



**The Services Sound and Vision
Corporation**

Company Limited by Guarantee

Financial Statements

For the year ended

31 March 2018

Charity no 00233480
Company no 00407270

The Services Sound and Vision Corporation

Financial Statements

For the year ended 31 March 2018

Corporation registration number: 00407270 (incorporated in England & Wales)

Charity registration number: 00233480

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Investment managers: BlackRock Investment Managers
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Independent auditor: Grant Thornton UK LLP
Statutory Auditor
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Trustees Report

The Strategic Report and the Directors' Report

The Board of Trustees of The Services Sound and Vision Corporation ("SSVC") has pleasure in presenting its report on the activities and results for the year ended 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Our aims and how our activities deliver public benefit

Our charity's aims are to promote the efficiency of HM Armed Forces ('the Forces') through the provision of services related to entertainment, information, education, welfare and training.

Our activities deliver benefit through:

- The provision of dedicated radio and TV channels whilst stationed or deployed abroad under the British Forces Broadcasting Service banner
- The provision of local radio channels in military bases in the UK together with a national BFBS service on DAB+, online, via mobile apps and through Sky and Freesat
- The provision of a national UK TV channel, "Forces TV", broadcast on Sky, Virgin, Freesat and, from 28 September 2017, on Freeview
- The provision of video and social media content across a wide range of digital platforms
- Showing films in military bases throughout the UK and overseas
- Staging 'one-off' entertainment shows
- Training in video production and digital media skills
- The provision of welfare grants to the Forces for worthy causes linked to their education, training and entertainment.

Taken together the cumulative impact of all our activities is to provide a critical component in the maintenance of morale of the Forces and their families.

The funding for our work comes from contracts held with the Ministry of Defence ('MoD'), together with grants, advertising revenue and the reserves of the Charity.

Achievements and performance

Broadcasting

We are delighted to report that the global footprint for the provision of our TV and Radio services now extends to 70 countries plus, importantly, to Royal Navy ships at sea too. These range from substantial overseas bases such as Cyprus, Germany and The Falklands Islands, through to a growing number of operational deployments in the Middle East and Africa and to smaller locations in Europe and in the Far East. It is this delivery of an excellent service 'over and above' to a global Forces audience, wherever they may be based, that is the focus of all our activities. Often, simply put as 'To Serve Those Who Serve'.

Our most recent overseas radio station, BFBS Bahrain, was launched in March 2018, after much collaboration with the Royal Navy, the Foreign & Commonwealth Office and the Bahraini authorities. The station and our team of 3 staff are based in the new UK Naval Support Facility with a brief to provide a service for operational personnel throughout the Middle East region and on board Royal Navy ships. We are also pleased to have been able to support the approximately 800 Forces personnel now based in Estonia through the launch of fully licenced FM radio service there in May 2017. Our commitment to the global provision of FM radio services was further reinforced by our donation of

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15,500 new radios for distribution to members of the Forces in Estonia, Afghanistan and at the training facility, BATUS, in Canada.

BFBS Bahrain joins our network of overseas live and local radio stations in garrisons and bases around the world in Cyprus, Germany, Gibraltar, Canada, Brunei, Nepal and The Falkland Islands. This model, with our broadcasters living and working in the heart of the military audience they serve has proved to be a powerfully positive one from the morale and welfare perspective. As one listener put it, on conclusion of their tour:

As I come to the end of my time here, I feel it prudent to offer some sincere thanks to individuals who have, directly or indirectly, contributed to the maintenance of my morale in the past 9 months. Being deployed overseas, away from loved ones, for an extended period of time is never easy; however, the feelings of loneliness, melancholy and isolation have the potential to be exacerbated by the frequently hostile weather and the much maligned lack of reliable and accessible internet facilities in the Falkland Islands. For these reasons, the availability of good quality, locally produced entertainment from BFBS is, quite simply, critical for the welfare of all of those deployed here. Capt Scott Forsyth RLC

January 2018 saw an important milestone when BFBS Radio returned to broadcasting nationally throughout the UK on DAB+. This service gives us the opportunity to reach the wider Forces community from serving personnel, families and friends through to cadets and veterans.

Our support of veterans has developed into an increasingly important strand of our radio service. This has been achieved through focussing on particular content and programmes, with the associated subjects and music, for this community. We have developed this further through supporting and providing coverage for campaigns that are of particular relevance to them of which the Veterans' Gateway Employment Campaign is one example.

I just wanted to take the time to say a huge thank-you to the team at BFBS Radio for assisting us with the coverage of our Veterans' Gateway Employment Campaign. We are very grateful that the beneficiaries and spokespeople from across the consortium of charities had the opportunity to be a part of it. This allowed us to gain vital publicity that was heard across the forces world. As a new service, we have limited resources for marketing purposes and the support that you gave us is invaluable in helping us to reach those in need. The employment campaign had a huge impact, leading to the busiest week on record so far for the service. Mark Collins, Assistant Director, Veterans' Gateway

The 'digital transformation' initiative that started in 2016 has continued to progress and we have now transitioned to a fully digital newsroom. This has involved training our staff to deliver across a wide range of platforms – online and social media, as well as TV and Radio. It has been tremendous to see the progress our teams have made so far in building our digital presence as illustrated below:

- Our website, www.forces.net, attracts an average of 500,000 unique visitors and 2 million page views per month.
- The number of subscribers to the Forces TV Youtube channel has reached over 110,000
- Our Facebook page has 329,200 followers, up 27% on last year

Our reach on more traditional media also took a big step forward this year, with the launch of Forces TV on Freeview in September 2017, adding to our existing presence on Sky and Virgin. This helped increase the channel's total average 'audience reach' (defined as the number who have tuned in for at least 15 minutes at any time during one week) to over 1,000,000 in the last week of December.

From the content perspective, our journalists have travelled extensively to cover the work of the Forces wherever they are serving in the world. We have reported from Mogadishu in Somalia for the first time. We have been to Kenya, travelling as part of the Defence Secretary's entourage. We joined the Prime Minister's tour to Iraq. We have been back to Kabul and Helmand Province. We have followed the work of the Forces in Nepal, Japan, Poland, Estonia, and Romania as well as more familiar operational areas like Cyprus and Germany.

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In addition, in a new venture, we produced an archive based set of 3 programmes to celebrate the 100th anniversary of the RAF. Over 20,000 DVD copies of the programmes were sold through supermarkets and a shortened version of the programme was shown on Channel 5 in November 2018.

BFBS TV continues to provide a much valued service for overseas members of the Forces and their families. This comprises a mix of entertainment, factual and sports programming drawn from all the main UK broadcasters including the BBC, ITV, Channel 4, Channel 5, Sky and BT. Particularly for personnel in remote or challenging locations, the connection with home that BFBS TV provides makes an invaluable contribution towards the maintenance of welfare and morale.

Live Entertainment

Live entertainment, delivered by our Combined Services Entertainment ('CSE') team comprises an important element of the support we provide to the Forces community. In 2017/18 we staged 46 events, up 31% on the 35 in 2016/17. These included shows in operational locations such as Estonia, Cyprus and Afghanistan. We have received consistently positive feedback from all the locations we have visited about the impact on morale of our shows, including this following the visit of Britain's Got Talent winner, Richard Jones, to Afghanistan:

I'm writing to thank you for the outstanding CSE show by Richard Jones which recently visited Op TORAL. It was a very enjoyable and extremely popular magical show and I appreciate the enormous amount of commitment and hard work shown by the CSE team in what was a very busy and challenging programme... naturally the magic was fascinating and impressive. Richard and Dan received universal compliments from the international community, and have provided a very welcome lift to all personnel here in Kabul. They have done CSE, the UK and themselves a great credit. Lt Col Nick Carrell AGC(SPS) Commander UK NSE, Op TORAL

Our shows in military personnel recovery centres in Germany and across the UK are particularly valued. In addition, we have also taken the opportunity to strengthen the support we provide to veterans, building on the work we do each year with the Chelsea Pensioners. A show for the Stoll veteran housing project in Fulham was a new venture and was enjoyed with much laughter:

Many, many thanks for Thursday's great comedy event. It was a fantastic evening and I have only had very positive feedback from the guys in the audience so far. In fact, Bill said it was the best night he had had in the Stoll since he lived there (about 11 years if I am not mistaken). I hope this will be the first of many events and Stoll would love to explore future entertainment nights. Again thank you for everything. Nick Shatford, Health & Wellbeing Manager, Stoll

Cinemas

Audiences in our network of cinemas in the UK, Germany, Cyprus and The Falklands have benefitted from the increasing amount of support the cinema industry is providing to the Forces community. This has allowed us to show films at the same time as the worldwide release dates, including the biggest grossing movie of the year, 'Star Wars: The Last Jedi'. In some cases, we have even secured pre-release content, particularly if it is military themed. Spitfire, Man Down, Churchill and Dunkirk were all in this category.

Now firmly established, the alternative method of getting cinema release content to small or remote communities via a small encrypted box (no expensive cinema projectors required) known as Cinelink has gone from strength to strength, we now have 47 boxes in communities in the UK and around the world including remote operational locations where they are a game changer in terms of morale. Typically, films are on the boxes within 4 – 6 week of UK cinema release and whether for those deployed, or to support communities at home, a good film really can bring people together for a shared experience.

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SSVC Cinelink continues to be a great success here in BATUS Canada. Thank you for this fantastic opportunity to entertain my soldiers and their families 4000 miles away from the UK and 52km from the nearest cinema. This isn't funny when the snow comes down for 5 months of the year making it near impossible to get to the nearest town. Great asset to Canada. Capt GE Dibble, UWO.

Our partnership with Sky Movies has continued throughout the year, seeing our mobile 80-seater cinema out and about in the UK delivering free of charge screenings to Forces communities across all three services. The wow factor when the vehicle rolls onto a camp never fails to impress and we are pleased to confirm that the arrangement with Sky has been agreed for another year, 2018/19.

Our families absolutely loved it and I would add that this is the best community event we have ever organised. Once again, thank you ever so much. Seeing the faces of our parents and children as they walked into the Cinema – and when they walked out afterwards – was absolutely priceless. Gill Angel – Community Development Officer, RAF Scampton.

Training and Education

Media training for members of the Forces and the civilians who work alongside them is one of our more recent activities, starting in June 2015. Since then, the demand for our services has grown steadily and, by 31 March 2018, over 200 MoD personnel have attended our courses. In May 2018, following a competitive tender process, we were delighted to have been successful in our bid to retain our contract. This, in turn, gives us the opportunity to continue to support MoD personnel with their media training needs over the next 3 years.

Our success in providing media training to the MoD widened further to another government department, in the Foreign & Commonwealth Office ('FCO'). This work involves the training of Ambassadors and Deputy Heads of Mission and is provided by our trading subsidiary, SSVC Broadcasting Limited.

The opening of the Forces Media Academy on 11 October 2017 by HRH The Duke of York represents a significant milestone in developing our education services. This initiative is made possible through grants from the Royal British Legion and the LIBOR fund and allows us to provide training in media skills to Forces veterans and leavers. Students will graduate from the Academy with an HNC qualification after one year and, from there, on to new careers in the media and communications industry.

SSVC Welfare Fund and the BFBS 'Big Salute' Campaign

The BFBS 'Big Salute' campaign raised £35,000 from the combined efforts of our broadcasters and the local military communities they serve. The Trustees agreed, through the SSVC Welfare Fund, to apply a 'match funding' approach which doubled the total amount to £70,000. This was then awarded to qualifying military charities who bid for grants to complete specific projects.

The SSVC Welfare Fund's support of Combined Services Sport increased further this year to cover 16 activities – Athletics, Basketball, Cricket, Football, Golf, Hockey, Ice Hockey, Indoor Climbing, Judo, Tennis, Martial Arts, Netball, Sailing, Squash, Swimming and Winter Sports.

In addition, grants were issued to provide FM Radios for personnel in Afghanistan, Estonia and Canada and BFBS satellite dishes for those deployed to operational areas. Other projects supported included live entertainment shows for Patient Recovery Centres, the provision of audio visual equipment for welfare facilities and sports equipment and games in support of exercises.

In total, grants issued by the SSVC Welfare Fund in 2017/18 were £295,108 (2016/17: £172,625).

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Financial Review

The incoming resources of the charity increased to £26,016,000 (2017: £24,739,000). At the same time resources expended decreased to £24,222,000 (2017: £24,777,000) helped by savings in the costs of delivery of our UK national radio and TV services.

Our Trustees are pursuing a policy of de-risking the SSVF Final Salary Pension Scheme so as to ensure that the scheme is in a position to meet all its future commitments to members in full. This is reflected in the buy-in deal which was concluded on 18 April 2017 with Aviva Life & Pensions UK Limited. This transaction has removed risk from the scheme through a bulk annuity transaction at a cost to SSVF of £5,521,303. This amount is included as part of the 'Actuarial loss on defined benefit pension scheme' in the Statement of Financial Activities.

Plans for future periods

The charity plans to continue to provide the full range of services to its beneficiaries, as currently contracted for with the MoD. In addition we will seek to build on the success we have achieved in the last year in developing and delivering new services for the Forces, consistent with the aims of the charity. Our Trustees see the securing of grants (for example, for the Forces Media Academy initiative) as an important source of funding.

Key performance indicators

The financial performance of the charity is closely monitored on a monthly basis by the Director of Finance with both revenues and costs being compared against the SSVF Board-approved budget for the year. The monthly management accounts are presented at each Board meeting together with a commentary on activity, revenue and expense variances.

The majority of the reserves of the charity are held in investment funds and the Investment Committee monitors their performance regularly. The Board approves all changes to the investment policy, following proposals by the Investment Committee.

Key performance indicators ('KPIs') covering the delivery, performance and quality of the services provided under contracts to the MoD have been defined and are monitored and reviewed jointly with the MoD on a monthly basis. With the opinions of our viewers, listeners and customers of paramount importance to the charity, audience research surveys are the most significant of the KPIs. In that context, we are pleased to report that audience satisfaction ratings have been consistently over 90% throughout the year to 31 March 2018, far in excess of the minimum contractual level required of the charity by the MoD.

SSVF is a quality broadcaster and committed to maintaining its high standards of service to its viewers and listeners. Quality Assurance programmes have been developed within the radio and television divisions and SSVF has ISO 9001 accreditation.

Investment policy and performance

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the trustees see fit. The objective of the Investment Policy is, on a low risk basis commensurate with the charity's charitable status, to protect the capital value of the investment assets whilst generating an acceptable level of return from income and capital appreciation. SSVF will not invest directly in derivatives, or in unquoted securities, physical assets or property and will not engage in stock lending or underwriting.

The Investment Committee has considered the available options for investing surplus funds and has continued to engage the services of investment managers during the year. The majority of investments are in fully invested pooled funds. The Investment Committee regularly reviews the performance of the investment managers and meets with them when appropriate. The performance of the investment funds is monitored and measured against other Charity Common Investment Funds and the FTSE all share index.

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The removal of risk through the 18 April 2017 pension scheme buy-in transaction provided the opportunity for the Trustees to reinvest funds of £6,687,000 held in cash in the portfolio. This, together with the reinvestment of income, helped increase the total value of the portfolio to £23,970,000 (2017: £17,087,000). The underlying performance of investments saw a decline of £509,000 or 3.0%, closely in line with the FTSE All Share Index, the benchmark comparative.

Principal risks and uncertainties

The Board reviews, on an ongoing basis, the major operational, business and financial risks that the charity faces. The audit committee also meets with the external auditors on a regular basis.

Senior management monitors all operational, business and financial risks that the charity faces, and confirms that systems are in place to mitigate the significant risks.

The principal risks and uncertainties are as detailed below.

MoD Funding

There is a risk that future cuts in MoD funding could compromise the charity's ability to deliver services to the Forces and their families, our beneficiaries. This risk is highlighted further by the fact that the services deliverable under our Broadcasting Contract are subject to change, up or down, at the discretion of the MoD.

To mitigate this risk, our senior managers work closely with the MoD, at all levels, to ensure that the value of the services we deliver are effectively communicated and that the priorities and requirements of our customers, the members of the Forces, are clearly understood.

Pension Scheme Funding

The Board has actively pursued a policy of 'derisking' the Final Salary Pension Scheme through a series of actions including the closure of the scheme to future service accrual in April 2009 and the completion of a buy-in in April 2017. Work on the final step in the strategy, namely a full buy-out of the scheme, has since started with an aim of completing this by 31 March 2019.

Technology Investment

There is a risk that, without sufficient investment in technology and cyber security in respect of both equipment and expertise, the Charity could be (a) unable to deliver all the services required by the MoD and (b) less well placed to bid and win new work.

To mitigate this risk the Board has implemented a substantial programme of investment in up-to-date transmission systems, studios, delivery platforms and other equipment. In addition, recruitment, retention and training programmes have been put in place to ensure the Charity has in-house technical personnel with the appropriate skills and expertise.

Reserves policy

At 31 March 2018, the charity held 'unrestricted funds – other charitable funds' totalling £34,501,000 (2017: £40,975,000). 'Unrestricted funds' consists of a reserve accumulated over a number of years and is available to be distributed by way of grants. The charity's policy is to maintain reserves at a level sufficient to ensure that there is no major disruption to our services for beneficiaries in the event of unforeseen increases in expenditure or reductions in income, whilst at the same time allowing the charity to invest in new projects designed to ensure the long term financial sustainability of the charity.

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The charity has considerable financial resources at its disposal and its operations are underpinned by long term contracts with the MoD. The nature of these contracts enables the charity to forecast future revenues with reasonable certainty and costs continue to be controlled so as to ensure that total income from charitable activities approximately matches total outgoings. As a consequence, the Trustees believe that the charity is well placed to manage its operational risks successfully, despite the current uncertain economic outlook in the light of the UK's planned exit from the EU.

The Trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management objectives and policies

The charity uses various financial instruments including cash, equity investments, and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the charity's operations.

The existence of these financial instruments exposes the charity to a number of financial risks, which are described in more detail below.

The main risks arising from the charity's financial instruments are market risk, liquidity risk, interest rate risk, cash flow and credit risk. The Trustees review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The charity's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Liquidity risk

The charity seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

A managed risk is the timing and advance funding of expenditure to provide charitable services, and the subsequent receipts principally from the MoD. Significant additional service requirements have to be funded initially from operational cash reserves before the receipts from the MoD are obtained.

Currency risk

Forward exchange contracts are used to manage currency fluctuations on purchases in foreign currency by entering into a forward exchange contract to match the future foreign currency commitment when due.

Interest rate risk

The charity places cash on deposit on a medium term basis of up to 12 months at fixed interest rates. Before placing deposits, the financial stability of the relevant banks is reviewed, to ensure that any risk to the funds is minimised.

Credit risk

The charity's trade debtors represent amounts due from the MoD. In order to manage credit risk and to ensure prompt payment we have built up a strong relationship with the MoD and maintain regular contact with them throughout the period between the issue of invoices and the receipt of payments, resolving any issues or queries that may arise in the meantime.

Structure, governance and management

Charity Status

The charity is a company limited by guarantee (company number 00407270) and is registered as a charity (charity number 00233480). Members of the organisation guarantee to contribute an amount not exceeding £1 each to the assets of the organisation in the event of a winding up. The total number of such guarantees at 31 March 2018 was 10 (2017: 10).

Our Aims and Objectives

Our charity's aims, as described in the Memorandum and Articles of Association, are to promote the efficiency of HM Armed Forces through the provision of services related to entertainment, information, education, welfare and training. These aims have been developed further in the update of the Memorandum and Articles of Association as at September 2017, adding to advance the education of the Armed Forces Community for the benefit of the public, where the 'Armed Forces Community' comprises current service personnel, reservists, cadets, veterans, service leavers and civilians who work in direct support of the UK military.

Ensuring our work delivers our aims

Our activities are subject to continual review throughout the year by both the Board of Trustees and the Executive Team. This review process helps us to ensure that all our activities remain focused on our stated aims and objectives.

In this context the Board of Trustees can confirm that they have complied with their duty under section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in planning and implementing all the activities of the charity.

Organisation

A Board of Trustees, which meets six times a year, administers the charity. There are sub-committees covering investment, audit, remuneration, Board and Senior Management nominations and the distribution of charitable funds:

- investment committee - meets regularly during the year. At each Board meeting, it reports to the Board on the performance of investments
- audit committee - meets during the audit process each year, and on further occasions as required
- remuneration committee - meets to determine senior staff remuneration at least once a year
- nominations committee - meets no less than once a year to recommend any alterations to the Board that are deemed necessary and to appoint Senior Management
- welfare fund committee - meets as and when required to deal with requests received and reports to the Board at each Board meeting.

A Chief Executive is appointed by the Board to manage the day-to-day operations of the Charity. The other members of the Executive Team (see page 37) assist the Chief Executive.

Directors

All members of the Board are directors for the purposes of company law and trustees for the purposes of charity law. All Trustees served throughout the year, except as noted below.

The Trustees are elected by the existing Board, which may, at any time, co-opt any person duly qualified to be appointed, as a member of the Board to fill a vacancy in their number. All proposed appointments are subject to approval by the Board. The Board shall include individuals who have held commissioned rank in the Forces and civilians with relevant business experience. The total members of the Board must number between 3 and 13.

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Excluding the Chair, from time to time, each Trustee shall retire from office at the third annual general meeting following the commencement of his or her term of office. Retiring Trustees may be reappointed.

The membership of the Board is set out below:

Air Vice-Marshall Andrew Vallance - chairman of the Charity, chairman of remuneration and nomination committees

Howard Perlin - vice chairman of the Charity, chairman of audit committee, and member of remuneration, investment and nomination committees

Captain Graham Robinson RN - chairman of investment committee and member of welfare fund committee

Tony Hales – member of audit, investment, nomination and remuneration committees

Major General Chris Wilson – chairman of welfare fund committee and member of investment and audit committees

Mark Browning

Rear Admiral Anthony Rix

Deborah Loudon – member of remuneration committee

Stephen Mitchell – appointed 5 September 2017

Helen Depree – appointed 4 September 2018

Air Cdre Ian Tolfts – appointed 4 September 2018

Maggie Carver – member of the nomination and audit committees - resigned 29 September 2018

Stewart Purvis – resigned 29 June 2017

Trustee training and induction

All new Trustees undertake an induction programme on joining the Board. The aim of this programme is to introduce new trustees to the Charity's objectives, operations and governance arrangements. The induction programme includes a pre-appointment pack, meetings with senior management, a visit to the principal facility, presentations on key financial and operational areas and relevant documentation. Trustees are regularly updated on changes to charity and company law as well as changes to other legislation which have an impact on the Charity. Trustees are expected to remain updated with charity best practice.

Grants

A sub-committee exists to review applications for grants from the Forces. The review process includes ensuring that the provision of each grant is within the terms of the charitable objectives of the charity.

The charity continues to actively promote its welfare fund to the Forces by regular communication to the Directorates of Corporate Communications (DCCs) for each service, direct communication with the Forces via the charity's website and promotional features on BFBS radio and the main BFBS television channel.

Grants are awarded to units of the Forces in respect of worthy causes associated with education, training, welfare and entertainment needs. The welfare fund committee meets as and when required to deal with applications received and reports to the Board at each Board meeting. The Chief Executive and Director of Finance are authorised to approve individual grants with a value of less than £10,000, whilst the welfare fund committee is authorised to approve grants with a value of less than £50,000. Individual grants in excess of this value are approved by the Board. Grants are approved if the purpose is considered to be a worthy cause and is within the terms of the objectives of the charity. During the financial year, 29 applications for grants were received, all of which were either partially or fully awarded. The average value of grants made during the year was £10,176.

Principal funding sources

The charity is principally funded through contracts with the MoD.

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Employee involvement

The charity has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the charity. This is achieved through briefings by the Chief Executive and his senior staff, staff association meetings and all-staff town meetings.

Disabled workers

It is the charity's policy to follow the Government's guidelines on the employment of disabled workers as far as it is possible.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Services Sound and Vision Corporation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as each of the Trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charity receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



Air Vice-Marshal Andrew Vallance
Trustee

Date: 6 December 2018

Independent auditor's report to the members of The Services Sound and Vision Corporation

Opinion

We have audited the financial statements of The Services Sound and Vision Corporation (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to going concern

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

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

Independent auditor's report to the members of The Services Sound and Vision Corporation

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board of Trustees, set out on pages 1 to 11 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report included in the Report of the Board of Trustees.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of The Services Sound and Vision Corporation

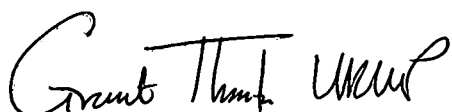
In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

A further description of our 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 our auditor's report.



Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

Reading

Date: 12 DECEMBER 2018

The Services Sound and Vision Corporation

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2018

	Note	2018	2017
		£'000	£'000
Incoming resources			
Investment income	5	728	650
Voluntary income	1	296	246
Incoming resources from charitable activities	1	<u>24,992</u>	<u>23,843</u>
Total incoming resources		26,016	24,739
Resources expended			
Investment management costs		(134)	(93)
Costs in respect of charitable activities	2	<u>(23,880)</u>	<u>(24,477)</u>
Governance costs	2	<u>(208)</u>	<u>(207)</u>
Total resources expended		(24,222)	(24,777)
Operating surplus/(deficit) before other recognised gains and losses		<u>1,794</u>	<u>(38)</u>
Other recognised (losses)/gains:			
Fair value movements on foreign currency forward contracts	12	(1,511)	772
Unrealised (loss)/gain on investments	8	(509)	3,217
Actuarial loss on defined benefit pension scheme	13	<u>(6,248)</u>	<u>(1,558)</u>
Total other recognised (losses)gains		(8,268)	2,431
Net movement in funds		<u>(6,474)</u>	<u>2,393</u>
Reconciliation of funds:			
Total funds brought forward		<u>40,975</u>	<u>38,582</u>
Total funds carried forward		<u>34,501</u>	<u>40,975</u>

The Statement of financial activities includes all gains and losses recognised in the year.

All funds are unrestricted.

All operations are classed as continuing.

The accounting policies and notes on pages 18 to 35 form an integral part of these financial statements

The Services Sound and Vision Corporation


Balance Sheet

For the year ended 31 March 2018

	Note	2018	2017
		£'000	£'000
Fixed assets			
Tangible assets	7	7,190	7,728
Investments	8	23,970	17,087
		<u>31,160</u>	<u>24,815</u>
Current assets			
Debtors	9	5,100	6,679
Investments – bank deposits		3,474	13,912
Cash at bank and in hand		1,302	956
		<u>9,876</u>	<u>21,547</u>
Creditors: amounts falling due within one year	10	<u>(6,535)</u>	<u>(5,387)</u>
Net current assets		<u>3,341</u>	<u>16,160</u>
Total assets less total liabilities excluding pension scheme asset		<u>34,501</u>	<u>40,975</u>
Pension asset	13	-	-
Total assets less total liabilities including pension scheme asset		<u>34,501</u>	<u>40,975</u>
Funds of the charity			
Total Unrestricted charitable funds	12	<u>34,501</u>	<u>40,975</u>

All funds are unrestricted.

The financial statements were approved by the Board on 6 December 2018


Air Vice-Marshal Andrew Vallance
Trustee

Charity no: 00233480
Company no: 00407270

The accounting policies and notes on pages 18 to 35 form an integral part of these financial statements

The Services Sound and Vision Corporation

Cash Flow Statement

For the year ended 31 March 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Operating surplus	1,794	153
Adjustments for:		
Depreciation of tangible assets	1,583	1,678
Impairment of tangible assets	-	191
Profit on disposal of tangible assets	(16)	(57)
Profit on disposal of investments	(25)	(10)
Interest income	(23)	(22)
Dividends received	(705)	(628)
Decrease (increase) in debtors	649	(1,926)
Increase in creditors	546	1,178
Movement related to defined benefit pension scheme	(6,248)	(1,550)
Net cash used in operating activities	(2,445)	(1,183)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,424)	(966)
Sale of tangible fixed assets	416	503
Purchase of investments	(7,392)	(633)
Sale of investments	-	12,214
Sale of deposits	10,463	-
Purchase of deposits	-	(10,573)
Interest income	23	22
Dividends received	705	628
Net cash generated from investing activities	2,791	1,925
Net increase in cash and cash equivalents	346	11
Cash and cash equivalents at beginning of year	956	945
Cash and cash equivalents at the end of year	1,303	956
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,302	956

The accounting policies and notes on pages 18 to 35 form an integral part of these financial statements

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2018

Accounting convention

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity has not prepared consolidated accounts on the grounds that its subsidiary undertaking is immaterial to the charity and group's overall results. Please see further details of this subsidiary in note 14.

The principal accounting policies for the charitable company are set out below.

Going concern

After reviewing the charity's forecasts and their accompanying risks the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and as a result they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Functional and presentational currency

The functional and presentational currency of the charity is Pound Sterling (£). This is the currency of the primary economic environment in which the charity operates.

Significant judgements and estimates

Preparation of the financial statements requires the Trustees to make significant judgements, estimates and assumptions about the carrying values of assets and liabilities not readily apparent from other sources. The key judgements and sources of estimation that have a significant effect on the amounts recognised in the financial statements include:

Revenue recognition

The charity receives monthly fees for the provision of broadcasting services. Revenue receipts and deferred income are accounted for in accordance with FRS 102 with, for example, any receipts for work not yet performed being treated as deferred revenue as estimated by management.

Useful economic lives of operational fixed assets

As explained further within the tangible fixed assets policy – buildings, plant, machinery and vehicles held by the charity are depreciated from acquisition based on their useful economic life, so as to write-off the cost of the asset less any residual value (if any). Judgement is required to assess the length of this life, and this is evaluated based on past experience, asset classification and condition reviews. Depreciation rates for classes of assets are reviewed annually, to ensure they remain appropriate with reference to external and internal factors, including the level of proceeds (and resulting profit/losses) recognised on disposal of such items.

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2018

Accounting for defined benefit pension scheme

Judgements and estimates are made, using actuarial guidance, regarding key assumptions in the valuing of scheme assets and liabilities, and in recognising a scheme asset at entity level.

Valuation of foreign currency forward contracts

Foreign currency forward contracts are fair valued using observable forward exchange rates corresponding to the maturity of the contract, as judged by management depending on materiality of the transactions.

Incoming resources and revenue recognition

Income recognition

Income is recognised as the applicable services are provided and costs are recognised as incurred. Deferred income represents income received for which the applicable service has not yet been provided.

Activities in furtherance of the charity's objects represent the total amount receivable by the charity, excluding VAT, in the ordinary course of business for goods supplied and for services provided in broadcasting, electrical retailing, film library facilities, live entertainment and related services.

Investment income

Investment income comprises interest receivable on short-term deposits and all investment income from fixed asset investments including reinvested income.

Voluntary income

Voluntary income is accounted for when the charity has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt.

Resources expended

Liabilities are recognised as resources expended as soon as the charity has a legal or constructive obligation committing the charity to the expenditure. Resources expended are included in the Statement of Financial Activities ("SOFA") on the accruals basis, inclusive of any VAT which cannot be recovered. Resources expended under charitable activities include all costs incurred by the charity in the delivery of goods and services directed at the achievement of its charitable objectives. These are disclosed in further detail in note 2 to the financial statements.

Grants made

Grants are expensed to the Statement of Financial Activities on the accruals basis and when specifically authorised.

Investment management costs

Resources expended under investment management costs are recognised on the accruals basis.

Governance costs

Resources incurred under governance costs include all specific costs of governance arrangements relating to the charity and are recognised on the accruals basis.

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2018

Tangible fixed assets and depreciation

Individual fixed assets costing greater than £500 are capitalised at cost.

Depreciation is calculated to write down the cost of all tangible fixed assets by equal instalments over their useful lives. The periods generally applicable are:

Leasehold premises	- Length of lease
Equipment	- Between 3 and 10 years

Assets in the course of construction are not depreciated.

Equipment costs which are not financed by current year income from the MoD are capitalised at cost.

Depreciation on assets is applied from the date the asset becomes available for use.

Investments

Investments are included at market values provided by the fund managers at the balance sheet date. All gains and losses, whether realised or unrealised, are included in the Statement of Financial Activities.

The charity also holds short term deposits for the purpose of liquidating into cash if the need arises, and these are included at market value. Such short term deposits are considered liquid resources by the charity.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Prepayments are value at the amount prepaid net of any trade discounts. Accrued income represents income receivable in respect of services provided.

Cash and liquid assets

Cash at bank and cash holdings within the investment portfolio includes cash and short-term highly liquid investments with an original maturity date of three months or less.

The Trustees consider both cash held within its own bank accounts and balances held by our Investment Managers when considering the liquidity of the charity.

Financial instruments

The charity recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The charity's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2018

significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the SOFA. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Fair value through profit and loss

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial liabilities

The charity classifies all of its financial liabilities as liabilities at amortised cost.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment.

Liabilities

Liabilities are recognised when there is a legal and constructive obligation committing the charity to the expenditure. Creditors and provisions are normally recognised at their settlement amount after allowing for trade discounts due.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities in foreign currencies are translated at the rates ruling at the date of acquisition, or average rate if not materially different. Exchange differences are dealt with in the SOFA. Exchange gains and losses are allocated to the appropriate income or expenditure category.

Operating lease commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2018

Defined benefit pension benefits

The charity has a defined benefit pension scheme which is accounted for in accordance with FRS 102. The charity measures the net defined benefit liability for its obligations under defined benefit plans at the net total of the following amounts:

- the present value of its obligation under defined benefit plans (its defined benefit obligation) at the reporting date; minus
- the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled.

The charity measures its defined benefit obligation on a discounted present value basis. The charity determines the rate used to discount the future payments by reference to market yields at the reporting date on high quality corporate bonds.

The charity uses the projected unit credit method to measure its defined benefit obligation and the related expense.

The charity only recognises a plan surplus as a defined benefit plan asset to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The charity recognises the cost of a defined benefit plan as follows:

- the change in the net defined benefit liability arising from employee service rendered during the period in the statement of financial activity;
- net interest on the net defined benefit liability during the reporting period in statement of financial activity;
- plan introductions, benefit changes, curtailments and settlements in statement of financial activity; and
- remeasurement of the net defined benefit liability in other comprehensive income.

The net interest on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate, both as at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Interest income on plan assets, excluding the effect of any surplus that is not recoverable, is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate both as determined at the start of the annual reporting period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The difference between the interest income on plan assets and the return on plan assets is included in the remeasurement of the defined benefit liability.

Remeasurement of the net defined benefit liability comprises:

- actuarial gains and losses; and
- the return on plan assets, excluding amounts included in net interest on the defined benefit liability.

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2018

Defined contribution pension scheme

The charity recognises the contribution payable for a period;

- as a liability, after deducting any amount already paid.
- as an expense, unless another section of this FRS requires the cost to be recognised as part of the cost of an asset such as inventories or property, plant and equipment.

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Taxation

As a registered charity, income and capital gains of the charity are generally exempt from tax if applied for charitable purposes.

Forward currency contracts

Foreign currency forward contracts are used to manage currency fluctuations on purchases in foreign currency by entering into a foreign currency forward contract to match the future foreign currency commitment when due.

These are recognised at fair value using a valuation technique with any gains or losses being reported in the SOFA. Outstanding foreign currency forward contracts at the reporting date are included within debtors or creditors on the Balance sheet depending on the year end position.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income and expenditure account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

1 Incoming resources

1.1 Incoming resources from charitable activities

The income for the year was attributable to the charity's objects as described in its Memorandum of Association.

Incoming resources receivable from charitable trading activities during the year were as follows:

	2018 £'000	2017 £'000
Incoming resources from charitable activities	<u>24,992</u>	<u>23,843</u>

The majority of the income resulted from activities delivered overseas.

During the period, the charity had contracts with the MoD for the provision of television, radio, training and film distribution services. These activities accounted for approximately 89% (2017: 91%) of the total income for the year.

Services and supplies provided to the Forces on operations or stationed overseas, but not under contract to the MoD, include the operation and management of 14 Forces cinemas (2017: 14) located in Germany, Cyprus, The Falkland Islands and the United Kingdom.

1.2 Voluntary Income

Voluntary income recognised by the charity relates to a gift aid donation from SSVB Broadcasting Limited, the charity's subsidiary undertaking.

2 Resources expended

Resources expended in:	Grants £'000	Direct costs £'000	Support costs £'000	2018 Total £'000	2017 Total £'000
Costs paid to external parties in respect of charitable activities	-	20,276	3,309	23,585	24,304
External grants made in respect of specific requests (note 4)	<u>295</u>	<u>-</u>	<u>-</u>	<u>295</u>	<u>173</u>
	<u>295</u>	<u>20,276</u>	<u>3,309</u>	<u>23,880</u>	<u>24,477</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

Resources expended (continued)

Support costs were incurred as follows:

	2018 £'000	2017 £'000
Staff costs	1,471	1,352
Depreciation	41	42
Other support costs	1,797	1,883
	<u>3,309</u>	<u>3,277</u>

Resources expended in Governance costs

Governance costs total £208,514 (2017: £207,216) and include £164,322 (2017: £167,535) in respect of a proportion of senior management remuneration.

Net incoming resources

Net incoming resources is stated after charging/(crediting):

	2018 £'000	2017 £'000
Auditor's remuneration		
- Fees payable for the audit of the charity's annual accounts	30	30
- Fees payable for taxation compliance services	2	2
Depreciation of owned fixed assets (excluding buildings)	1,554	1,631
Impairment of fixed tangible assets	-	191
Depreciation of buildings	29	48
Hire of plant and machinery	37	36
Other operating leases	391	350
Foreign exchange (gain)/loss	(539)	(358)
Profit on disposal of tangible fixed assets	(16)	(57)
Profit on disposal of investments	-	(10)
Trustee and employee costs (see note 3)	<u>9,967</u>	<u>9,526</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

3 Trustees and employees

The average number of employees of the charity during the year and their aggregate emoluments are shown below:

	2018 £'000	2017 £'000
Wages and salaries	8,295	7,959
Social security costs	817	734
Defined contribution pension costs	855	832
Pension current service costs (note 13)	-	1
	<u>9,967</u>	<u>9,526</u>

The average number of employees of the charity during the year was 211 (2017: 213).

	2018 Number	2017 Number
Activities in furtherance of the charity's objects	202	204
Management and administration	<u>9</u>	<u>9</u>
	<u>211</u>	<u>213</u>

The remuneration of the Chief Executive and the Executive Management is set by the Remuneration Committee of the Board of Trustees, which consists solely of non-executive Trustees.

No Trustees or persons with a family or business connection with a Trustee, received remuneration or benefits in the year, directly or indirectly, from the charity. An amount of £2,341 for expenses (2017: £1,237) was reimbursed to 4 Trustees (2017: 4).

The emoluments of higher-paid employees fell within the following ranges:

	2018	2017
£60,001 - £70,000	3	3
£70,001 - £80,000	2	-
£80,001 - £90,000	1	1
£90,001 - £100,000	2	2
£100,001 - £110,000	2	2
£110,001 - £120,000	-	-
£120,001 - £130,000	3	2
£130,001 - £140,000	<u>1</u>	<u>2</u>

Contributions totalling £81,188 (2017: £73,413) were paid in respect of 14 (2017: 12) higher paid employees in the year relating to the defined contribution scheme.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

Trustees and employees (continued)

The Trustees consider key management personnel to comprise the members of the Senior Management Team. The total employment benefits, including employer pension contributions of the Senior Management Team were £713,093 (2017: £710,746).

4 Grant payments

External grants have been made to the following institutions during the year, in pursuance of the charity's objectives:

	2018 £'000	2017 £'000
Royal Navy	3	11
Combined Services Sports	66	63
Big Salute	35	-
Radios	54	-
Live entertainment	92	34
Other grants made to the Forces	45	65
	<u>295</u>	<u>173</u>

5 Investment income

	2018 £'000	2017 £'000
Interest receivable on short term deposits	23	22
Dividends and interest receivable from fixed asset investments	<u>705</u>	<u>628</u>
	<u>728</u>	<u>650</u>

6 Interest payable

	2018 £'000	2017 £'000
Interest on pension scheme liabilities (note 13)	<u>2,141</u>	<u>2,419</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

7 Tangible fixed assets

	Leasehold long-term	Leasehold short-term	Equipment	Assets under the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2017	154	6	12,812	937	13,909
Additions	-	-	44	1,380	1,424
Disposals	-	-	(77)	(379)	(456)
Transfers	-	-	1,345	(1,345)	-
At 31 March 2018	154	6	14,124	593	14,877
Depreciation					
At 1 April 2017	57	-	6,118	-	6,181
Provided in the year	29	-	1,554	-	1,583
Disposals	-	-	(77)	-	(77)
At 31 March 2018	86	6	7,595	-	7,687
Net book amount at 31 March 2018	68	-	6,529	593	7,190
Net book amount at 31 March 2017	97	-	6,694	937	7,728

8 Investments

	2018 £'000	2017 £'000
At 1 April 2017	17,087	25,440
Additions	7,392	633
Disposals	-	(12,204)
(Decrease) / Increase in market value	(509)	3,218
At 31 March 2018	23,970	17,087
Investments are analysed further as:		
UK equities (listed)	16,381	11,668
Overseas equities (listed)	7,468	5,337
Fixed interest and cash	121	82
	23,970	17,087

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

Investments (continued)

Listed investments are valued at their bid price as at the balance sheet date.

If the investments had not been revalued, they would have been included on the historical cost basis at the following amount:

	2018 £'000	2017 £'000
Cost	<u>14,223</u>	<u>6,831</u>

9 Debtors

	2018 £'000	2017 £'000
Trade debtors	3,524	4,622
Amounts owed by subsidiary (note 18)	227	146
Other debtors	16	10
Prepayments and accrued income	1,333	994
Fair value of foreign currency forward contracts	-	908
	<u>5,100</u>	<u>6,679</u>

10 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	1,789	1,392
Social security and other taxes	783	686
Other creditors	103	114
Accruals and deferred income	3,175	3,129
Contribution owed to defined contribution pension scheme	82	65
	<u>6,535</u>	<u>5,386</u>

Deferred incoming resources are recognised when the applicable service has been provided. The movement in deferred income is analysed below:

	£'000
Deferred income at 1 April 2017	1,850
Amounts recognised in the current year	(1,143)
Amounts deferred in the current year	1,288
Deferred income at 31 March 2018	<u>1,995</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

11 Financial instruments

	2018 £'000	2017 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	23,970	17,995
Financial assets that are debt instruments measured at amortised cost	8,559	19,636
	<u>32,529</u>	<u>37,631</u>
Financial Liabilities		
Financial liabilities measured at fair value through profit or loss	(603)	-
Financial liabilities measured at amortised cost	(3,221)	(5,387)
	<u>(3,824)</u>	<u>(5,387)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by the subsidiary undertaking.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to the subsidiary undertaking.

Financial assets/(liabilities) measured at fair value are listed investments and foreign currency forward contracts. Listed investments are stated at their mid-market values as at the balance sheet date. The foreign currency forward contracts have been fair valued using observable forward exchange rates corresponding to the maturity of the contract.

12 Unrestricted funds

	Income and expenditure £'000
At 1 April 2016	38,582
Deficit for year	(38)
Fair value movements on foreign currency forward contracts	772
Gain on investments	3,217
Actuarial loss relating to pension schemes	<u>(1,558)</u>
At 31 March 2017	40,975
Surplus for year	1,794
Fair value movements on foreign currency forward contracts	(1,511)
Loss on investments	(509)
Actuarial loss relating to pension schemes	<u>(6,248)</u>
At 31 March 2018	<u>34,501</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

13 Pensions and other post-retirement benefits

The charity has a defined benefit pension scheme in the United Kingdom, for the benefit of the employees. The assets of the scheme are administered by Trustees in a fund independent from the assets of the charity and invested directly on the advice of the independent professional investment manager. The assets of the scheme are held in a Managed Fund for whom the equity managers are Legal & General Investment Management Limited. The Fixed Interest Manager is Credit Suisse Asset Management Limited.

On 30 April 2009, the pension scheme was closed to further accrual to all members other than Active BFBS members. The present value of the asset arising from future service by current and future scheme members is approximately £nil at 31 March 2018 (2017: £nil). The surplus in the prior year was recoverable through reduced contributions in the future under the specific guidance as set out in FRS 102. The initial surplus as calculated under FRS 102 of £286,000 has been de-recognised down to a value of £nil at 31 March 2018 (2017: £18,217,000 had been de-recognised down to a value of £nil).

The treatment of pension costs in these financial statements is in accordance with the provisions of FRS 102.

The current service pension cost to the charity was £nil (2017: £1,000) as disclosed in note 3. The pension cost is assessed in accordance with the advice of an independent qualified actuary.

The employer's best estimate of contributions to be paid to the scheme in respect of the next accounting period is £nil.

The scheme is divided into two parts; a main scheme and a separate section representing the BFBS ex civil servants who joined the charity from the Ministry of Defence in 1983. The market value of the combined assets of the schemes as at 31 March 2018 amounted to £81,818,000 (2017: £105,764,000).

Pensions

During the year ended 31 March 2018, the charity paid no normal contributions to the scheme since there are no remaining Active ex-Ministry of Defence BFBS Members.

As the section of the scheme relating to ex-Ministry of Defence BFBS Members is closed to new entrants, the current service cost for members will increase as they approach retirement.

On 30 April 2009, the pension scheme was closed to further accrual to all members other than Active BFBS members. The present value of the liability arising from future service by current and future scheme members is approximately £nil at 31 March 2018. The surplus is therefore considered to be recoverable at this amount through reduced contributions in the future under the specific guidance as set out in FRS 102.

A buy-in of the pension scheme was concluded on 18 April 2017 with Aviva Life & Pensions UK Limited. The buy-in deal removed risk from the pension scheme through a bulk annuity purchase at a cost to SSSC, in excess of the value of the assets held in the scheme, of £5,521,303.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

Pensions and other post-retirement benefits (continued)

The fair value of the assets in the scheme and the expected long-term rate of return assumed are as follows:

	2018 £'000	2017 £'000
Bonds	81,818	95,188
Cash	-	10,576
Total market value of assets	81,818	105,764
Actuarial value of scheme liabilities	(81,532)	(87,547)
Net pension asset before de-recognition	286	18,217

The pension plans have not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

The amounts to be recognised in the SOFA for the year ended 31 March 2018 are as follows:

	2018 £'000	2017 £'000
Current service cost	-	1
Administrative expenses	(375)	252
Recognised in arriving at operating profit	(375)	253
Interest on pension scheme liabilities	2,141	2,419
Expected return on scheme assets	(2,141)	(2,419)
Total recognised in the profit and loss account	(375)	253

The amount included in the statement of total recognised gains and losses (included within the SOFA) is:

	2018 £'000	2017 £'000
Actual return less expected return on pension scheme assets	(27,824)	13,609
Expected less actual from expenses	(89)	(181)
Experience gains and losses arising on pension scheme liabilities	(1,130)	(159)
Change in assumptions underlying the present value of scheme liabilities	4,864	(14,816)
Change in non-recoverable surplus	17,931	(11)
Net actuarial loss recognised	(6,248)	(1,558)

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

Pensions and other post-retirement benefits (continued)

The main assumptions used by the actuary for the purpose of the FRS 102 valuation are detailed below:

	2018 %	2017 %
Rate of increase in salaries	n/a	2.85
Rate of increase for pension in payment: SSVC members		
RPI maximum 3%	2.55	2.55
RPI maximum 5%	3.20	3.25
RPI maximum 2.5%	2.20	2.25
CPI no maximum	2.30	2.35
Discount rate	2.60	2.50
Inflation – RPI assumption	3.30	3.35
Inflation – CPI assumption	2.30	2.35

The underlying mortality assumption is based upon the standard table known as the SAPS Lighter mortality table, with the CMI_2009 allowance for future improvements and a long term rate of improvement of 1.25% p.a. (2016: 1.25%).

The last full actuarial valuation was carried out for the Trustees of the Pension Fund as at 31 March 2018 and was used, updated for current membership data, by the actuary for the disclosure requirements of FRS 102 Section 28 'Employee Benefits' as at 31 March 2018.

Changes in the present value of the defined benefit obligations for the year ended 31 March 2018 are as follows:

	2018 £'000	2017 £'000
Present value of scheme obligations at beginning of year	87,547	74,238
Current service cost	-	1
Interest cost	2,141	2,419
Benefits paid	(3,795)	(4,086)
Gain on plan changes	(627)	-
Actuarial gains and losses	(3,734)	14,975
Present value of scheme obligations at end of year	81,532	87,547

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

Pensions and other post-retirement benefits (continued)

Changes in the fair value of the scheme assets for the year ended 31 March 2018 are as follows:

	2018 £'000	2017 £'000
Market value of scheme assets at beginning of year	105,764	92,452
Interest on plan assets excluding non-irrecoverable surplus	2,141	2,419
Return on assets, less interest included in SOFA	(27,824)	13,609
Benefits paid	(3,795)	(4,086)
Contributions paid by the charity	5,873	1,803
Admin expenses	(341)	(433)
Market value of scheme assets at end of year	<u>81,818</u>	<u>105,764</u>

14 Subsidiary undertaking

	2018 £	2017 £
Ordinary £1 shares	<u>2</u>	<u>2</u>

The subsidiary of the corporation, SSVB Broadcasting Limited, an entity incorporated in England and Wales, is wholly owned by the charity. The company traded as a provider of broadcast services during the year ended 31 March 2018. Its result for the year, was a net result of £nil (2017: £nil). Capital and reserves at 31 March 2018 were £2 (2017: £2). See note 18 for details of related party transactions.

15 Contingent liabilities

There are no contingent liabilities as of 31 March 2018 and 2017.

16 Leasing commitments

At 31 March 2018 the charity had future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts due:				
- within one year	369	344	76	59
- between one and five years	1,396	565	111	12
- greater than five years	2,171	-	-	-
	<u>3,936</u>	<u>909</u>	<u>187</u>	<u>168</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2018

17 Capital commitments

At 31 March 2018, the charity had capital commitments of £nil in relation to assets in the course of construction (2017: £nil).

18 Related party transactions

At 31 March 2018, a net amount of £226,764 (2017: £146,498) was due from SSVC Broadcasting Limited. A gift aid donation of £296,238 was made from SSVC Broadcasting Limited to the charity (2017: £245,880).

Costs of £39,881 were recharged to SSVC Broadcasting Limited during the year (2017: £19,956).

Transactions in respect of Trustees' expenses are disclosed in note 3.

The Services Sound and Vision Corporation

Trustees and Executive Management

**SSVC
BOARD OF TRUSTEES**

CHAIRMAN

Air Vice-Marshal Andrew Vallance CB OBE

VICE CHAIRMAN

Howard Perlin FCA

TRUSTEES

Captain Graham Robinson RN

Tony Hales CBE

Major General Chris Wilson CB CBE

Mark Browning

Rear Admiral Anthony Rix RN CB

Deborah Loudon

Stephen Mitchell

Air Cdre Ian Tolfts

Helen Depree

SECRETARY

David Hamilton FCA

LIFE VICE-PRESIDENTS

General Sir Geoffrey Howlett KBE MC

Lieutenant General Sir Roderick Cordy-Simpson KBE CB

Michael Andrae Hon. FCIM

The Services Sound and Vision Corporation

Trustees and Executive Management

EXECUTIVE MANAGEMENT

CHIEF EXECUTIVE

Simon Bucks

DIRECTOR OF FINANCE

David Hamilton FCA

DIRECTOR OF COMMERCIAL STRATEGY & TECHNOLOGY

Quentin Howard

DIRECTOR OF FORCES BROADCASTING & ENTERTAINMENT

Nicky Ness

DIRECTOR OF NEWS & FACTUAL

Mark Popescu

DIRECTOR OF TRAINING & DEFENCE RELATIONS

Alistair Halliday

DIRECTOR OF DIGITAL CONTENT

Adam Waters

DIRECTOR OF COMMUNICATIONS

Helen Rognaldsen

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