

Company Registration No: 1375941

**THE FOUNDATION FOR
CHRISTIAN COMMUNICATION LIMITED**

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER, 1998

REGISTERED CHARITY NUMBER 276286



THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Directors

Elected **R. F. H. Cowen, C.B.E. (Chairman)**
 The Hon. Mrs S. M. Cowen
 D. R. W. Silk, C.B.E., M.A.
 * **V. A. L. Powell, F.C.A.**
 Mrs L. G. Fox, J.P., D.L.
 J. R. Newton
 * **C. R. H. Rank**
 # * **G. B. Ackery, F.C.A., A.T.I.I.**

Appointed # **B. A. Allcott, B.A.**
 # **J. A. Cowling, F.C.A.**
 # **E. M. Shegog, M.A.**

(Committees : # Management ; * Audit)

Secretary J. A. Cowling, F.C.A.

Registered Office : Hillside Studios, Merry Hill Road, Bushey, Watford, WD2 1DR

Auditors : **Kidsons Impey**
 Spectrum House, 20-26 Cursitor Street, London, EC4A 1HY

Bankers : **National Westminster Bank plc**
 P.O. Box 241, 37 High Street, Bushey, Watford, WD2 1BQ

Solicitors : **Richards Butler**
 Beaufort House, 15 St. Botolph Street, London, EC2A 7EE
 Paisner & Co.
 Bouverie House, 154 Fleet Street, London, EC4A 2DQ

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS

The Directors who are also Charity Trustees present to the members of the Foundation their report and financial statements for the year ended 31st December, 1998.

Principal activities

The company is a registered charity and its principal activities are the production and distribution of television programmes and films, and the distribution of videos for Christian and educational purposes.

Surplus for the year

The surplus for the year is £23,256 (1997 deficit £4,005) which has been added to the general fund.

Year 2000

The Foundation is in the process of ensuring that its equipment and systems are year 2000 compliant. Currently, approximately 95% of equipment has been assessed and, of this 95% has been found to be compliant. The company's accounting systems and associated equipment have been assessed and are believed to be compliant, except for three PC's.

All equipment and systems found to be non-compliant will be replaced during the course of the year. The cost of such replacements is expected to be approximately £5,000.

The Trustees are confident that the Foundation will be ready for the year 2000, but note that it is impossible for any organisation to guarantee that it will be unaffected by the issue.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Trustees' Annual Report

The Foundation for Christian Communication Limited was established by the late Lord Rank with the objective of promoting the Christian faith through the making of films for public consumption. In order to achieve this aim, over the years the Foundation has developed relationships with the major broadcasting outlets in the UK.

For most of our history these outlets have been terrestrial television, comprising BBC, ITV and Channel Four. We have, however, kept pace with changes caused by the introduction of cable, satellite and Channel Five. In September 1999 The Media Trust is launching a new Community Channel, and we have been in active discussions with them and other charities to determine what opportunities may exist for CTVC within this new structure.

In developing strategies to achieve our aims we have worked with broadcasters at a variety of levels :-

- 1) Ideas for programmes researched and developed by the Foundation which are placed before Commissioning Editors for Religion seeking funding from the broadcaster concerned.
- 2) Ideas researched and developed by the Foundation which are offered to Commissioning Editors with a view to the Foundation co-producing in order to obtain rights for international television and international non-theatric sales.
- 3) Ideas from broadcasters which need help in terms of resources or finance which we believe further the aims and objectives of the Christian religion. Again, in these areas we also take rights for international and UK sales.
- 4) Other independent producers can approach the Foundation and, if the ideas are in line with our objectives, we are prepared to enter into a co-production in exchange for rights.

The co-production commitments made by the Foundation are basically of two kinds. The first is known in the Industry as a "below the line" contribution. This means that the Foundation's facilities and staff are committed to the project, but no cash costs are met. The second offer available is an injection of cash, which in some productions is the only help required. Normally, we find that a mix of these two contributions is the most frequently used.

In addition to the broadcast programmes, we recognise that the Christian faith can also be promoted through the making of videos which have no broadcast potential. Charities with a Christian basis and outlook are helped by the Foundation reducing the costs of the video and waiving any production fee, which is in essence the profit on the making of the video.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

The Foundation has had a satisfactory year, and during 1998 the Foundation has been involved in a number of broadcast programmes. We have monitored our performance by obtaining the viewing figures for each programme and accumulating the number of broadcast hours we have achieved. It is, of course, not possible to make anything other than a subjective judgement on the influence these programmes might have on the lives of UK citizens.

In 1998 the following programmes with Foundation involvement were transmitted :-

BBC-1

Heart of the Matter (50 minutes per episode)

- a) *The Full Bodyworks*
- b) *Up for it!*
- c) *Kidney Trouble*
- d) *No Kidding*
- e) *The Colour of Injustice*
- f) *One Brief Life*
- g) *The Drug's Race*
- h) *And Mistress Makes Three*
- i) *Old Wives' Tale*
- j) *Baby Love*
- k) *Big! A Matter of Fat*
- l) *The Game's Up*

Total hours BBC-1, 10 hours. Total viewers, 15.9 million.

In addition to the above transmissions, we are currently co-producing a 3 x 1 hour ***Everyman*** special with a working title of "*The Quest*", which will be completed by Easter 1999.

ITV

Journey to The Cross (1 x 30 minutes)

Back to Bethlehem (1 x 30 minutes)

Total hours ITV, 1 hour. Total viewers, 2 million.

We have completed a 4 x 30 minute life of Jesus entitled "***The Jesus File***". This will be transmitted in February/March 1999. We are also involved in a co-production with LWT which will explore, in 20 x 1 hour programmes, the centuries of the Christian Millennium. This series is due for transmission from Easter 1999 and will be presented by Melvyn Bragg.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

CHANNEL 4

Faith Hope and Clarity (4 x 30 mins)

Total hours Channel Four, 2 hours. Total viewers, 1 million.

Total hours transmitted across all channels 13 hours

Total viewing figures across all channels 18.9 million

In addition to our productions for television, we have also been able to assist a number of charitable groups to complete or begin videos, either for educational or fund-raising purposes.

Among our clients have been :

Methodist Homes for the Aged
United Trusts
Help the Hospices
St Edmundsbury Cathedral Re-building Appeal
Seventh Day Adventists

We continue to extend our work through the distribution of programmes in the international TV and video markets, whilst using every opportunity, particularly educational, within the UK.

The Foundation hires facilities to Hillside Studios Limited when they are not needed for Foundation projects. Hillside's clients include independent producers and broadcasters who use the facilities to make broadcast television programmes, conduct media training courses, make corporate videos and hold satellite conferences.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Statement of Directors responsibilities

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, and of the income and expenditure of the company for that period.

In preparing these financial statements we are required to:

- * select suitable accounting policies and apply them consistently
- * make reasonable and prudent judgements and estimates
- * state whether accounting standards have been followed, and give details of any departures
- * prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- * keeping proper accounting records
- * safeguarding the company's assets
- * taking reasonable steps for the prevention of fraud.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

CORPORATE GOVERNANCE

Appliance of the principles of the Combined Code

The Foundation seeks to comply with best practice with regard to corporate governance. The Trustees have reviewed the requirements of the Combined Code, as published by the London Stock Exchange. The principles of the Combined Code have been applied as follows:

The Board

The Board is responsible for leading and controlling the company. The board achieves this by:

- setting the long term strategic objectives of the Foundation, these being:
 - The promotion, by means of the exhibition of religious films, of the Christian religion, Christian principles, Christian religious education and the study of the history of the Christian faith.
 - The promotion of the Christian religion by any other lawful means.
- the annual preparation, approval and adoption of medium term business plans, which guide the Foundation's activities in the periods to which they relate;
- the annual preparation, approval and adoption of annual budgets, based on three year business plans;
- monitoring actual performance against budget and business plans;
- monitoring the results, key performance indicators and variances on a quarterly basis.

The Board meets twice a year.

The Board has delegated specific responsibilities to the Management Committee, which comprises two non-executive directors Mr. E. M. Shegog and Mr. G. B. Ackery, the Chief Executive, Mr. B. A. Allcott and the Finance Director, Mr. J. A. Cowling. The Committee meets monthly throughout the year. The purpose of the Committee is to ensure the business of the Foundation is conducted on a day to day basis within the limits delegated by the Board and in accordance with the policies and strategies prescribed by the Board. The Committee members report to the Board twice a year.

In the absence of market information the effectiveness of the Board can be measured by the performance of the Foundation in producing programmes of a religious nature and their propagation, all within the constraints of a limited annual income and a limited capital base.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Chairman and Chief Executive

The roles and responsibilities of the chairman (Mr R. F. H. Cowen) and Chief Executive (Mr. B. A. Allcott) are separate and are clearly distinguished.

Board balance

The Board comprises eleven directors. Two of the directors are Executive directors, seven are elected by the Rank Foundation and two are non-executive.

No one grouping of directors dominates the decision making of the Board and the directors consider that there is an adequate balance between the groupings.

The directors elected by the Rank Foundation are Mr R. F. H. Cowen, The Hon. Mrs S. M. Cowen, Mr V. A. L. Powell, Mr D. R. W. Silk, Mr J. R. Newton, Mrs L. G. Fox, Mr C. R. H. Rank, the executive directors are Mr B. A. Allcott and Mr. J. A. Cowling and the non-executive directors are Mr. E. M. Shegog and Mr. G. B. Ackery.

Supply of information

The Board receives detailed management accounts within 28 days of each quarter end. Additionally, the Finance Director provides a quarterly commentary on the results, explaining variances and highlighting key performance indicators.

Certain additional information is also provided to members of the Management Committee on a monthly basis.

Additionally, any further information and analysis required by any Board member is provided to them whenever they request it.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Appointments to the Board

Members of the Board are appointed either by the Rank Foundation or by the existing Board. There are no set procedures for appointing new members and to this extent, the Foundation does not comply with the requirements of the Combined Code.

Given the ability of the Rank Foundation to appoint Board directors and the Foundation's circumstances, the Board are satisfied that this non-compliance does not have a detrimental effect on the corporate governance of the Foundation.

Re-election

The members of the Board are required to be re-elected to the Board annually.

Directors' remuneration

The only directors to receive remuneration are the executive directors and the non-executive directors.

The remuneration of the executive directors is set by the Audit Committee, and approved by the Board. The remuneration policy is based inter alia on,

- Performance Considerations
- The Retail Price Index
- Market Forces

As noted above, executive directors remuneration is linked to performance via the annual pay review.

The non-executive directors' remuneration is set by the Board and is based on the number of days required to perform their duties.

The directors' emoluments are detailed in the accounts.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Internal control

The Board of Directors has overall responsibility for the Foundation's system of internal control and for monitoring the effectiveness of the controls.

It should be noted that any system of internal control can provide only reasonable, but not absolute, assurance against material mis-statement or loss.

The Foundation has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Within that structure, key aspects of the system of internal control are:

- The annual preparation of medium term business plans, incorporating annual operating and capital budgets, which are formally approved by the Board.
- Annually, the budget for the year, as set out in the medium term business plan, is revised to take account of changing circumstances and formally adopted and approved by the Board.
- Performance is monitored against budget, by way of monthly management accounts and a review of key performance indicators, with all significant variances being investigated.

Given the Foundation's size and nature of operations, the Board does not consider that an Internal Audit function is warranted.

As set out above, the Board is closely involved in the implementation of the internal controls. The Board has reviewed the operation of the internal controls and is satisfied that the key internal control functions operated effectively during 1998.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

The Audit Committee

The Audit committee comprises three elected directors, of which one is a non-executive director. The committee meets at least once a year. The purpose of the Committee is to create a formal conduit between the external auditors and the Board. It has the authority to appoint the external auditors and to fix their remuneration.

It also has the power to fix the salaries and expense allowances of the executive directors.

Committee members also advise as to the content and presentation of the annual report, so as to ensure that financial reporting requirements are met.

The purpose, functions and responsibilities of the Committee are clearly defined and where authority has been delegated to the Committee, the Board as a whole will not unreasonably withhold approval for the Committee's decision.

The members of the Audit Committee throughout 1998 were Mr. G. B. Ackery, Mr V. A. L. Powell and Mr C. R. H. Rank.

Statement of Compliance with the Code Provisions in the Combined Code

During 1998, the Foundation complied with the applicable requirements of the Combined Code except as stated below:

- The Foundation has no formal and transparent procedures for the appointment of new directors to the Board. It is to be noted that the Rank Foundation appoints all the Board and the Foundation has no power to compel the Rank Foundation to implement the procedures required under the Combined Code.
- The pension entitlements earned by the executive directors are not disclosed in the accounts. This information is not required to be disclosed by the Companies Act 1985 and the Board does not consider the expense of obtaining the information to be justified.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Directors

In accordance with the articles of the association, Messrs. B. A. Allcott, E. M. Shegog, and J. A. Cowling, will retire at the next meeting of the Council following the Annual General Meeting and offer themselves for re-election.

In accordance with the articles of association, Mr R. F. H. Cowen, The Hon. Mrs S. M. Cowen, Mr V. A. L. Powell, Mr D. R. W. Silk, Mr J. R. Newton, Mrs L. G. Fox, Mr C. R. H. Rank, and Mr. G. B. Ackery, retire at the forthcoming Annual General Meeting and offer themselves for re-election.

Share capital

The company is limited by guarantee and has no share capital. The liability of members is limited to £1 each in the event of the company being wound up.

Auditors

The auditors, Kidsons Impey, are eligible for re-appointment.

Staff

The Board of the Foundation wish to express their gratitude to the staff. Their continuing dedication and expertise are a vital ingredient in enabling the Foundation to fulfil its aims and objectives.

On behalf of the board.


R. F. H. Cowen
Chairman

23rd April, 1999

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

REGISTERED CHARITY NUMBER 276286

AUDITORS' REPORT

**Auditors' report to the members of
THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)**

We have audited the financial statements on pages 14 to 27 which have been prepared under the historical cost convention and the accounting policies set out on pages 18 to 20.

Respective responsibilities of directors and auditors

As described on page 6, the trustees, who are also the directors of The Foundation For Christian Communication Limited for the purposes of company law are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31st December, 1998 and of its resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

23rd April, 1999



Kidsons Impey
Registered Auditors
Chartered Accountants

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
AND INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31st December, 1998

	Note	1998 £	1997 £
Incoming Resources			
Grants received	2	1,955,000	1,990,000
Hire of studios and facilities		868,688	586,271
Contributions towards production costs		217,027	154,702
Broadcast fees		103,904	58,684
Sale of videos		26,217	27,856
Investment income		9,514	6,073
Net income of Trading subsidiary	5	57,581	63,740
Total Incoming Resources		<u>3,237,931</u>	<u>2,887,326</u>
Resources Expended	3		
Direct Charitable expenditure		945,278	794,880
Direct Charitable support expenditure		<u>1,866,199</u>	<u>1,692,113</u>
Direct Charitable expenditure		2,811,477	2,486,993
Management and administration		403,198	404,338
Total Resources Expended		<u>3,214,675</u>	<u>2,891,331</u>
Net Movement In Funds		23,256	(4,005)
Fund balances brought forward at 1 January, 1998		419,675	423,680
Fund balances carried forward at 31 December, 1998		<u>442,931</u>	<u>419,675</u>

All activities are classed as continuing. There were no acquisitions during the year.

A separate statement of total recognised gains and losses has not been prepared as there are no recognised gains and losses other than the surplus for the year.

The surplus dealt with in the financial statements of the Foundation was £23,256 (1997 deficit £4,005)

The notes on pages 18 to 27 form part of these accounts.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

BALANCE SHEETS

At 31st December, 1998

		Group		Foundation	
	Note	1998 £	1997 £	1998 £	1997 £
Fixed Assets					
Tangible assets	8	631,928	755,816	631,928	755,816
Shares in subsidiary undertaking	5	-	-	100	100
		<u>631,928</u>	<u>755,816</u>	<u>632,028</u>	<u>755,916</u>
Current Assets					
Stocks	10	43,965	67,932	40,415	66,820
Debtors	11	314,164	315,611	296,734	345,393
Cash at bank and in hand		<u>243,249</u>	<u>311,813</u>	<u>234,017</u>	<u>244,831</u>
		601,378	695,356	571,166	657,044
Creditors: Amounts falling due within one year	12	<u>(436,794)</u>	<u>(586,701)</u>	<u>(406,682)</u>	<u>(548,489)</u>
Net Current Assets		164,584	108,655	164,484	108,555
Total Assets Less Current Liabilities		<u>796,512</u>	<u>864,471</u>	<u>796,512</u>	<u>864,471</u>
Creditors: Amounts falling due over one year	13	<u>(353,581)</u>	<u>(444,796)</u>	<u>(353,581)</u>	<u>(444,796)</u>
		<u>442,931</u>	<u>419,675</u>	<u>442,931</u>	<u>419,675</u>
General Fund		<u>442,931</u>	<u>419,675</u>	<u>442,931</u>	<u>419,675</u>

The company is limited by guarantee not having a share capital.

The accounts on pages 14 to 27 were approved by the board of directors on 23rd April, 1999, and signed on its behalf by

G. B. Ackery)

) Directors

B. A. Allcott)

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT

At 31st December, 1998

	Note	1998 £	1997 £
Net cash inflow from operating activities	A	<u>289,584</u>	<u>524,501</u>
Returns on investment and servicing of finance			
Interest received		9,514	6,073
Interest element of finance lease payments		(24,395)	(22,262)
		<u>(14,881)</u>	<u>(16,189)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(201,197)	(187,944)
Receipts from sale of tangible fixed assets		21,100	12,545
		<u>(180,097)</u>	<u>(175,399)</u>
Financing			
Capital element of finance lease payments	D	(163,170)	(166,966)
(Decrease) / increase in cash		<u>(68,564)</u>	<u>165,947</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES ON CONSOLIDATED CASH FLOW STATEMENT

31st December, 1998

**A. Reconciliation of operating surplus / (deficit)
to net cash inflow from operating activities**

	1998	1997
	£	£
Net movement in funds	23,256	(4,005)
Investment income	(9,514)	(6,073)
Interest element of finance lease payments	24,395	22,262
	<hr/>	<hr/>
Operating surplus	38,137	12,184
Depreciation	315,178	341,918
Profit on sale of fixed assets	(11,192)	(9,892)
Decrease in stocks	23,967	62
Decrease in debtors	1,447	124,668
(Decrease) / increase in creditors	(77,953)	55,561
	<hr/>	<hr/>
Net cash inflow from operating activities	289,584	524,501

**B. Analysis of change in cash
during the year**

	1998	1997
	£	£
Balance at 31st December, 1997	311,813	145,866
Net cash (outflow) / inflow	(68,564)	165,947
Balance at 31st December, 1998	243,249	311,813

**C. Analysis of balances of cash
as shown in the balance sheet**

	1998	1997	Change in Year
	£	£	£
Cash at bank and in hand	243,249	311,813	(68,564)

D. Financing - Finance Leases

Balance at 31st December, 1997	218,947	190,829
New leases	0	195,084
Capital repayments	(163,170)	(166,966)
	<hr/>	<hr/>
Balance at 31st December, 1998	55,777	218,947

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998

1. ACCOUNTING POLICIES

Basis of accounting

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

The financial statements reflect the requirements of the revised Statement of Recommended Practice Accounting for Charities (SORP).

Basis of allocation of direct charitable expenditure, direct charitable support expenditure and management and administration expenditure.

Attributable overheads are allocated to departments. Where the facilities department provide staff directly for the production department, a transfer of salary costs has been made. The costs of providing staff meals are reallocated across the other departments based on the number of staff in that department. The garden is used by all departments and a transfer of attributable costs is made.

Direct charitable expenditure includes all costs relating to the production, acquisition and distribution departments.

Direct charitable support expenditure includes the net costs after allowing for the above transfers of the facilities garden and dining room departments.

Management and administration costs include salaries and related costs of the finance and administration department plus attributable overheads.

Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included to date is calculated on a basis to reflect the work carried out up to the year end by recording turnover and related costs as contract activity progresses. The excess of recorded turnover over progress payments received is shown as "Amounts recoverable under long term contracts" under debtors.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998
(continued)

Depreciation

Depreciation of fixed assets is calculated by reference to cost at rates estimated to write off the relevant assets over their expected useful lives, taking into account normal commercial and technical obsolescence.

The annual rates used are:

Plant and equipment	20% on cost
Motor vehicles	25% on cost
Fixtures and fittings	
Technical	15% on cost
Office	15% on cost
Dining room	20% on cost
Garden equipment	10% to 20% on cost

Property additions are written off as incurred because the Foundation occupies the property under a tenancy agreement from year to year, subject to a six month notice period.

Stock

Stock including work in progress is valued at the lower of cost and net realisable value taking into account a provision for depreciation and technical obsolescence as appropriate.

Pensions

The pensions charge to the income and expenditure account is based on the cost of providing pensions on a systematic basis over the periods benefiting from the scheme members' services. Any difference between the charge to the income and expenditure account and the contributions paid to the scheme is included, in the balance sheet, as an asset or liability.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998
(continued)

Finance Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Operating leases

The costs of operating leases are charged in the income and expenditure account over the period of the lease.

Basis of consolidation

The consolidated financial statements comprise The Foundation for Christian Communication Limited and its trading subsidiary, Hillside Studios Limited (the "Group"). The net income of Hillside Studios Limited, arising from non-charitable activities, is income received by the Foundation under covenant and is included in the Statement of Financial Activities. A summarised profit and loss account and balance sheet of Hillside Studios Limited is given in note 5.

2. GRANT RECEIVED

The grant is received from The Rank Foundation Limited, a registered charity, which has a close historical association with the company reflected in six common directorships. The Rank Foundation has confirmed its continued financial support at the basic level of £1,955,000 per annum for the next five years, and rent free accommodation.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998

(continued)

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

1998	Direct costs -					
	Productions	Salaries	Occupancy	Depreciation	Other	Total
	£	£	£	£	£	£
Direct charitable exp.	373,645	430,313	5,683	17,455	118,182	945,278
Direct charitable support exp.	-	1,048,507	62,007	264,909	490,776	1,866,199
Management & administration	-	315,467	9,253	32,813	45,665	403,198
	<u>373,645</u>	<u>1,794,287</u>	<u>76,943</u>	<u>315,177</u>	<u>654,623</u>	<u>3,214,675</u>

1997						
Direct charitable exp.	268,370	382,553	3,764	18,046	122,147	794,880
Direct charitable support exp.	-	1,057,853	43,566	292,398	298,296	1,692,113
Management & administration	-	305,251	5,493	31,474	62,120	404,338
	<u>268,370</u>	<u>1,745,657</u>	<u>52,823</u>	<u>341,918</u>	<u>482,563</u>	<u>2,891,331</u>

4. NET (INCOMING) / OUTGOING RESOURCES

1998
£

1997
£

Net (incoming) / outgoing resources are stated after charging:

Depreciation of tangible fixed assets	<u>315,178</u>	<u>341,918</u>
Hire of equipment	34,394	16,422
Finance lease interest	<u>24,395</u>	<u>22,262</u>
	<u>58,789</u>	<u>38,684</u>
Auditors' remuneration - audit	11,500	13,000
Auditors' remuneration - other	<u>2,174</u>	<u>3,000</u>
Indemnity insurance - Fidelity bond protecting the charity.	<u>520</u>	<u>518</u>
and after crediting:		
Profit on disposal of fixed assets	<u>(11,192)</u>	<u>(9,892)</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998

(continued)

5. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The charity has a wholly-owned trading subsidiary which is incorporated in the United Kingdom. The principal activities of Hillside Studios Limited are the making of video productions and the provision of training courses relating to television and radio.

All the profits of the company are paid to The Foundation For Christian Communication Limited under a deed of covenant.

A summary of the company's trading results for the year is shown below. Audited accounts have been filed with the Registrar of Companies.

Profit and Loss Account	1998	1997
	£	£
Turnover	1,169,941	812,289
Cost of sales	<u>(1,109,178)</u>	<u>(746,420)</u>
Gross profit	60,763	65,869
Administration expenses	<u>(3,182)</u>	<u>(2,129)</u>
Net Profit	57,581	63,740
Amount covenanted to the Foundation	<u>(57,581)</u>	<u>(63,740)</u>
	<u>Nil</u>	<u>Nil</u>

Summarised Balance Sheet

Current assets	231,441	322,948
Creditors : amounts falling due within one year	<u>(231,341)</u>	<u>(322,848)</u>
Net assets	<u>100</u>	<u>100</u>
Equity shareholders fund	<u>100</u>	<u>100</u>

The Foundation's investment in Hillside Studios Limited is 100 ordinary shares of £1 each, being the whole issued equity share capital of that company.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**31st December, 1998
(continued)**

	1998	1997
6. DIRECTORS AND EMPLOYEES		
Average number employed including executive directors	No	No
Direct charitable	7	8
Direct charitable support	35	36
Management & administration	9	10
Total	<u>51</u>	<u>54</u>
Staff costs including directors' emoluments	£	£
Wages and salaries	1,484,987	1,458,985
Social security costs	127,085	123,161
Other pension costs	182,216	163,511
	<u>1,794,288</u>	<u>1,745,657</u>
Directors' Emoluments		
Total	<u>223,338</u>	<u>197,813</u>
Pension Contributions	42,791	30,264
Emoluments excluding pension scheme contributions		
Chairman	NIL	NIL
B. A. Allcott	85,782	82,448
J. A. Cowling	74,765	71,767
G. B. Ackery	10,000	6,667
E. M. Shegog	10,000	6,667
 E. M. Shegog and G. B. Ackery are remunerated solely for the professional services they render to the Company and its subsidiary. (E. M. Shegog received £2,500 and the balance of his emoluments were paid to London Diocesan Fund).		
 The other 6 Directors received no remuneration.		
Reimbursement of expenses incurred in relation to duties as Trustees. (Payable to two Trustees)	<u>472</u>	<u>132</u>
The number of Directors who are entitled to pension benefits are	<u>2</u>	<u>2</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998
(continued)

6. DIRECTORS AND EMPLOYEES - continued	1998	1997
Employees Emoluments	No	No
Number of Staff earning £40,000 to £50,000	11	7
Number of Staff earning £50,000 to £60,000	2	2
Number of Staff earning £60,000 to £70,000	1	0

The above numbers exclude Directors.

7. PENSIONS

The company operates two pension schemes. The principal scheme covers 89% of the company's employees and is of the "defined benefit" type.

The pension cost relating to the principal scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of this scheme was at the 30th September, 1997. The most important actuarial assumptions used were that the annual return on investments exceeded the increase in pensionable earnings by 2%. The funds are invested in a with profit group deferred annuity contract with Eagle Star Life Assurance Company Limited.

At 30th September, 1997 the market value of the assets of the principal scheme was £ 2,867,000 and the actuarial value of the assets was sufficient to cover 104% of the accrued benefits allowing for expected future salary increases up to normal pension date.

The second scheme is a "defined contribution" scheme.

The pension charge for the period was £182,216 (1997 £163,511). This included a credit of £51,089 (1997 £51,089) in respect of the amortization of surpluses that are being recognised over 13 years, the average remaining service lives of employees.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998
(continued)

8. TANGIBLE FIXED ASSETS

Group and Foundation

Cost	As at 1st Jan-98 £	Additions £	Transfers £	Disposals £	As at 31st Dec-98 £
Short leasehold property	260,000	-	-	-	260,000
Plant and equipment	3,108,167	115,718	39,299	-	3,263,184
Progress payment	39,299	-	(39,299)	-	0
Furniture and fittings	414,058	29,472	-	(26,222)	417,308
Motor vehicles	161,957	56,007	-	(49,570)	168,394
	<u>3,983,481</u>	<u>201,197</u>	<u>-</u>	<u>(75,792)</u>	<u>4,108,886</u>

Depreciation	As at 1st Jan-98 £	Charged for the year £		Disposals £	As at 31st Dec-98 £
Short leasehold property	260,000	-	-	-	260,000
Plant and equipment	2,540,123	240,296	-	-	2,780,419
Furniture and fittings	339,737	39,724	-	(26,222)	353,239
Motor vehicles	87,805	35,158	-	(39,663)	83,300
	<u>3,227,665</u>	<u>315,178</u>	<u>-</u>	<u>(65,885)</u>	<u>3,476,958</u>

Net Book Value	<u>755,816</u>				<u>631,928</u>
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The net book value of tangible fixed assets includes £135,775 in respect of finance leases.

The depreciation charge includes £ 79,264 (1997 £ 147,132) in respect of assets held under finance leases.

No analysis can be provided between direct charitable usage, support activities, or management and administration functions as the assets are interchangeable.

9. FUTURE CAPITAL EXPENDITURE

	1998 £	1997 £
Contracted for	<u>20,315</u>	<u>20,000</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998
(continued)

	Group		Foundation	
	1998	1997	1998	1997
	£	£	£	£
10. STOCK				
Video cassettes and consumables	32,808	32,704	32,808	32,704
Work in progress - Facilities	11,157	35,228	7,607	34,116
	<u>43,965</u>	<u>67,932</u>	<u>40,415</u>	<u>66,820</u>

11. DEBTORS

Amounts recoverable under long term contracts	45,488	-	-	-
Trade debtors	214,344	267,876	52,443	47,138
Amount due from subsidiary undertaking	-	-	201,229	250,520
Prepayments and accrued income	26,273	28,833	26,273	28,833
Other debtors	28,059	18,902	16,789	18,902
	<u>314,164</u>	<u>315,611</u>	<u>296,734</u>	<u>345,393</u>

12. CREDITORS: amounts falling due within one year

Trade creditors	196,229	162,586	187,203	152,031
Other taxation and social security	82,768	93,196	69,524	73,663
Accruals and deferred income	113,776	129,228	105,934	121,104
Other creditors	3,897	38,521	3,897	38,521
Finance leases	40,124	163,170	40,124	163,170
	<u>436,794</u>	<u>586,701</u>	<u>406,682</u>	<u>548,489</u>

13. CREDITORS: amounts falling due over one year

Accruals and deferred income	337,928	389,019	337,928	389,019
Finance leases	15,653	55,777	15,653	55,777
	<u>353,581</u>	<u>444,796</u>	<u>353,581</u>	<u>444,796</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1998
(continued)

14. OBLIGATIONS UNDER FINANCE LEASES

Group and Foundation

Obligations under finance leases are repayable over varying periods by monthly and quarterly installments as follows :

	1998 £	1997 £
Within one year	40,124	163,170
Between one and five years	15,653	55,777
Over five years	-	-
	<u>55,777</u>	<u>218,947</u>

Finance Leases are analysed as follows:

Current obligations	40,124	163,170
Non-current obligations	15,653	55,777
	<u>55,777</u>	<u>218,947</u>

15. The company is limited by guarantee not having a share capital.