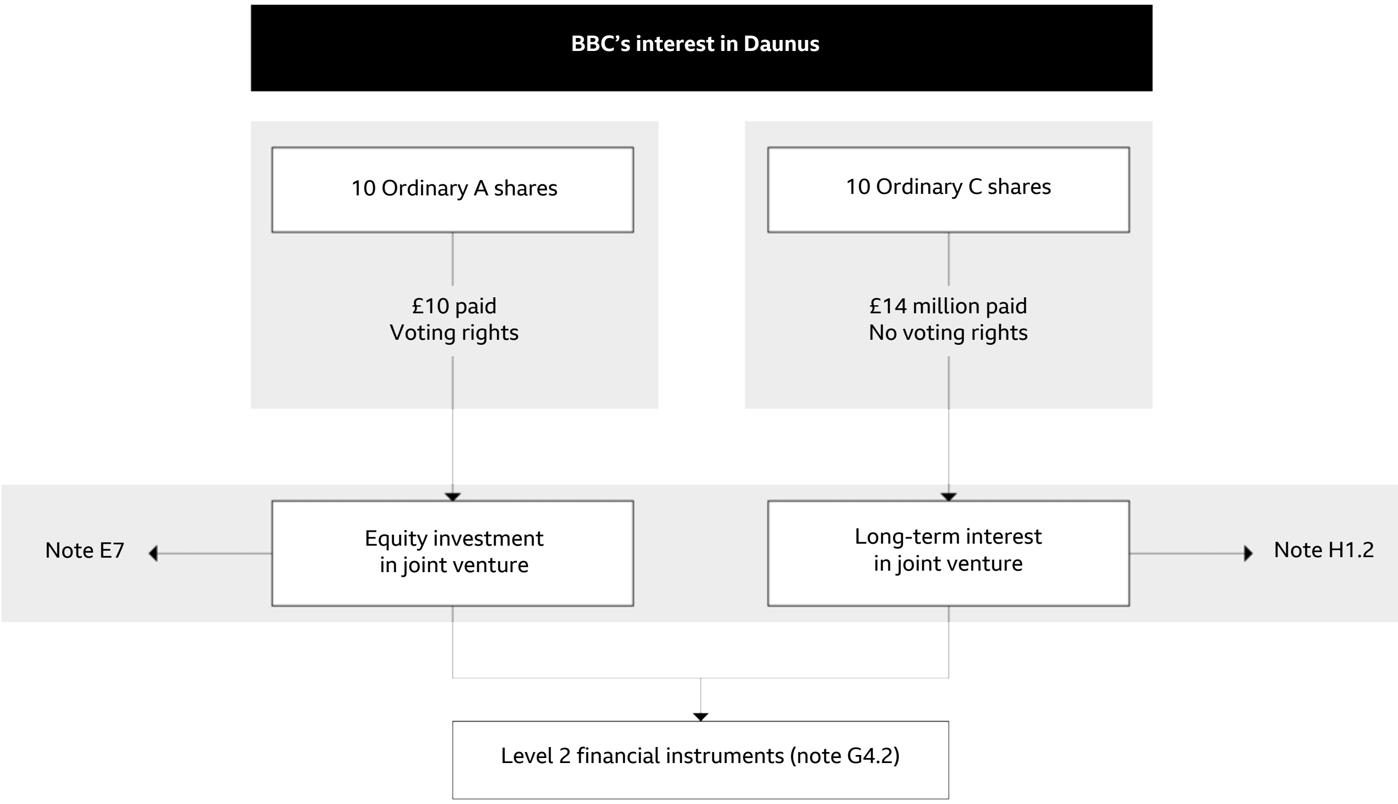
Estimate – Capital projects
The BBC is completing a number of capital projects for which amounts have been capitalised on the BBC's consolidated balance sheet. The capitalised values are based upon estimates regarding the recoverability of these assets, the achievement of project completion, and the assets being used in the manner intended.

Investments
Balances held to represent the BBC's interest in associates and joint ventures and the results of any sales of operations that have occurred.

Judgement – Classification of investments
The BBC owns numerous investments in other entities and their classification as either subsidiary, associate or joint ventures requires judgement over the control held and consequently how they are accounted for and the valuation attributable to them.

Estimate – Carrying value of investments
The calculation of the share of results of associates and joint ventures (most notably the BBC's interest in Daunus Limited) can require a degree of estimation through the alignment of accounting policies, different year end dates and the application of fair values at the date of acquisition. The BBC's interest in Daunus Limited (see page 183) also requires estimation around the use of forward RPI rates.

The BBC's interest in Daunus Limited is particularly complex and appears across the financial statements. The diagram below therefore summarises this:



E. The assets owned by the BBC continued

Impairment

At each balance sheet date, the BBC reviews the carrying amount (net amount held on the consolidated balance sheet) of those assets that are subject to amortisation, to determine whether there is an indication that any of those assets has suffered any impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. For goodwill, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. For the purposes of impairment testing, assets are grouped at the lowest level at which they generate separately identifiable cash flows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the consolidated income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Where a cash-generating unit is impaired, the impairment loss will first be allocated to reduce goodwill and then to the other assets of the cash-generating unit on a pro-rata basis, except that the carrying amount of any individual asset will not be reduced below its separately identifiable recoverable amount. Impairment losses in respect of goodwill are not reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

The Group tests investment assets for indicators of impairment annually. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of the assets are determined from value in use calculations. The key assumptions used for these calculations are those regarding discount rates and growth rates. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

E1 Programme-related assets and other inventories

Completed originated programmes, programmes in production and prepayments to acquire future programme-related rights

Programme assets reported as inventory effectively represent the BBC's right to broadcast. The BBC's right to sell programme rights are, however, recognised within intangible assets.

Completed originated programmes and programmes in production are held at cost. Cost includes all direct costs, production overheads and a proportion of other attributable overheads. The proportion of programmes necessarily taking a substantial period of time to produce is small and as such, no borrowing costs are included in cost.

Where, exceptionally, it becomes certain that a programme is unable to be broadcast, the full value of the programme is written off to the consolidated income statement.

Programme development costs are expensed to the income statement until such time as there is a strong indication that the development work will result in a commissioned programme, when any further costs are recognised as programme-related assets.

Originated programmes that are still in production at the balance sheet date are recognised as programmes in production, except that prepayments to acquire future programme-related rights are shown separately where the BBC has made payments to independent producers, or the holders of certain rights (for example, rights to broadcast sporting events), to receive the programme on completion.

Rights to broadcast acquired programmes and films

The rights to broadcast acquired programmes and films are recognised at cost. The costs of acquired programmes and films are expensed on first transmission except to the extent that the number of further showings are contractually agreed, when they are expensed according to the expected transmission profile. Assets and liabilities relating to acquired programmes are recognised at the point of payment or commencement of the licence period, whichever is earlier. Agreements for the future purchase of rights whose licence period has not commenced and where there has been no payment by the balance sheet date are disclosed as purchase commitments.

Where the BBC has invested in independent productions, in addition to broadcasting rights, the BBC may obtain rights to future royalties from the sale of rights associated with the production. These residual interests are recognised initially at cost subject to amortisation as royalties are received, and impaired if anticipated royalties do not materialise.

The BBC's main purpose is the provision of services for audiences. As a result, the Group's output primarily includes the production of programmes for broadcast and the sale of rights for others to broadcast. This Note discloses the amounts for those programmes that are in production, completed programmes that are ready for broadcast but not yet aired and rights secured to broadcast programmes produced independently of the BBC. Inventory for the BBC's commercial activities are also contained in this Note.

	2025 £m	2024* £m
Programme-related assets		
Rights to broadcast acquired programmes and films	**267**	283
Prepayments to acquire future programme-related rights	**496**	532
Completed programmes	**231**	130
Programmes in production	**209**	247
Total programme-related assets	**1,203**	1,192
Other inventories	**4**	4
Total programme-related assets and other inventories	**1,207**	1,196

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Financial statements continued
Notes to the accounts continued

E. The assets owned by the BBC continued
E2 Intangible assets
Programme-related intangible assets
The BBC's right to sell programme rights is recognised within intangible assets. Programme assets reported as inventory effectively represent the BBC's right to broadcast. Programme rights acquired by the Group are either purchased, generated internally or licensed following the payment of an advance on royalties. Where the Group controls the respective assets and the risks and rewards attached to them, rights are initially recognised at acquisition cost or production cost. The carrying amount is stated at cost less accumulated amortisation and provision for impairment. Amortisation including impairment is charged to the consolidated income statement to match the estimated future economic benefit. This is calculated as the higher of an estimated recoupment profile based on the average historic performance of the overall distribution rights portfolio or the actual recoupment of the specific initial distribution advance. Where the carrying value of any individual set of rights exceeds management's best estimate of future exploitation revenues, a provision for impairment is recorded in the income statement immediately. These costs are deferred within current assets and expensed upon recognition of the associated production income. Production income is recognised in accordance with the Group's income recognition policies.

Research and development expenditure – internally generated intangible assets
Expenditure on research activities is written off in the consolidated income statement when incurred. Expenditure on development activities is included on the consolidated balance sheet as an asset only if both of the following conditions are met:

- it is probable that the asset will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

The assets are measured at cost less accumulated amortisation and any accumulated impairment losses. For the PSB Group it is generally unlikely that future economic benefits in the form of cash inflows will be received and as a result, other than assets created for use by the business in delivering its public purposes, development costs are only capitalised by the BBC Group's commercial businesses.

Other intangible assets
Other intangible assets acquired separately by the BBC are stated at cost less accumulated amortisation and any accumulated impairment losses. The identifiable intangible assets acquired as part of a business combination are shown at fair value at the date of acquisition (in accordance with IFRS 3 *Business Combinations*) less accumulated amortisation and any accumulated impairment losses.

An annual impairment review is conducted using management's best estimates of future income exploitation.

Amortisation
Amortisation is charged to the consolidated income statement on a systematic basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate. The useful lives and amortisation methods of other classes of intangible asset are as follows:

Software	Straight-line	2 to 5 years
Customer relationships	Straight-line	Unexpired term of agreement
Other intangibles: Licences and trademarks	Straight-line	30 years or unexpired return
Other intangibles	Straight-line	2 to 12 years

Amortisation of distribution rights is charged to the income statement to match the average income profile over its estimated average marketable life.

E. The assets owned by the BBC continued

E2 Intangible assets continued

	Goodwill* £m	Programme rights £m	Software £m	Customer relationships* £m	Other intangibles* £m	Total £m
Cost						
At 1 April 2023	74	1,886	299	63	190	2,512
Additions	182	203	33	222	84	724
Disposals	–	–	(2)	(7)	(1)	(10)
At 31 March 2024	256	2,089	330	278	273	3,226
Additions	3	197	33	–	15	248
Disposals	–	–	(11)	–	(1)	(12)
Exchange movements	(4)	–	–	–	–	(4)
At 31 March 2025	**255**	**2,286**	**352**	**278**	**287**	**3,458**
Amortisation and impairment						
At 1 April 2023	34	1,771	213	42	46	2,106
Charge for the year	–	154	29	8	22	213
Impairment	8	–	–	–	–	8
Disposals	–	–	(2)	(7)	–	(9)
Exchange movements	–	–	(1)	–	–	(1)
At 31 March 2024	42	1,925	239	43	68	2,317
Charge for the year	–	199	29	24	26	278
Disposals	–	–	(10)	–	–	(10)
Impairment	5	–	–	–	–	5
Exchange movements	(1)	–	–	–	–	(1)
At 31 March 2025	**46**	**2,124**	**258**	**67**	**94**	**2,589**
Net book value						
At 31 March 2025	**209**	**162**	**94**	**211**	**193**	**869**
At 31 March 2024	214	164	91	235	205	909

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Amortisation is the reduction reflected in the carrying value of the asset as a consequence of the regular use of that asset by the organisation.

Customer relationships refers to intangible assets that arise from entity acquisitions (e.g. UKTV), which bring a number of carriage agreements with channel networks. These agreements can be secured for a fixed amount of time and are therefore amortised over the individual contract terms on a straight-line basis.

Other intangibles primarily includes intangible assets that arise from entity acquisitions, such as Electronic Programme Guide (EPG) slots, as well as brands and trademarks.

E3 Goodwill

Goodwill

Goodwill is recorded in the consolidated balance sheet as the difference between the fair value of the consideration transferred by the BBC and the recognised amount of non-controlling interests in the acquiree compared to the fair value of the identifiable assets and liabilities acquired. These are all measured at the date of acquisition. Where the consideration is less than the net assets acquired, the difference is recognised immediately in the consolidated income statement. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associate or joint venture and is tested for impairment as part of the overall balance. Goodwill is considered to have an indefinite useful economic life but is tested annually for impairment and is therefore measured at cost less any accumulated impairment losses. For the purposes of impairment testing, the goodwill is allocated to cash-generating units on the basis of those expected to benefit from the relevant business combination.

All goodwill is recognised in Studios Group and allocated by cash-generating unit (CGU) as follows:

	2025 £m	2024* £m
BritBox International	**178**	181
Production companies	**31**	33
	209	214

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E. The assets owned by the BBC continued
E3 Goodwill continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group tests goodwill for impairment in the accounting period in which a business combination takes place; thereafter annually, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions used for these calculations are those regarding discount rates and growth rates. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

BritBox
The goodwill balance arose as a result of the acquisition of BritBox during the prior financial year. A provisional purchase price allocation was completed, with value allocated to cash generating units acquired. This was finalised during the current financial year and an additional £4 million goodwill recognised accordingly (see Note C1). No control premium was determined to have existed in the acquired business element. Management have compared recent performance and latest projections to the acquisition business plan and have concluded that the acquired goodwill and associated CGU assets are not impaired. The movement from prior year was the result of exchange differences booked.

Three CGUs were identified for BritBox. Their cash flow projections used in the recoverable amount calculation uses the following terminal growth and discount rates:

	Growth rate	Discount rate
BritBox US	3.0 %	9.9 %
BritBox AUS	1.5 %	13.0 %
Denipurna	2.9 %	13.7 %

No impairment review was conducted in the prior year given the close proximity of the acquisition to the year end date.

Goodwill balance is supported by management's projections of the future profitability of the business which is mainly driven by forecast revenue; if forecast subscriber additions were 10% lower than planned or churn rates 10% higher, it would still not result in any impairment of goodwill.

Production companies
The goodwill balance arose as a result of the acquisition of Werner Film Productions and Brutal Media in the current financial year and several other independent production companies in previous financial years. At 31 March the largest goodwill balances within independent production companies related to House Productions, Lookout Point and Clerkenwell Films.

The cash flow projections used in determining value in use for the CGUs are based on the current business plans approved by management, which cover a five-year period, after which cash flows have been extrapolated using an expected long-term growth rate of 1.0% (2024: 1.0%) and a discount rate of 9.2% (2024: 10.5%). As a result of this assessment, management have made the decision to impair the goodwill balance with Lookout Point Limited by £5 million.

E4 Property, plant and equipment

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation
Depreciation is provided to write off the cost of each item of property, plant and equipment, less its estimated residual value, on a straight-line basis over its estimated useful life.

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

The major categories of property, plant and equipment are depreciated as follows:

Land and buildings		
Freehold land	Not depreciated	
Freehold buildings	Estimated useful life	50 years
Freehold building improvements	Estimated useful life	10 to 50 years
Leasehold buildings and improvements	Estimated useful life	Shorter of 50 years or life of lease
Plant and machinery		
Computer equipment	Straight-line	3 to 5 years
Electrical and mechanical infrastructure	Straight-line	10 to 25 years
Other	Straight-line	3 to 10 years
Furniture and fittings	Straight-line	3 to 15 years

E. The assets owned by the BBC continued

E4 Property, plant and equipment continued

	Land and buildings* £m	Plant and machinery £m	Furniture and fittings £m	Assets under construction £m	Total £m
Cost					
At 1 April 2023	309	1,033	120	59	1,521
Additions	–	2	5	65	72
Brought into service	3	47	12	(62)	–
Disposals	(19)	(65)	(10)	–	(94)
At 31 March 2024	293	1,017	127	62	1,499
Additions	9	2	5	75	91
Reclassification to asset held for sale	(7)	(10)	(2)	–	(19)
Brought into service	18	51	4	(73)	–
Disposals	(28)	(138)	(13)	–	(179)
At 31 March 2025	**285**	**922**	**121**	**64**	**1,392**
Depreciation					
At 1 April 2023	169	820	99	–	1,088
Charge for the year	14	46	7	–	67
Disposals	(13)	(61)	(10)	–	(84)
At 31 March 2024	170	805	96	–	1,071
Charge for the year	12	45	9	–	66
Reclassification to asset held for sale	(6)	(9)	(2)	–	(17)
Disposals	(23)	(136)	(13)	–	(172)
At 31 March 2025	**153**	**705**	**90**	**–**	**948**
Net book value					
At 31 March 2025	**132**	**217**	**31**	**64**	**444**
At 31 March 2024	123	212	31	62	428

* Land and buildings are not separable and therefore reported collectively.

E5 Investment properties (owned)

The majority of investment properties held by the BBC are right-of-use assets (see Note F3 for further details, including the BBC's accounting policy). One freehold property, with negligible net book value, is however classified as an investment property.

At 31 March 2025, this property was valued at £4 million (2024: £3 million). The valuation of these investment properties was carried out by independent valuers Lambert Smith Hampton, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The property, which is leased out under an operating lease, earned an immaterial amount of rental income and incurred an immaterial amount of direct operating expenditure.

E6 Assets classified as held for sale

Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale rather than continuing use. They are available for immediate sale and the sale is highly probable, normally within the next 12 months.

	2025 £m	2024 £m
Property, plant and equipment held for sale	**6**	32

The prior year balance relates to Caversham and Elstree properties. The sale and leaseback of Elstree was completed in March 2025. Caversham was delayed, expecting to complete during 2025/26 and therefore remains as held for sale at 31 March 2025 together with a new property held for sale (Bristol).

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E. The assets owned by the BBC continued

E7 Interests in associates and joint ventures

This Note details the BBC's share of net assets in associates and joint ventures, along with the impact that they have on the consolidated income statement. Details of significant associates and joint ventures along with principal subsidiary undertakings, including their activities, are provided in Note I1. The Group's accounting policy for interests in associates and joint ventures can be found in Section A on page 146.

	2025 £m	2024 £m
Interests in associates	**13**	86
Interests in joint ventures	**–**	14
Total interests in associates and joint ventures	**13**	100
Share of results of associates	**5**	19
Share of results of joint ventures	**–**	10
Total share of results of associates and joint ventures	**5**	29

An **associate** is an entity that the BBC has significant influence over, but that does not meet the definition of a joint venture or subsidiary. Significant influence is the power to participate in the financial and operating decisions of an entity but is not control or joint control over those policies.

A **joint venture** is where the BBC has joint control over an entity with another partner(s).

The movements in associates and joint ventures during the year were as follows:

	2025			2024		
	Associates £m	Joint ventures £m	Total £m	Associates £m	Joint ventures £m	Total £m
At 1 April	**86**	**14**	**100**	111	63	174
Additions	**2**	**–**	**2**	3	6	9
Disposals	**(67)**	**–**	**(67)**	–	(70)	(70)
Reclassification	**1**	**(14)**	**(13)**	–	–	–
Share of results	**5**	**–**	**5**	19	10	29
Share of losses reclassified to provisions	**–**	**–**	**–**	(2)	–	(2)
Adjustment to provision for unrealised profits	**–**	**–**	**–**	–	8	8
Dividends receivable	**(9)**	**–**	**(9)**	(46)	(3)	(49)
Foreign exchange translation gains	**–**	**–**	**–**	1	–	1
Impairment	**(5)**	**–**	**(5)**	–	–	–
At 31 March	**13**	**–**	**13**	86	14	100

See Notes C1, C3 and I3 for further details.

Investments in joint ventures primarily relates to the BBC's investment in Daunus Limited. This investment occurred in two parts, an initial £10 made on setup in 2003 and a further £14 million acquired in 2017. During the year, the BBC have performed a full review over all its equity interests held and concluded that the second investment made in Daunus is more aligned to a long-term interest, rather than equity investment given its lack of voting rights. This has therefore been reclassified to Other Receivables during the year at fair value under IFRS 9 *Financial Instruments*. The difference between book value and fair value of £9 million has been recognised in other gains and losses within the income statement.

The BBC hasn't recognised losses in associates and joint ventures beyond those that have been recognised in writing the investment value down to nil under equity accounting.

E. The assets owned by the BBC continued

E7 Interests in associates and joint ventures continued

The Group tests assets for indicators of impairment annually. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of the assets are determined from value in use calculations. The key assumptions used for these calculations are those regarding discount rates and growth rates. Management estimates discount rates and growth rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

New Video Channel America, LLC ('BBC AMERICA')

On 23 October 2014, the Group sold a 49.9% stake in BBC AMERICA, formerly a wholly-owned subsidiary of BBC Worldwide Americas Inc., and retained an investment of 50.1% in BBC AMERICA. Whilst the Group retained significant influence over BBC AMERICA, and had the right to variable returns, it no longer had control as the Group had limited power over the operational activities, holding responsibility for voting only on activities outside the normal course of business. Therefore the Group deconsolidated BBC AMERICA from the date of the sale and accounted for its retained interest from 2014/15 as an associate.

On 1 November 2024, the Group sold its remaining 50.1% stake in BBC AMERICA for £33 million, resulting in a loss on disposal of £1 million after recognising £31 million of unrealised foreign currency translation gains. The carrying value of BBC AMERICA at the date of disposal was £65 million.

The cash flow projections used in determining value in use in the prior year were based on the business plan approved by management, which covered a five-year period after which cash flows were extrapolated using an expected long-term growth rate of -10.0%. A discount rate of 9.4% was applied to the cash flows. No impairments were recognised in the prior year following the annual impairment review.

The following table presents the Group's share of material associates during the year:

	2025		2024	
	BBC AMERICA £m	**YouView Limited £m**	BBC AMERICA £m	YouView Limited £m
Non-current assets	**–**	**2**	104	5
Current assets	**–**	**9**	50	5
Current liabilities	**–**	**(8)**	(16)	(12)
Non-current liabilities	**–**	**(76)**	–	(130)
Net assets/(liabilities) of material associates	**–**	**(73)**	138	(132)
Group's share of net assets of material associates	**–**	**–**	67	–
Material associate income	**51**	**23**	109	25
Material associate profit/(loss) after tax	**11**	**(17)**	36	11
Share attributable to other parties	**(6)**	**17**	(18)	(11)
Share of results of material associates	**5**	**–**	18	–

Liabilities within YouView primarily relate to borrowings. Non-financial liabilities within this entity are not material.

The BBC's share of results of immaterial associates was less than £1 million (2024: £1 million).

The following table presents the Group's share of material joint ventures during the year:

	Daunus Limited 2025 £m	Daunus Limited 2024 £m
Non-current assets	**804**	844
Current assets	**75**	75
Current liabilities	**(88)**	(80)
Non-current liabilities	**(526)**	(561)
Net assets of material joint venture	**265**	278
Group's share of net assets of material joint ventures	**–**	–
Material joint venture income	**69**	72
Material joint venture profit after tax	**28**	29
Share attributable to other parties	**(28)**	(29)
Share of results of material joint ventures	**–**	–

Liabilities within Daunus Limited primarily relate to borrowings. Non-financial liabilities within this entity are not material. Other material balances within this entity include £40 million (2024: £43 million) interest expense.

The BBC's share of results of immaterial joint ventures was less than £1 million (2024: £10 million).

Daunus Limited, a company set up to facilitate the redevelopment and subsequent financing arrangements of London Broadcasting House, prepares its financial statements to a 30 November accounting reference date and under Financial Reporting Standard 102. Adjustments are therefore made to align these to the Group, reducing the BBC's share to nil in the current year. Also see Note G4 for further details on the BBC's interest in Daunus Limited. The Group is unable to receive dividends from Daunus Limited until 2033 due to restrictions mandated within this entity.

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F. Leasing activities at the BBC
In providing the range of services to audiences, the BBC makes use of a significant number of assets in its operations, many of which are leased. This section sets out those leased assets, held for both operating purposes and as investment properties and their related liabilities including detail on any additions or disposals to these during the year.

Disclosures have also been made on lease-related activity such as income received as a lessor and lease expenses recognised directly within the income statement.

Lease liabilities held by the BBC are subject to certain limits, as agreed with the DCMS and are explained in detail within Note G3. The BBC has remained in compliance with these throughout the year.

Risks – Leasing

The complex nature of some of the BBC's properties and the contractual conditions of leases entered may require judgement in the calculation of the valuation of the related right-of-use assets and lease obligations. Where significant judgements are made, the risk of potential misstatement is also present.

Judgement – Leases

Judgement is required when assessing whether a contract contains a lease, the timing of recognition under IFRS 16 *Leases* for assets under construction and the appropriate discount rates, etc. to be applied where this is not implicit within the contract.

Where a lease is identified, further judgement can be required in the determination of the lease term used in the valuation of lease liabilities and right-of-use assets that are linked to the exercise of lease breaks and purchase options.

Leases – initial assessment
At inception of a contract the Group assesses whether a contract contains a lease; defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether:

- the contract involves the use of an identified asset – either specified explicitly or implicitly – and should be (or represent substantially all the capacity of) a physical asset. If the supplier has substantive substitution rights, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset, which is when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This predominantly includes land and buildings (both in the UK and overseas) as well as a range of specialised broadcast equipment.

At inception or on reassessment of a contract that contains a lease component, the Group 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 Group has a number of options to extend the lease on a right-of-use asset, or to purchase the underlying asset – typically relating to land and buildings, either in the UK or overseas. An assessment of the location and the availability of suitable alternatives has been undertaken in determining the likelihood of exercising these options.

When determining the accounting for a lease, the BBC has assessed whether it has the right to use the leased asset at the inception of the lease, or whether this right passes at a later date ('the commencement date').

Where a significant site is being redeveloped, occupation may occur in distinct phases; consequently, the leased asset and liabilities are recognised based on the proportion of the site occupied at each commencement date.

Lease remeasurement
When the lease liability is remeasured 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 consolidated income statement.

Short-term leases
The Group 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. This includes laptops and other items of small IT equipment.

F1 Right-of-use assets
The Group recognises a right-of-use asset 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, 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 remeasurements of the lease liability.

F. Leasing activities at the BBC continued
F1 Right-of-use assets continued

	Land and buildings* £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
At 1 April 2023	2,096	7	29	2,132
Additions	16	3	7	26
Disposals	(8)	(2)	–	(10)
Change in contract	70	–	–	70
At 31 March 2024	2,174	8	36	2,218
Additions	39	3	3	45
Disposals	(12)	(4)	–	(16)
Change in contract	63	–	–	63
Exchange movements	(1)	–	–	(1)
At 31 March 2025	**2,263**	**7**	**39**	**2,309**
Depreciation				
At 1 April 2023	621	5	–	626
Charge for the year	97	2	–	99
Disposals	(6)	(2)	–	(8)
At 31 March 2024	712	5	–	717
Charge for the year	98	1	–	99
Disposals	(9)	(3)	–	(12)
At 31 March 2025	**801**	**3**	**–**	**804**
Net book value				
At 31 March 2025	**1,462**	**4**	**39**	**1,505**
At 31 March 2024	1,462	3	36	1,501

* Land and buildings are not separable and are therefore reported collectively.

F2 Obligations under leases

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

The incremental borrowing rate is the rate of interest that would hypothetically have to be paid to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. A small change in the rate could have a significant impact on the valuation of respective lease liabilities.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable payments dependent on an index or rate, measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option or lease payments in an optional renewal period that the Group is reasonably certain to exercise and early termination penalties of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured using the effective interest method. It is remeasured 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.

	2025 £m	2024 £m
Leases due within one year	**140**	133
Leases due after more than one year	**1,509**	1,545
Total obligations under leases	**1,649**	1,678

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F. Leasing activities at the BBC continued
F2 Obligations under lease continued
The ageing of obligations under leases is as follows:

	2025 £m	2024 £m
Within one year	**140**	133
Between one and five years	**545**	520
Over five years	**964**	1,025
Total obligations under leases	**1,649**	1,678

The age analysis of the contractual undiscounted cash flows is as follows:

	2025 £m	2024 £m
Within one year	**186**	179
Between one and five years	**691**	675
Over five years	**1,128**	1,219
Total lease payments	**2,005**	2,073
Less interest element	**(356)**	(395)
Present value of obligations	**1,649**	1,678

The BBC is not exposed to many variables to the lease payments made however many leases held are subject to extension or termination options which would change the value of cash flow disclosed. The above therefore reflects the BBC's best estimate of the contractual cash flows as known at 31 March 2025.

F3 Investment properties (right-of-use assets)

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of the properties (see depreciation on land and buildings above).

The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.

	Right-of-use assets	
	2025 £m	2024 £m
Cost		
At 1 April	**37**	37
Disposals	**(32)**	–
At 31 March	**5**	37
Depreciation		
At 1 April	**6**	6
Disposals	**(5)**	–
At 31 March	**1**	6
Net book value	**4**	31

At 31 March 2025, the BBC held right-of-use investment properties valued at £2 million (2024: £6 million). The valuation of these investment properties was carried out by independent valuers Lambert Smith Hampton, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The valuation is lower than the carrying amount due to the corresponding lease liabilities being presented separately. The BBC is confident that these properties will continue to be sublet for the duration of the main lease and consequently no impairments have been identified.

In May 2024 the BBC assigned, to the existing tenant, the lease of Henry Wood House.

The property rental income earned by the BBC from its investment properties, which are leased out under operating leases was less than £1 million for the year ended 31 March 2025 (2024: £5 million). Direct operating expenses incurred on the investment properties, which generated rental income during the year, were also less than £1 million for the current year (2024: £6 million). There were no direct operating expenses incurred on the investment properties which did not generate rental income during the year (2024: nil).

See Note E5 for owned investment properties.

F. Leasing activities at the BBC continued

F4 Lease income received as a lessor

The Group received finance lease income from finance lease contracts in which the Group acts as a lessor through the consolidated balance sheet against a lease receivable held. The following sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2025 £m	2024 £m
Within one year	**24**	23
Between one and five years	**113**	133
Over five years	**156**	145
Total undiscounted finance lease payments	**293**	301
Unearned finance income	**(71)**	(78)
Net investment in the lease	**222**	223

The Group received £6 million (2024: £19 million) of lease income (including service charges) from operating lease contracts in which the Group acts as a lessor. The following sets out a maturity analysis of lease payments to be received after the reporting date. This excludes service charges which are dependent on usage.

	2025 £m	2024 £m
Within one year	**5**	7
Between one and five years	**8**	23
Over five years	**1**	16
Total operating lease payments	**14**	46

F5 Lease expenses recognised in the consolidated income statement

	Note	**2025 £m**	2024 £m
Interest on obligations under leases	C4	**48**	51
Depreciation on leased assets	F3, F1	**99**	99
Expenses relating to short-term leases		**6**	10
Expenses relating to leases of low-value assets, excluding short-term leases		**–**	1
Total lease expenses		**153**	161

Total cash outflow on leases were £193 million (2024: £183 million).

G. Financing the BBC

This section contains the notes to the consolidated balance sheet that detail the funding of the BBC as well as information on the financial instruments held.

A financial instrument is a contract that results in one entity recording a financial asset (a contractual right to receive financial assets, e.g. cash) in their accounts and another entity recording a financial liability (a contractual obligation to deliver financial assets to another entity).

Risk – Valuation of derivatives and other financial instruments

The valuation of derivative financial instruments can be complex. Most notably the following:

- the BBC holds a series of cash flow swaps where the valuation requires judgement with reference to both forward Sterling Overnight Interbank Average (SONIA) and RPI data sets.
- the BBC's interest in Daunus Limited, although held at cost in the financial statements, a judgement is required in the calculation of its valuation for disclosure purposes within this section.

Where significant judgements are made, the risk of potential misstatement is also present.

Significant estimate – Valuation of cash flow swaps

The valuation of the BBC's interest in Daunus Limited and the cash flow swaps requires judgement and the use of various market data sets, most notably forward SONIA rates, RPI and discount factors.

Judgement – Impairment of financial assets

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence of impairment. Judgement is required when determining whether there is objective evidence of impairment, such as significant financial difficulty of the counterparty or breach of contract.

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G1 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of less than three months which are readily convertible into cash (short-term deposits).

The Group retains significant cash amounts and cash equivalent balances in instant access accounts in order to manage the variation in cash flows required for its operations.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the respective short-term deposit rates. Interest received is recognised in the Income Statement, within financing income (see note C4), in the period in which they are earned.

	2025 £m	2024 £m
Cash at bank, available on-demand	**115**	196
Short-term deposits	**362**	363
Total	**477**	559

Of the total above, £369 million (2024: £361 million) cash and cash equivalents were held by the PSB Group. The remaining balance is held by the Commercial Group.

G2 Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use.

Originated programmes can be qualifying assets, but those necessarily taking a substantial period of time to get ready for broadcast are a small proportion of overall programme investment. Any borrowing costs that could be attributed to those programmes are not significant and, therefore, no borrowing costs are capitalised.

All finance income and other borrowing costs are recognised in income and expense in the period in which they are incurred.

G. Financing the BBC continued

G2.1 Borrowings due within one year

	2025 £m	2024 £m
Bank loan	**2**	6

G2.2 Borrowings due after more than one year

	2025 £m	2024 £m
Bank loan	**442**	520

G2.3 Borrowing facilities

		At 31 March 2025		At 31 March 2024		
Facility	Interest rate	Total available £m	Drawn down at £m	Total available £m	Drawn down at £m	Expiry or review date
PSB Group						
Sterling revolving credit facility agreement	SONIA plus the relevant margin; 0.275% up to 1/3 utilisation, 0.425% between 1/3 and 2/3 and 0.575% over 2/3	**200**	**–**	–	–	March 2028
Sterling revolving credit facility agreement	SONIA plus the agreed credit adjustment spread of 0.1193% plus the relevant margin; 0.225% up to 1/3 utilisation, 0.375% between 1/3 and 2/3 and 0.525% over 2/3	**–**	**–**	200	–	March 2025^
Uncommitted money market lines (short-term borrowings)	The interest rates on uncommitted money market lines are determined when traded with the bank	**25**	**–**	25	–	Reviewed annually
GBP overdraft	Bank base rate plus 1.5%	**5**	**–**	5	–	Reviewed annually
Overdraft*	Bank base rate plus 1%	**1**	**–**	1	–	Reviewed annually
BBC Commercial Limited						
Revolving credit facility agreement	SONIA plus the relevant margin; 0.45% up to 1/3 utilisation, 0.6% between 1/3 and 2/3 and 0.75% over 2/3	**348**	**–**	–	–	January 2028**
Revolving credit facility agreement	SONIA plus agreed credit adjustment spread of 0.1193% plus the relevant margin; 0.45% up to 1/3 utilisation, 0.6% between 1/3 and 2/3 and 0.75% over 2/3	**–**	**–**	310	200	March 2026^
Private placement	5.72% fixed rate	**150**	**150**	150	150	February 2039
Private placement	5.74% fixed rate	**150**	**150**	–	–	July 2041
Fixed-term loan	SONIA plus 1.25%	**–**	**–**	170	170	June 2025^
Fixed-term loan	SONIA plus 0.9%	**142**	**142**	–	–	January 2028**
Uncommitted money market lines	Interest rate determined when traded with the bank	**20**	**–**	20	–	Reviewed annually
Overdraft or money market lines*	Bank base rate plus 1.5%	**2**	**–**	2	–	Reviewed annually

* The base rate used varies according to the currency drawn. GBP drawings are linked to the Bank of England base rate.
** BBC Commercial Limited has two, one-year extension options which, if agreed, will take maturity to January 2030.
^ These facilities were cancelled during the year as part of the re-financing which occurred.

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Notes to the accounts continued

G. Financing the BBC continued
G2.3 Borrowing facilities *continued*

		At 31 March 2025		At 31 March 2024		
Facility	Interest rate	Total available £m	Drawn down at £m	Total available £m	Drawn down at £m	Expiry or review date
BBC Studios Distribution Group						
Overdraft*	Bank base rate plus 1% if drawn down in sterling. Bank currency overdraft rate plus a 1% margin if drawn down in other currencies	**3**	**–**	3	–	Reviewed annually
Bank loan	Three-month GBP SONIA plus 1.5%	**–**	**–**	2	1	October 2024
Bank loan	Three-month GBP SONIA plus 1.5%	**–**	**–**	5	5	November 2024
Bank loan	Three-month GBP SONIA plus 1.5%	**1**	**1**	–	–	December 2025
Bank loan	Three-month GBP SONIA plus 1.5%	**1**	**1**	–	–	September 2026

* The base rate used varies according to the currency drawn. GBP drawings are linked to the Bank of England base rate.

There have been no defaults or breaches of covenants on these facilities during the year (2024: none)

G3 DCMS borrowing limits
The BBC forms part of the UK's National debt. The BBC is subject to two specific limits to its borrowings, as agreed with the DCMS:

- the PSB Group net borrowing limit of £2,200 million is set by the Secretary of State for Culture, Media and Sport in accordance with the Framework Agreement between the BBC and the DCMS. Of this limit, £2,000 million is specifically for leases; and
- under a direction granted by the Secretary of State for Culture, Media and Sport a net borrowing limit of £800 million has been set for the BBC Commercial Group. Of this limit, £200 million is specifically for leases.

The Commercial Group element of the BBC borrowing limit will increase to £850 million on 1 April 2025 and then £950 million on 1 April 2026. Of these limits, £200 million will continue to be specifically for leases.

G3.1 Analysis of net debt for the DCMS borrowing limits

	At 1 April 2024 £m	Cash flows £m	Non-cash changes £m	Exchange £m	**At 31 March 2025 £m**
Total cash and cash equivalents	559	(79)	–	(3)	**477**
Loans and loan notes	(526)	82	–	–	**(444)**
Derivatives associated with borrowings	1	(1)	–	–	**–**
Obligations under leases	(1,678)	193	(164)	–	**(1,649)**
Net debt	(1,644)	195	(164)	(3)	**(1,616)**
Made up of:					
PSB Group	(1,203)				**(1,169)**
Commercial Group*	(441)				**(447)**
Net debt	(1,644)				**(1,616)**

* Excludes £62 million (2024: £1 million) of lease liabilities held with the PSB Group.

G3.2 Reconciliation of net funds/(debt) to the DCMS borrowing limits

	Public Service Group			BBC Commercial Group*		
	Net funds/(debt) excluding leases £m	Lease borrowings** £m	Net debt £m	Net funds/(debt) excluding leases £m	Lease borrowings** £m	Net debt £m
2025						
Net funds/(debt)	369	(1,538)	(1,169)	(336)	(111)	(447)
Net borrowing limit	(200)	(2,000)	(2,200)	(600)	(200)	(800)
Headroom	**569**	**462**	**1,031**	**264**	**89**	**353**
2024						
Net funds/(debt)	361	(1,564)	(1,203)	(327)	(114)	(441)
Net borrowing limit	(200)	(2,000)	(2,200)	(600)	(200)	(800)
Headroom	561	436	997	273	86	359

* Under the terms of the DCMS agreement, the BBC Commercial Group must satisfy two financial covenants, which need to be satisfied throughout the respective period. During both the current and prior years, the BBC Commercial Group was in compliance with both these covenants.
** Lease borrowings are net of intra-group lease borrowings as these eliminate on consolidation

G. Financing the BBC continued

G4 Financial instruments

The BBC classifies its financial assets and liabilities into one of the following categories:

Measured at amortised cost

- trade and other receivables/payables
- contract assets/liabilities
- cash and cash equivalents
- investments (cash held on long-term deposit)
- borrowings

They principally arise from the provision of goods and services, but also incorporate other types of financial assets/liabilities where the objective is to collect or receive contractual cash flows and the contractual cash flows are solely payments of principal and interest.

Measured at fair value through surplus/deficit

For the BBC, this category comprises derivatives. Those positive fair value derivatives are financial assets whilst those negative fair value are financial liabilities.

The BBC does not enter into speculative derivative contracts; however, some derivative financial instruments are used to manage the BBC's exposure to fluctuations in interest rates (interest rate swaps) and foreign currency exchange rates (foreign currency forward and swap contracts).

Derivative financial instruments, excluding derivatives held as qualifying hedges, are initially recognised at fair value and are subsequently remeasured to fair value at the balance sheet date with movements recorded in the income statement.

- Interest rate swaps: The fair value is the estimated amount that the BBC would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the BBC.
- Foreign currency forward contract rates: The fair value of forward foreign exchange contracts is determined by using the difference between the contract exchange rate and the quoted forward exchange rate at the reporting date from third parties.
- Hybrid contracts: Contains both derivative and non-derivative elements with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through surplus/deficit.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivatives, the BBC generally designates the whole hybrid contract at fair value through surplus/deficit.

- Other investments: The BBC has strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or joint ventures. These investments were previously classed as available for sale under IAS 39 *Financial Instruments: Recognition and Measurement*, and are now held at fair value through surplus/deficit.

Measured at fair value through other comprehensive income

Certain derivatives designated as cash flow hedges are recognised at fair value through other comprehensive income.

Where hedge accounting is applied, the BBC has elected to adopt the hedge accounting requirements of IFRS 9 *Financial Instruments*. The BBC enters into hedge relationships where the critical terms of the hedging instruments and the hedged item match. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which results in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

The BBC designates certain derivatives as cash flow hedges by documenting the relationship between the hedging instrument and the hedged item, along with the risk management objectives and its strategy for undertaking various hedge transactions. Where the hedge is deemed to have been effective, the effective portion of any changes in the fair value of the derivatives that are designated in the hedge is recognised in other comprehensive income. The accumulated amount in the cash flow hedge reserve is reclassified to profit or loss in the same period as the hedged cash flows affect profit or loss. Any ineffective portion of the hedge is recognised immediately in the income statement within operating expenditure.

Impairment of financial assets

Financial assets are assessed at each balance sheet date to determine whether there is any objective evidence of impairment. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. All impairment losses are recognised in the income statement within other gains and losses.

G. Financing the BBC continued
G4 Financial instruments continued

Derivatives are financial instruments that are usually used to manage risk. Derivative contracts are entered into for a fixed period of time and their value changes during that period in relation to changes in a variable, such as an interest rate, commodity price, credit rating or foreign exchange rate.

The BBC uses the following derivative contracts:

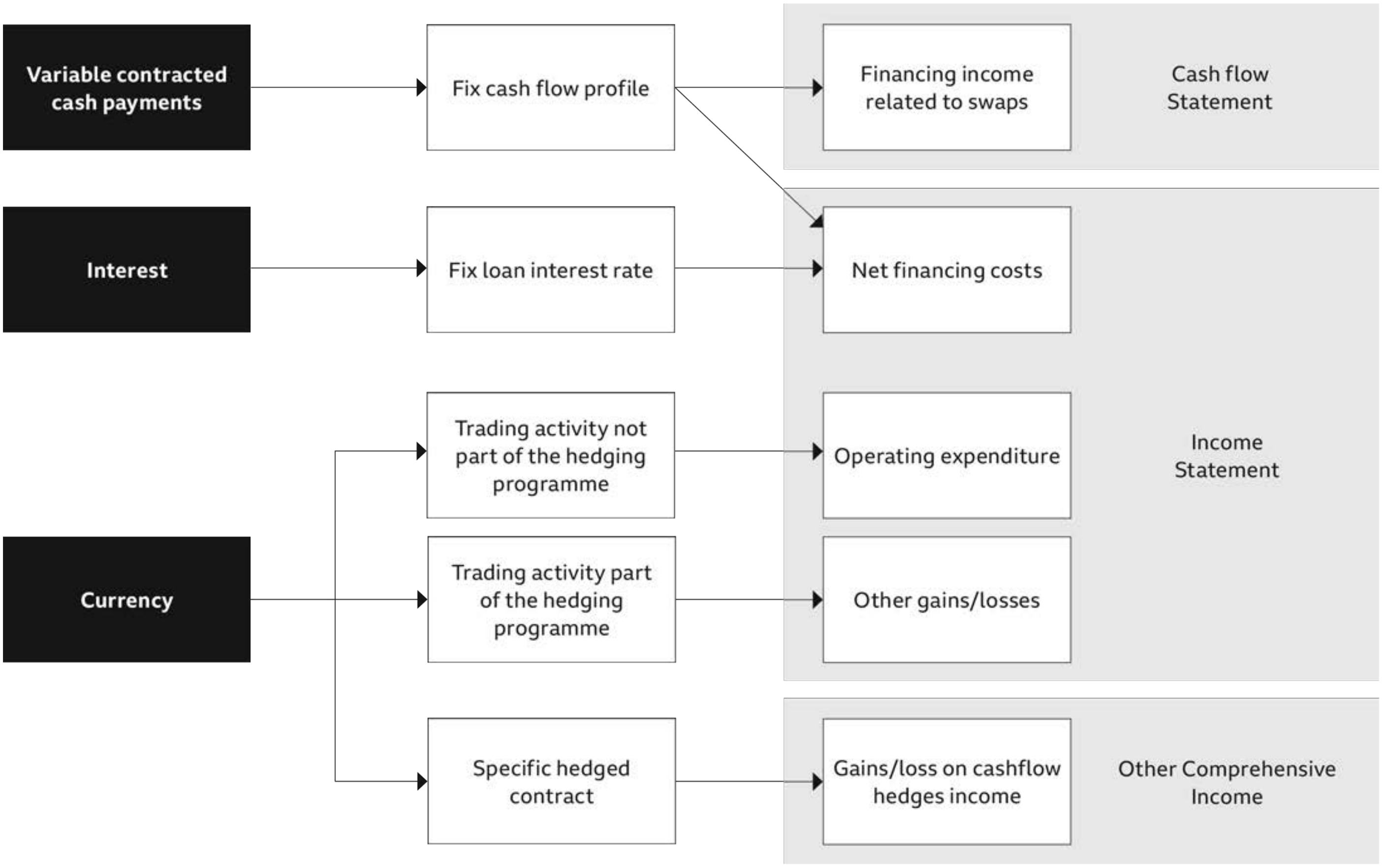
- **Forward foreign currency and swap** contracts are entered into to fix future currency payments/receipts to a set exchange rate. These could be to cover expected future payments, receipts or specific contracts.
- **Interest rate swaps** allow the BBC to fix variable interest rates on borrowings to a fixed rate.
- A **cash flow** swap was entered into for the financing arrangements of London Broadcasting House, exchanging the inflation-linked rent and headlease repurchase payments for a fixed payment schedule out to 2045.

These instruments allow the BBC to manage its liquidity requirements more effectively as the amounts to be paid/received become known.

The following terminology is used throughout this section:

- **Counterparty Credit risk**: the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation.
- **Fair value**: The fair value of an asset is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- **Foreign currency transactions**: As these financial statements are prepared in sterling, the BBC's foreign currency transactions and balances must be translated at appropriate exchange rates, into sterling. This means that variations in exchange rates can cause the valuation of investments to fluctuate, even when there has been no change in the health of the underlying business.

G. Financing the BBC continued
G4 Financial instruments continued
Derivatives are all valued at fair value and movements thereof are recognised as follows:



G4.1 Financial risk management
The BBC's financial risk management operations are carried out by a BBC Group Treasury function, within parameters defined formally within the policies and procedures manual agreed by the Chief Financial Officer, which has delegated authority from the BBC Board.

The BBC Group Treasury function uses financial instruments to raise finance and to manage financial risk arising from the BBC's operations in accordance with its objectives, which are:

- to ensure the business of the BBC, both PSB Group and Commercial Group, is funded in the most efficient manner and remains compliant with borrowing ceilings (see note G3)
- to protect the value of the BBC's assets, liabilities and cash flows from the effects of adverse interest rates and foreign exchange fluctuations
- to maximise the return on surplus funds, whilst ensuring sufficient cash is retained to meet foreseeable liquidity requirements

The BBC takes a risk averse approach to the management of interest rate fluctuations and foreign currency trading and has implemented a clear economic hedging policy to minimise volatility in the financial results. A number of the forward foreign currency contracts entered into by the BBC were designated as hedging instruments in effective cash flow hedges. Hedge accounting is only applied where there is appropriate designation and documentation.

The BBC is exposed to the following areas of risk arising from financial instruments:

Risk	Exposure arising from	Measurement	Management
Market risk – currency	Transactions and balances denominated in foreign currencies	Cash flow forecasting	Forward foreign currency contracts
Market risk – interest rates	Long-term borrowings at variable rates	Projected borrowing requirements	Interest rate swaps
Liquidity	Borrowings and other financial liabilities	Cash flow forecasting	Monitoring cash flow forecasts and covenant compliance
Credit	Counterparty default on contractual obligations	Credit ratings and ageing analysis	Assessment of financial reliability

G. Financing the BBC continued
G4 Financial instruments continued
G4.1 Financial risk management *continued*
Currency risk
Although the BBC is principally a UK-based organisation, some transactions are undertaken in currencies other than sterling.

The BBC's commercial operations are undertaken in a range of global markets and a significant proportion of Studios Groups' income is generated outside the UK, with resulting foreign exchange risk – principally to the US dollar, the Euro, the Australian dollar and the Canadian dollar. Due to movements in exchange rates, the amount the BBC expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction.

The BBC takes a risk averse approach to the management of currency risk and has implemented clear policy parameters for the use of forward foreign currency contracts to minimise volatility in the financial results. A substantial proportion of the BBC's material net foreign currency exposures are economically hedged.

The BBC's main exposure is to US dollars; however, due to the relative size of this exposure in comparison to the BBC's sterling-denominated business, the BBC does not consider this to be significant. The BBC generally enters into forward currency contracts to manage, or hedge, this currency risk. This allows the BBC to reduce risk by settling transactions at known exchange rates.

The overall income or expenditure to be recognised in relation to contracts denominated in foreign currencies (and the related hedges) is therefore largely fixed for the next financial year; however, where these contracts span financial years, the recognition of the fair value of the forward currency contracts results in timing gains or losses in each financial year. These timing gains or losses are as a result of market conditions and not variances in underlying contract value.

As the BBC has mitigated its underlying exposure to currency fluctuations there is no requirement to present sensitivity analysis as any potential variation is insignificant.

At 31 March 2025, the BBC had entered into a net commitment to sell foreign currencies amounting to £812 million (2024: £450 million) that mature in the period through to 2028 in order to fix the sterling cost of revenues through this period (mainly euros and US dollars).

The BBC applies hedge accounting for trades taken out by one of its commercial subsidiaries in respect of their forecast foreign currency transactions. Net gains (before tax and non-controlling interests) recognised in the hedging reserve on forward foreign exchange contracts in hedge relationships in the year to 31 March 2025 were £11 million (2024: £11 million net gains). These amounts are recognised in the consolidated income statement in the period when the hedged forecast transaction impacts the income statement.

The ineffective portion recognised in operating costs arising from such hedges was immaterial in both the current and prior year.

Depending on how exchange rates and interest rates move between the time the BBC enters into the transaction and at the year end reporting date, derivatives can either be profitable ('positive fair value') or loss-making in their own right. However, the rationale in entering into these derivatives is not to profit from currency markets or interest rate fluctuations, but to increase certainty to the BBC's cash flows. Other than where hedge accounting is applied, the movements relating to these derivatives (i.e. where they are either in profit or loss-making) are taken to the BBC's consolidated income statement for the year.

Interest rate risk
BBC Commercial Group holds certain loan facilities at floating rates of interest and then used interest rate swaps to manage the BBC's exposure to interest rate fluctuations; providing greater certainty of cash flows. Interest rate swaps are entered into based on projected borrowing requirements, therefore differences will occur between the notional amount of the swaps and the actual borrowing requirements. By taking out the interest rate swaps the BBC has mitigated underlying exposure to interest rate fluctuations and hence no sensitivity analysis has been presented as any potential variation is insignificant.

Sterling fixed rate borrowings are achieved through fixed rate debt or through interest rate swap transactions on floating rate debt. At the balance sheet date Group borrowings comprised £300 million fixed rate debt (Private Placement maturing February 2039 and July 2041) and £142 million Term Loan (maturing January 2028 and fixed through interest rate swaps). A revolving credit facility is held to cover short term fluctuations in borrowings. Additional £28 million interest rate swaps are in place to March 2026 covering additional anticipated drawing. At 31 March 2025 £170 million (2024: £170 million) of swaps were entered into, giving a coverage of 120% (2024: 57%) of the current level of variable rate bank loans of £142 million (2024: £370 million). See Note G2.2 for further details.

Other price risk of financial assets
The BBC invests surplus cash in money market funds and money market deposits, therefore it is not subject to other price risks, such as market price risk.

Liquidity risk
Liquidity risk is the risk that the BBC will not be able to meet its financial obligations as they fall due. The BBC is subject to limits on its borrowings set by the Secretary of State for Culture, Media and Sport in accordance with the Agreement between the BBC and the DCMS (see Note G3). In order to comply with these limits, together with the terms of any individual debt instruments, the BBC Group Treasury function manages the BBC's borrowings by regularly monitoring cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts and money market funds with highly rated financial institutions.

The BBC's commitments can be seen on notes F2 and H5.

The bank loans of the BBC's Commercial Group are subject to debt covenants based on the BBC's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The BBC is active in the monitoring of its debt covenants, which have been met at both 31 March 2025 and 31 March 2024.

G. Financing the BBC continued
G4 Financial instruments continued
G4.1 Financial risk management *continued*
The following table sets out the carrying value and the contractual undiscounted cash flows (including interest) of financial liabilities:

2025	Carrying value £m	Total contractual cash flows £m	Less than one year £m	Between one and five years £m	Over five years £m
Non-derivative financial liabilities					
Trade and other payables	**(935)**	**(935)**	**(871)**	**(64)**	**–**
Bank loans and overdrafts	**(444)**	**(723)**	**(27)**	**(96)**	**(600)**
Obligations under leases	**(1,649)**	**(2,005)**	**(186)**	**(691)**	**(1,128)**
Derivative financial liabilities					
Forward foreign currency contracts - fair value through surplus/(deficit)	**(4)**	**(4)**	**(3)**	**(1)**	**–**
Forward foreign currency contracts - fair value through other comprehensive income/(loss)	**(3)**	**(3)**	**(2)**	**(1)**	**–**
Cash flow swaps	**(461)**				
Inflow		**626**	**69**	**291**	**266**
Outflow		**(1,539)**	**(83)**	**(364)**	**(1,092)**

2024	Carrying value £m	Total contractual cash flows £m	Less than one year £m	Between one and five years £m	Over five years £m
Non-derivative financial liabilities					
Trade and other payables	(895)	(895)	(828)	(67)	–
Bank loans and overdrafts	(526)	(692)	(38)	(419)	(235)
Obligations under finance leases	(1,678)	(2,073)	(179)	(675)	(1,219)
Derivative financial liabilities					
Forward foreign currency contracts - fair value through surplus/(deficit)	(5)	(5)	(5)	–	–
Forward foreign currency contracts - fair value through other comprehensive income	(6)	(6)	(4)	(2)	–
Cash flow swaps	(482)				
Inflow*		692	67	284	341
Outflow*		(1,623)	(80)	(352)	(1,191)

* Comparatives have been re-presented to better reflect the cash inflows and outflows of the swap.

The cash flows above are not considered to be required to settle materially earlier or at a significantly different amount. Covenants are in place across some borrowing facilities (see note G2.3 for further details). There is however a remote chance of these being breached, requiring earlier settlement of the outstanding borrowings.

Counterparty credit risk
Credit loss is the risk of financial loss to the BBC if a counterparty defaults on its contractual obligation. Default arises when it is determined that a counterparty is unlikely to pay following the evaluation of objective evidence.

Cash and cash equivalents and derivative financial instruments are held only with banks of A+ to A rating. The Group's risk appetite for financial asset risk is very low. It limits its exposure to credit risk by only investing in liquid securities with counterparties that have a minimum credit rating of A, with a higher minimum rating up to AA- required depending upon duration and amount. Given these high credit ratings, the Group considers it has appropriately mitigated the risk of any counterparty failing to meet its obligations.

The BBC's credit risk management policy in relation to other trade receivables involves regularly assessing the credit quality of customers, taking into account several factors such as their financial position and historical performance. The carrying amount of financial assets included in the financial statements represents the BBC's maximum exposure to credit risk in relation to these assets.

G4.2 Fair value of financial instruments
When calculating the fair value of the BBC's financial instruments (subsequent to the initial recognition), the technique used is determined with reference to the classification in the three-level hierarchy set out below. This disclosure helps to show the level of judgement that the BBC has used in calculating fair values, subsequent to the initial recognition.

Fair value hierarchy levels 1 to 3 are based upon the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No transfers between these categories have occurred during the period.

Financial statements continued
Notes to the accounts continued

G. Financing the BBC continued
G4 Financial instruments continued
G4.2 Fair value of financial instruments *continued*

2025	Carrying value				Fair value hierarchy for those carried at fair value or at amortised cost where fair value differs			
	Amortised cost £m	Fair value through surplus/ (deficit) £m	Fair value through other comprehensive income/(loss) £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Cash and cash equivalents	**477**	**–**	**–**	**477**				
Trade and other receivables	**952**	**22**	**–**	**974**	**–**	**22**	**–**	**22**
Derivative financial assets:								
- Forward foreign currency contracts	**–**	**1**	**30**	**31**	**31**	**–**	**–**	**31**
- Cash flow swaps	**–**	**310**	**–**	**310**	**–**	**310**	**–**	**310**
Other investments	**11**	**–**	**–**	**11**	**–**	**151**	**11**	**162**
Investment properties	**4**	**–**	**–**	**4**	**–**	**–**	**6**	**6**
Total financial assets	**1,444**	**333**	**30**	**1,807**	**31**	**483**	**17**	**531**
Trade and other payables	**(935)**	**–**	**–**	**(935)**				
Bank loans and overdrafts	**(444)**	**–**	**–**	**(444)**				
Derivative financial liabilities:								
- Forward foreign currency contracts	**–**	**(4)**	**(3)**	**(7)**	**(7)**	**–**	**–**	**(7)**
- Cash flow swaps	**–**	**(461)**	**–**	**(461)**	**–**	**(461)**	**–**	**(461)**
Obligations under leases	**(1,649)**	**–**	**–**	**(1,649)**	**–**	**–**	**(1,649)**	**(1,649)**
Total financial liabilities	**(3,028)**	**(465)**	**(3)**	**(3,496)**	**(7)**	**(461)**	**(1,649)**	**(2,117)**

2024	Carrying value				Fair value hierarchy for those carried at fair value or at amortised cost where fair value differs			
	Amortised cost £m	Fair value through surplus/ (deficit) £m	Fair value through other comprehensive income/(loss) £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Cash and cash equivalents	559	–	–	559				
Trade and other receivables	941	1	–	942	–	–	1	1
Derivative financial assets:								
- Forward foreign currency contracts	–	1	22	23	23	–	–	23
- Cash flow swaps	–	343	–	343	–	343	–	343
- Interest rate swaps	–	1	–	1	–	1	–	1
Other investments	21	–	–	21	–	–	201	201
Investment properties	31	–	–	31	–	–	5	5
Total financial assets	1,552	346	22	1,920	23	344	207	574
Trade and other payables	(895)	–	–	(895)				
Bank loans and overdrafts	(526)	–	–	(526)				
Derivative financial liabilities:								
- Forward foreign currency contracts	–	(5)	(6)	(11)	(11)	–	–	(11)
- Cash flow swaps	–	(482)	–	(482)	–	(482)	–	(482)
Obligations under finance leases	(1,678)	–	–	(1,678)	–	–	(1,678)	(1,678)
Total financial liabilities	(3,099)	(487)	(6)	(3,592)	(11)	(482)	(1,678)	(2,171)

Due to their short-term nature, the carrying value of cash and cash equivalents, cash on long-term deposit, short-term bank loans, trade and other receivables and trade and other payables, is approximately equal to their fair value.

Other investments reflect the Group's £10 (2024: £14 million) investment in Daunus Limited (joint venture) and other equity investments held. £14 million of the investment in Daunus was reclassified to long term receivables in year (see note E7 for further details). The valuation of this investment is based upon future expected returns to the BBC which also formed part of the arrangement made for the cash flow swap. The Group does not consider this investment impaired given the structure in place. See page 198 for further detail on this arrangement.

G. Financing the BBC continued
G4 Financial instruments continued
G4.2 Fair value of financial instruments *continued*
Derivative financial assets/(liabilities) are presented in the consolidated balance sheet as follows:

2025	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Forward foreign currency contracts	**15**	**16**	**(5)**	**(2)**	**24**
Cash flow swaps	**310**	**–**	**–**	**(461)**	**(151)**
Total derivative financial assets/(liabilities)	**325**	**16**	**(5)**	**(463)**	**(127)**

2024	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Total £m
Forward foreign currency contracts	5	18	(10)	(1)	12
Cash flow swaps	343	–	–	(482)	(139)
Interest rate swaps	1	–	–	–	1
Total derivative financial assets/(liabilities)	349	18	(10)	(483)	(126)

Level 2 – cash flow swap derivatives
Cash flow swaps represent derivative financial assets of £310 million (2024: £343 million) and derivative financial liabilities of £461 million (2024: £482 million) relating to the financing arrangement of London Broadcasting House. These swaps, which expire between 2033 and 2045, are valued with reference to relevant SONIA yield curves, subject to appropriate credit risk adjustments where necessary, for the discount rates applied and annual inflation (RPI) on the underlying cash flows

An adjustment of 217 basis points is applied to a specific leg of the swaps to reflect credit risk as the arrangement with the counterparty is not collateralised. These assumptions and inputs are reviewed on an annual basis, along with the completion of sensitivity analysis. If another adjustment of 231 basis points (an alternative index) had been used to reflect a reasonably possible change based on market movements during the year, then this would result in a decrease in the net liability of £5 million.

During 2023/24 an adjustment of 214 basis points was applied to the specific leg of the swap to reflect credit risk as the arrangement with the counterparty is not collateralised. If another adjustment of 228 basis points (an alternative index) had been used to reflect a reasonably possible change based on market movements during that year, this would have resulted in a decrease in the net liability of £6 million.

Level 2 – investment in Daunus
In order to facilitate the redevelopment and subsequent financing arrangement relating to London Broadcasting House, the BBC holds two investments in Daunus Limited:

- 10% share of the issued share capital (ordinary A shares) which were reclassified from level 3 to level 2 financial instruments in year with a fair value of £151 million (2024: £194 million).
- a further 10% share of the issued share capital (ordinary C shares) which were reclassified from investment in joint ventures to other receivables in year. The reclassification was performed to better reflect its nature of a long-term interest in the joint venture rather than an equity interest given its lack of voting rights. As a consequence this interest is now accounted for under IFRS 9 *Financial Instruments* and is disclosed as a level 2 financial instrument at a fair value of £23 million.

Both investments are due to mature in 2033, at which point the BBC has certain contractual rights. The BBC's original share in Daunus Limited entitles it to the first £90 million (plus RPI from the start of the lease) of any profits. The fair value has therefore been derived from £90 million, inflated by RPI and subsequently discounted to 31 March 2025. In calculating the future cash flows, known RPI rates were applied to the year end date and an average rate of 2.9% (2024: 3.1%) used thereafter through to 2033. The rate used to discount the future cash flows was 6.6% (2024: 3.9%). These assumptions and inputs are reviewed on an annual basis, along with the completion of a sensitivity analysis. A change in the adjustment applied to the forward RPI rate of +1.0% would result in an increase in the net assets by £12 million (2024: £20 million) whilst a reduction in the respective RPI rate of -1.0% would result in a decrease in the net assets of £11 million (2024: £18 million).

The fair value of the original investment in Daunus Limited is not included on the consolidated balance sheet as it is equity accounted for through the income statement (see Note E7). This is due to the BBC sharing joint control with other investors, including voting power and right to veto over relevant activities, along with significant shared exposure to variable returns. The assumptions relating to Daunus Limited are reviewed on an annual basis, along with the completion of a sensitivity analysis. Whilst the reported profit or loss of Daunus Limited is not a significant input, the decision that Daunus Limited is a joint venture is a significant judgement.

Financial statements continued
Notes to the accounts continued

G. Financing the BBC continued
G4 Financial instruments continued
G4.2 Fair value of financial instruments *continued*
Level 3 financial instruments
The change in fair value of level 3 financial instruments is reconciled as follows:

	2025		2024	
	Financial assets £m	Financial Liabilities £m	Financial assets £m	Financial Liabilities £m
At 1 April	**207**	**(1,678)**	198	(1,718)
Payments and settlements	**–**	**193**	–	183
Unwinding of discount recorded within finance expense	**–**	**(48)**	–	(50)
Transfer to level 2 classification	**(194)**	**–**	–	–
Additions	**4**	**(82)**	3	(18)
Disposals	**–**	**34**	–	–
Change in fair value	**–**	**(68)**	6	(75)
At 31 March	**17**	**(1,649)**	207	(1,678)

Financial assets
Financial assets includes £11 million (2024: £7 million) unquoted equity investments and the fair value amount of investment property of £6 million (2024: £7 million).

Financial liabilities
Level 3 financial liabilities reflect less than £1 million (2024: less than £1 million) put options held with some of the Group's associates and joint ventures and finance lease liabilities which primarily relates to the lease of three properties. The vast majority of leases undergo rent reviews on a frequent basis and consequently book value is deemed to also reflect fair value.

The key inputs for the calculation of lease liabilities include the lease payments, lease term (to which judgement is required) and the discount rate. As required under IFRS 16 *Leases*, the discount rate of a lease is relevant to each specific contract. Once judgement is applied, these inputs typically have little variability.

H. Receivables and payables
This section contains the receivable and payable-related Notes to the consolidated balance sheet, such as contract balances, trade and other receivables and payables, any expected credit losses associated with these balances and any provision or contingent liabilities that the BBC may owe in the future. Also included are details on balances/transactions with related parties and any commitments the BBC is expecting to settle in future years.

Judgement – Expected credit losses
Judgement is required when determining the recoverability (likelihood of receiving payment) of a contract asset or trade and other receivables. Changes in the credit quality of the receivable together with future considerations around the current state of the UK and overseas economies and any industry-specific issues are all subjective.

Judgement – Provision
Judgements are employed in determining if a past event has given rise to a present obligation that will result in probable payment by the BBC that can be measured reliably.

Estimate – Provisions
Estimation techniques used to calculate the expected amount required to settle a provision can be very complex, especially when there is a wide range of possible outcomes.

Estimate – Rights creditors
Rights creditors arise from obligations to pay rights holders for the exploitation of content. These rights holders include; third party profit participants; contributors; talent unions and collecting societies. There is an element of the rights creditors which is subject to judgement where the information is not yet available to calculate the rate payable. In these cases, the rate is estimated based on the best information available.

Estimate – Work in progress accruals
Work in progress accruals arise where a performance obligation has been satisfied but all associated expenditure has yet to be incurred. Judgement is required in estimating the outstanding expenditure required to fulfil the contract.

Financial statements continued

Notes to the accounts continued

H1 Trade and other receivables and contract assets

Trade and other receivables and contract assets are recognised initially at transaction price and subsequently at amounts considered recoverable (amortised cost). Estimates are used in determining the level of receivables that will not be collected. These estimates include factors such as historical experience, the current state of the UK and overseas economies and industry specifics. A provision for impairment of trade and other receivables and contract assets is recognised based on the simplified approach using the lifetime expected credit losses. During this process the probability of non-payment is assessed.

This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade and other receivables and contract assets. The most significant trade and other receivable is the licence fee receivable, which represents amounts due from the DCMS for licence fee payments not yet collected but due. The calculation of this balance carries a degree of estimation, however we do not believe that the estimation uncertainty/difference would be material to the accounts. Changes in the carrying amount of the allowance are recognised in the consolidated income statement within total operating costs.

H1.1 Contract assets

	2025 £m	2024 £m
At 1 April	**19**	31
Balance transferred to trade receivables	**(14)**	(21)
New contract assets	**15**	8
Increase as a result of changes in the measure of progress	**1**	1
At 31 March	**21**	19
Presented within:		
Current assets	**16**	19
Non-current assets	**5**	–
	21	19

Contract assets (accrued income) primarily relate to the BBC's right to consideration for work completed but not billed at the reporting date.

H1.2 Trade and other receivables due after more than one year

	2025 £m	2024 £m
Lease receivables	**217**	220
Other receivables	**23**	–
	240	220

Current lease receivables of £5 million (2024: £3 million) were recognised within other receivables in note H1.3. Total lease receivables of £222 million (2024: £223 million) are analysed in more detail within note F4.

Lease receivables relate to a lease of land and buildings, expiring in 2035. The contract was entered into in 2015 with the BBC receiving fixed quarterly receipts, subject to inflation.

H1.3 Trade and other receivables due within one year

	2025 £m	2024 £m
Licence fee receivables	**484**	449
Accrued income	**268**	297
Trade receivables	**169**	196
Prepayments	**64**	53
VAT recoverable	**29**	40
Amounts owed by associates and joint ventures	**1**	4
Other receivables	**83**	73
	1,098	1,112

Licence fee payers can pay the annual licence fee in several different ways. This can therefore result in a **licence fee receivable** where individual payments run behind usage as well as a licence fee payable where individual payments are running ahead of usage at a given point in time.

Accrued income is recognised where the BBC has provided goods or services but not yet billed or collected payment thereon.

H. Receivables and payables continued

H1 Trade and other receivables and contract assets

H1.4 Expected credit losses

In determining the recoverability of a contract asset or trade and other receivable the BBC considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date, as well as future considerations around the current state of the UK and overseas economies and any industry-specific issues. Receivables are provided for based on the probability of expected credit losses for each receivable.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers. Loss rates are based on actual credit loss experience which are adjusted to reflect differences between customer base during the period over which the historical data has been collected, as well as any forward-looking information regarding the company's view of economic and industry-wide conditions over the expected lives of the receivables.

The Group has further reviewed the amounts provided against receivables for expected credit losses, taking into account the potential for increased losses due to uncertainty surrounding the economic recovery. In addition to revisiting historic loss rates, this review assessed if heightened sectoral exposure and uncertainty impacted certain segments of the receivables balances, resulting in a qualitative adjustment being required.

The licence fee grant income paid by DCMS is based on the recoverable value of TV licences issued in the year. The year end licence fee receivables expected credit loss is estimated based on the value of licence cancellations in the current year, as adjusted to reflect the current and future economic environment.

Included in the BBC's contract assets (see Note H1.1) and trade and other receivables at 31 March 2025 are balances of £37 million (2024: £50 million) which are past due at the reporting date, before impairment. The aged analysis is as shown below:

	2025 £m	2024 £m
Up to three months	**30**	34
Three to six months	**5**	5
Over six months	**2**	11
	37	50

Movements in the BBC's provision for impairment of licence fee receivable, trade receivables and contract assets can be shown as follows:

	2025 £m	2024 £m
At 1 April	**41**	36
Charge for the year	**6**	5
Amounts written off as unrecoverable	**(6)**	–
Amounts recovered during the year	**(2)**	–
At 31 March	**39**	41

Amounts charged to the impairment provision are written off when there is no expectation of recovery. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

Financial statements continued
Notes to the accounts continued

H. Receivables and payables continued
H2 Trade and other payables and contract liabilities

- Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.
- A contract liability is recognised when payment is received prior to the associated performance obligation being fulfilled. It is released to income when the performance obligation is satisfied.
- Accruals include work-in-progress accruals, which arise in instances where a performance obligation has been satisfied but all associated expenditure has not yet been incurred. The basis of the calculation of such accruals is based upon forecast expenditure required to fulfil the contract.

H2.1 Contract liabilities

	2025 £m	2024 £m
At 1 April	**(244)**	(266)
Income recognised in the period	**227**	156
Cash received in advance and not recognised as income during the year	**(239)**	(134)
At 31 March	**(256)**	(244)
Presented within:		
Current liabilities	**(243)**	(223)
Non-current liabilities	**(13)**	(21)
	(256)	(244)

Contract liabilities (deferred income) primarily relate to the consideration received from customers in advance of transferring a good or service.

H2.2 Trade and other payables due after more than one year

	2025 £m	2024* £m
Other payables	**65**	70
	65	70

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

H. Receivables and payables continued

H2 Trade and other payables and contract liabilities

H2.3 Trade and other payables due within one year

	2025 £m	2024* £m
Licence fee payable	**283**	255
Accruals^	**235**	263
Trade payables	**325**	310
Rights creditors	**154**	139
Salaries and wages payables	**91**	113
Licence savings stamp deposits and savings cards	**39**	39
Other taxation and social security	**45**	41
Deferred income	**13**	16
Amounts owed to associates and joint ventures	**1**	15
Other payables	**70**	65
	1,256	1,256

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

^ Included within accruals is £0.4 million fine for the Competition and Markets Authority civil investigation. See Chief Operating Officers Review from page 58.

Licence fee payers can pay the annual licence fee in several different ways. This can therefore result in a licence fee receivable where individual payments run behind usage as well as a **licence fee payable** where individual payments are running ahead of usage at a given point in time.

Rights creditors refers to liabilities relating to the rights to broadcast programmes and are expensed in line with the expected transmission profile.

Licence savings stamp deposits and savings cards are made up of TV Licencing stamps which are slowly being refunded.

H3 Related party transactions

The following table represents transactions with related parties excluding key management personnel.

2025	Joint ventures **£m**	Associates **£m**	BBC Pension Scheme **£m**	Total £m
Rendering of services*	–	18	–	**18**
Receiving of services	(83)	–	–	**(83)**
Pension contributions	–	–	116	**116**
Dividends received	–	9	–	**9**
	(83)	27	116	**60**

2024	Joint ventures **£m**	Associates **£m**	BBC Pension Scheme **£m**	Total £m
Rendering of services*	13	18	–	31
Receiving of services	(90)	(6)	–	(96)
Pension contributions	–	–	170	170
Dividends received	46	3	–	49
	(31)	15	170	154

* Rendering of services does not include recharges of staff and other costs where the BBC acts as an agent.

The following table represents outstanding balances with related parties excluding key management personnel

	Amounts owed by related parties		Amounts owed to related parties	
	2025 £m	2024 £m	**2025 £m**	2024 £m
BBC Pension Scheme	**1**	–	**–**	–
Associates	**1**	4	**(1)**	(15)
	2	4	**(1)**	(15)

In all transactions, terms were negotiated on an arm's length basis and expected to be settled in cash. Please see note H4 for support relating to Media Action.

The BBC also enters into various transactions with government and local authorities on an arm's length basis. These transactions include business rates and corporation tax payments.

Financial statements continued

Notes to the accounts continued

H. Receivables and payables continued
H3 Related party transactions continued
At 31 March 2025, the BBC was owed £0.8 million (2024: £0.3 million) and due to pay £0.4 million (2024: £0.4 million) to the BBC Pension Scheme. These transactions are unsecured, interest free and repayable on demand unless otherwise agreed.

H4 Provisions and contingent liabilities
The BBC recognises a provision if a past event has given rise to a present obligation that will result in a probable payment that can be measured reliably. Where a provision is determined to be required and there are a range of possible outcomes, estimation techniques are used to calculate the best estimate of the amount required to settle the obligation.

The BBC recognises decommissioning liabilities as part of the initial cost of the asset, discounted to present value. The BBC reassesses whether there has been a change in this liability based on the facts and circumstances at each balance sheet date.

	At 1 April 2024* £m	Charge for the year £m	Utilised during the year £m	Released during the year £m	**At 31 March 2025 £m**
Property	86	11	–	(4)	**93**
Taxation, litigation and insurance	35	19	(7)	(4)	**43**
Restructuring	37	107	(74)	(15)	**55**
Other	9	1	(2)	–	**8**
	167	138	(83)	(23)	**199**
Included in current liabilities	54				**79**
Included in non-current liabilities	113				**120**
	167				**199**

* Comparatives have been restated to reflect the finalisation of the accounting for the acquisition of BritBox as permitted under IFRS 3 *Business Combinations*. See note C1 for further details.

Property
The BBC has obligations to restore leased properties to their original condition at the end of the lease term. Property provisions are made for the cost of such restoration works based upon the expected amount required to fulfil the obligation at the year end date, building over the lease term.

Taxation, litigation and insurance
Taxation, litigation and insurance provisions relate to ongoing legal, insurance and compensation claims against the BBC. The BBC makes specific provision for its best estimate of any damages and costs which may be awarded. A provision is only made to the extent that the BBC considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. There are a number of provisions within this balance, including balances connected to payments to Personal Service Companies that may be required. The timing and value of cash flows associated with these provisions can sometimes be uncertain where we are awaiting the outcome of HMRC reviews.

Restructuring
Restructuring provisions are determined by the probable costs relating to reorganisations, relocations and redundancies in the BBC. The balance predominantly relates to redundancies and is calculated based upon known circumstances where possible or estimated using average salaries where individuals are unknown.

Other
Other provisions include amounts relating to employment matters and other issues arising across the BBC in the normal course of business, none of which are individually material.

Contingent liabilities

Contingent liabilities are liabilities that may occur depending on the outcome of an uncertain future event such as the outcome of a pending lawsuit. Contingent liabilities are not accounted for in the financial statements because, unlike provisions, they are not sufficiently certain or cannot be estimated reliably.

Pension scheme deficit recovery payments
The BBC have agreed to pay £125 million into the BBC's defined benefit pension scheme at the earlier of 1 July 2027 and the date on which the 2026 valuation is completed, unless a replacement Schedule of Contributions has been put in place that does not require it. It is not currently possible to determine the likelihood of this payment at present.

Indian tax survey
The Indian Income Tax Department conducted tax surveys at the offices of BBC Global News India Private Limited, BBC Global News Limited, BBC World Service India Private Limited and BBC Studios India Private Limited in February 2023. The BBC has co-operated in full, and will continue to do so, with all requests made to it, including document and information requests, supported by its external legal and tax advisers.

Certain matters arising from the surveys are ongoing. In respect of matters yet to conclude it is not possible at this stage to identify if a liability exists and/or to quantify any such liability with reasonable certainty.

H. Receivables and payables continued
H4 Provisions and contingent liabilities continued
Contingent liabilities *continued*
Media Action
BBC Media Action is the BBC's International charity (a private company limited by guarantee and a registered charity) that operates independently of the BBC, with a management team that is answerable to a board of directors (more commonly referred to as Trustees). The BBC provides services to the charity, as it does to BBC Children in Need, including the use of property space. UK-based Media Action staff are employed by the BBC and recharged to Media Action. Given the continued challenging external context (including cuts to US and UK aid budgets) and the environments in which Media Action operates, their income projections to return to pre-Covid-19 levels are slower than anticipated. Media Action's Trustees have developed an operational plan to allow the charity to return to a sustainable position within the context of the new global funding challenges in their sector. The BBC has provided a 12-month written assurance of support (due for review in October 2025) whilst the operational plan is delivered and £0.8 million over a two-year period (of which £0.6 million has been paid in to date in 2024/25) to fund new fund-raising teams and overheads whilst they make the changes needed to resize the charity. In year we have also paid £0.6 million for redundancy payments for BBC staff working for Media Action. It is not currently possible to calculate any financial outflow with any reasonable accuracy whilst the short-term implications of the operational plan are further developed and costed.

Review of other overseas operations
We are conducting a review of operations in our overseas news bureaux to ensure we are compliant with local laws and regulations. Provisions will be booked if any issues are identified, the cash outflows are considered probable and amounts are quantifiable with reasonable certainty.

Litigation claims
The BBC has a number of smaller contingent liabilities in respect of ongoing litigation claims which are not recognised within provisions. None of these items are expected to have a material effect on the BBC's results or financial position.

H5 Long-term commitments not reflected in the balance sheet – contracts placed for future expenditure
This note shows amounts to which the BBC is contractually committed, but which do not meet the criteria for inclusion in the balance sheet as the goods/services are yet to be received. It includes fixed (but not variable) payments due under outsourcing contracts for the life of those contracts.

Functions covered by these long-term outsourcing contracts include IT support, content distribution and transmission, facilities management and elements of finance support.

	2025 £m	2024 £m
Fixed asset additions	**34**	11
Programme acquisitions and sports rights	**1,446**	1,481
Independent programmes	**378**	408
Other fixed payments on long-term outsourcing arrangements	**1,418**	1,779
	3,276	3,679

Long-term commitments not reflected in the balance sheet are payable as follows:

	2025 £m	2024 £m
Within one year	**1,251**	1,282
Between one and five years	**1,856**	2,088
Over five years	**169**	309
	3,276	3,679

Financial statements continued

Notes to the accounts continued

I. BBC structure and other disclosures

This section details the BBC's interests held in associates, joint ventures and subsidiaries, along with the BBC's reserves and details on post-balance sheet events.

I1 Interests in associates, joint ventures and subsidiaries

The BBC Group holds (directly and indirectly) interests in the associates, joint ventures and subsidiaries listed below which, except where otherwise stated, are incorporated in Great Britain and registered in England and Wales.

The main BBC charities, BBC Media Action and BBC Children in Need, have been assessed as an associate during the year given the BBC's increased involvement with these bodies. The BBC is not however entitled to any share of their results.

The following companies are exempt from the requirements of the Companies Act 2006 relating to the audit of the accounts under section 479A as a result of the guarantee issued by the BBC Board:

BBC Free to View Limited
BBC Free to View (Satellite) Limited
BBC Media Applications Technology Limited
Creative Industries New Entrant Scheme Limited
BBC World Service Investment Limited
Centre House Production Limited
BBC World Service Trading Ltd
BBC World Service Holdings Ltd
BBC Clann Limited

I1.1 Significant associates and their activities

Name of entity	Place of incorporation and principal place of business	Holding of issued ordinary shares %	Activity
YouView TV Limited	England and Wales	16.7%	Multiplatform broadcasting
3sixtymedia Limited*	England and Wales	10.0%	Production

* The BBC holds 10% of the total share capital of 3sixtymedia Limited but 20% of the Class A ordinary shares, which gives it significant influence.

The registered address of 3sixtymedia Limited is ITV White City, 201 Wood Lane, London, United Kingdom, W12 7RU.

The registered address of YouView TV Limited is 2nd Floor, Aldgate Tower, 2 Leman Street, London, United Kingdom, E1 8FA.

The Group disposed of its interest in New Video Channel America LLC during the year, see note E7 for further details.

I1.2 Significant joint ventures and their activities

Name of entity	Place of incorporation and principal place of business	Holding of issued ordinary shares %	Activity
Daunus Limited*	England and Wales	20%	Property

* The BBC holds 20% of the total share capital of Daunus Limited but 66% of the voting rights. Other shareholders retain certain veto rights and therefore this entity is recognised as a joint venture.

Daunus Limited financial statements are prepared under FRS 102 and to a year end date of 30 November. Its registered address is 1 Bartholomew Ln, City of London, London EC2N 2AX.

I1.3 Subsidiary undertakings

Name of entity	Registered address
Directly owned commercial subsidiaries: (all 100% owned unless stated)	
BBC Commercial Limited	1 Television Centre, 101 Wood Lane, London W12 7FA
BBC Property Limited BBC Property Investment Limited BBC Property Development Limited BBC Clann Limited Centre House Productions Limited BBC News Limited BBC Free to View (Satellite) Limited BBC Free to View Limited BBC Media Applications Technologies Limited BBC Subscription Television Limited BBC Investments Limited BBC Digital Programme Services Limited BBC World Service Trading Limited BBC World Service Investment Limited BBC World Service Holdings Limited	Broadcasting House, Portland Place, London, England, W1A 1AA
BBC Brasil do Communicado	Rua Ferreira de Araujo, 741 Andar 1, Pinheiros, São Paulo, SP 05428-002 Brazil
Creative Industries New Entrants Scheme Limited	Broadcasting House, 2 Ormeau Avenue, Belfast, United Kingdom, BT2 8HQ
BBC East Asia Relay Company Limited (99% owned)	30th Floor Jardine House One Connaught Place Hong Kong
BBC World Service Hong Kong Limited	31st Floor, Citicorp Centre, 18 Whitefield Road, Hong Kong
BBC Pakistan (Pvt) Limited	House 28, Street 8, Sector F-7/3, Islamabad
BBC Morocco SA	Angle avenue Mohamed V et rue El Khalil, 3éme étage, appartement 9 Rabat, Morocco
BBC Tanzania Limited (99% owned)	Plot no. 265/266 Mikocheni Dar Es Salaam
BBC Ukraine LLC (99.9% owned) BBC Kyiv LLC	42/44, Shovkovychna str., 01004, Kyiv, Ukraine
BBC World Service India Private Limited	5th&6th Floor Hindustan Times House Kasturba Gandhi Marg New Delhi, 110001 India
BBC News (Asia Bureau) Pte Limited	8 Wilkie Road #03-01, Wilkie Edge, Singapore 228095
BBC Studios Japan Limited	Tokyo Club Bldg., 10F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013, Japan
British Broadcasting Corporation Nigeria Ltd	Heritage Place 21, Lugard Avenue, Ikoyi Lagos, Nigeria
BBC Korea Ltd	Seoul Square (8th Floor), 416 Hangang-daero, Jung-gu, Seoul, Korea
BBC DRC SARL	95 C, Avenue de la Justice, Quariter Lemera, Commune de la Gombe
BBC Bangladesh Ltd (99% owned)	Noor Tower (14th Floor), 110, BUCR. Dutta Road, Dhaka – 1205, Bangladesh
BBC Africa Burundi SPRL	Building Maison de la Biblique au Burundi, 2 Etage, en face de Par, Avenue de la Mission, Rue St Michel, Bujumbura – Burundi

Financial statements continued
Notes to the accounts continued

I. BBC structure and other disclosures continued
I1 Interests in associates, joint ventures and subsidiaries continued

Name of entity	Registered address
Indirectly owned commercial subsidiaries: (all 100% owned unless stated)	
BBC Studios Limited	1 Television Centre, 101 Wood Lane, London W12 7FA
BBC Studioworks Limited	
BBC Studios Distribution Limited	
2Entertain Limited	
2Entertain Management Limited	
2Entertain Video Limited	
BBC Video Limited	
MCI Music Publishing Limited	
Demon Music Group Limited	
Crimson Productions Limited	
F-Beat Records Limited	
Demon Records Limited	
BBC Earth MD (WWD) Limited	
BBC Earth Productions (Life) Limited	
BBC Earth Productions Limited	
BBC Earth Productions (Africa) Limited	
BBC Earth Productions (Giant Films) Limited	
Earth Film Productions Limited	
BBC Magazine Holdings Limited	
BBC Studios Corporate Services Limited	
BBC Studios Investments Limited	
BBC Studios Drama Productions Limited	
Tonto Films and Television Limited	
BBC Studios Channel Investments Limited	
Mortimer Productions Limited	
UK Programme Distribution Limited	
BEEB Rights Limited (88% owned)*	
BBC Global News Limited	
BBC World Distribution Limited	
BBC Studios Productions Limited	
BBC Grafton House Productions Limited	
BBC Comedy Productions Limited	
BBC Natural History & Factual Productions Limited	
BBC Studios Kids and Family Productions Limited	
Nice & Accurate Productions Limited	
BBC Studios Productions (Clifton) Limited	
BBC Studios Multi Genre Productions Limited	
BBC Studios Productions (Kidnapped) Limited	
BBC Studios Productions (Time2) Limited	
BBC Global News Holdings Limited	
UKTV Media Holdings Limited	10 Hammersmith Grove, London W6 7AP
UKTV Media Limited	
Baby Cow Productions Limited (75% owned)	1 Television Centre, 101 Wood Lane, London W12 7FA
Baby Cow Productions (Changing Ends) Limited (75% owned)	
Baby Cow Manchester Limited (75% owned)	
Baby Cow Productions (Chivalry) Limited (75% owned)^	
Baby Cow Productions (Partridge) Limited (75% owned)	
Baby Cow Productions (Red Dwarf) Limited (75% owned)^	
Baby Cow Productions (Stuffed) Limited (75% owned)	
Baby Cow Films Limited (75% owned)	
Baby Cow Films (OFTM) Limited (75% owned)	
Baby Cow (B and M) Limited (75% owned)	
Alan Partridge Limited (75% owned)	
Baby Cow Productions (Witchfinder) Limited (75% owned)	
Baby Cow Animation Limited (75% owned)	

* BBC Studios Distribution Limited holds 88.4% of issued share capital but the non-controlling shareholders have no right to distributions.
^ In the process of liquidation at 31 March 2025 and was dissolved thereafter

I. BBC structure and other disclosures continued
I1 Interests in associates, joint ventures and subsidiaries continued

Name of entity	Registered address
Bunny Munro Limited (formerly Uncle Steve Limited)	1 Television Centre, 101 Wood Lane, London W12 7FA
Alice and Steve Limited	
Deadpoint Productions Limited	
Clerkenwell Films Ltd	
House Trig Limited	
House Bird Limited	
House Sherwood2 Limited	
House Element Wonder Limited (50% owned)	
Majorca Productions Limited (50% owned)	
Moone Boy (UK) Limited (50% owned)*	
Ginger Snaps TV Limited (50% owned)	
House DMC Arrival Limited (50% owned)	
House Productions Limited	
House Conclave Limited	
House LAL Limited	
House Pictures Limited	
House Ref Limited	
House Sherwood Limited	
House Six Four Limited	
Belladonna Productions Limited	
BritBox International Trading Limited	
BritBox International Limited	
Philomena Lee Limited (75% owned)	
Quite Funny Films Limited	
Quite Persuasive Films Limited	
Quite Scary Films Limited	
Recall TV Limited	
TFW Productions Limited*	
Two+Two=5 Limited	
Lost Child Limited (75% owned)	
The Last Holiday Limited (75% owned)	
Sid Gentle Films Limited	
Sid Gentle Films (Corfu) Limited	
Sid Gentle Films (Costello Jones) Limited	
Sid Gentle Films (Extraordinary) Limited	
Sid Gentle Films (Extraordinary 2) Limited	
Sid Gentle Films (Gaiman) Limited	
Sid Gentle Films (KE2) Limited	
Sid Gentle Films (KE3) Limited	
Sid Gentle Films (KE4) Limited	
Sid Gentle Films (Killing Eve) Limited	
Sid Gentle Films (Ragdoll) Limited	
Sid Gentle Films (Grace) Limited	
Sid Gentle Films (Honey) Limited	
Sid Gentle Films (SS-GB) Limited	
Sid Gentle Films (TD4) Limited	
Sid Wild Films Limited	
Sid Gentle Films (The Durrells) Limited	
As Yet Unnamed Limited	
Consent Productions Limited*	
Firebird Pictures Limited	
Mitrageous Limited	
Small Pier Productions Limited	
House Starve Acre Limited	
House Mint Limited (50% owned)	
EHV Films Limited	
Denipurna Limited	
Voltage TV Productions Limited	
Wilder (UK) Productions Limited	

* In the process of liquidation at 31 March 2025 and was dissolved thereafter.

I. BBC structure and other disclosures continued
I1 Interests in associates, joint ventures and subsidiaries continued

Name of entity	Registered address
Lookout Point Limited	Hammer House, 113-117 Wardour Street, London, United Kingdom W1F 0UN
A Suitable Company Limited	
AMP 1 Limited	
Evergreen Television Limited	
Off Stone Productions Limited	
Lookout Point (DP) Production Limited	
Lookout Point (FUMP) Limited	
Lookout Point Management Limited	
Lookout Point (T&T) Limited	
LOOKOUT POINT (LES MISERABLES) Limited	
LOOKOUT POINT (SHIBDEN) Limited	
Lookout Point (LT5) Limited	
Lookout Point Acquisition Limited	
Lookout Point (The Collection) Limited	
Lookout Point (HV3) Limited	
Lookout Point (January) Limited	
White Hart Lane Productions Limited	
Boffola Pictures Limited (25%)	27 Noel Street, London, W1F 8GZ
Copbury Productions Limited (25%)	
Boffola Productions2 Limited (25%)	
BBC Studios Canada Limited	145 King Street West, Suite 740, Toronto ON M5H 1JH, Canada
BBC Studios Productions (Clifton) Canada Inc	Suite 3200, Bay Adelaide Centre, North Tower, 40 Temperance Street ON ON M5H 0B4, Canada
BBC Studios France	28, Cours Albert Premier, 75008, Paris, France
BBC Studios Benelux B.V.	Weesperplein 4b, 1018 XA Amsterdam, Netherlands
BBC Studios Americas Incorporated	1120 Avenue of the Americas, 5th Floor, New York, NY 10036-6700, United States
BBC Studios Americas (401) k Plan – Trustees	
BB Rights LLC	
BritBox LLC	
Adjacent Productions LLC	10351 Santa Monica Boulevard, Los Angeles, CA 90025, United States
Bad Wolf Productions LLC	
BBC Studios Reality Productions LLC	
Global Hybrid Productions LLC	
Lime Grove Productions LLC	
Sun Never Sets Productions LLC	
Frankie and Jude Productions LLC	
Sixth Ave Productions LLC	
Picea Productions LLC	
Sticky Toffee Productions LLC	
Wood Lane Productions LLC	
A&P Productions LLC	
BBC Studios Development Productions LLC	
WNT Productions LLC	
Studios Competition Productions LLC	
BBC Studios Singapore PTE Limited	18 Robinson Road, #13-01 18 Robinson, Singapore 048547
BBC Studios Nordic ApS	Klosterstraede 9, 1157, Copenhagen, Denmark
BBC Studios Nordic Productions A/S	Strandiodsvej 44.4, 2300 Kobenhavn S, Denmark
BBC Studios Nordic Productions AB	Norra Bulltoftavagen, 65F 212 43 Malmo, Sweden
BBC Studios Nordic Productions AS	Marcus Thranes gate 2, 0473, Oslo
BBC Studios Americas Investments Incorporated	The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington 19801, United States
JV Programs LLC (50% owned)	
C.M.R. Limited*	28 Molesworth St, Dublin 2, Ireland
BBC Studios Australia Holdings Pty Limited	Level 1, 35-51 Mitchell Street, McMahons Point NSW 2060, Australia
BBC Studios Australia Pty Limited	
BBC Studios Australia BB Pty Limited	
BBC Studios Productions Australia Pty Limited	
BritBox Australia Partnership	
BritBox Australia Management (PTY) Limited	
BritBox SVOD Australia PTY Limited	

* In the process of liquidation at 31 March 2025

I. BBC structure and other disclosures continued
I1 Interests in associates, joint ventures and subsidiaries continued

Name of entity	Registered address
BBC SNS Productions Pty Limited	Level 1, 35-51 Mitchell Street, McMahons Point NSW 2060, Australia
Ghosts Productions Pty Limited	
Paradise Productions No.1 PTY Limited	
BBC Studios Germany GmbH	Kaiser-Wilhelm-Ring 17-21, 50672 Köln, Germany
Erste Weltweit Medien GmbH	
BBC Worldwide Holdings B.V.	Basisweg 10 1043 AP Amsterdam, Netherlands
BBC Studios India Private Limited	502, Fifth Floor, Windsor Off Cst Road Kalina, Santacruz (East), Mumbai City, Maharashtra, 400098
BBC Studios Africa (Pty) Limited	263 Oak Avenye, Ferndale, Randburg, Gauteng, 2194
BBC Studios Intermediadora de Programadora Estrangeira Limited	Rua Ferreira de Araujo, 741, Andar 1, Pinheiros, São Paulo SP 05.428-002, Brazil
BBC Studios Polska Sp. z o.o.	Pl. Bankowy 1, 00-139 Warszaw, Poland
Worldwide Knowledge (Beijing) Business Consulting Company Limited	A05-A06, Room 1001, Unit 1, Building 9, Dongdagiao Road, Chaoyang District, Beijing, China
BBC Studios Productions Africa (Pty) Limited	24 18th Street, Menlo Park 0081, Mazars House, 5 St Davids Place, Parktown 2193, South Africa
Rapid Blue Pty Limited	263 Oak Avenue, Ferndale, Randburg, Johannesburg, 2194,South Africa
Rapid Blue Production Nigeria Limited (99% owned)	1 Hotsports Drive, Via Kudirat Abiola Road, Oregun, Lagos, Nigeria
Rapid Blue Africa Limited	7 Sowemimo Street, GRA Ikeja, Lagos, Nigeria
Rapid Blue Formats Limited (38% owned)	25 Akintan Street, Dideolu Court, Ogba, Lagos, Lagos 23401, NG
BBC Studios Sweden AB	Hangövägen 29,115, 41, Stockholm
BBC Global News (India) Private Limited	6th Floor, H T House, K G Marg, New Delhi, 110 001, India
BBC Global News US.LLC	Corporation Service Company, 80 State Street, Albany, New York, 12207-2543, United States
The Office Production Pty Limited	Level 1, 35-51 Mitchell Street, McMahons Point 2060, Sydney, Australia
BBC News USA Inc	2000 M St NW, Suite 800, Washington DC 20036
LLC BBC Holding	Bakhrushina Street 32, bldg. 1, Moscow, 115054, Russian Federation
LLC BBC R News	
BBC Lebanon LLC	Aref Law. Snoubra, Itani St., Chahine Bldg, First Floor, PO Box 135207
Werner Film Group Holdings Pty Limited	184 Brunswick Street, Fitzroy, Vic 2065
Werner Film Projects Pty Limited	
Werner Film Productions Pty Limited	
Dance Academy Series 3 Pty Limited	
Bent Productions SPV Pty Limited	
Newsreader Holdings Pty Limited	
Crazy Fun Park Productions Pty Limited	
Newsreader Productions Pty Limited	
Newsreader 2 Productions Pty Limited	
Newsreader 3 Productions Pty Limited	
Surviving Summer Productions Pty Limited	
Surviving Summer 2 Productions Pty Limited	
Knee High Spies Productions Pty Ltd	
Goolagong Productions Pty Ltd	
Moyne River Pty Ltd (99%)	
Brutal Media S.L.U .	calle Berlines, 46, Spain, Barcelona, 08022
Brutal Media Producciones 3 Slu	
Primavera Producciones 2 Slu	
Brutal Lectores Slu	
Otoño Producciones Slu	
Brutal Media Producciones Slu	
Studio 87, Sl	
Egb La Película, Aie	
L’Odissea Serie, Sl	
L’Odissea 2A Temporada SLU	
Enero Producciones Sl	
Primavera Producciones Slu	
Invierno Producciones Slu	
Brutal Media Producciones 2 Slu	

I. BBC structure and other disclosures continued

I2 Reserves

Operating reserve
The operating reserve reflects accumulated profits to date.

Hedging reserve
The hedging reserve is used to record the effective portion of cumulative net changes in the fair value of cash flow hedging instruments, related to hedged transactions that have not yet occurred (net of tax). During the current year, losses of £17 million were removed from the hedging reserve and debited to income in the income statement (2024: £2 million gains).

Translation reserve
The translation reserve is used to record exchange differences arising from the retranslation of the net assets and results of overseas subsidiaries. This includes all foreign exchange differences arising since the transition to IFRS, from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the BBC's net investment in foreign subsidiaries.

Other reserves
Other reserves include the fair value of put option liabilities arising on acquisition of subsidiaries and the difference between the cost of investment and net assets of entities acquired which are held under common control.

I3 Post balance sheet events

There have been no significant events affecting the Group since the year end.