

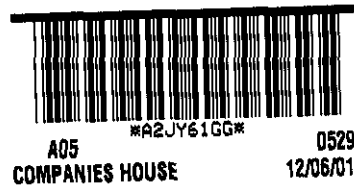
Company Registration No: 1375941

**THE FOUNDATION FOR
CHRISTIAN COMMUNICATION LIMITED
(C.T.V.C.)**

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER, 2000

REGISTERED CHARITY NUMBER 276286



THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Directors

	V. A. L. Powell, F.C.A. (Chairman)	
# *	G. B. Ackery, F.C.A., A.T.I.I.	
#	B.A. Allcott, B.A.	Retired 31/12/2000
	R. F. H. Cowen, C.B.E.	Retired 28/04/2000
	The Hon. Mrs S. M. Cowen	Retired 28/04/2000
#	J. A. Cowling, F.C.A.	Retired 31/12/2000
	M. E. T. Davies	Appointed 28/04/2000
	Mrs L. G. Fox, J.P., D.L.	
*	J. R. Newton	
	F. A. R. Packard	Appointed 28/04/2000
*	C. R. H. Rank	
#	E. M. Shegog, M.A.	
	D. R. W. Silk, C.B.E., M.A.	

(Committees : # Management ; * Audit)

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

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

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

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

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, 2000.

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 £ 200,728 (1999 deficit £242,818) which has been added to the general fund.

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. We are also monitoring the implications of digital television and the emergence of new networks.

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.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

The Foundation has had a successful year, and during 2000 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 peoples' lives.

In 2000 the following programmes with Foundation involvement were transmitted :-

BBC

<i>Heart of the Matter</i>	(7 x 50 minutes)
<i>Indian Journeys</i>	(3 x 1 hour)
<i>Soul of Britain</i>	(9 x 50 minutes)
<i>My Generation</i>	(3 x 1 hour)

Total hours 19.25. Total viewers 25.7 million.

ITV

<i>Dateline Jerusalem</i>	(8 x 15 minutes)
<i>Crossing St Petersburg</i>	(1 x 30 minutes)
<i>Jesus File</i> (repeat)	(4 x 30 minutes)
<i>Bethlehem Year Zero</i> (repeat)	(6 x 15 minutes)
<i>Two Thousand Years</i> (repeat)	(4 x 1 hour)

Total hours 10. Total viewers 25.6 million.

CHANNEL 4

<i>Pharaohs and Kings</i> (repeat)	(3 x 1 hour)
<i>Too Close to Heaven</i> (repeat)	(2 x 1 hour)

Total hours 5. Total viewers 3.9 million.

Total hours across all channels 34.25.

Total viewing figures across all channels 55.2 million.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

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.

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
St Christopher's Hospice
Help the Hospices

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. Overseas viewing figures during the year have added 7.5 million to those of the UK.

The Foundation hires facilities to Hillside Studios Limited (a wholly owned subsidiary company) 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. 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 The Rev. E. M. Shegog and Mr. G. B. Ackery, the Chief Executive, The Rev. B. A. Allcott and the company secretary, 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

As of 28th April, 2000 Mr.R. F. H. Cowen, retired as a director and chairman. With effect from that date his responsibilities as chairman were taken up by Mr. V. A. L. Powell, who has been a director of the company for many years.

The roles and responsibilities of the chairman (Mr. V. A. L. Powell) and Chief Executive (The Rev. B. A. Allcott) are separate and are clearly distinguished.

Board balance

During the year the Board comprised eleven directors. Two of the directors were Executive directors, six were elected by the Rank Foundation, two were non-executive and one appointed by the Council.

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.

With effect from 11th December, 2000 the Articles of the Company were changed.

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 Council or by the shareholders.

Supply of information

The Board receives detailed management accounts within 28 days of each quarter end. Additionally, the company secretary 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 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.

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.
- The Board receive quarterly accounts along with a commentary explaining variances to the budget and comparison to the previous year.
- 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 2000.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

The Audit Committee

The Audit committee comprises three directors, of which the chairman of the committee is a non-executive director. The committee 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.

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 2000 were Mr. G. B. Ackery, Mr. V. A. L. Powell and Mr. C. R. H. Rank.

With effect from 2nd January, 2001 Mr. V. A. L. Powell, retired from the audit committee and Mr. J. R. Newton, was appointed.

Statement of Compliance with the Code Provisions in the Combined Code

During 2000, 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 a majority of 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.

Significant progress has been made in considering the implications for the Company of the Turnbull Report.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

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.

Auditors

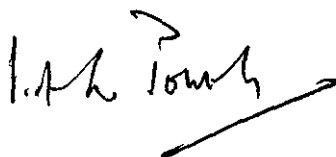
The auditors, HLB Kidsons, are eligible for re-appointment.

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.

25th April, 2001



V. A. L. Powell
Chairman

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 state of affairs of the charitable company and the group as at 31st December, 2000 and of the groups' incoming 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

25th April, 2001

HLB Kidsons

HLB Kidsons
Registered Auditors
Chartered Accountants

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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

For the year ended 31st December, 2000

	Note	2000 £	1999 £
Incoming Resources			
Grants received	2	1,955,000	1,955,000
Activities in furtherance of the charity's objects			
Contributions towards production costs		341,946	131,214
Broadcast fees		64,974	64,051
Sale of videos		29,214	29,221
		<u>436,134</u>	<u>224,486</u>
Activities For Generating Funds			
Hire of studios and facilities		1,204,383	829,850
Investment income		5,432	5,777
		<u>3,600,949</u>	<u>3,015,113</u>
Resources Expended			
Costs of generating funds			
Annual ongoing costs		<u>1,104,799</u>	<u>733,344</u>
Costs of Charitable activities			
Activities in furtherance of the Charity's objects		1,145,915	1,047,487
Support costs		839,337	1,049,770
Change in accounting estimate	8	(111,260)	-
Management and administration		421,430	427,330
		<u>2,295,422</u>	<u>2,524,587</u>
		<u>3,400,221</u>	<u>3,257,931</u>
Net Movement In Funds before change in accounting estimate		89,468	(242,818)
Change in accounting estimate	8	111,260	-
Net Movement In Funds		<u>200,728</u>	<u>(242,818)</u>
Fund balances brought forward at 1 January, 2000		200,113	442,931
Fund balances carried forward at 31 December, 2000		<u>400,841</u>	<u>200,113</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 £200,728 (1999 deficit £242,818). The notes on pages 18 to 27 form part of these accounts.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

CONSOLIDATED BALANCE SHEET

At 31st December, 2000

		Group		Foundation	
	Note	2000 £	1999 £	2000 £	1999 £
Fixed Assets					
Tangible assets	8	624,432	517,003	624,432	517,003
Shares in subsidiary undertaking	5	-	-	75,000	100
		<u>624,432</u>	<u>517,003</u>	<u>699,432</u>	<u>517,103</u>
Current Assets					
Stocks	10	23,942	36,197	23,291	30,327
Debtors	11	555,169	282,139	477,042	296,450
Cash at bank and in hand		<u>112,952</u>	<u>172,068</u>	<u>107,104</u>	<u>127,110</u>
		692,063	490,404	607,437	453,887
Creditors: Amounts falling due within one year	12	<u>(679,896)</u>	<u>(520,454)</u>	<u>(670,270)</u>	<u>(484,037)</u>
Net Current Assets		12,167	(30,050)	(62,833)	(30,150)
Total Assets Less Current Liabilities		<u>636,599</u>	<u>486,953</u>	<u>636,599</u>	<u>486,953</u>
Creditors: Amounts falling due over one year	13	(235,758)	(286,840)	(235,758)	(286,840)
		<u>400,841</u>	<u>200,113</u>	<u>400,841</u>	<u>200,113</u>
General Fund		<u>400,841</u>	<u>200,113</u>	<u>400,841</u>	<u>200,113</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 25th April, 2001, and signed on its behalf by

G. B. Ackery

) Directors

V. A. L. Powell

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT

At 31st December, 2000

	Note	2000 £	1999 £
Net cash (outflow) / inflow from operating activities	A	<u>(124,119)</u>	<u>128,198</u>
Returns on investment and servicing of finance			
Interest received		5,432	5,777
Interest element of finance lease payments		(2,557)	(6,185)
		<u>2,875</u>	<u>(408)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(178,719)	(176,347)
Receipts from sale of tangible fixed assets		6,500	17,500
		<u>(172,219)</u>	<u>(158,847)</u>
Net cash outflow before financing		(293,463)	(31,057)
Financing			
Capital element of finance lease payments		(15,653)	(40,124)
Debt due within one year			
Increase in short term loan		270,000	-
Repayment of short term loan		(20,000)	-
		<u>234,347</u>	<u>(40,124)</u>
Decrease in cash		<u>(59,116)</u>	<u>(71,181)</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES ON CONSOLIDATED CASH FLOW STATEMENT

31st December, 2000

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

	2000	1999
	£	£
Net movement in funds	200,728	(242,818)
Investment income	(5,432)	(5,777)
Interest element of finance lease payments	2,557	6,185
	<hr/>	<hr/>
Operating surplus / (deficit)	197,853	(242,410)
Depreciation	67,641	277,978
Profit on sale of fixed assets	(2,851)	(4,206)
Decrease in stocks	12,255	7,768
(Increase) / decrease in debtors	(273,030)	32,025
(Decrease) / increase in creditors	(125,987)	57,043
	<hr/>	<hr/>
Net cash inflow from operating activities	(124,119)	128,198

**B. Analysis of change in net debt / cash
during the year**

	2000	1999	Cashflow
	£	£	£
Cash at bank and in hand	112,952	172,068	(59,116)
Finance lease creditor	-	(15,653)	15,653
Short term loans	(250,000)	-	(250,000)
	<hr/>	<hr/>	<hr/>
	(137,048)	156,415	(293,463)

**C. Reconciliation of net cash outflow to
movement in net debt**

	2000	1999
	£	£
Decrease in cashflow	(59,116)	(71,181)
Capital element of finance lease payments	15,653	40,124
Increase in short term loans	(270,000)	-
Repayment of short term loans	20,000	-
	<hr/>	<hr/>
	(293,463)	(31,057)
	<hr/>	<hr/>
Net cash as at 1st January, 2000	156,415	187,472
	<hr/>	<hr/>
Net debt / cash as at 31st December, 2000	(137,048)	156,415

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 2000

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.

The principle activity of the company is the running of television and sound studios, and associated activities.

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.

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

31st December, 2000

(continued)

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.

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, 2000
(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"). 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. 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 a basic level of £2,100,000 per annum for the next five years, and rent free accommodation.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 2000

(continued)

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

2000	Direct					
Costs	Costs	Salaries	Occupancy	Depreciation	Other	Total
	£	£	£	£	£	£
Generating funds	150,082	505,848	11,969	73,428	363,472	1,104,799
Charity's objects	442,037	551,430	1,537	17,647	133,264	1,145,915
Support costs	-	548,957	13,496	63,679	213,205	839,337
Management & administration	-	348,950	6,290	24,147	42,043	421,430
	<u>592,119</u>	<u>1,955,185</u>	<u>33,292</u>	<u>178,901</u>	<u>751,984</u>	<u>3,511,481</u>
1999						
Generating funds	154,127	311,781	30,961	86,458	150,017	733,344
Charity's objects	391,632	497,944	3,337	18,064	136,510	1,047,487
Support costs	-	660,551	58,173	151,698	179,348	1,049,770
Management & administration	-	338,867	8,343	21,758	58,362	427,330
	<u>545,759</u>	<u>1,809,143</u>	<u>100,814</u>	<u>277,978</u>	<u>524,237</u>	<u>3,257,931</u>

4. NET (INCOMING) / OUTGOING RESOURCES

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

	Group		Foundation	
	2000	1999	2000	1999
	£	£	£	£
Depreciation of tangible fixed assets	178,901	277,978	178,901	277,978
Hire of equipment	24,472	12,803	24,472	12,803
Finance lease interest	2,557	6,185	2,557	6,185
	<u>27,029</u>	<u>18,988</u>	<u>27,029</u>	<u>18,988</u>
Auditors' remuneration - audit	13,500	12,950	12,200	11,700
Auditors' remuneration - other	1,600	1,600	1,600	1,600
	<u>15,100</u>	<u>14,550</u>	<u>13,800</u>	<u>13,300</u>
During the year the company purchased				
Directors and Officers insurance	1,200	200	600	100
Indemnity insurance				
Fidelity bond protecting the charity.	534	534	525	525
	<u>1,734</u>	<u>734</u>	<u>1,125</u>	<u>625</u>
and after crediting:				
Profit on disposal of fixed assets	(2,851)	(4,206)	(2,851)	(4,206)

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 2000
(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.

Profit and Loss Account	2000	1999
	£	£
Turnover	1,204,383	829,850
Cost of sales	<u>(1,155,049)</u>	<u>(763,830)</u>
Gross profit	49,334	66,020
Administration expenses	(2,806)	(2,042)
Charitable donation	(46,528)	(63,978)
Profit	<u>Nil</u>	<u>Nil</u>

Summarised Balance Sheet

Current assets	237,522	166,894
Creditors : amounts falling due within one year	<u>(162,522)</u>	<u>(166,794)</u>
Net assets	<u>75,000</u>	<u>100</u>
Equity shareholders fund	<u>75,000</u>	<u>100</u>

During the year The Foundation subscribed for an additional 74,900 ordinary shares of £1 each for cash at par in Hillside Studios Limited.

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

31st December, 2000

(continued)

6. DIRECTORS AND EMPLOYEES

2000

1999

Average number employed including executive directors

No

No

Employed in charitable activities

Furtherance of the charity's objects

6

6

Charitable support activities

33

34

Management & administration

9

9

Total

48

49

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.

Staff costs including directors' emoluments

£

£

Wages and salaries

1,588,060

1,478,893

Social security costs

146,117

133,203

Other pension costs

221,008

197,047

1,955,185

1,809,143

Directors' Emoluments

Pension Contributions

53,921

53,330

Emoluments excluding pension scheme contributions

Chairman

NIL

NIL

B. A. Allcott

90,938

88,373

J. A. Cowling

79,561

77,004

G. B. Ackery

10,000

10,000

E. M. Shegog

10,000

10,000

190,499

185,377

E. M. Shegog and G. B. Ackery 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.

877

553

(Payable to two Trustees)

The number of Directors who were entitled to pension benefits are

2

2

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 2000
(continued)

6. DIRECTORS AND EMPLOYEES - continued	2000	1999
Employees Emoluments	No	No
Number of Staff earning £50,000 to £60,000	5	2
Number of Staff earning £60,000 to £70,000	3	2

The above numbers exclude Directors.

7. PENSIONS

The company operates two pension schemes. The principal scheme covers 85% 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 £221,008 (1999 £197,047). This included a credit of £51,089 (1999 £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, 2000
(continued)**

8. TANGIBLE FIXED ASSETS

Group and Foundation

	As at 1st Jan-00	Additions	Transfers	Disposals	As at 31st Dec-00
Cost	£	£	£	£	£
Short leasehold property	260,000	-	-	-	260,000
Plant and equipment	3,373,628	118,106	-	(430,662)	3,061,072
Projects	-	13,052	-	-	13,052
Furniture and fittings	417,498	26,875	-	(63,535)	380,838
Motor vehicles	171,105	20,686	-	(21,895)	169,896
	<u>4,222,231</u>	<u>178,719</u>	<u>-</u>	<u>(516,092)</u>	<u>3,884,858</u>

	As at 1st Jan-00	Charged for the year	Change in Estimate	Disposals	As at 31st Dec-00
Depreciation	£	£	£	£	£
Short leasehold property	260,000	-	-	-	260,000
Plant and equipment	2,995,539	111,396	(111,260)	(430,662)	2,565,013
Furniture and fittings	358,927	32,179	-	(63,535)	327,571
Motor vehicles	90,762	35,326	-	(18,246)	107,842
	<u>3,705,228</u>	<u>178,901</u>	<u>(111,260)</u>	<u>(512,443)</u>	<u>3,260,426</u>

Net Book Value	<u>517,003</u>				<u>624,432</u>
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No analysis can be provided between direct charitable usage, support activities, or management and administration functions as the assets are interchangeable.

Change in accounting estimate

Financial Reporting Standard (FRS) 15 has been implemented and following a review of the remaining useful economic life of tangible fixed assets a revision to the depreciation estimate has been made.

9. FUTURE CAPITAL EXPENDITURE

	2000 £	1999 £
Contracted for	<u>67,995</u>	<u>-</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 2000

(continued)

	Group		Foundation	
	2000	1999	2000	1999
	£	£	£	£
10. STOCK				
Video cassettes and consumables	22,805	24,457	22,805	24,457
Work in progress - Facilities	1,137	11,740	486	5,870
	<u>23,942</u>	<u>36,197</u>	<u>23,291</u>	<u>30,327</u>

11. DEBTORS

Trade debtors	521,394	231,714	290,371	115,648
Amount due from subsidiary undertaking	-	-	106,368	66,399
Accrued income	-	-	46,528	63,978
Prepayments and accrued income	28,945	32,915	28,945	32,915
Other debtors	4,830	17,510	4,830	17,510
	<u>555,169</u>	<u>282,139</u>	<u>477,042</u>	<u>296,450</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	146,936	333,000	145,932	321,701
Other taxation and social security	125,429	64,535	122,172	47,662
Accruals and deferred income	134,915	106,560	129,550	98,315
Pension Contributions	20,835	-	20,835	-
Other creditors	251,781	706	251,781	706
Finance leases	-	15,653	-	15,653
	<u>679,896</u>	<u>520,454</u>	<u>670,270</u>	<u>484,037</u>

Note 14

13. CREDITORS: amounts falling due over one year

Accruals and deferred income	<u>235,758</u>	<u>286,840</u>	<u>235,758</u>	<u>286,840</u>
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THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 2000
(continued)

14. OBLIGATIONS UNDER FINANCE LEASES

Group and Foundation

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

	2000 £	1999 £
Within one year	-	15,653
Between one and five years	-	-
	<u>-</u>	<u>15,653</u>
Finance Leases are analysed as follows:		
Current obligations	-	15,653
Non-current obligations	-	-
	<u>-</u>	<u>15,653</u>

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