

**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 2003**



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# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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**Directors**

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

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**Company Secretary** # **J. A. Cowling, F.C.A.**

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

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(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 (THE FOUNDATION)**

## **Report Of The Directors**

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### **Constitution**

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

### **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 2003.

### **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 promotion 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 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.

### **Deficit for the year**

The deficit for the year is £ 35,000 (2002 surplus £ 661,000) which has been deducted from the general fund.

### **Review of the year**

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

2003 was a year of rationalisation and restructuring. Markets were analysed and strategies and staffing were re-assessed in the light of these findings.

As a result further redundancies were made and there was a marked shift towards introducing a freelance culture where possible.

Savings from the rationalisation have been re-directed towards project research and development and winning new business as The Foundation expands into new areas of Radio and the provision of Production Training.

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED  
(THE FOUNDATION)**

**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.

Over the last year The Foundation has looked to broaden the way it fulfils its charitable objectives. This has involved moving into radio, developing video production training courses for churches and charities, making corporate videos for churches and charities, exploring New Media educational opportunities, as well as keeping abreast of the latest changes in broadcasting brought about by the 2003 Communications Act.

Public Service Broadcasting is going through the most challenging period in its history, with major implications for religious programming. The old quota system for religious broadcasting for terrestrial channels will be scrapped, although broadcasters will not be able to make "significant changes" to the nature of the mix of their programmes without referring to their regulatory body "Ofcom". Details are still being worked out and the future of Public Service Broadcasting in Britain is the subject of a "Contents and Standards" review currently being carried out by "Ofcom" on behalf of the Government. The Foundation has been asked to be part of the consultation which will take place during the Summer of 2004.

**BROADCAST TRADING MODELS – How We Win Commissions and Under What Terms of Trade:**

There are several models by which The Foundation can win commissions from broadcasters, and the balance between them is changing following the 2003 Communications Act and the subsequent revision of the "Terms of Trade" between programme broadcasters and programme suppliers:

- Offering Commissioning Editors programme ideas that have been originated by The Foundation and which are paid for fully by the broadcaster who retains the rights to commercially exploit the programme. This has been the "norm" in British broadcasting, but is now changing.
- Offering Commissioning Editors programme ideas that have been originated by The Foundation and where we retain the rights to commercially exploit the programme in other territories. The broadcaster buys the rights to UK transmissions, and do not have to fully fund the project - this is becoming more common.

The second model brings Britain into line with the way TV production works in the rest of the world . Potentially it creates demands for production companies to find new sources of funding.

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED  
(THE FOUNDATION)**

**Report Of The Directors  
(continued)**

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The Foundation is at an advantage here being able to offer two types of contributions to programme projects that fulfil its charitable objectives:

- "Below the line" contributions, where facilities and staff from the Foundation are committed, but no cash costs are met.
- Cash contributions – paying for certain production costs that are not in The Foundation's "gift" – such as freelance staff or equipment hire from a third party.

Whilst The Foundation's position enables it to engage with the problem of project financing in this way, it aims, where possible to follow the route taken by most independent production companies, that of selling the project to other countries, so that the total production is finally met by a number of broadcasters.

This new way of financing projects demands that production companies get involved with the international market, often through developing co-production partners.

The Foundation has been developing this in two ways:

- Making International Broadcasters aware of The Foundation and its product by attending the International Trade Fairs and visiting the Broadcasters in their own country.
- Developing co-production partners – independent production companies from other countries who share the Foundation's religious, moral and editorial interests, and who will have good relations with their broadcasters. The Foundation is currently working on co-production ideas with "Visions Canada" and "Faith and Values" of New York.

Whilst monitoring the development of the changing Terms of Trade, and increasing our presence in, and awareness of, the international market, The Foundation will, where possible, aim for full funding for projects from British broadcasters.

**EDITORIAL POLICY:**

Only programmes that are in keeping with the charitable aims of the Foundation are submitted to commissioning editors.

Programme ideas can come from a variety of sources:

- The Foundation's Production department.
- Other production companies looking to partner with The Foundation.
- The broadcasters themselves, asking The Foundation to make programmes the broadcaster has originated.

The Chief Executive of The Foundation has ultimate editorial control over whether the ideas are consistent with the aims of the charity, and whether to submit the idea for commission or whether to accept any commission that is offered.

To help him in this the Chief Executive can take advice from a former Head of Religion at the IBA, Revd. Eric Shegog, who sits as a Non Executive Director of the Foundation's Board, and who is chair of the Foundation's Management Advisory Committee. He can also seek advice from the Bishop of St Albans with whom he meets several times a year, and who has long-standing links with The Foundation.

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED  
(THE FOUNDATION)**

**Report Of The Directors  
(continued)**

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**MONITORING PERFORMANCE OF CHARITABLE OBJECTS:**

The Foundation monitors annual programming performance in 2 ways:

Total number of HOURS of programming broadcast during the year.

Total number of VIEWERS who watched our programmes in the year

These figures are independently collated by BARB (Broadcasters Audience Research Board) for the industry and for advertisers.

**In 2003 :**

Total Hours Transmitted: 21.5 Hours (2.5 in 2002)

Total Number of Viewers : 16.5 million (6.2 million in 2002)

**PROGRAMMES TRANSMITTED IN 2003:**

<i>"John Meets Paul"</i>	ITV	6 x 30'
<i>"Mystery of the Shroud" (R)</i>	ITV	1 x 1 hr.
<i>"Sex &amp; Religion"</i>	ITV	4 X 30'
<i>"Loose Canon"</i>	ITV	1 x 1 hr.
<i>"Apostles" (R)</i>	ITV	8 x 30'
<i>"Faultlines"</i>	ITV	6 x 45'
<i>"John Meets Paul" ( R)</i>	ITV	6 x 30'
<i>"Gay Bishops"</i>	ITV	1 x 1 hr.
<i>"Gospel Heaven"</i>	BBC 1	1 x 1 hr.
<i>"Bethlehem, Follow the Star"</i>	ITV	1 x 1 hr.

**RADIO:**

In 2003 The Foundation won accreditation with BBC Radio 4, giving it the right to submit ideas for commission.

A radio department was created and headed by a former Development Producer from BBC Radio Religion and Ethics. Radio 4's Senior Producer, Religion and Ethics was also signed up to join the new team in 2004.

There are two commissioning rounds for Radio 4 each year - the spring round (the larger round) and the autumn round. It wasn't until the summer that The Foundation received accreditation so could only submit ideas in October. Five ideas were submitted and one commission was won - a co-production with Roger Bolton Productions, which will be made in 2004.

The Foundation also showed its commitment to Radio and to training, by running a Thursday night production group for volunteers, headed by The Foundation's Head of Sound and Revd. Eric Shegog, one of the charity's Non Executive Directors. The short items they produce are editorially in keeping with the aims of The Foundation and their Christmas programming was used by 13 Local BBC Radio Stations.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED  
(THE FOUNDATION)

Report Of The Directors  
(continued)

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**NON BROADCAST PRODUCTIONS:**

The Foundation recognises that the Christian faith can also be promoted through videos that have no broadcast potential, but can be influential in other ways.

Charities with a Christian basis can be helped to make videos or the Foundation can make videos for these charities as a commission won by the production department.

In 2003 The Foundation made the *"Restoring Hope"* video for the Church of England which included interviews with the Archbishops of Canterbury and York, and which has been sent to Anglican churches all over the world.

The Foundation, in partnership with another production company, *"Flickering Wall"* which specialises in church projects, submitted ideas, and won video commissions from:

- The Mother's Union
- "Spring Harvest"

These will be made during the first half of 2004.

**TRAINING:**

Amongst the charitable aims of The Foundation is media training for the churches and church charities.

The Foundation carries this out in two ways:

- **Communications training**- helping with interview technique and press releases.

Amongst those trained in 2003:

*St. Mungos*  
*Christian Aid*  
*NCH*  
*Children's Society*  
*YMCA*

- **Production Training** – helping Christians and Christian charities make their own videos. The Foundation, in partnership with another Christian charity, The CFM Trust, ran its first course for 24 people in November. They were trained in camera and sound work as well as production discipline.

The Foundation also ran a specialist one week course in production training for a Christian working in video in the Middle East, paid for by The Jerusalem Trust.

**FACILITIES:**

The Foundation hires facilities to Hillside Studios Ltd. ( 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 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)**

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**Hillside Studios Limited - Result for the Year**

Turnover for the company as a whole was £ 107,209 less than the previous year. Facility hire, training course revenue and dining room recoveries all showed a reduction in revenue, while client production revenue improved. This resulted in the reduced profit 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**  
**(THE FOUNDATION)**

**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, 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 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**  
**(THE FOUNDATION)**

**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.

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 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.

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED**  
**(THE FOUNDATION)**

**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 2003.

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**  
**(THE FOUNDATION)**

**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 and Company Secretary.

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 2003 were Mr. G. B. Ackery, Mr. J. R. Newton and Mr. A. E. Cowen.

**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  
(THE FOUNDATION)**

**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. Their continuing dedication and expertise are a vital ingredient in enabling the Foundation to fulfil its aims and objectives.

During the course of the year the "Investors In People" standard was achieved.

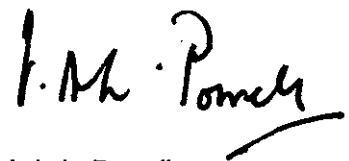
**Auditors**

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

On behalf of the board.

Hillside  
Merry Hill Road  
Bushey  
Watford  
WD23 1DR

22 April 2004



V. A. L. Powell  
Chairman

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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

We have audited the financial statements of Foundation for Christian Communication Ltd for the year ended 31 December 2003 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

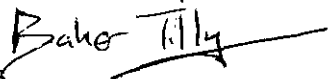
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2003 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  
22 April 2004



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Consolidated Statement of Financial Activities and Consolidated Income and Expenditure Account For the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Incoming Resources</b>			
<b>Grants</b>			
Recurring	2	1,925	2,100
Exceptional - Reorganisation		-	175
- Pension	7	-	3,000
		<u>1,925</u>	<u>5,275</u>
<b>Activities in furtherance of the charity's objects</b>			
Contributions towards production costs		501	390
Broadcast fees		38	43
Sale of videos		6	10
		<u>545</u>	<u>443</u>
<b>Activities for generating funds - Hire of studios and facilities</b>		745	852
<b>Investment income</b>		7	8
		<u>3,222</u>	<u>6,578</u>
<b>Resources Expended</b>			
<b>Costs of generating funds - Studio and training costs</b>	3	638	733
<b>Net incoming resources available for charitable application</b>		<u>2,584</u>	<u>5,845</u>
<b>Costs of Charitable activities</b>	3		
Activities in furtherance of the Charity's objects		1,204	926
Support costs		762	649
Exceptional costs relating to re-organisation		175	193
Exceptional costs relating to pension scheme	7	-	3,000
Management and administration		478	416
		<u>2,619</u>	<u>5,184</u>
<b>Net movement in funds</b>		(35)	661
<b>Fund balances brought forward at 1 January 2003</b>		800	139
<b>Fund balances carried forward at 31 December 2003</b>		<u>765</u>	<u>800</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) / surplus for the year.



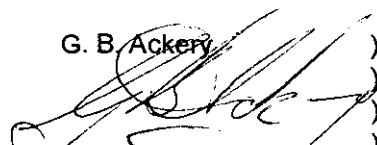
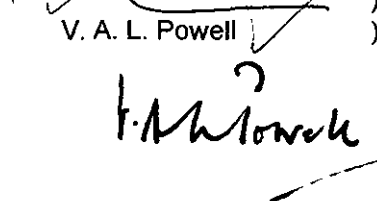
# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Balance Sheets 31 December 2003

		Group		Foundation	
	Note	2003 £'000	2002 £'000	2003 £'000	2002 £'000
<b>Fixed Assets</b>					
Tangible assets	8	493	572	493	572
Shares in subsidiary undertaking	5	-	-	75	75
		<u>493</u>	<u>572</u>	<u>568</u>	<u>647</u>
<b>Current Assets</b>					
Stocks	10	17	12	17	12
Debtors	11	1,229	1,294	1,135	1,225
Cash at bank and in hand		350	341	331	331
		<u>1,596</u>	<u>1,647</u>	<u>1,483</u>	<u>1,568</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,324)</u>	<u>(1,419)</u>	<u>(1,286)</u>	<u>(1,415)</u>
<b>Net Current Assets</b>		272	228	197	153
<b>Total Assets Less Current Liabilities</b>		<u>765</u>	<u>800</u>	<u>765</u>	<u>800</u>
<b>General Fund</b>		<u>765</u>	<u>800</u>	<u>765</u>	<u>800</u>

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

The financial statements on pages 14 to 27 were approved by the board of directors on 22 April 2004, and signed on its behalf by

G. B. Ackery )  
 )  
 V. A. L. Powell )  
 )  
 Directors

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED**

**Consolidated Cash Flow Statement  
31 December 2003**

	Note	2003 £'000	2002 £'000
<b>Net cash inflow from operating activities</b>	A	<u>201</u>	<u>614</u>
<b>Returns on investment and servicing of finance</b>		<u>7</u>	<u>8</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(115)	(174)
Receipts from sale of tangible fixed assets		6	18
		<u>(109)</u>	<u>(156)</u>
<b>Net cash inflow before financing</b>		99	466
<b>Financing</b>			
Debt due within one year			
Increase in short term loan		0	90
Repayment of short term loan		<u>(90)</u>	<u>(375)</u>
		<u>(90)</u>	<u>(285)</u>
<b>Increase in cash</b>		<u>9</u>	<u>181</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes On The Consolidated Cash Flow 31 December 2003

### A. Reconciliation of operating (deficit) / surplus to net cash Inflow from operating activities

	2003 £'000	2002 £'000
Net movement in funds	( 35)	661
Investment income	<u>( 7)</u>	<u>( 8)</u>
Operating (deficit) / surplus	(42)	653
Depreciation	190	180
Profit on disposal of fixed assets	( 2)	( 12)
(Increase) / decrease in stocks	( 5)	13
Decrease / (increase) in debtors	65	( 842)
(Decrease) / increase in creditors	( 5)	622
<b>Net cash inflow from operating activities</b>	<u>201</u>	<u>614</u>

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

	2003 £'000	2002 £'000	Cashflow £'000
Cash at bank and in hand	350	341	9
Short term loans	<u>-</u>	<u>( 90)</u>	<u>90</u>
	<u>350</u>	<u>251</u>	<u>99</u>

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

	2003 £'000	2002 £'000
Increase in cashflow	9	181
Increase in short term loans	-	( 90)
Repayment of short term loans	<u>90</u>	<u>375</u>
	99	466
<b>Net Funds / (debt) as at 1 January 2003</b>	251	( 215)
<b>Net funds as at 31 December 2003</b>	<u>350</u>	<u>251</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2003

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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 2003 (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.

### 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 2003 (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 at a basic level of £ 1.8m for two years and £ 1.7m for the remaining three years.

In 2002, the Rank Foundation provided an exceptional grant of £3 million to fund the pension scheme deficit.

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 2003 (continued)

### 3. ANALYSIS OF TOTAL RESOURCES EXPENDED

2003	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Total £'000
<b>Costs</b>						
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
	<u>596</u>	<u>1,698</u>	<u>63</u>	<u>190</u>	<u>710</u>	<u>3,257</u>
<b>2002</b>						
Generating funds	132	277	12	60	252	733
Charity's objects	257	590	2	16	61	926
Support costs	-	287	20	81	261	649
Exceptional costs - Re-organisation	-	193	-	-	-	193
Exceptional costs - Pensions	-	3,000	-	-	-	3,000
	-	3,480	20	81	261	3,842
Management & administration	-	334	7	23	52	416
	<u>389</u>	<u>4,681</u>	<u>41</u>	<u>180</u>	<u>626</u>	<u>5,917</u>

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

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

	Group		Foundation	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Depreciation of tangible fixed assets	<u>190</u>	<u>180</u>	<u>190</u>	<u>180</u>
Hire of equipment	<u>9</u>	<u>20</u>	<u>9</u>	<u>20</u>
Auditors' remuneration - audit	15	15	14	13
Auditors' remuneration - other	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>
During the year the company purchased Directors and Officers insurance	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Indemnity insurance Fidelity bond protecting the charity.	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Loss on currency exchange rates.	<u>2</u>	<u>4</u>	<u>2</u>	<u>4</u>
Profit on disposal of assets	<u>(2)</u>	<u>(12)</u>	<u>(2)</u>	<u>(12)</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2003 (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	2003 £'000	2002 £'000
Turnover	745	852
Cost of sales	<u>( 666)</u>	<u>( 765)</u>
<b>Gross profit</b>	79	87
Administration expenses	( 2)	( 3)
Charitable donation	<u>( 77)</u>	<u>( 84)</u>
Profit	<u>Nil</u>	<u>Nil</u>

### Summarised Balance Sheet

Current assets	121	165
Creditors : amounts falling due within one year	<u>( 46)</u>	<u>( 90)</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 2003 (continued)

### 6. DIRECTORS AND EMPLOYEES

	2003	2002
<b>Average number employed</b>	No	No
<b>Employed in charitable activities</b>		
Furtherance of the charity's objects	7	7
Charitable support activities	21	19
Management & administration	8	8
<b>Total</b>	<u>36</u>	<u>34</u>

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.

<b>Employees Emoluments</b>	No	No
Number of Staff earning £ 50,000 to £ 60,000	4	5
Number of Staff earning £ 60,000 to £ 70,000	1	0
Number of Staff earning £ 70,000 to £ 80,000	3	1
Number of Staff earning £ 80,000 to £ 90,000	1	1
Number of Staff earning £ 90,000 to £100,000	1	1

<b>Staff costs including directors' emoluments</b>	£'000	£'000
Wages and salaries	1,351	1,428
Social security costs	133	119
Pension costs	214	134
Exceptional pension costs	-	3,000
	<u>1,698</u>	<u>4,681</u>

#### Directors' Emoluments

Pension Contributions	<u>NIL</u>	<u>NIL</u>
Emoluments excluding pension scheme contributions		
Chairman	NIL	NIL
G. B. Ackery	13	12
P. K. Reeve	10	9
E. M. Shegog	13	12
	<u>36</u>	<u>33</u>

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)

	<u>3</u>	<u>2</u>
The number of Directors who were entitled to pension benefits are	<u>NIL</u>	<u>NIL</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2003 (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 2000. The next full valuation will be at 30 September 2003.

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

Future inflation rate	2.75%
Rate of increase in salaries	0.00%
Rate of increase for deferred pensions - accrued before June, 2001	5.00%
Rate of increase for deferred pensions - accrued after June, 2001	2.75%
Discount rate for scheme liabilities	5.75%
LPI increases to pensions in payment	2.75%

There were no contributions for the year (2002 £ 78,489 normal and an exceptional contribution of £ 2 million). The Rank Foundation Limited is committed to a maximum further contribution of £ 1 million which has been upheld being the maximum estimated cost to make the scheme paid up.

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:

	2003 £'000	2002 £'000
Scotish Life fixed interest units	6,046	-
Legal and General fixed interest trust accumulation units	-	6,850
Total market value of assets	6,046	6,850
Present value of scheme liabilities (under the projected unit method)	(5,737)	(6,600)
Surplus in the scheme	309	250

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. This will be reviewed during 2004.

Expected long term rates of return for the years ending/ended 31 December 2004, 2003 and 2002 are/were 4.2%, 5% and 5% respectively.

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 2003.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2003 (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:

	2003 £'000	2002 £'000
Amounts charged to costs of charitable activities		
Current service cost	-	85
Curtailment gain	-	(650)
Past service cost	-	-
	<u>-</u>	<u>(565)</u>
Amounts charged to pension finance costs		
Expected return on pension scheme assets	316	310
Interest on pension scheme liabilities	( 333)	( 380)
	<u>( 17)</u>	<u>( 70)</u>
Actuarial gains and losses on defined benefit pension scheme		
Actual return less expected return on pension scheme assets	57	312
Experience gains and losses arising on the scheme liabilities	( 19)	165
Changes in assumptions underlying the present value of the scheme liabilities	-	-
	<u>38</u>	<u>477</u>
<b>Movement in surplus / (deficit) during the year</b>		
Surplus / (deficit) on the scheme at the beginning of the year	250	( 2,800)
Movement in the year		
Current service cost	-	(85)
Contributions		
Normal	-	78
Exceptional	-	2,000
Past service costs	-	-
Other financial cost	( 17)	( 70)
Curtailment gain	-	650
Actuarial gain	76	477
Surplus in scheme at the end of the year	<u>309</u>	<u>250</u>
History of experience gains and losses		
Difference between the expected return and actual return on scheme assets		
Amount (£)	57	312
As a percentage of scheme assets	0.9%	4.6%
Experience gains and (losses) on scheme liabilities		
Amount (£)	( 19)	165
As a percentage of scheme assets	0.3%	-2.4%
Total to be recognised in Actuarial gains and losses on defined benefit pension scheme		
Amount (£)	76	477
As a percentage of scheme assets	<u>1.3%</u>	<u>7.0%</u>

### B) Defined contribution schemes

Two funded "defined contribution" schemes are operated.

	2003 £'000	2002 £'000
Executive scheme		
Pension charge for the period	31	31
Balance due to the scheme as at the year end	<u>-</u>	<u>-</u>
Stakeholder scheme		
Pension charge for the period	112	96
Balance due to the scheme as at the year end	<u>20</u>	<u>9</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2003 (continued)

### 8. TANGIBLE FIXED ASSETS Group and Foundation

	As at 1 Jan 2003 £'000	Additions £'000	Disposals £'000	As at 31 Dec 2003 £'000
<b>Cost</b>				
Short leasehold property	260	-	-	260
Plant and equipment	2,977	71	(1)	3,047
Projects	2	1	-	3
Furniture and fittings	386	33	(14)	405
Motor vehicles	130	10	(26)	114
	<u>3,755</u>	<u>115</u>	<u>(41)</u>	<u>3,829</u>
<b>Depreciation</b>				
Short leasehold property	260	-	-	260
Plant and equipment	2,495	126	(1)	2,620
Furniture and fittings	343	38	(14)	367
Motor vehicles	85	26	(22)	89
	<u>3,183</u>	<u>190</u>	<u>(37)</u>	<u>3,336</u>
<b>Net Book Value</b>	<u>572</u>			<u>493</u>

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

	2003 £'000	2002 £'000
Contracted for	<u>-</u>	<u>-</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2003 (continued)

	Group		Foundation	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
<b>10. STOCK</b>				
Video cassettes and consumables	13	12	13	12
Work in progress - Facilities	4	-	4	-
	<u>17</u>	<u>12</u>	<u>17</u>	<u>12</u>

### 11. DEBTORS

Trade debtors	186	181	87	30
Other taxation and social security	4	5	4	-
Amount due from parent undertaking	1,001	1,027	1,001	1,027
Amount due from subsidiary undertaking	-	-	5	87
Other debtors	-	1	-	1
Accrued income and prepayments	38	80	38	80
	<u>1,229</u>	<u>1,294</u>	<u>1,135</u>	<u>1,225</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	66	65	63	63
Other taxation and social security	88	52	62	52
Amount due to parent undertaking	-	90	-	90
Accruals and deferred income	101	65	92	63
Pension contributions	1,033	1,016	1,033	1,016
Other creditors	36	131	36	131
	<u>1,324</u>	<u>1,419</u>	<u>1,286</u>	<u>1,415</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.