

**THE FOUNDATION FOR  
CHRISTIAN COMMUNICATION LIMITED**

**Company Registration No: 1375941**

**Registered Charity Number 276286**

**Directors' report and financial statements**

**for the year ended**

**31 December 2004**



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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**Directors**

		V. A. L. Powell, F.C.A. (Chairman)
# *		G. B. Ackery, F.C.A., A.T.I.I.
*		A. E. Cowen, A.R.I.C.S.
		Mrs L. G. Fox, J.P., D.L.
*		J. R. Newton
		F. A. R. Packard
		P. K. Reeve, B.A.
#		E. M. Shegog, M.A.
		D. R. W. Silk, C.B.E., M.A.

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<b>Company Secretary</b>	#	Mrs H. J. Casey	<b>Appointed</b>	<b>8 September 2004</b>
	#	J. A. Cowling, F.C.A.	<b>Retired</b>	<b>8 September 2004</b>

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**Chief Executive**      #      N. J. E. Stuart-Jones, B.A.

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**Finance Director**      #      P. O. Connolly      **Appointed**      **22 July 2004**

(Committees : # Management ; \* Audit)

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**Registered Office :**      Hillside, Merry Hill Road, Bushey, Watford, WD23 1DR

**Auditors :**      **Baker Tilly**  
2 Bloomsbury Street, London WC1B 3ST

**Bankers :**      **National Westminster Bank plc**  
P.O. Box 224, Stanmore, Middlesex, HA7 4XW

**Solicitors :**      **Richards Butler**  
Beaufort House, 15 St. Botolph Street, London, EC3A 7EE  
**Berwin Leighton Paisner**  
Adelaide House, London Bridge, London, EC4R 9HA

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors

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### Constitution

The company was established on the 29 June 1978 and is limited by guarantee. Its governing document is the Memorandum and Articles of Association as amended and adopted on the 11 December 2000, 16 December 2002 and 14 December 2004.

### Directors

The Directors who act as Trustees for the charitable activities of the Foundation, present to the members of the Foundation their report and financial statements for the year ended 31 December 2004.

### Charitable Objects and Principal Activities

The company is a registered charity and its principal activities are:

- The production and distribution of television and radio programmes, films and videos ,and media training for christian and educational purposes, in furtherance of:
- The advancement and promotion of the Christian religion and the advancement of Christian religious education of the public.
- To advance the public knowledge and understanding of the other historic world faiths with significant communities in the United Kingdom.
- To promote the understanding of the shared values, traditions and practices of the Christian faith and the faiths referred to above, and their application in a secular environment.
- To stimulate and motivate people to think about moral and spiritual issues in their every day lives.

The Foundation's activities are carried on under the name of C.T.V.C.

The Foundation has a commercial subsidiary (Hillside Studios Limited) whose principal activities are the making of video productions and the provision of training courses relating to television and radio.

### Review of the year

The Trustees' Annual Report provides a detailed review of the charitable activities of the company over the past year.

2004 continued the rationalisation and restructuring. Markets were analysed and in the light of these findings, strategies and staffing were re-assessed.

Hillside Studios Ltd has had another disappointing and difficult year and it has been decided to close the studios and relocate to Central London. As a result further redundancies will be made amongst the staff whose roles are exclusively linked to the Studios and grounds. Savings from the rationalisation will be re-directed towards project research and development and winning new business as The Foundation continues its expansion into Radio and the provision of Production Training.

### Deficit for the year

As a consequence of the decision to re-locate, provision for the expected costs have been made resulting in a deficit of £ 222,000 (2003 : deficit £ 35,000) which has been deducted from the general fund. The provisions made are for £ 303,000 staff costs, £ 30,000 re-location costs and £ 181,096, being the difference between net book value and the likely resale value of equipment no longer required.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors (continued)

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### Trustees' Annual Report

The Foundation for Christian Communication Limited, fulfils its charitable objects primarily by informing people about Christianity and christian values through broadcast programmes. Founded by the late Lord Rank, it is also involved in media training and educational projects which tie in with the religious aims of the charity.

2004 continued a programme of rationalisation and restructuring as the company developed its digital strategy taking into account the impact of the 2003 Communications Act, the three-phased review of the Public Service Broadcasting by the industry regulator "Ofcom", and the continued move towards digitisation by 2010, all of which amount to the most revolutionary period in the industry's history.

The future of religious broadcasting in Britain remains uncertain, but two recent reports have brought important insights into where that future might be. The Government's Green Paper on the future of the BBC supported the opening up of BBC air-time to independent programme producers. At present 25% of programmes on the main BBC television channels are ring-fenced for independents, it is planned to open up a further 25% to competition between BBC in-house departments, independent producers and foreign competition. Whilst the details of how this will work in practice is still being worked out, the clear indication is that there will be more opportunities for independents to get their programmes commissioned on the BBC.

Ofcom provided the second indication of where religious programming might be found in the future when it agreed to ITV cutting its religious output from two hours a week to one hour. Ofcom's review of Public Service Broadcasting which includes religious programming, concluded that in the changing commercial market of television, the commercial channels could not sustain the amount of overtly religious programming they had to make as part of their Public Service Broadcast remit.

More opportunity on the BBC, less on ITV seems to be the message being sent out, but whichever channel CTVC aims for, the challenge is to re-invent its programming to engage with religious, moral and ethical issues through new subjects and programme genres that work outside the traditional religious time slots, commanding better time-slots and delivering larger audiences.

In an effort to reposition the company in its core activities of T.V. and Radio Production and New Media / Education we had to take a long hard look at our operational cost base. A new business model for 2004 was put in place to grow the studio facilities and the communications training side of the company to stop them being a drain on core activities as they had been in recent years. Targets were set but not reached and so at the end of the year the decision was taken to close these departments, leave Hillside Studios and move to offices in Central London. The studios will close in March 2005, and CTVC Productions intend to move into their new offices in the summer of 2005.

Report Of The Directors  
(continued)

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**TV Production**

Despite ITV not commissioning new religious programmes for the last 8 months of 2004, whilst "Ofcom" decided what the future Public Service Broadcast requirements of the commercial broadcasters would be, CTVC production continued to strengthen. We won our first current affairs and prime-time slot with "Tonight With Trevor McDonald – Late Abortions and the Joanna Jepson Story", as well as delivering an audience of over one million for "Victim 0001", the story of Fr Mychal Judge, chaplain to the New York Fire Brigade who died in 9/11. This documentary won Britain's top religious broadcasting award, The Sandford St. Martin Award, and was also short listed for "Best International documentary" at the prestigious New York International Film Festival. Another highlight was "Don't Drop Baby Jesus", the story of a Nativity Play at a mixed race London Primary School. The programme was one of the "Picks of the Day" in several national newspapers and TV guides. Across the year CTVC had 19 ½ hours of programming broadcast on ITV and Channel 4, drawing a combined audience of 11 million.

**CTVC Radio**

Three documentaries have been commissioned by Radio 4 and one by The World Service, to be made and transmitted in 2005. It represents a major success for a company new to the world of Radio and included a "File on 4" commission, one of Radio 4's flagship programmes which regularly draws 1.5 million listeners. CTVC Radio was well supported by the Thursday night training group led by Revd. Eric Shegog and Harry Jacobs, CTVC's Head of Sound. This was the first time the group had embarked upon documentary making, and its programme following schoolchildren to the battlefields of Northern France, "Flanders Fieldtrip" broadcast on Remembrance Sunday on BBC Three Counties Radio, has been entered for a prestigious Sony Award by the BBC.

**New Media Education**

2004 saw the near completion of the first project CTVC has been involved with, "Learning From Religion", for the National Curriculum, Key Stage 3. It is a co-production with one of the educational interactive software market leaders, Immersive Education. It goes on sale in the Spring of 2005. Work is underway to prepare a new project with Immersive Education "Religion for Primary Schools" for Key Stage 1, which would be released in 2006.

**Videoschool**

Major advances were made with the production training project "Videoschool", aimed at teaching grassroots members of churches and church organisations how to make their own videos to aid worship, help fund raise, assist youth work etc. Over 100 people came on the 6 courses, inspiring students to work on projects raising awareness of Aid's Orphans in South Africa and the plight of schools in the areas hit by the Tsunami disaster in December. The growing popularity of the courses led to a joint Summer School with the YMCA at Hillside Studios helping to teach teenagers life skills such as teamwork and leadership through video production and print journalism courses.

Undoubtedly CTVC is now going through the largest change in its history as it says "goodbye" to its home of 40 years and returns to Central London. However, it returns leaner and more efficient and well placed to meet the challenges of the digital revolution. Its success in growing TV and Radio Production, in such a difficult time for Religious programming, combined with the growth of two new products linked to the new opportunities provided by the new digital technologies, interactive education products and production training on digital equipment to empower churches and charities in video production, gives CTVC an encouraging new start and a vision worthy of the Founder's ambition.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors (continued)

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### Hillside Studios Limited - Result for the Year

Turnover for the company was £ 709,055 (2003 : £ 745,041). Facility hire and dining room recoveries showed a reduction in revenue, while client production and training course revenue improved. The results are as reported in note 5.

### 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
- 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.

We confirm that the accounts comply with all statutory requirements, the requirements of the Memorandum and Articles of Association and the requirements of the Statement of Recommended Practice "Accounting and reporting by Charities" (SORP).

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors (continued)

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### 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. The principles of the Combined Code relevant to the Foundation 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.
- 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 three times a year.

It is to be noted that the Board is comprised solely of non-executive directors. The Board has not identified a senior independent director, as the board consider that, given the nature of their service, they are all independent, notwithstanding that many of the directors have served longer than nine years.

The Board has delegated specific responsibilities to the Management Committee, which comprises two non-executive directors The Rev. E. M. Shegog and Mr. G. B. Ackery, the Chief Executive, Mr. N. J. E. Stuart-Jones, the Company Secretary and the Finance Director.

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 three times 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

## Report Of The Directors (continued)

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### **Chairman and Chief Executive**

The roles and responsibilities of the chairman (Mr. V. A. L. Powell) and Chief Executive (Mr. N. J. E. Stuart-Jones) are separate and are clearly distinguished.

### **Board balance**

At the commencement of the year the Board comprised nine directors. Six were elected by the Rank Foundation, and the balance appointed by the Board.

The Rank Foundation Limited has the right to appoint a majority of the directors and to remove any directors it appoints. Any other directors can be appointed either by the Board or by the shareholders.

### **Supply of information**

The Board receives detailed management accounts within 28 days of each quarter end.

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

Minutes of the Management Committee are distributed to members of the Board.

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

### **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 a majority of the 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.

Mr. D.R.W. Silk who has been a director since 1991, will retire at the forthcoming annual general meeting and in line with the articles of association of the company, due to age will not be eligible for re-election. The board would like to thank him for his years of service and important contribution, we wish him well in his retirement.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors (continued)

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### **Directors' remuneration**

The 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.

### **Internal Control and Risk Management**

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:

- A tri-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.
- The Board receive quarterly accounts.

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 2004.

In addition the Board has confirmed that the major risks to which the charity is exposed, as identified by the Directors, have been reviewed and systems established to mitigate those risks.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors (continued)

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### **The Audit Committee**

The Audit committee presently comprises three directors and meets twice 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.

The auditors have reported to the committee on, inter alia, their independence and the procedures they undertake to maintain their independence. The committee has reviewed these in conjunction with the non-audit fees paid to the auditors and have satisfied themselves as to the auditors' continuing independence.

It also has the power to fix the salaries and expense allowances of the Chief Executive the Company Secretary and the Finance Director.

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 of the Committee's decision.

The members of the Audit Committee throughout 2004 were Mr. G. B. Ackery, Mr. A. E. Cowen, and Mr. J. R. Newton.

### **Going Concern**

In the light of the continued financial support of The Rank Foundation Limited (see note 2 to the accounts), the Directors are satisfied that The Foundation is a going concern.

### **Directors**

In accordance with the articles of association, the directors in office at that time will retire at the forthcoming Annual General Meeting and offer themselves for re-election.

The Directors who served during the year and subsequently are shown on page 1.

### **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.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report Of The Directors (continued)

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### Reserves Policy

The Foundation aims to achieve a balanced budget in the long term and retain sufficient reserves to meet its working capital requirements. The Directors consider the level of reserves as at the year end accords with that policy.

### Equal Opportunities

The Company is committed to equality of opportunity for any applicants and all staff, and will endeavour to ensure that no individuals are treated less favourably on the grounds of age, sex, sexual orientation, race, ethnic origin, nationality, marital status, religion or disability. This principle applies to recruitment, transfers, and procedures and all terms and conditions of employment. We also take account of government policy on the employment of people registered as disabled.

### Staff

The Board of the Foundation wish to express their gratitude to the staff for their continuing dedication and hard work during the course of the year. The Staff have accepted the necessity of the closure of Hillside Studios, and it is with particular sorrow and regret that sadly, many will not be continuing with the company into the future.

For those leaving us, we sincerely wish them well for the future, and for those who are moving to Central London we look forward to making the production company a success.

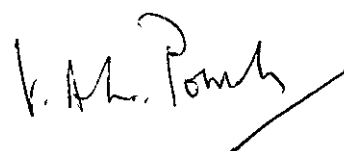
### Auditors

The auditors, Baker Tilly, are eligible for re-appointment.

On behalf of the board.

Hillside  
Merry Hill Road  
Bushey  
Watford  
WD23 1DR

21 April 2005



V. A. L. Powell  
Chairman

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Independent Auditors' report to the members of The Foundation For Christian Communication Limited

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We have audited the financial statements of Foundation for Christian Communication Ltd for the year ended 31 December 2004 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors who also act as the trustees for the charitable activities of the Foundation for Christian Communication Ltd, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors' and consider the implications for our report if we become aware of any apparent misstatements within it.


### Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 that 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 state of the affairs of the charitable company and its subsidiary as at 31 December 2004 and of their incoming resources and application of resources, including their income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Baker Tilly  
Chartered Accountants  
Registered Auditors  
2 Bloomsbury Street  
London WC1B 3ST  
21 April 2005

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Consolidated Statement of Financial Activities and Consolidated Income and Expenditure Account For the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Incoming Resources</b>			
<b>Grants</b>		1,800	1,925
<b>Activities in furtherance of the charity's objects</b>			
Contributions towards production costs		467	501
Broadcast fees		38	38
Sale of videos		-	6
		<u>505</u>	<u>545</u>
<b>Activities for generating funds - Hire of studios and facilities</b>		709	745
<b>Investment income</b>		7	7
		<u>3,021</u>	<u>3,222</u>
<b>Resources Expended</b>			
<b>Costs of generating funds - Studio and training costs</b>	3	602	638
<b>Net incoming resources available for charitable application</b>		<u>2,419</u>	<u>2,584</u>
<b>Costs of Charitable activities</b>	3		
Activities in furtherance of the Charity's objects		934	1,204
Support costs		796	762
Exceptional costs relating to re-organisation		514	175
Management and administration		397	478
		<u>2,641</u>	<u>2,619</u>
<b>Net movement in funds</b>		(222)	(35)
<b>Fund balances brought forward at 1 January 2004</b>		765	800
<b>Fund balances carried forward at 31 December 2004</b>		<u>543</u>	<u>765</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 deficit for the year.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Balance Sheets 31 December 2004

		Group		Foundation	
	Note	2004 £'000	2003 £'000	2004 £'000	2003 £'000
<b>Fixed Assets</b>					
Tangible assets	8	204	493	204	493
Shares in subsidiary undertaking	5	-	-	75	75
		<u>204</u>	<u>493</u>	<u>279</u>	<u>568</u>
<b>Current Assets</b>					
Stocks	10	1	17	1	17
Debtors	11	1,311	1,229	1,238	1,135
Cash at bank and in hand		<u>590</u>	<u>350</u>	<u>578</u>	<u>331</u>
		1,902	1,596	1,817	1,483
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,563)</u>	<u>(1,324)</u>	<u>(1,553)</u>	<u>(1,286)</u>
<b>Net Current Assets</b>		339	272	264	197
		<u>543</u>	<u>765</u>	<u>543</u>	<u>765</u>
<b>Creditors: Amounts falling due over one year</b>		-	-	-	-
<b>Total Assets Less Current Liabilities</b>		<u>543</u>	<u>765</u>	<u>543</u>	<u>765</u>
<b>General Fund</b>		<u>543</u>	<u>765</u>	<u>543</u>	<u>765</u>

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

The financial statements on pages 12 to 25 were approved by the board of directors on 21 April 2005, and signed on its behalf by

G. B. Ackery

) Directors

V. A. L. Powell

)

*V. A. L. Powell*

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED**

**Consolidated Cash Flow Statement  
31 December 2004**

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	A	<u>283</u>	<u>201</u>
Returns on investment and servicing of finance		<u>7</u>	<u>7</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(65)	(115)
Receipts from sale of tangible fixed assets		15	6
		<u>(50)</u>	<u>(109)</u>
Net cash Inflow before financing		240	99
Financing			
Debt due within one year			
Repayment of short term loan		<u>-</u>	<u>(90)</u>
		<u>-</u>	<u>(90)</u>
Increase in cash		<u>240</u>	<u>9</u>



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes On The Consolidated Cash Flow 31 December 2004

### A. Reconciliation of operating deficit to net cash Inflow from operating activities

	2004 £'000	2003 £'000
Net movement in funds	(222)	(35)
Investment income	<u>(7)</u>	<u>(7)</u>
Operating deficit	(229)	(42)
Depreciation	350	190
Profit on disposal of fixed assets	(11)	(2)
Decrease / (increase) in stocks	16	(5)
(Increase) / decrease in debtors	(82)	65
Increase / (decrease) in creditors	239	(5)
<b>Net cash inflow from operating activities</b>	<u><b>283</b></u>	<u><b>201</b></u>

### B. Analysis of change in net debt during the year

	2004 £'000	2003 £'000	Cashflow £'000
Cash at bank and in hand	590	350	240

### C. Reconciliation of net cash inflow to movement in net funds

	2004 £'000	2003 £'000
Increase in cashflow	240	9
Repayment of short term loans	<u>-</u>	<u>90</u>
	240	99
<b>Net funds as at 1 January 2004</b>	350	251
<b>Net funds as at 31 December 2004</b>	<u><b>590</b></u>	<u><b>350</b></u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004

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### 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 and the requirements of the Companies Act 1985.

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

#### **Recognition of Income and Expenditure**

Income is recognised on the accruals principle. Intangible income is not recognised in the consolidated statement of financial activities as the directors have no basis of valuation.

Expenditure is recognised on the accruals principle.

#### **Basis of allocation of costs of generating funds, costs of charitable objects, support and management and administration expenditure.**

#### **Generating funds**

Funds are generated by the commercial exploitation of excess studio capacity. The costs of generating such funds comprise all direct costs incurred and the relevant proportion of the costs of running the studios, which are allocated on the basis of standard rates, including relevant overheads.

#### **Activities in the furtherance of charity's objects**

Costs of activities in furtherance of the charity's objects includes all costs relating to the production, sale and distribution of religious programmes plus attributable overheads.

#### **Support costs**

Support costs comprise the costs of running the studios and associated facilities, less overheads allocated to generating funds and activities in the furtherance of the charity's objects. Overhead allocations are based on standard rates, based on the actual facility usage.

Exceptional costs relating to staffing are treated as support costs.

#### **Management and administration costs**

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

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

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### Basis of Capitalisation

Amounts capitalised relate to costs of acquisition of assets expected to be used by the Foundation in the longer term.

### 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	10% to 50% on cost
Motor vehicles	25% on cost
Fixtures and fittings	10% to 50% on cost
Technical	10% to 50% on cost
Office	10% to 20% on cost
Dining room	10% to 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.

Any assets considered impaired are written down to their value in use.

Following the decision to close Hillside Studios and relocating to Central London during 2005, an assessment of plant & equipment and its continuing value to The Foundation has been undertaken. It was decided that only an AVID off line editing system and various formats of duplication equipment would be required and therefore all other plant and machinery has been written down to its estimated second hand sale value.

No dining room and garden equipment will be required and they have been fully written off.

### 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.

### Foreign Currency

Cash at bank and in hand include amounts held in foreign currencies. The amounts held are re-valued against sterling monthly, and any profit or loss arising from exchange rate fluctuation is posted to the income and expenditure account.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

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### **Defined benefit pension scheme**

The scheme was closed during 2002. Accordingly all subsequent contributions are expensed as they become due and provision is made for future costs.

### **Defined contribution pension schemes**

Employers contributions are charged to the income and expenditure account and accrued as it becomes payable.

### **Basis of consolidation**

The consolidated financial statements comprise The Foundation for Christian Communication Limited and it's trading subsidiary, Hillside Studios Limited (the "Group"). A summarised profit and loss account and balance sheet of Hillside Studios Limited is given in note 5.

Advantage has been taken of the exemption available under section 230 of the Companies Act 1985 not to present an individual profit and loss account for the company.

## **2. PARENT UNDERTAKING - GRANT**

The grant is from the parent company, The Rank Foundation Limited, a registered charity, whose address is : 12 Warwick Square, London, SW1V 2AA.

The Rank Foundation Limited has confirmed its financial support for the next five years. Following the decision to relocate to Central London, an expected reduction in running costs will determine the on going level of support.

The Rank Foundation Limited prepares consolidated accounts, which incorporate the results of the company, and it's subsidiary company.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

### 3. ANALYSIS OF TOTAL RESOURCES EXPENDED

2004	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Total £'000
Costs						
Generating funds	384	67	2	69	80	602
Charity's objects	242	470	1	12	209	934
Support costs	-	396	100	67	233	796
Exceptional costs - Re-organisation	-	303	-	181	30	514
Total support costs	-	699	100	248	263	1,310
Management & administration	-	348	7	21	21	397
	626	1,584	110	350	573	3,243
2003						
Generating funds	119	232	17	54	216	638
Charity's objects	477	504	4	19	200	1,204
Support costs	-	365	34	92	271	762
Exceptional costs - Re-organisation	-	175	-	-	-	175
Total support costs	-	540	34	92	271	937
Management & administration	-	422	8	25	23	478
	596	1,698	63	190	710	3,257

#### Exceptional costs - Re-organisation

Provisions have been made following the decision to relocate to Central London. £ 303,000 staff costs, £ 30,000 re-location costs and £ 181,096, being the difference between net book value and the likely resale value of equipment no longer required.

### 4. NET INCOMING / (OUTGOING) RESOURCES

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

	Group		Foundation	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Depreciation of tangible fixed assets	350	190	350	190
Hire of equipment	6	9	6	9
Auditors' remuneration - audit	15	15	14	14
Auditors' remuneration - other	-	2	-	2
During the year the company purchased Directors and Officers insurance	3	1	2	1
Indemnity insurance Fidelity bond protecting the charity.	1	1	1	1
Loss on currency exchange rates.	3	2	3	2
Profit on disposal of assets	(11)	(2)	(11)	(2)

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (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 donated to The Foundation For Christian Communication Limited by way of Gift Aid.

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

<b>Profit and Loss Account</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
Turnover	709	745
Cost of sales	<u>( 613)</u>	<u>( 666)</u>
<b>Gross profit</b>	96	79
Administration expenses	( 2)	( 2)
Charitable donation	( 94)	( 77)
Profit	<u>Nil</u>	<u>Nil</u>

### Summarised Balance Sheet

Current assets	104	121
Creditors : amounts falling due within one year	<u>( 29)</u>	<u>( 46)</u>
Net assets	<u>75</u>	<u>75</u>
Equity shareholders fund	<u>75</u>	<u>75</u>

The Foundation's investment in Hillside Studios Limited is 75,000 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 31 December 2004 (continued)

### 6. DIRECTORS AND EMPLOYEES

2004

2003

#### Average number employed

No

No

#### Employed in charitable activities

Furtherance of the charity's objects

9

7

Charitable support activities

17

21

Management & administration

8

8

Total

34

36

The support staff are those staff who are involved in the running of the studios and associated facilities. The staff numbers above do not reflect the allocations of costs from support activities to the costs of generating fund and activities in the furtherance of the charity's objects.

#### Employees Emoluments

No

No

Number of Staff earning £ 50,000 to £ 60,000

2

4

Number of Staff earning £ 60,000 to £ 70,000

2

1

Number of Staff earning £ 70,000 to £ 80,000

2

3

Number of Staff earning £ 80,000 to £ 90,000

1

1

Number of Staff earning £ 90,000 to £100,000

-

1

#### Staff costs including directors' emoluments

£'000

£'000

Wages and salaries

1,359

1,351

Social security costs

119

133

Pension costs

106

214

1,584

1,698

#### Directors' Emoluments

Pension Contributions

NIL

NIL

Emoluments excluding pension scheme contributions

Chairman

NIL

NIL

G. B. Ackery

13

13

P. K. Reeve

10

10

E. M. Shegog

13

13

36

36

G. B. Ackery, P. K. Reeve and E. M. Shegog are remunerated solely for the professional services they render to the Company and its subsidiary.

The other 6 Directors received no remuneration.

Reimbursement of expenses incurred in relation to duties as Trustees.

(Payable to three Trustees and relating to travel expenses)

3

3

The number of Directors who were entitled to pension benefits are

NIL

NIL

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

### 7. PENSIONS

#### A) Defined benefit scheme - Closed April 2002

The "defined benefit" scheme covered the majority of the company's employees up to the date of closure. 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. It is to be noted that under this valuation method the current service costs will increase as the members of the scheme approach retirement. The latest actuarial valuation of this scheme was at the 30 September 2003. The next full valuation will be at 30 September 2006.

The most important actuarial assumptions used at that date and subsequently were:

Future inflation rate	3.00%
Rate of increase in salaries	0.00%
Rate of increase for deferred pensions - accrued before 1 October, 2002	5.00%
Rate of increase for deferred pensions - accrued after June, 2001	3.00%
Discount rate for scheme liabilities	5.25%
LPI increases to pensions in payment	3.00%

There have been no contributions since 2002, which included an exceptional contribution of £ 2 million. The Rank Foundation Limited have allocated a further £ 1 million to support the scheme, should it be required in due course.

The directors have appointed the scheme actuary to prepare the following detailed disclosures and they have relied on the actuaries' expertise in this regard.

As at the balance sheet date, the assets and liabilities of the scheme were as follows:

	2004 £'000	2003 £'000
Scottish Life fixed interest units	5,245	6,046
Total market value of assets	5,245	6,046
Present value of scheme liabilities (under the projected unit method)	(6,731)	(5,737)
(Shortfall) / surplus in the scheme	(1,486)	309

In 2002 the directors investigated the cost of buying annuities to cover the scheme liabilities. However, at that time the estimated cost of such annuities amounted to some £8.25 million and there were insufficient assets within the scheme to allow this course of action.

Expected long term rates of return for the years ending/ended 31 December 2005, 2004 and 2003 are/were 5%.

Under the transitional arrangements for the implementation of FRS 17 "Retirement Benefits" there is no requirement to recognise the deficit and accordingly, this deficit is not included as a liability in the Foundation's balance sheet as at 31 December 2004.



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

### 7. PENSIONS (continued)

The following information represents the amounts that would have been charged to the statement of financial activities had FRS 17 been fully implemented:

	2004 £'000	2003 £'000
Amounts charged to costs of charitable activities		
Current service cost	-	-
Curtailment gain	-	-
Past service cost	-	-
	<u>-</u>	<u>-</u>
Amounts charged to pension finance costs		
Expected return on pension scheme assets	277	316
Interest on pension scheme liabilities	( 301)	( 333)
	<u>( 24)</u>	<u>( 17)</u>
Actuarial gains and losses on defined benefit pension scheme		
Actual return less expected return on pension scheme assets	( 1,078)	57
Experience gains and losses arising on the scheme liabilities	693	( 19)
Changes in assumptions underlying the present value of the scheme liabilities	-	-
	<u>( 385)</u>	<u>38</u>

#### Movement in surplus / (deficit) during the year

Surplus on the scheme at the beginning of the year	309	250
Movement in the year		
Current service cost	-	-
Contributions	-	-
Past service costs	-	-
Other financial cost	( 24)	( 17)
Curtailment gain	-	-
Actuarial (loss) / gain	( 1,771)	76
(Deficit) / surplus in scheme at the end of the year	<u>( 1,486)</u>	<u>309</u>

#### History of experience gains and losses

	2004 £'000	2003 £'000	2002 £'000
Difference between the expected return and actual return on scheme assets			
Amount (£)	( 1,078)	57	312
As a percentage of scheme assets	<u>20.6%</u>	<u>0.9%</u>	<u>4.6%</u>
Experience gains and (losses) on scheme liabilities			
Amount (£)	693	( 19)	165
As a percentage of scheme assets	<u>13.2%</u>	<u>0.3%</u>	<u>-2.4%</u>
Total to be recognised in Actuarial gains and losses on defined benefit pension scheme			
Amount (£)	( 1,771)	76	477
As a percentage of scheme assets	<u>33.8%</u>	<u>1.3%</u>	<u>7%</u>

#### B) Defined contribution schemes

Two funded "defined contribution" schemes are operated.

	2004 £'000	2003 £'000
Executive scheme		
Pension charge for the period	15	31
Balance due to the scheme as at the year end	<u>-</u>	<u>-</u>
Stakeholder scheme		
Pension charge for the period	81	112
Balance due to the scheme as at the year end	<u>10</u>	<u>20</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

### 8. TANGIBLE FIXED ASSETS

#### Group and Foundation

<b>Cost</b>	<b>As at 1 Jan 2004 £'000</b>	<b>Additions £'000</b>	<b>Transfers £'000</b>	<b>Disposals £'000</b>	<b>As at 31 Dec 2004 £'000</b>
Short leasehold property	260	-	-	-	260
Plant and equipment	3,047	30	3	-	3,080
Projects	3	-	(3)	-	-
Fixtures and fittings	405	35	-	(7)	433
Motor vehicles	114	-	-	(64)	50
	<u>3,829</u>	<u>65</u>	<u>-</u>	<u>(71)</u>	<u>3,823</u>
<b>Depreciation</b>	<b>As at 1 Jan 2004 £'000</b>	<b>Charged for the year £'000</b>		<b>Disposals £'000</b>	<b>As at 31 Dec 2004 £'000</b>
Short leasehold property	260	-	-	-	260
Plant and equipment	2,620	302	-	-	2,922
Fixtures and fittings	367	38	-	(7)	398
Motor vehicles	89	10	-	(60)	39
	<u>3,336</u>	<u>350</u>	<u>-</u>	<u>(67)</u>	<u>3,619</u>
<b>Net Book Value</b>	<u>493</u>				<u>204</u>

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

Following the decision to relocate to Central London, an additional £ 181,096 has been provided for as depreciation. This being the difference between net book value and the likely resale value of equipment no longer required.

### 9. FUTURE CAPITAL EXPENDITURE

	<b>2004 £'000</b>	<b>2003 £'000</b>
Contracted for	<u>-</u>	<u>-</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2004 (continued)

	Group		Foundation	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
<b>10. STOCK</b>				
Video cassettes and consumables	1	13	1	13
Work in progress - Facilities	-	4	-	4
	<u>1</u>	<u>17</u>	<u>1</u>	<u>17</u>

### 11. DEBTORS

Trade debtors	283	186	191	87
Other taxation and social security	1	4	-	4
Amount due from parent undertaking	1,000	1,001	1,000	1,001
Amount due from subsidiary undertaking	-	-	19	5
Other debtors	1	-	1	-
Accrued income and prepayments	26	38	27	38
	<u>1,311</u>	<u>1,229</u>	<u>1,238</u>	<u>1,135</u>

The amount due from subsidiary undertaking is secured on Hillside Studios Limited debtors. This amount is subject to trading terms of payment within 60 days before incurring interest charges.

### 12. CREDITORS: amounts falling due within one year

Trade creditors	41	66	39	63
Other taxation and social security	75	88	75	62
Accruals and deferred income	144	101	136	92
Pension contributions	1,000	1,033	1,000	1,033
Other creditors	303	36	303	36
	<u>1,563</u>	<u>1,324</u>	<u>1,553</u>	<u>1,286</u>

### 13. CONSTITUTION

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

### 14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available in FRS 8 not to report transactions with its parent and subsidiary undertaking.