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Company Registration No: 1375941

**THE FOUNDATION FOR
CHRISTIAN COMMUNICATION LIMITED**

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER, 1997

REGISTERED CHARITY NUMBER 276286



THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Directors

R. F. H. Cowen, C.B.E. (Chairman)

The Hon. Mrs S. M. Cowen

D. R. W. Silk, C.B.E., M.A.

V. A. L. Powell, F.C.A.

Mrs L. G. Fox, J.P., D.L.

J. R. Newton

B. A. Allcott, B.A.

C. R. H. Rank

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

E. M. Shegog, M.A.

G. B. Ackery, F.C.A., A.T.I.I.

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

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

Auditors :

Kidsons Impey

Spectrum House, 20-26 Cursitor Street, London EC4A 1HY

Bankers :

National Westminster Bank plc

P.O. Box 241, 37 High Street, Bushey, Watford WD2 1BQ

Solicitors :

Richards Butler

Beaufort House, 15, St. Botolph Street, London EC2A 7EE

Paisner & Co.

Bouverie House, 154 Fleet Street, London EC4A 2DQ

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS

The Directors present to the members of the Foundation their report and financial statements for the year ended 31st December, 1997.

Principal activities

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

Deficit for the year

The deficit for the year is £4,005 (1996 surplus £36,409) which has been deducted from the general fund.

Trustees' Annual Report

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

For most of our history these outlets have comprised BBC, ITV and Channel Four. During the past few years these outlets have expanded into cable, satellite and Channel Five. We are also monitoring the prospects for digital terrestrial television and the Internet in terms of our aims and objectives.

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

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

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

- 4) Other independent producers can approach the Foundation and, if the ideas are in line with our objectives, we are prepared to enter into a co-production in exchange for rights.

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

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

The Foundation has had a satisfactory year, and during 1997 the Foundation has been involved in a number of broadcast programmes. We have monitored our performance by obtaining the viewing figures for each programme and accumulating the number of broadcast hours we have achieved. It is, of course, not possible to make anything other than a subjective judgement on the influence these programmes might have on the lives of UK citizens.

In 1997 the following programmes with Foundation involvement were transmitted :-

BBC-1

Heart of the Matter (episodes either 45 or 50 minutes))

- a) *No place to shelter*
- b) *A sheep called Dolly*
- c) *Wombs to rent*
- d) *Digging for victory*
- e) *Love hurts*
- f) *Cult Fiction*
- g) *More sexes please*
- h) *The cruellest cut*
- i) *When no means no*
- j) *Made in heaven*

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

BBC-1 continued

Future Watch (6 x 40 minute episodes)

- a) *Buy and sell*
- b) *Sex and reproduction*
- c) *Animals*
- d) *Genetic engineering*
- e) *Surveillance*
- f) *Heaven can wait*

Special Documentaries

- a) *The Jesus Conspiracy* 1 x 60 mins
- b) *Traders of the Lost Scrolls* 1 x 60 mins
- c) *The Accidental Hero (Schindler)* 1 x 30 mins

Songs of Praise

- a) *Songs of Praise for Harvest* 1 x 35 mins

Total hours BBC-1, 15 hours 50 minutes. Total viewers BBC-1, 30.3 million.

BBC-2

Heavenly Stories (5 x 10 minute episodes)

Total hours BBC-2, 50 minutes. Total viewers BBC-2, 5.1 million.

ITV

Way of Sorrows (1 x 30 minutes)

Total hours ITV, 30 minutes. Total viewers ITV, 1.4 million.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

CHANNEL 4

- | | |
|----------------------------------|-------------|
| a) <i>Pharaohs and Kings</i> | 3 x 60 mins |
| b) <i>Faith Hope and Clarity</i> | 5 x 30 mins |
| c) <i>Too Close to Heaven</i> | 3 x 60 mins |

Total hours Channel 4, 8.30 hours. Total viewers Channel 4, 7.1 million.

Total hours transmitted across all channels 25 hours 40 minutes

Total viewing figures across all channels 43.9 million

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

Among our clients have been :

Methodist Homes for the Aged (2 videos)
Royal Air Force Association
Cheshire Foundation
Help the Hospices

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

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

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Statement of Directors responsibilities

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

In preparing these financial statements we are required to:

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

We are also responsible for:

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

CORPORATE GOVERNANCE

In the opinion of the directors, the company has procedures such that it will be able to comply, where applicable, with the provisions of the Code of Best Practice in the Report of the Committee on the Financial Aspects of Corporate Governance ("the Cadbury Report").

Board of Directors

The Board consists of eleven Directors, who are also trustees, and meets regularly throughout the year. The Board has delegated specific responsibilities to committees, as described below.

The Management Committee

The Management Committee comprises two non-executive directors, the Chief Executive and the Finance Director, and meets regularly throughout the year. The purpose of the Committee is to ensure the business of the company 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 FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

The Audit and Remuneration Committee

The Audit and Remuneration committee comprises three non-executive directors and will meet at least once a year, although it has not met during 1997. The purpose of the committee is to create a formal conduit between the external auditors and the Board. It has the authority to appoint the external auditors and to fix their remuneration. It also has the power to fix the salaries and expenses allowances of the executive directors.

Internal Financial Control

The Board of Directors has overall responsibility for the company's system of internal financial control and for the monitoring their effectiveness. The company has put in place an organisational structure with formally defined lines of responsibility and delegation of authority.

Key aspects of the system of financial control are :

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

Compliance during 1997

During the year, the Audit and Remuneration Committee was formed, and the Management Committee which was formally constituted met on six occasions during the year. The Audit and Remuneration Committee met to consider the 1997 accounts.

Therefore, during 1997, the Foundation did not fully comply with the relevant requirements of the Cadbury Report. However, much progress has been made, and the necessary corporate structure is in place to enable future compliance.

The systems of Internal Financial Control described above, operated throughout 1997.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED
(THE FOUNDATION)

REPORT OF THE DIRECTORS
(continued)

Directors

Mr J. A. Cowling was appointed a Director on the 6th February, 1997. In accordance with the articles of the association, Messrs. B. A. Allcott, E. M. Shegog, and J. A. Cowling, will retire at the next meeting of the Council following the Annual General Meeting and offer themselves for re-election.

Mr G. B. Ackery was appointed as an elected Member of the Council on the 1st May, 1997. In accordance with the articles of association, Mr R. F. H. Cowen, The Hon. Mrs S. M. Cowen, Mr V. A. L. Powell, Mr D. R. W. Silk, Mr J. R. Newton, Mrs L. G. Fox, Mr C. R. H. Rank, and Mr. G. B. Ackery, retire at the forthcoming Annual General Meeting and offer themselves for re-election.

Share capital

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

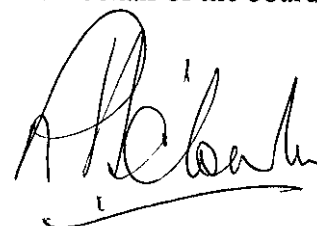
Auditors

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

Staff

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

On behalf of the board.



R. F. H. Cowen
Chairman

24th April, 1998

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

REGISTERED CHARITY NUMBER 276286

AUDITORS' REPORT

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

We have audited the financial statements on pages 10 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 14 to 16.

Respective responsibilities of directors and auditors

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

Basis of opinion

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


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

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31st December, 1997 and of its resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

24th April, 1998


Kidsons Impey
Registered Auditors
Chartered Accountants

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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

For the year ended 31st December, 1997

	Note	1997 £	1996 £
Incoming Resources			
Grants received	2	1,990,000	2,180,000
Hire of studios and facilities		586,271	584,842
Contributions towards production costs		154,702	203,933
Broadcast fees		58,684	134,318
Sale of videos		27,856	30,694
Investment income		6,073	4,188
Sundry income		0	368
Net income of Trading subsidiary	5	63,740	34,081
Total Incoming Resources		<u>2,887,326</u>	<u>3,172,424</u>
Resources Expended	3		
Direct Charitable expenditure		794,880	866,090
Direct Charitable support expenditure		<u>1,692,113</u>	<u>1,877,277</u>
Direct Charitable expenditure		2,486,993	2,743,367
Management and administration		404,338	392,648
Total Resources Expended		<u>2,891,331</u>	<u>3,136,015</u>
Net Movement In Funds		(4,005)	36,409
Fund balances brought forward at 1 January, 1997		423,680	387,271
Fund balances carried forward at 31 December, 1997		<u>419,675</u>	<u>423,680</u>

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

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

The deficit dealt with in the financial statements of the Foundation was £4,005 (1996 surplus £36,409)

The notes on pages 14 to 23 form part of these accounts.

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

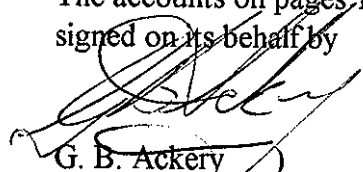
BALANCE SHEETS

At 31st December, 1997

		Group		Foundation	
	Note	1997 £	1996 £	1997 £	1996 £
Fixed Assets					
Tangible assets	8	755,816	717,359	755,816	717,359
Share in subsidiary undertaking	5	-	-	100	100
		<u>755,816</u>	<u>717,359</u>	<u>755,916</u>	<u>717,459</u>
Current Assets					
Stocks	10	67,932	67,994	66,820	67,537
Debtors	11	315,611	440,279	345,393	456,512
Cash at bank and in hand		311,813	145,866	244,831	111,797
		<u>695,356</u>	<u>654,139</u>	<u>657,044</u>	<u>635,846</u>
Creditors: Amounts falling due within one year	12	<u>(586,701)</u>	<u>(459,562)</u>	<u>(548,489)</u>	<u>(441,369)</u>
Net Current Assets		108,655	194,577	108,555	194,477
Total Assets Less Current Liabilities		<u>864,471</u>	<u>911,936</u>	<u>864,471</u>	<u>911,936</u>
Creditors: Amounts falling due over one year	13	(444,796)	(488,256)	(444,796)	(488,256)
		<u>419,675</u>	<u>423,680</u>	<u>419,675</u>	<u>423,680</u>
General Fund		<u>419,675</u>	<u>423,680</u>	<u>419,675</u>	<u>423,680</u>

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

The accounts on pages 10 to 23 were approved by the board of directors on 24 April, 1998, and signed on its behalf by


 G. B. Ackery)
 B. A. Allcott) Directors
 B. A. Allcott)

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT

At 31st December, 1997

	Note	1997 £	1996 £
Net cash inflow from operating activities	A	<u>524,501</u>	<u>479,355</u>
Returns on investment and servicing of finance			
Interest received		6,073	4,188
Interest element of finance lease payments		(22,262)	(19,330)
		<u>(16,189)</u>	<u>(15,142)</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(187,944)	(354,828)
Receipts from sale of tangible fixed assets		12,545	12,968
		<u>(175,399)</u>	<u>(341,860)</u>
Financing			
Capital element of finance lease payments	D	(166,966)	(104,856)
Increase in cash		<u>165,947</u>	<u>17,497</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES ON CONSOLIDATED CASH FLOW STATEMENT

31st December, 1997

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

	1997	1996
	£	£
Net movement in funds	(4,005)	36,409
Investment income	(6,073)	(4,188)
Interest element of finance lease payments	<u>22,262</u>	<u>19,330</u>
Operating surplus	12,184	51,551
Depreciation	341,918	524,092
Profit on sale of fixed assets	(9,892)	(6,673)
Decrease in stocks	62	77,560
Decrease / (Increase) in debtors	124,668	(107,236)
Increase / (decrease) in creditors	55,561	(59,939)
Net cash inflow from operating activities	<u>524,501</u>	<u>479,355</u>

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

	1997	1996
	£	£
Balance at 31st December, 1996	145,866	128,369
Net cash inflow	<u>165,947</u>	<u>17,497</u>
Balance at 31st December, 1997	<u>311,813</u>	<u>145,866</u>

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

	1997	1996	Change in Year
	£	£	£
Cash at bank and in hand	<u>311,813</u>	<u>145,866</u>	<u>165,947</u>

D. Financing - Finance Leases

Balance at 31st December, 1996	190,829	254,088
New leases	195,084	41,597
Capital repayments	<u>(166,966)</u>	<u>(104,856)</u>
Balance at 31st December, 1997	<u>218,947</u>	<u>190,829</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1997

1. ACCOUNTING POLICIES

Basis of accounting

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

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

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

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

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

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

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

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**31st December, 1997
(continued)**

Depreciation

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

The annual rates used are:

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

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

Stock

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

Pensions

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

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**31st December, 1997
(continued)**

Finance Leases

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

Operating leases

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

Basis of consolidation

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

2. GRANT RECEIVED

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

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1997

(continued)

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

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

1996

Direct charitable exp.	281,581	455,502	3,844	16,975	108,188	866,090
Direct charitable support exp.	-	1,009,213	55,581	477,781	334,702	1,877,277
Management & administration	-	292,683	8,581	29,336	62,048	392,648
	<u>281,581</u>	<u>1,757,398</u>	<u>68,006</u>	<u>524,092</u>	<u>504,938</u>	<u>3,136,015</u>

4. NET (INCOMING) / OUTGOING RESOURCES

1997
£

1996
£

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

Depreciation of tangible fixed assets	<u>341,918</u>	<u>524,092</u>
Hire of equipment	16,422	14,591
Finance lease interest	<u>22,262</u>	<u>19,330</u>
	<u>38,684</u>	<u>33,921</u>
Directors' emoluments	<u>197,813</u>	<u>93,044</u>
Auditors' remuneration - audit	13,000	12,500
Auditors' remuneration - other	<u>3,000</u>	<u>13,850</u>
Indemnity insurance - Fidelity bond protecting the charity.	<u>518</u>	<u>514</u>
and after crediting:		
Profit on disposal of fixed assets	<u>(9,892)</u>	<u>(6,673)</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st December, 1997
(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 were paid to The Foundation For Christian Communication Limited under a deed of covenant.

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

Profit and Loss Account	1997	1996
	£	£
Turnover	812,289	783,076
Cost of sales	<u>(746,420)</u>	<u>(744,750)</u>
Gross profit	65,869	38,326
Administration expenses	<u>(2,129)</u>	<u>(4,245)</u>
Net profit	63,740	34,081
Amount covenanted to the Foundation	(63,740)	(34,081)
Retained in subsidiary	<u>Nil</u>	<u>Nil</u>

Summarised Balance Sheet

Current assets	322,948	245,364
Creditors : amounts falling due within one year	<u>(322,848)</u>	<u>(245,264)</u>
Net assets	<u>100</u>	<u>100</u>
Equity shareholders fund	<u>100</u>	<u>100</u>

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

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**31st December, 1997
(continued)**

	1997	1996
6. DIRECTORS AND EMPLOYEES		
Average number employed including executive directors	No	No
Direct charitable	8	9
Direct charitable support	36	38
Management & administration	10	10
Total	<u>54</u>	<u>57</u>
Staff costs including directors' emoluments	£	£
Wages and salaries	1,458,985	1,468,583
Social security costs	123,161	124,940
Other pension costs	163,511	163,875
	<u>1,745,657</u>	<u>1,757,398</u>
Directors' Emoluments		
Total	<u>197,813</u>	<u>93,044</u>
Pension Contributions	30,264	15,938
Emoluments excluding pension scheme contributions		
Chairman	NIL	NIL
B. A. Allcott	82,448	77,106
J. A. Cowling (appointed 6th February, 1997)	71,767	-
G. B. Ackery (appointed 1st May, 1997)	6,667	-
E. M. Shegog	6,667	NIL
J. A. Cowling's emoluments above are in respect of his services for the whole year.		
E. M. Shegog and G. B. Ackery are remunerated solely for the professional services they render to the Company and its subsidiary. (E. M. Shegog's emoluments are paid to London Diocesan Fund).		
The other 6 (1996 - 5) Directors received no remuneration.		
Reimbursement of expenses incurred in relation to duties as Trustees. (Payable to two Trustees)	<u>132</u>	<u>NIL</u>
The number of Directors who are entitled to pension benefits are	<u>2</u>	<u>1</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**31st December, 1997
(continued)**

6. DIRECTORS AND EMPLOYEES - continued	1997	1996
Employees Emoluments		
Number of Staff earning £40,000 to £50,000	7	3
Number of Staff earning £50,000 to £60,000	2	1
Number of Staff earning £60,000 to £70,000	0	1

7. PENSIONS

The company operates two pension schemes. The principal scheme covers 87% of the company's employees and is of the "defined benefit" type.

The pension cost relating to the principal scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of this scheme was at the 30th September, 1994. The most important actuarial assumptions used were that the annual return on investments exceeded the increase in pensionable earnings by 2%. The funds are invested in a with profit group deferred annuity contract with Eagle Star Life Assurance Company Limited.

At 30th September, 1994 the market value of the assets of the principal scheme was £ 2,641,200 and the actuarial value of the assets was sufficient to cover 140% of the accrued benefits allowing for expected future salary increases up to normal pension date.

The pension charge for the period was £163,511 (1996 £163,875). This included a credit of £51,089 (1996 £46,926) in respect of the amortization of surpluses that are being recognised over 13 years, the average remaining service lives of employees.

The second scheme is a "defined contribution" scheme.

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31st December, 1997
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8. TANGIBLE FIXED ASSETS

Group and Foundation

Cost	As at 1st Jan-97 £	Additions £	Transfers £	Disposals £	As at 31st Dec-97 £
Short leasehold property	225,000	35,000	-	-	260,000
Plant and equipment	3,040,657	242,990	-	(175,480)	3,108,167
Progress payment	-	39,299	-	-	39,299
Furniture and fittings	388,328	40,235	-	(14,505)	414,058
Motor vehicles	156,777	25,504	-	(20,324)	161,957
	<u>3,810,762</u>	<u>383,028</u>	<u>-</u>	<u>(210,309)</u>	<u>3,983,481</u>
Depreciation	As at 1st Jan-97 £	Charged for the year £		Disposals £	As at 31st Dec-97 £
Short leasehold property	225,000	35,000	-	-	260,000
Plant and equipment	2,483,105	232,483	-	(175,465)	2,540,123
Furniture and fittings	314,888	39,257	-	(14,408)	339,737
Motor vehicles	70,410	35,178	-	(17,783)	87,805
	<u>3,093,403</u>	<u>341,918</u>	<u>-</u>	<u>(207,656)</u>	<u>3,227,665</u>
Net Book Value	<u>717,359</u>				<u>755,816</u>

The net book value of tangible fixed assets includes £319,530 in respect of finance leases.

The depreciation charge includes £ 147,132 (1996 £ 77,439) in respect of finance leases.

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

9. FUTURE CAPITAL EXPENDITURE

	1997 £	1996 £
Contracted for	<u>20,000</u>	<u>16,620</u>

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NOTES TO THE FINANCIAL STATEMENTS

31st December, 1997
(continued)

	Group		Foundation	
	1997	1996	1997	1996
	£	£	£	£
10. STOCK				
Video cassettes and consumables	32,704	37,931	32,704	37,931
Work in progress - Facilities	35,228	30,063	34,116	29,606
	<u>67,932</u>	<u>67,994</u>	<u>66,820</u>	<u>67,537</u>

11. DEBTORS

Trade debtors	267,876	358,429	47,138	177,197
Other taxation and social security	-	13,476	-	13,476
Amount due from subsidiary undertaking	-	-	250,520	197,465
Prepayments and accrued income	28,833	58,231	28,833	58,231
Other debtors	18,902	10,143	18,902	10,143
	<u>315,611</u>	<u>440,279</u>	<u>345,393</u>	<u>456,512</u>

12. CREDITORS: amounts falling due within one year

Trade creditors	162,586	184,619	152,031	182,015
Other taxation and social security	93,196	59,034	73,663	49,071
Accruals and deferred income	129,228	118,219	121,104	112,593
Other creditors	38,521	5,001	38,521	5,001
Finance leases	Note 14	163,170	92,689	163,170
		<u>586,701</u>	<u>459,562</u>	<u>548,489</u>
				<u>441,369</u>

13. CREDITORS: amounts falling due over one year

Accruals and deferred income	389,019	390,116	389,019	390,116
Finance leases	Note 14	55,777	98,140	55,777
		<u>444,796</u>	<u>488,256</u>	<u>444,796</u>
				<u>488,256</u>

THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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14. OBLIGATIONS UNDER FINANCE LEASES

Group and Foundation

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

	1997 £	1996 £
Within one year	163,170	92,689
Between one and five years	55,777	98,140
Over five years	-	-
	<u>218,947</u>	<u>190,829</u>

Finance Leases are analysed as follows:

Current obligations	163,170	92,689
Non-current obligations	55,777	98,140
	<u>218,947</u>	<u>190,829</u>

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