

CTVC Limited
(Formerly 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 2007

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CTVC Limited

Report of The Directors' for the year ended 31 December 2007

Reference and Administration

The Directors who act as Trustees for the charitable activities of CTVC Limited (formerly The Foundation For Christian Communication Limited), present to the members, their consolidated report and financial statements for the year ended 31 December 2007

Directors:	Committee Membership		
V. A. L. Powell, F.C.A. (Chairman)	(2)		
A. E. Cowen, M.R.I.C.S.	(1)	Appointed	10th May 2007
P. F. Kafno, MA	(1,2)		
G. C. King, M.A., C.A.	(2)		
J. R. Newton			
F. A. R. Packard			
P. K. Reeve, B.A.			
E. M. Shegog, M.A.	(1)	Retired	19th July 2007
The Hon. Mrs C. Twiston-Davis			

Committees:

Management	(1)
Audit and Remuneration	(2)

Registered office:

12 Warwick Square, London, SW1V 2AA

Production office:

9-10 Copper Row, London Bridge Piazza, London, SE1 2LH

Reference and Administration (continued)

Company Information:

Chief Executive Officer: Mr. N.J.E. Stuart-Jones B.A.

Secretary: Mrs. H.J. Casey

Finance Director: P.O. Connolly

Head of Programmes: R. Bruce B.D., M.Th.

Head of Production: M.P. Long

Professional Advisors:

Auditors: Baker Tilly UK Audit LLP
46 Clarendon Road, Watford, WD17 1JJ

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

Solicitors: Richards Butler
Beaufort House, 15 St Botolph Street, London, EC3A 7EE

Berwin Leighton Paisner
Adelaide House, London Bridge, London, EC4R 9HA

Paris Smith and Randall
Number 1 London Road, Southampton, SO15 2AE

Best & Soames
Clerkenwell Workshops, 31 Clerkenwell Close, London, EC1R 0AT

Report of The Directors' for the year ended 31 December 2007 (continued)

Structure, Governance and Management

Name

On the 31st December 2007 The Foundation For Christian Communication Limited changed it's name and formally became CTVC Limited ("CTVC")

Constitution

CTVC is a company limited by guarantee (registered number 1375941), and a registered charity (registered number 276286) It was established on the 29 June 1978, the governing document being the Memorandum and Articles of Association as amended and adopted on the 11 December 2000, 16 December 2002 and 14 December 2004

Corporate Governance

Appliance of the principles of the Combined Code

CTVC 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 CTVC have been applied as follows

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice Company law requires the Directors 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 surplus or loss 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group, to enable them to ensure that the financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Report of The Directors' for the year ended 31 December 2007 (continued)

Structure, Governance and Management (continued)

Directors

The names of the Directors who served during the year are shown on page 1 and The Chairman should like to thank all of them for their support and continuing interest in the work of CTVC

The Rev E M Shegog who had been a Director since 1996 retired. The Board would like to thank him for the years of service and important contribution he made.

During 2007 we welcomed a new Director, Mr P F Kafno to the Board.

Appointments to the Board

Members of the Board are appointed either by The Rank Foundation Limited ("The Rank Foundation") or by the existing Board. There are no set procedures for selecting new members and to this extent, CTVC does not comply with the requirements of the Combined Code but makes appointments on the basis of the particular skills required by the Board.

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

Re-election

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

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.

Board balance

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

The Rank Foundation 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.

Induction and Training

All new Directors receive on appointment an induction pack. This contains copies of the Governing documents, all committee constitutions, the previous year's annual report and financial statements, a book detailing the history of the charity, and a profile of all Directors and staff.

Formal trustee-training is provided as and when required or appropriate.

Structure, Governance and Management (continued)

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 financial statements

Decision Making and Committees

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 defined

The Board

The Board is responsible for leading and controlling CTVC. The Board achieves this by

- setting the long term strategic objectives of CTVC
- the annual preparation, approval and adoption of medium term business plans, which guide CTVC'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 combined code would require a senior independent director be identified, and that directors are not considered independent once they have served for over nine years. However, given that the Board is comprised solely of non-executive directors, they are all independent of management.

Supply of information

The Board receives detailed management accounts prior to each board meeting

Additional information is also provided to members of the Management Committee at their regular meetings

Minutes of all Management and Audit and Remuneration Committee meetings are distributed to members of the Board on a regular basis

Further information and analysis required by any Board member is provided to them whenever they request it

Report of The Directors' for the year ended 31 December 2007 (continued)

Structure, Governance and Management (continued)

Management committee

The Board has delegated specific responsibilities to the Management Committee, which comprises two non-executive directors, Mr P F Kafno and Mr G C King, the Chief Executive, the Company Secretary and the Finance Director Mr P F Kafno replaced the Rev E M Shegog, who served until his retirement

The committee meets approximately eight times throughout the year. The purpose of the committee is to ensure the business of CTVC 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.

Audit committee

The Audit Committee presently comprises three directors and meets three times 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 salary and expense allowances of the Chief Executive.

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

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

The members of the Audit Committee throughout 2007 were Mr G C King, Mr A E Cowen, and Mr J R Newton.

Parent undertaking

The parent company is The Rank Foundation Limited (registered number 516434), a registered charity (registered number 276976), whose address is 12 Warwick Square, London, SW1V 2AA.

CTVC is a wholly owned subsidiary of The Rank Foundation. The Rank Foundation prepares consolidated accounts, which incorporate the results of CTVC, and its subsidiary company (Hillside Studios Limited).

Structure, Governance and Management (continued)

Subsidiary undertaking

CTVC has a wholly-owned trading subsidiary which is incorporated in the United Kingdom, Hillside Studios Limited (registered number 1782130). Following the relocation of its operations to Central London its principle activity is the making of video productions.

All the profits of Hillside Studios Limited are donated to CTVC by way of gift aid.

A summary of Hillside Studios Limited's trading results for the year is shown on page 23. Audited accounts will be filed with the Registrar of Companies.

Internal control and risk management

The Board has overall responsibility for CTVC'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 misstatement or loss.

CTVC 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.
- Monthly management accounts are used to monitor financial performance with all significant variances from the budget investigated. Key performance indicators are reviewed.
- The Board receive quarterly accounts.

Given CTVC'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 2007.

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 major risks identified are:

- | | |
|--------------------------|---|
| • To reputation | Failure to complete or meet production requirements |
| • Legislative | Non-compliance with acts of Government |
| • Financial | Loss of grant |
| • Information technology | Computer systems failure |
| • Personnel | Loss of key personnel |

Objectives and Activities

CTVC is a registered charity and its principal activities are

- The production of programmes for broadcast Television, Radio and the Web in furtherance of
- The advancement and promotion of the Christian religion and the advancement of Christian religious education of the public
- To advance the public knowledge and understanding of the other historic world faiths with significant communities in the United Kingdom
- To promote the understanding of the shared values, traditions and practices of the Christian faith and the faiths referred to above, and their application in a secular environment
- To stimulate and motivate people to think about moral and spiritual issues in their everyday lives

Founded by the late Lord Rank, it is also involved in educational projects which tie in with the religious aims of the charity

Television

In order to achieve as wide an audience as possible, programme ideas are submitted to commissioning editors of the UK terrestrial and digital channels. Ideas which have been originated and developed by CTVC, will be partially funded by the broadcaster concerned for a licence to transmit the programme.

CTVC also enter into co-production agreements with other independent companies in projects that reflect the aims of the charity. The contribution can be financial and editorial assistance whilst in others just editorial. CTVC retains ownership to certain secondary sales rights in the programmes made.

Radio

CTVC makes programmes for the BBC Radio 4 and the BBC's World Service. As with TV, ideas are generated and developed internally and submitted to the commissioning editors of the radio stations. Once broadcast the programmes are available to listen to again on the BBC and CTVC's websites, enabling people from around the world to hear the programmes.

Education / New Media

In 2007 CTVC established its first web-based venture, "True Tube", an interactive web-site for young people to get across their views on ethical issues and to encourage them to get involved in helping to "change the world". Secondary schools are also using True Tube for use in Citizenship, PSHE (personal, social and health education), R.E. and English Language lessons. Education specialists, "Immersive Education" have produced lesson plans that are available for teachers to download from the site. They are based both on the national curriculum and the films on True Tube. Editing tools have been made available in partnership with "Forbidden Technologies" to encourage young people to edit and submit their own videos.

Training - Videoschool

To provide production training for Christian and youth charities to help them make their own videos. The aim is to provide the sector with an ability to communicate more effectively in the video-age, as more and more opportunities are made available to grass root organisations through the internet and local broadcasting.

Achievements and Performance

The increased impact of religion and religious conflict is one of the defining issues of our age. Understanding the issues religion raises is central to our future as a multi-cultural society that is striving to handle living with diversity.

To that end CTVC aims to stimulate and motivate people to think about moral and spiritual issues in their everyday lives and generate a greater understanding of Christianity and the other major world religions and the value systems they share.

With these objectives in mind, CTVC aspires to produce entertaining and informative programmes for TV, Radio and the Internet, thereby enabling CTVC to reach as large and as broad an audience as possible. This strategy is also supported by web-based education projects which enable young people to get their views across in the digital age and participate in constructive discussions.

2007 was a very strong year, delivering more broadcast programmes and more viewers than at any time in the last decade, countering the trend towards smaller, more fragmented audiences across the broadcast scene. This was achieved through continuing to diversify the product range which now includes the interactive website "True Tube", and through developing more co-productions with other independent production companies for broadcast. The increased success also reflects the broader subject matter of our programming that has looked at the moral and religious aspects of front-page issues such as the Environment and the Middle East situation.

Television

CTVC made 22 hours of broadcast programming in 2007, double the number for 2006 - reaching an audience of over 11 million viewers. Programmes were broadcast on ITV / STV (12), Channel 4 (7) and BBC 2 (3). These were high-impact programmes, attracting extensive previews and reviews, and often fuelling discussions in the national press. Many of these programmes were selected as "Pick of the Day" or "One to Watch" in the press TV listings.

Programmes included "The Battle for the Holy Land" presented by Lord Paddy Ashdown, part of C4's mini season marking the 40th anniversary of the Six Day War. "God is Green", a look at the role religion can play in setting a green agenda (C4). "Clash of Worlds", a three part series for BBC 2 looking at the historical relationship between Islam and the British Empire as a way to understand better modern day tensions, and "Amazon Heartbeat" an 8 part series for STV following an inspirational group of volunteer Scottish doctors and nurses as they sailed up the Amazon to bring healthcare to the people of the Amazon basin.

Radio

9.7 million listened to CTVC's programmes on BBC Radio 4, whilst an estimated 40 million more listened to our programmes on the BBC World Service. Programmes included "God of War, God of Peace" about religious believers putting aside their conflict and working side by side for peace in Israel and in Nigeria. "The Tablet" magazine voted it Best Religious Programme of the year. "From Calvary to Lambeth" featured former Archbishop Desmond Tutu laying down a challenge to the Anglican Church, and the five-part "Real Lives" series took nuns and monks out of the cloisters to see how they would cope with modern life.

Achievements and Performance (continued)

Education

Sales for the CD Roms "Learning from Religion" and "Understanding Religion" produced in 2005, are continuing at a reduced level,

New media - Web TV - True Tube:

Winner of the 2007 Jerusalem Trust Award for New Media, and finalist in the New Statesman's New Media Awards

After a successful three month trial period during which it received positive reviews in "The Guardian" and the trade industry magazines "Broadcast" and "C21" the CTVC Board decided to continue with "True Tube" Issues covered during 2007 ranged from celebrity culture to the death penalty. The site received almost 2 million hits across 116 countries. It has proved popular with schools, using real-life stories about young people, by young people, for young people, to help bring the national curriculum to life. There are plans to roll out a sister site, "Rogo Tube" in Spring 2008 for recreational use, rather than the more formal educational application of "True Tube"

Training - Videoschool

Videoschool was sub-contracted out to the CFM Trust, who have been working with CTVC to develop video-training courses for church and youth organisations over the past four years

During the course of 2007, we decided not to continue with this venture as its impact had diminished

Financial Review

CTVC received from third parties, reduced levels of contribution for television £ 561,603 (2006 £ 593,918) and an increase in radio £ 32,961 (2006 £ 25,497) programmes

Reserves policy

CTVC aims to achieve a balanced budget in the long term and retain sufficient reserves to meet its working capital requirements. Television programme production requires the producer to "cash flow" the making of any programme, in order to assist this a cash reserve is held.

The Directors consider the level of reserves as at the year end £ 1,390,735 (2006 £ 1,297,562) is higher than required and this will be reduced over the next two years.

Funding

A grant was received from our Parent undertaking, The Rank Foundation, of £ 1.3m (2006 £1.3m). The Rank Foundation has committed to provide an annual grant of £ 1.3m through to 2008 and £ 1.5m for 2009 to 2012.

Property

The property now occupied by CTVC is under a tenancy agreement for a term of three years (July 2005 to July 2008), with an option for a further two years. The annual rent is £ 50,560 plus an annual service charge currently set at £ 3,646 per annum. There is also a covenant to reimburse the landlord for costs associated with removing any alterations made to the property and any repairs and decoration required up to a maximum sum of £ 22,870. The Rank Foundation stands as guarantor for the term of the agreement.

Equal opportunities

CTVC 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.

Report of The Directors' for the year ended 31 December 2007 (continued)

Financial Review (continued)

Staff

The Board of CTVC wishes to express its gratitude to the staff for their continuing dedication and hard work during the course of the year

Going concern

In the light of the continued financial support of The Rank Foundation, the Directors are satisfied that CTVC is a going concern

Share capital

CTVC is limited by guarantee and has no share capital. The liability of members is limited to £1 each in the event of CTVC being wound up. There are 14 members.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.


Auditors

A resolution proposing that Baker Tilly UK Audit LLP be re-appointed as auditors of CTVC will be put to the annual general meeting. Baker Tilly UK Audit LLP have indicated their willingness to continue in office.

On behalf of the Board

12 Warwick Square
London
SW1V 2AA

15 April 2008


V A L Powell
Chairman

CTVC Limited

Independent Auditors' Report to the members of CTVC Limited

Auditors' Report

We have audited the financial statements of CTVC Limited for the year ended 31 December 2007 on pages 15 to 28

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The responsibilities of the trustees (who are also the directors for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report 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 International Standards on Auditing (UK and Ireland) 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 trustees 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 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.

CTVC Limited

Independent Auditors' Report to the members of CTVC Limited (continued)

Auditors' Report (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and group as at 31 December 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Chartered Accountants
Registered Auditors
46 Clarendon Road
Watford, WD17 1JJ

15 April 2008

CTVC Limited

Consolidated Statement of Financial Activities and Consolidated Income and Expenditure Account For the year ended 31 December 2007

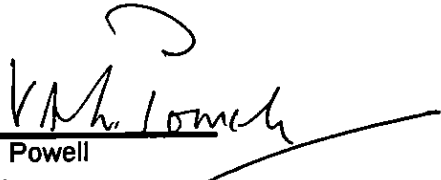
	Note	2007 £'000	2006 £'000
Incoming resources			
Incoming resources from generated funds			
Voluntary income - Grants	4	1,300	1,300
Activities for generating funds			
Hire of studios, facilities and commercial productions		1	-
Investment income		80	41
		<u>1,381</u>	<u>1,341</u>
Incoming resources from charitable activities			
Contributions towards production costs - Television		562	594
- Radio		33	25
Broadcast fees		42	42
Education / New Media		-	6
		<u>637</u>	<u>667</u>
Total incoming resources		<u>2,018</u>	<u>2,008</u>
Resources expended			
Costs of generating funds			
Studio and training costs	3	-	(2)
Charitable activities			
Television production		1,413	1,492
Radio production		136	90
Training		1	44
Education / New Media		328	62
	3	<u>1,878</u>	<u>1,688</u>
Governance costs	3	22	25
Total resources expended		<u>1,900</u>	<u>1,711</u>
Net incoming resources before other recognised gains and (losses)		<u>118</u>	<u>297</u>
Other recognised gains and (losses)			
Actuarial gains on defined benefit pension scheme	7	274	140
Net movement in funds		<u>392</u>	<u>437</u>
Reconciliation of funds			
Total funds brought forward		1,418	981
Total funds carried forward		<u>1,810</u>	<u>1,418</u>

There were no acquisitions during the year

The company has no recognised gains or losses other than those shown in the statement of financial activities

		Group		CTVC	
	Note	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Fixed assets					
Tangible assets	8	118	136	118	136
Shares in subsidiary undertaking	5	-	-	75	75
Total fixed assets		<u>118</u>	<u>136</u>	<u>193</u>	<u>211</u>
Current assets					
Debtors	10	1,109	1,172	1,109	1,171
Cash at bank and in hand		1,390	1,297	1,314	1,222
Total current assets		<u>2,499</u>	<u>2,469</u>	<u>2,423</u>	<u>2,393</u>
Liabilities					
Creditors: Amounts falling due within one year	11	(125)	(159)	(124)	(158)
Net current assets		<u>2,374</u>	<u>2,310</u>	<u>2,299</u>	<u>2,235</u>
Total assets less current liabilities		<u>2,492</u>	<u>2,446</u>	<u>2,492</u>	<u>2,446</u>
Defined benefit pension scheme liability	7	(682)	(1,028)	(682)	(1,028)
Net assets including pension liability		<u>1,810</u>	<u>1,418</u>	<u>1,810</u>	<u>1,418</u>
The funds of the charity					
General Fund		2,492	2,446	2,492	2,446
Defined benefit pension scheme reserve		(682)	(1,028)	(682)	(1,028)
Total charity funds		<u>1,810</u>	<u>1,418</u>	<u>1,810</u>	<u>1,418</u>

The financial statements on pages 15 to 28 were approved and authorised for issue by the Board of Directors on 15 April 2008, and signed on their behalf by


V A L Powell
Director


G C King
Director

CTVC Limited**Consolidated Cash Flow Statement
31 December 2007**

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	A	<u>61</u>	<u>540</u>
Returns on investment and servicing of finance		<u>80</u>	<u>41</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(48)	(75)
Receipts from sale of tangible fixed assets		-	7
		<u>(48)</u>	<u>(68)</u>
Increase in cash		<u>93</u>	<u>513</u>

**A. Reconciliation of operating surplus
to net cash inflow from operating activities**

	2007 £'000	2006 £'000
Net incoming resources / (resources expended)	118	297
Investment income	(80)	(41)
Operating surplus	38	256
Pension finance	(72)	(58)
Depreciation	66	51
Profit on disposal of fixed assets	-	(5)
Increase in debtors	63	259
(Decrease) / increase in creditors	(34)	37
Net cash inflow from operating activities	61	540

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

	2007 £'000	2006 £'000	Cash flow £'000
Cash at bank and in hand	1,390	1,297	93

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

	2007 £'000	2006 £'000
Increase in cash flow	93	513
Net funds as at 1 January	1,297	784
Net funds as at 31 December	1,390	1,297

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. They comply with the "Statement of Recommended Practice: Accounting and Reporting by Charities 2005".

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

Costs of Charitable activities

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

Governance

Includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Support costs

Support costs include expenditure associated with the management and administration of the charity, and include the IT support costs.

Support costs have been allocated across the charitable activities, in proportion to the relevant actual costs under the same grouping.

Exceptional costs relating to staffing are treated as support costs, this includes pension finance costs.

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements comprise CTVC Limited ("CTVC") 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.

Basis of capitalisation

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

Depreciation - Assets for the Charity's own use

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	
Technical	10% to 50% on cost
Office	10% to 20% on cost

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

Pieces of equipment that have a cost price of less than £250, are treated as additions with a depreciation rate of 100%.

Archive

CTVC owns a considerable Film and Television programme archive, which has potential for further exploration to the benefit of CTVC. Due to the unique nature of the archive, the excessive expense that would be involved in its valuation, and the uncertainty over any future revenues there from, the directors have not valued the archive for inclusion in these financial statements.

Foreign currency

Cash at bank and in hand includes amounts held in foreign currencies. The amounts held are re-valued against sterling quarterly, and any surplus or loss arising from exchange rate fluctuation is posted to the statement of financial activities.

1. Accounting policies (continued)**Defined benefit pension scheme**

The scheme was closed during 2002. There are no regular contributions now being required for this scheme. The amount charged to the statement of financial activities in respect of this scheme, is the estimated increased cost of providing the historical benefits accrued. The interest cost and expected return on assets are included within other finance costs in support costs.

The assets of the scheme are held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at the balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension liability is recognised on the balance sheet to the extent that the group has accepted the obligation to settle the estimated liability.

Defined contribution pension schemes

Employer's contributions are charged to the income and expenditure account and accrued as they become payable.

2. Net incoming resources / (resources expended)

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

	Group		CTVC	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Depreciation of tangible fixed assets	66	51	66	51
Hire of equipment	4	4	4	4
Auditors' remuneration - audit	16	17	16	17
During the year the company purchased Directors and Officers insurance	1	1	1	1
Loss / (surplus) on currency exchange rates	-	5	-	5
(Surplus) / loss on disposal of assets	-	(5)	-	(5)

Analysis of total resources expended

2007	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Support Costs £'000	Total £'000
Generating funds	-	-	-	-	-	-	-
Charitable activities							
Television	618	346	64	60	227	98	1,413
Radio	46	57	4	2	17	10	136
Training	1	-	-	-	-	-	1
Education / New Media	76	43	3	2	156	48	328
Total Charitable activities	741	446	71	64	400	156	1,878
Governance costs	-	5	-	-	17	-	22
	741	451	71	64	417	156	1,900
Analysis of support costs	-	34	5	2	115	(156)	-
Total resources expended	741	485	76	66	532	-	1,900

2006	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Support Costs £'000	Total £'000
Generating funds	-	-	-	-	(2)	-	(2)
Charitable activities							
Television	690	353	74	46	190	139	1,492
Radio	25	5	3	2	37	18	90
Training	39	-	-	-	3	2	44
Education / New Media	11	11	3	2	23	12	62
Total Charitable activities	765	369	80	50	253	171	1,688
Governance costs	-	5	-	-	20	-	25
	765	374	80	50	271	171	1,711
Analysis of support costs	-	45	5	1	120	(171)	-
Total resources expended	765	419	85	51	391	-	1,711

Included in Analysis of support costs - salaries, is £ 72,000 (2006 £ 58,000), amounts charged to pension finance costs - Note 7

4. 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

The Rank Foundation Limited, prepares consolidated accounts, which incorporate the results of the company, and its subsidiary company

CTVC Limited

Notes To The Financial Statements (continued) 31 December 2007

5. Net income from trading activities of subsidiary

CTVC has a wholly-owned trading subsidiary, Hillside Studios Limited, which is incorporated in the United Kingdom. Following the closure of the studio buildings, the principal activity of Hillside Studios Limited is the making of video productions when appropriate

All the profits of Hillside Studios Limited, are donated to CTVC by way of Gift Aid

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

Profit and loss account	2007 £'000	2006 £'000
Turnover	1	-
Cost of sales	-	2
Gross profit	1	2
Administration expenses	(2)	(1)
Charitable donation	(3)	(2)
Operating loss	(4)	(1)
Investment Income	-	1
Retained profit	Nil	Nil
Summarised balance sheet		
Current assets	79	80
Creditors amounts falling due within one year	(4)	(5)
Net assets	75	75
Equity shareholders' funds	75	75

Cost of sales represents a write back of a previously provided provision for a doubtful debt

CTVC's investment in Hillside Studios Limited is 75,000 ordinary shares of £1 each, being the whole issued equity share capital of that company

Directors And Employees

	2007	2006
Average number employed		
Employed in charitable activities		
Core Staff	6	5
Short term temporary production staff	12	4
Total	18	9
Employees emoluments		
Number of Staff earning £ 70,000 to £ 80,000	1	-
Number of Staff earning £ 90,000 to £100,000	1	-
Number of Staff earning £ 100,000 to £110,000	-	2
Number of Staff earning £ 110,000 to £120,000	1	-
Staff costs including directors' emoluments	£'000	£'000
Wages and salaries	439	375
Social security costs	50	42
Pension costs	68	60
Pension finance (income) / costs	(72)	(58)
	485	419
Directors' emoluments		
Pension Contributions	NIL	NIL
Emoluments excluding pension scheme contributions		
Chairman	NIL	NIL
G B Ackery	-	5
P F Kafno	6	-
G C King	13	9
P K Reeve	10	11
E M Shegog	7	13
	36	38

The above mentioned Directors' are remunerated solely for the professional services they render to CTVC and its subsidiary

The other 5 Directors received no remuneration

Reimbursement of expenses incurred in relation to duties as Trustees
(Payable to three Trustees and relating to travel expenses)

<u>1</u>	<u>2</u>
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The number of Directors who were entitled to pension benefits are

<u>NIL</u>	<u>NIL</u>
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7. Pensions

A) Defined benefit scheme - closed April 2002

The "defined benefit" scheme covered the majority of The Foundation'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 costs will increase as the members of the scheme approach retirement. The latest actuarial valuation of this scheme was at the 30 September 2006. The next full valuation will be at 30 September 2009.

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

Future inflation rate	3.40%
Rate of increase in salaries	0.00%
Rate of increase for deferred pensions - accrued before 1 June, 2002	3.40%
Rate of increase for deferred pensions - accrued after June, 2001	3.40%
Discount rate for scheme liabilities	5.80%
LPI increases to pensions in payment	3.40%

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

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

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

	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Fixed Interest Units	156	274	1,034	5,245
Equities	5,519	5,144	4,749	-
Property	537	595	-	-
Corporate Bonds	195	343	-	-
Cash and Other	48	42	-	-
Total market value of assets	6,455	6,398	5,783	5,245
Present value of scheme liabilities (under the projected unit method)	(7,137)	(7,426)	(7,009)	(6,731)
Shortfall in the scheme	(682)	(1,028)	(1,226)	(1,486)

In 2007 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 £10.4 million and there were insufficient assets within the scheme to allow this course of action.

Expected long term rates of returns used for calculation purposes for the years ending/ended 31 December are/were:

	2008	2007	2006	2005
Fixed Interest Units	4.6%	4.5%	5.0%	5.0%
Equities	7.6%	7.5%	N/A	N/A
Property	6.6%	6.5%	N/A	N/A
Corporate Bonds	5.8%	5.0%	N/A	N/A
Cash and Other	5.5%	4.5%	N/A	N/A

CTVC Limited

Notes To The Financial Statements (continued) 31 December 2007

7. Pensions (continued)

The following information represents the amounts that have been charged to the statement of financial activities

	2007 £'000	2006 £'000			
Amounts charged to costs of charitable activities	<u>Nil</u>	<u>Nil</u>			
Amounts charged to pension finance costs					
Expected return on pension scheme assets	452	398			
Interest on pension scheme liabilities	<u>(380)</u>	<u>(340)</u>			
	<u>72</u>	<u>58</u>			
Actuarial gains and losses on defined benefit pension scheme					
Actual return less expected return on pension scheme assets	(285)	360			
Experience gains and (losses) arising on the scheme liabilities	(8)	8			
Changes in assumptions underlying the present value of the scheme liabilities	<u>567</u>	<u>(228)</u>			
	<u>274</u>	<u>140</u>			
Movement in (deficit) / surplus during the year					
Deficit on the scheme at the beginning of the year	(1,028)	(1,226)			
Movement in the year					
Finance cost	72	58			
Actuarial (loss) / gain	<u>274</u>	<u>140</u>			
Deficit in scheme at the end of the year	<u>(682)</u>	<u>(1,028)</u>			
History of experience gains and losses	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Difference between the expected return and actual return on scheme assets					
Amount (£)	(285)	360	375	(1,078)	57
As a percentage of scheme assets	<u>4.4%</u>	<u>5.6%</u>	<u>6.5%</u>	<u>20.6%</u>	<u>0.9%</u>
Experience gains and (losses) on scheme liabilities					
Amount (£)	(8)	8	280	693	(19)
As a percentage of scheme assets	<u>0.1%</u>	<u>0.1%</u>	<u>4.0%</u>	<u>13.2%</u>	<u>0.3%</u>
Total to be recognised in Actuarial gains and losses on defined benefit pension scheme					
Amount (£)	567	(228)	351	(1,771)	76
As a percentage of scheme assets	<u>7.9%</u>	<u>3.1%</u>	<u>5.0%</u>	<u>33.8%</u>	<u>1.3%</u>

B) Defined contribution schemes

Funded "defined contribution" schemes are operated

	2007	2006
Stakeholder scheme		
Pension charge for the period	40	32
Balance due to the scheme as at the year end	<u>3</u>	<u>3</u>

CTVC Limited

Notes To The Financial Statements (continued) 31 December 2007

8. Tangible fixed assets - Assets for the Charities' own use

Group and CTVC

	As at 01 January £'000	Additions £'000	Disposals £'000	As at 31 December £'000
Cost				
Plant and equipment	252	2	-	254
Fixtures and fittings	116	46	(12)	150
	<u>368</u>	<u>48</u>	<u>(12)</u>	<u>404</u>
Depreciation				
	As at 01 January £'000	Charged for the year £'000	Disposals £'000	As at 31 December £'000
Plant and equipment	167	30	-	197
Fixtures and fittings	65	36	(12)	89
	<u>232</u>	<u>66</u>	<u>(12)</u>	<u>286</u>
Net book value	<u>136</u>			<u>118</u>

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

Archive

See Note 1 on page 20, carried at no value

9. Future capital expenditure

	2007 £'000	2006 £'000
Contracted for	<u>Nil</u>	<u>Nil</u>

CTVC Limited

Notes To The Financial Statements (continued) 31 December 2007

	Group		CTVC	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
10. Debtors				
Trade debtors	57	92	54	88
Other taxation and social security	11	35	11	35
Amount due from parent undertaking	1,000	1,000	1,000	1,000
Amount due from subsidiary undertaking	-	-	3	3
Other debtors	3	18	3	18
Accrued income and prepayments	38	27	38	27
	<u>1,109</u>	<u>1,172</u>	<u>1,109</u>	<u>1,171</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.

11. Creditors: amounts falling due within one year

	Group		CTVC	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Trade creditors	46	54	46	54
Other taxation and social security	26	18	26	18
Amount due to parent undertaking	12	31	12	31
Accruals and deferred income	36	50	35	49
Other creditors	5	6	5	6
	<u>125</u>	<u>159</u>	<u>124</u>	<u>158</u>

12. Constitution

CTVC is limited by guarantee not having a share capital.

13. Related party transactions

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

CTVC Limited

Statement of Financial Activities and Income and Expenditure Account For the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Incoming resources			
Incoming resources from generated funds			
Voluntary income			
Grants	2	1,300	1,300
Gift Aid - Trading subsidiary	5	3	2
Investment income		76	40
		<u>1,379</u>	<u>1,342</u>
Incoming resources from charitable activities			
Contributions towards production costs	- Television	562	594
	- Radio	33	25
Broadcast fees		42	42
Education / New Media		-	6
		<u>637</u>	<u>667</u>
Total incoming resources		<u>2,016</u>	<u>2,009</u>
Resources expended			
Charitable activities			
Television production		1,412	1,492
Radio production		136	90
Training		1	44
Education / New Media		328	62
	3	<u>1,877</u>	<u>1,688</u>
Governance costs	3	21	24
Total resources expended		<u>1,898</u>	<u>1,712</u>
Net incoming resources before other recognised gains and (losses)		<u>118</u>	<u>297</u>
Other recognised gains and (losses)			
Actuall gains on defined benefit pension scheme	7	274	140
Net movement in funds		<u>392</u>	<u>437</u>
Reconciliation of funds			
Total funds brought forward		1,418	981
Total funds carried forward		<u>1,810</u>	<u>1,418</u>

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

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

This page does not form part of the statutory financial statements

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