

**THE SERVICES SOUND AND  
VISION CORPORATION**

COMPANY LIMITED BY  
GUARANTEE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2004



Charity no 00233480  
Corporation no 00407270

# THE SERVICES SOUND AND VISION CORPORATION

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

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Corporation registration number: 00407270

Charity registration number: 00233480

Registered office: Chalfont Grove  
Narcot Lane  
Chalfont St Peter  
Gerrards Cross  
Bucks  
SL9 8TN

Bankers: HSBC Bank plc  
65 Packhorse Road  
Gerrards Cross  
Bucks  
SL9 8PH

Solicitors: B P Collins & Co  
Collins House  
32 - 38 Station Road  
Gerrards Cross  
Bucks  
SL9 8EL

Field Fisher Waterhouse  
35 Vine Street  
London  
EC3N 2AA

Bates, Wells and Braithwaite  
Cheapside House  
138 Cheapside  
London  
EC2V 6BB

Investment managers: Schroders & Co Limited  
100 Wood Street  
London  
EC2V 7ER

M & G Investments  
Laurence Pountney Hill  
London  
EC4R 0HH

THE SERVICES SOUND AND VISION CORPORATION

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FOR THE YEAR ENDED 31 MARCH 2004

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Auditors:

Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Churchill House  
Chalvey Road East  
Slough  
Berks  
SL1 2LS

**THE SERVICES SOUND AND VISION CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2004**

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# THE SERVICES SOUND AND VISION CORPORATION

## REPORT OF THE BOARD OF MANAGEMENT

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The Board of Management of The Services Sound and Vision Corporation has pleasure in presenting its report and financial statements for the year ended 31 March 2004.

### Objects and Principal Activities

The corporation is a company limited by guarantee and is registered as a charity. Members of the organisation guarantee to contribute an amount not exceeding £1 each to the assets of the organisation in the event of a winding up. The total number of such guarantees at 31 March 2004 was 8 (2003: 8).

The objects of the corporation are described in the Memorandum of Association, and broadly cover the provision of services related to education, training and entertainment for HM Armed Forces. Income is generated from sales of services made in accordance with the corporation's objects, and investment income. Expenditure related to such income is utilised in providing the services sold, investment management and welfare support for HM Armed Forces.

The corporation achieves its objects by providing radio and TV channels for the sole use of HM Armed Forces and their families whilst stationed or deployed abroad, by showing films both at fixed locations and using a mobile cinema, by staging 'one-off' entertainment shows and by selling electrical retail goods to British troops and their families in Germany. The corporation also provides grants to HM Armed Forces for worthy causes linked to their education, training and entertainment.

Further information in respect of the activities of the corporation can be obtained from our website, [www.ssvc.com](http://www.ssvc.com). Alternatively, you can write to the company secretary at the corporation's registered office to request a copy of its brochure.

### Organisation

A Board of Management, who meet quarterly, administers the corporation. There are sub-committees covering investment, audit, remuneration, Board and Senior Management nominations, and the distribution of funds:

- investment committee - meets as requested by the Board of Management, and at least once a year. At each Board meeting, it reports to the Board of Management on the performance of investments even if a formal meeting has not taken place amongst the investment committee
- audit committee - meets during the audit process each year, and on further occasions as required
- remuneration committee - meets to determine senior staff remuneration at least once a year
- nominations committee - meets no less than once a year to recommend any alterations to the Board that are deemed necessary and to appoint Senior Management
- operational welfare fund committee - meets as and when required to deal with requests received and reports to the Board of Management at each board meeting; the Managing Director and Director of Finance are authorised to approve grants with a value of less than £10,000. Grants in excess of this are discussed by the committee and approved in writing.

A Managing Director is appointed by the Board to manage the day-to-day operations of the corporation. The other members of the Executive Management team (see page 24) assist the Managing Director.

# THE SERVICES SOUND AND VISION CORPORATION

## REPORT OF THE BOARD OF MANAGEMENT

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### Review of the business and future developments

The Board of Management is pleased to report that the financial year has been successful both financially and in terms of achieving the objects of the corporation, as set out above.

During the year the corporation had a net positive movement in funds of £4,135,000 (2003: £299,000). The result reflects £1,944,000 of net incoming resources combined with an increase in the value of the investments of £2,191,000, which reflects the movement of the equity markets as a whole during the period.

During the year SSVC extended its geographic coverage of both television and radio and now provides a full service to the British Forces on operations in Afghanistan, Iraq and a bespoke service to a significant number of Royal Navy ships.

The Board of Management does not foresee any major changes in the corporation's ongoing activities in the next twelve months and anticipates that it will continue to achieve its charitable objectives in the future.

### Grants

A sub-committee exists to review applications for grants from HM Armed Forces. The review process includes ensuring that the provision of each grant is within the terms of the objects of the corporation.

The corporation continues to actively promote its operational welfare fund to HM Armed Forces by regular communication to the Directorates of Corporate Communications (DCCs) for each service, direct communication with the troops via the corporation's website and promotional features on BFBS radio and the main BFBS television channel.

Grants are awarded to units of HM Armed Forces in respect of worthy causes associated with education, training, welfare and entertainment needs. The operational welfare fund committee meets as and when required to deal with applications received and reports to the Board of Management at each board meeting; the Managing Director and Director of Finance are authorised to approve grants with a value of less than £10,000. Grants in excess of this value are discussed by the committee and approved in writing. Grants are approved if the purpose is considered to be a worthy cause and is within the terms of the objects of the corporation. During the financial year, 63 applications for grants were received, of which 57 were either partially or fully awarded. The average value of grants made during the year was £6,000 (2003: £6,000).

### Investment policy

Under the Memorandum and Articles of Association, the corporation has the power to make any investment which the trustees see fit. The objective of the Investment Policy is, on a low risk basis commensurate with the corporation's charity status, to protect the capital value of the investment assets whilst generating an acceptable level of return from income and capital appreciation. SSVC will not invest directly in derivatives, or in unquoted securities, physical assets or property and will not engage in stock lending or underwriting.

The Investment Committee has considered the available options for investing surplus funds and has continued to engage the services of two charity fund investment managers during the year. These managers have invested the majority of the available money in pooled funds. The Investment Committee regularly reviews the performance of the investment managers and meets with them when appropriate. The performance of the funds is measured against the major common investment funds using data provided by the WM Company.

The corporation's policy is to invest in funds whose risk profile is considered to be low to moderate, the aim being to achieve over a period of several years, better returns than those achieved by funds with a similar risk profile.

During the period there was a significant increase in the market value of the investment portfolio. This has reflected the improvement of the markets as a whole. The Investment Committee considers that the performance of its funds was in line with other funds with a similar risk profile.

# THE SERVICES SOUND AND VISION CORPORATION

## REPORT OF THE BOARD OF MANAGEMENT

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### **Reserves policy**

At 31 March 2004, the corporation held 'Unrestricted funds – other charitable funds' totalling £16,990,000 (2003: £12,855,000). 'Unrestricted funds' consists of a reserve accumulated over a number of years from surpluses arising from the operation of the corporation and is available to be distributed by way of grants.

The corporation's main trading activities are carried out according to the terms of limited length contracts with the Ministry of Defence; there is no certainty that these contracts will be renewed. The trustees therefore intend to maintain reserves of the corporation at or above their current levels in order that, in the event of the corporation's trading activities ceasing, the corporation is able to continue to distribute grants using income generated by its reserves.

### **Risk management**

The television, radio, live entertainment and library services provided by the corporation under contract with the Ministry of Defence provide the majority of income for the corporation. Senior management recognise the potential risk associated with dealing with one major customer and therefore devote considerable time and effort ensuring that customer service, quality and value for money issues are monitored and reported on a quarterly basis. The relationship between the Ministry of Defence and the corporation is excellent and all contracts include either bi-annual or quarterly review meetings.

The Board of Management also review, on an ongoing basis, other major operational, business and financial risks which the corporation faces, and have set up an Audit Committee that meets with the external auditors on a regular basis.

Senior management continues to monitor all operational, business and financial risks which the corporation faces, and can confirm that systems are in place to mitigate the significant risks.

### **Directors**

All members of the Board of Management are directors for the purpose of company law and trustees for the purpose of charity law.

The directors are elected by the existing Board of Management, which may, at any time, co-opt any person duly qualified to be appointed as a member of the Board to fill a vacancy in their number. All appointments are subject to recommendations made by the nominations committee. The Board shall include individuals who have held commissioned rank in HM Armed Forces and civilians with relevant business experience. The total members of the board must number between 5 and 13. One third of the members of the Board must retire each year, but are eligible for re-election. Two are eligible for retirement and re-election in 2004.

The present membership of the Board is set out below:

Lieutenant General Sir Roderick Cordy-Simpson (retired) - chair of the remuneration and nominations committees

Air Vice-Marshal David O Crwys-Williams (retired) - member of operational welfare fund committee

Michael Andrae - member of audit committee and chair of investment committee

Howard S Perlin - chair of audit committee, and member of remuneration, investment and nominations committees

Captain Graham D B Robinson (retired) - member of investment and operational welfare fund committees

Air Vice-Marshal Nigel B Baldwin (retired) - member of audit and operational welfare fund committees

Kate Adie - member of the nomination committee (appointed 1 April 2004)

Major General Peter Currie (retired) - chair of the operational welfare fund committee (appointed 1 April 2004)

The following members of the Board have resigned:

Sir David E Hatch - resigned 1 July 2004

Brian Tesler - resigned 1 April 2004

# THE SERVICES SOUND AND VISION CORPORATION

## REPORT OF THE BOARD OF MANAGEMENT

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### Employee Involvement

The corporation has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the corporation. This is achieved through briefings by the Managing Director and his senior staff, staff association meetings and the corporation newsletter.

### Disabled Workers

It is the corporation's policy to follow the Government's guidelines on the employment of disabled workers as far as it is possible.

### Charitable contributions

Charitable donations (also referred to as grants) amounted to £316,000 (2003: £275,000).

### Directors' Responsibilities for the Financial Statements

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 corporation for that period.

In preparing those financial statements, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 the going concern basis unless it is inappropriate to presume that the corporation will continue in operation.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the corporation and which enable them to ascertain its financial position and to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993 and regulations thereunder. They are also responsible for safeguarding the assets of the corporation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

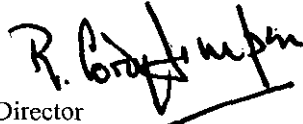
The corporation has adopted the format of accounts prescribed by the Charity Commission's Statement of Recommended Practice (SORP) 2000, and the accounts have been prepared in accordance with current statutory requirements and the requirements set out in the corporation's Memorandum of Association.

### Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP and the directors have agreed to extend the audit appointment to Grant Thornton UK LLP with effect from 1 July 2004 in accordance with section 26(5) of the Companies Act 1989.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

  
Director



## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE SERVICES SOUND AND VISION CORPORATION**

*We have audited the financial statements of The Services Sound and Vision Corporation for the year ended 31 March 2004 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the cash flow statement, principal accounting policies and notes 1 to 20. The financial statements have been prepared under the accounting policies set out therein.*

This report is made solely to the corporation's trustees, 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 corporation's trustees 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 corporation and the corporation's trustees 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 directors, who also act as trustees for the charitable activities of The Services Sound and Vision Corporation, for preparing the report of the Board of Management and the financial statements in accordance with United Kingdom law and accounting standards 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 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, the Charities Act 1993 and regulations thereunder. We also report to you if, in our opinion, the report of the Board of Management is not consistent with the financial statements, if the corporation 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 corporation is not disclosed.

We read other information contained in the report of the Board of Management, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
THE SERVICES SOUND AND VISION CORPORATION**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable corporation as at 31 March 2004 and of its 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.

*Grant Thornton UK LLP*

**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
LONDON THAMES VALLEY OFFICE  
SLOUGH**

*4 October 2004*

# THE SERVICES SOUND AND VISION CORPORATION

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 £'000	2003 £'000
<b>Incoming resources</b>			
Income from charitable trading activities	1	32,418	30,744
Investment income	4	<u>220</u>	<u>217</u>
<b>Total incoming resources available for charitable application</b>		32,638	30,961
<b>Charitable expenditure</b>			
Grants payable in furtherance of the objects of the charity		(316)	(275)
Cost of charitable trading activities in furtherance of the objects of the charity		(27,201)	(26,025)
Management and administration costs		<u>(3,177)</u>	<u>(1,958)</u>
<b>Total charitable expenditure and resources expended</b>	2	<u>(30,694)</u>	<u>(28,258)</u>
<b>Net incoming resources</b>	2	1,944	2,703
<b>Gains and losses on revaluation of investment assets</b>			
Increase/(decrease) in unrealised gains		<u>2,191</u>	<u>(2,404)</u>
<b>Net movement in funds</b>		4,135	299
Fund balances brought forward at 1 April 2003	11	<u>12,855</u>	<u>12,556</u>
<b>Fund balances carried forward at 31 March 2004</b>		<u>16,990</u>	<u>12,855</u>

All funds are unrestricted.

There were no other recognised gains or losses in the year.

**THE SERVICES SOUND AND VISION CORPORATION**

**SUMMARY INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2004**

	<b>Note</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
<b>Turnover</b>	1	<u>32,418</u>	<u>30,744</u>
Gross income		32,418	30,744
Operating expenses and other operating charges		<u>(30,666)</u>	<u>(28,225)</u>
<b>Operating income</b>		1,752	2,519
Investment income	4	220	217
Interest payable	5	<u>(28)</u>	<u>(33)</u>
<b>Income for the year transferred to reserves</b>	11	<u>1,944</u>	<u>2,703</u>

All funds are unrestricted.

There were no other recognised gains or losses in the current year.

The summary income and expenditure account is derived from the statement of financial activities on page 7, which together with the notes on pages 13 to 23, provides full information on the movements during the year on all of the funds of the charity.

# THE SERVICES SOUND AND VISION CORPORATION

## BALANCE SHEET AT 31 MARCH 2004

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	6	994	898
Investments	7	12,469	8,141
		<u>13,463</u>	<u>9,039</u>
<b>Current assets</b>			
Stock and work in progress	8	727	965
Debtors	9	3,901	3,876
Investments – bank deposits		2,199	1,317
Cash at bank and in hand		407	600
		<u>7,234</u>	<u>6,758</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,707)</u>	<u>(2,942)</u>
<b>Net current assets</b>		<u>3,527</u>	<u>3,816</u>
<b>Total assets less current liabilities</b>		<u>16,990</u>	<u>12,855</u>
<b>Funds</b>			
Income and expenditure account:			
Other charitable funds	11	<u>16,990</u>	<u>12,855</u>
<b>Total reserves</b>		<u>16,990</u>	<u>12,855</u>

All funds are unrestricted.

The financial statements were approved by the Board on

Director

*R. G. [Signature]*

30<sup>th</sup> September 2004

# THE SERVICES SOUND AND VISION CORPORATION

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 £'000	£'000	2003 £'000	£'000
<b>Net cash inflow from operating activities</b>	18		3,429		1,128
<b>Returns on investments and servicing</b>					
Interest received		104		91	
Interest paid		(28)		(33)	
Dividends received		<u>116</u>		<u>126</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>			192		184
<b>Capital expenditure</b>					
Purchase of fixed assets		(479)		(323)	
Purchase of investments		(2,138)		(145)	
Loans repaid by third parties		<u>1</u>		<u>2</u>	
<b>Net cash outflow from capital expenditure</b>			(2,616)		(466)
<b>Other activities</b>					
Payment of operational welfare grants		<u>(316)</u>		<u>(472)</u>	
<b>Net cash outflow from other activities</b>			(316)		(472)
<b>Management of liquid resources</b>					
Purchase of short term deposits		<u>(882)</u>		<u>(300)</u>	
<b>Net cash outflow from management of liquid resources</b>			<u>(882)</u>		<u>(300)</u>
<b>(Decrease)/increase in cash</b>	20		<u>(193)</u>		<u>74</u>

# THE SERVICES SOUND AND VISION CORPORATION

## PRINCIPAL ACCOUNTING POLICIES

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The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, except that certain investments are revalued to market value annually.

In preparing the financial statements the charity follows best practice as set out in the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000.

The corporation is exempt from preparing consolidated financial statements on the grounds that its only subsidiary is dormant (see note 13). These financial statements therefore present information about the corporation as an individual undertaking and not about the group.

The principal accounting policies of the corporation have remained unchanged from the previous year and are set out below.

### **Incoming resources and revenue recognition**

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

Activities in furtherance of the charity's objects represent the total amount receivable by the corporation, excluding VAT, in the ordinary course of business for goods supplied and for services provided in broadcasting, electrical retailing, film library facilities, live entertainment and related services.

#### *Income recognition*

Income is recognised as the applicable services are provided. Deferred income represents income received for which the applicable service has not yet been provided.

#### *Investment income*

Investment income comprises dividends declared during the accounting period and interest receivable on short-term deposits.

### **Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

### **Depreciation**

Individual fixed assets costing greater than £500 are capitalised at cost.

Depreciation is calculated to write down the cost of all tangible fixed assets by equal instalments over their useful lives. The periods generally applicable are:

Freehold premises	- 10 years
Leasehold premises	- Length of lease
Equipment	- Between 3 and 10 years

### **Investments**

Investments are included at market values provided by the fund managers at the balance sheet date. All gains and losses, whether realised or unrealised, are included in the Statement of Financial Activities.

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

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### Stock

Stock and work in progress is stated at the lower of cost and net realisable value. Cost means purchase price including transport and handling costs, less trade discounts, calculated on a weighted average basis. Net realisable value means estimated selling price (less trade discounts) less all costs to be incurred in marketing, selling and distribution.

### Foreign currencies

Fixed assets and stock belonging to overseas branches have been expressed in sterling at the rate of exchange ruling at the balance sheet date under the closing rate method. Other current assets and liabilities in foreign currencies are also translated into sterling at the rate of exchange ruling at the balance sheet date. Income and Expenditure account items are converted at the rate of exchange ruling at the transaction date. All profits or losses on foreign exchange transactions have been dealt with through the Income and Expenditure Account. The accounting policy for foreign currency translation is as required by Statement of Standard Accounting Practice 20. It may involve reporting unrealised exchange gains on unsettled long term monetary items as part of the surplus or deficit for the year.

### Contributions to pension funds

The corporation operates a final salary pension scheme under which contributions by employees and the corporation are administered in a trust fund independent from the corporation's assets. Two employees and three pensioners are Trustees of the fund. The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that regular pension costs represent a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the average remaining lives of current employees in the scheme.

For the purpose of applying the transitional disclosure requirements of Financial Reporting Standard 17 Retirement Benefits, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at high quality corporate bond rates. Full actuarial valuations are made regularly at three year intervals and contribution levels are reviewed.

### Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

### Taxation

As a registered charity, income and capital gains of the corporation are generally exempt from tax if applied for charitable purposes.



# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 1 TURNOVER AND INCOME FOR THE YEAR

The turnover and income for the year was attributable to the corporation's objects as described in the Memorandum of Association.

Incoming resources receivable from charitable trading activities during the year were as follows:

	Deferred income at 1 April 2003 £'000	Invoiced during the year £'000	Deferred income at 31 March 2004 £'000	2004 Total £'000	2003 Total £'000
Income from charitable trading activities	115	33,327	(1,024)	32,418	30,744

The majority of the turnover resulted from activities performed overseas.

The corporation has four main contracts with the Ministry of Defence for the provision of television, radio, live entertainment, mobile cinema and library and film distribution services. These activities account for 85% of the total income for the year.

Services and supplies provided to British Forces on operations or stationed overseas, but not under contract to the Ministry of Defence include electrical retail sales and support in Germany, distribution of film and audio material, together with the operation and management of 24 Forces cinemas located in Germany, Cyprus, Falkland Islands and the UK.

Income from charitable trading activities includes an amount of £1,600 (2003: £1,500) in respect of rental income

Investment income is included within total incoming resources available for charitable application.

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 2 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £'000	Other £'000	Depreciation £'000	2004 Total £'000	2003 Total £'000
<b>Charitable expenditure:</b>					
Grants payable	-	316	-	316	275
Charitable trading expenses	8,343	18,401	383	27,201	26,025
Management and administration costs	980	2,271	-	3,177	1,958
	<u>9,323</u>	<u>20,988</u>	<u>383</u>	<u>30,694</u>	<u>28,258</u>

Grants payable are analysed further in the Report of the Board of Management.

Net incoming resources is stated after charging:

	2004 £'000	2003 £'000
Auditors' remuneration	30	29
Depreciation of owned fixed assets (excl buildings)	211	164
Depreciation of buildings	172	116
Hire of plant and machinery	431	82
Other operating leases	376	393
Difference on exchange	(10)	(77)
Staff costs (see Note 3)	<u>9,323</u>	<u>7,024</u>

### 3 DIRECTORS AND EMPLOYEES

The average number of employees of the corporation during the year and their aggregate emoluments are shown below:

	2004 £'000	2003 £'000
Wages and salaries	7,475	5,463
Social security costs	607	414
Pension costs	<u>1,241</u>	<u>1,147</u>
	<u>9,323</u>	<u>7,024</u>

The average number of employees in the corporation during the year was 326 (2003: 285).

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### DIRECTORS AND EMPLOYEES (CONTINUED)

	2004 Number	2003 Number
Activities in furtherance of the charity's objects	303	260
Management and administration	23	25
	<u>326</u>	<u>285</u>

The directors' remuneration, all of which is included above, is composed of:

	2004 £'000	2003 £'000
Managing Director's emoluments	<u>118</u>	<u>115</u>

Benefits are accruing to 1 (2003: 1) director under a defined benefit pension scheme.

Emoluments include salary and benefits provided by the corporation. The remuneration of the Managing Director and the Executive Management is set by the Remuneration Committee of the Board of Management, which consists solely of non-executive directors.

No other trustees or persons with a family or business connection with a trustee, received remuneration in the year, directly or indirectly, from either the charity or companies controlled by the charity. An amount of £989 for expenses (2003: £3,426) was reimbursed to 6 Trustees (2003: 4).

The emoluments of higher-paid employees fell within the following ranges:

	2004	2003
£50,001 - £60,000	5	1
£60,001 - £70,000	4	3
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£110,001 - £120,000	1	1

Pension benefits are accruing to 11 (2003: 5) higher paid employees.

### 4 INVESTMENT INCOME

	2004 £'000	2003 £'000
Interest receivable on short term deposits	104	91
Dividends receivable from UK unit trusts	<u>116</u>	<u>126</u>
	<u>220</u>	<u>217</u>

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 5 INTEREST PAYABLE

	2004 £'000	2003 £'000
Interest on bank overdrafts	<u>28</u>	<u>33</u>

### 6 TANGIBLE FIXED ASSETS

	Land and buildings Freehold £'000	Leasehold Long-term £'000	Leasehold Short-term £'000	Equipment £'000	Total £'000
Cost					
At 1 April 2003	54	519	575	947	2,095
Additions	-	244	6	229	479
Disposals	-	-	-	(94)	(94)
At 31 March 2004	<u>54</u>	<u>763</u>	<u>581</u>	<u>1,082</u>	<u>2,480</u>
Depreciation					
At 1 April 2003	25	195	359	618	1,197
Provided in the year	6	106	61	210	383
Disposals	-	-	-	(94)	(94)
At 31 March 2004	<u>31</u>	<u>301</u>	<u>420</u>	<u>734</u>	<u>1,486</u>
Net book amount at 31 March 2004	<u>23</u>	<u>462</u>	<u>161</u>	<u>348</u>	<u>994</u>
Net book amount at 31 March 2003	<u>29</u>	<u>324</u>	<u>216</u>	<u>329</u>	<u>898</u>

The corporation's assets are all used for direct charitable purposes only.

Included in the corporation's fixed assets at 31 March 2004 are assets available for rental as follows:

	2004 £'000	2003 £'000
Cost	-	4
Accumulated depreciation	-	(4)
Net book amount	<u>-</u>	<u>-</u>

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 7 INVESTMENTS

	2004 £'000	2003 £'000
Investments (analysis below)	12,464	8,135
Employee loan	5	6
	<u>12,469</u>	<u>8,141</u>

#### Investments

	2004 £'000	2003 £'000
At 1 April 2003	8,135	10,394
Additions	2,138	145
Disposals	-	-
Increase/(decrease) in market value	2,191	(2,404)
At 31 March 2004	<u>12,464</u>	<u>8,135</u>

Investments (excluding employee loan) are analysed further as:

UK equities	3,200	1,966
Overseas equities	1,149	658
UK based unitised funds	6,591	4,239
Hedge funds	541	-
Fixed interest and cash	983	1,272
	<u>12,464</u>	<u>8,135</u>

If the investments had not been revalued, they would have been included on the historical cost basis at the following amount:

	2004 £'000	2003 £'000
Cost	<u>12,267</u>	<u>10,169</u>

#### Employee loan

	£'000
At April 2003	6
Repayments	<u>(1)</u>
At 31 March 2004	<u>5</u>

There was 1 (2003: 1) employee with an outstanding home purchase loan. The corporation no longer provides any employee loans.

**THE SERVICES SOUND AND VISION CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2004**

**8 STOCK AND WORK IN PROGRESS**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	6	74
Stocks for resale	721	891
	<u>727</u>	<u>965</u>

**9 DEBTORS**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors after provision	2,916	2,955
Other debtors	37	34
Prepayments	466	276
Social security and other taxes	482	610
Pension debtor	-	1
	<u>3,901</u>	<u>3,876</u>

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,446	1,623
Social security and other taxes	172	124
Other creditors	212	320
Accruals and deferred income	1,877	875
	<u>3,707</u>	<u>2,942</u>

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 11 RESERVES

	Income and expenditure £'000
At 1 April 2002	12,556
Surplus for year	2,703
Unrealised loss on investments	(2,404)
At 1 April 2003	12,855
Surplus for year	1,944
Unrealised gain on investments	2,191
At 31 March 2004	16,990

### 12 RETIREMENT BENEFITS

The corporation operates a defined benefit pension scheme in the United Kingdom, for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from the assets of the corporation and invested directly on the advice of the independent professional investment managers. The assets of the scheme are held in a Managed Fund operated by Britannia Asset Management Limited and a Segregated Fund operated by Dresdner RCM Global Investors.

The treatment of pension costs in these financial statements is in accordance with the provisions of Statement of Standard Accounting Practice 24 'Accounting for pension costs', as supplemented for the transitional arrangements set out in paragraph 94 of Financial Reporting Standard (FRS) 17 'Retirement Benefits'.

The total pension cost to the corporation was £1,241,000 (2003: £1,147,000) as disclosed in note 3. The pension cost is assessed in accordance with the advice of an independent qualified actuary.

The scheme is divided into two parts; a main scheme and a closed section representing the BFBS ex civil servants who joined the corporation from the MOD in 1983. The market value of the combined scheme as at the date of the last full actuarial valuation on 1 April 2002 amounted to £39,470,000.

#### Pensions

During the year ending 31 March 2004 the corporation paid normal contributions to the scheme at the rate of 12.8% of Pensionable Salaries in respect of SSVC Members. The agreed contribution rate in respect of SSVC Members for the future is also 12.8% of Pensionable Salaries.

During the year ending 31 March 2004 the corporation did not pay any normal contributions in respect of ex-MOD BFBS Members. It is not anticipated that contributions will be paid in the future in respect of these members. As this section of the scheme is closed to new entrants, the current service cost for these members will increase as they approach retirement.

During the year, the corporation paid special contributions to the scheme of £700,000 (2003: £700,000) to help address the current deficit.

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### RETIREMENT BENEFITS (CONTINUED)

#### FRS 17 'Retirement Benefits'

The last full actuarial valuation was carried out for the trustees of the Pension Fund as at 1 April 2002 and was updated by the actuary due to the disclosure requirements of FRS17 Retirement Benefits, as at 31 March 2004.

The main assumptions used by the actuary for the purpose of the FRS 17 valuation were as follows:

	2004 %	2003 %	2002 %
Rate of increase in salaries	4.5	4.5	5.0
Rate of increase for pension in payment:			
SSVC members	3.0	3.0	3.0
Ex-MOD BFBS members	3.0	2.5	-
Discount rate	5.5	5.5	6.0
Inflation	3.0	2.5	3.0

The fair value of the assets in the scheme and the expected long-term rate of return assumed are as follows:

	Rate of Return %	Value as at 31 March 2004 £'000	Rate of Return %	Value as at 31 March 2003 £'000
Equity and property	7.30	24,107	7.00	23,214
Bonds	5.00	7,740	4.75	4,996
Cash	4.00	4,675	3.75	2,632
Total market value of assets		36,522		30,842
Actuarial value of scheme liabilities		(42,518)		(40,561)
Net pension liability		(5,996)		(9,719)

In addition to the above, the scheme holds assets which have been earmarked for the provision of additional benefits on a money purchase basis as a result of members' Additional Voluntary Contributions.

If FRS 17 'Retirement Benefits' had been fully adopted, the following disclosures show what would have been charged to the operating result in the year:

	2004 £'000	2003 £'000
Current service cost	645	538
Past service cost	-	74
Total operating charge	645	612



# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### RETIREMENT BENEFITS (CONTINUED)

Other finance income would have comprised:

	2004 £'000	2003 £'000
Expected return on pension scheme assets	1,936	2,739
Interest on pension scheme liabilities	(2,209)	(2,216)
Net return	(273)	523

The amount that would have been included in the statement of total recognised gains and losses (STRGL) is:

	2004 £'000	2003 £'000
Actual return less expected return on pension scheme assets	4,542	(10,691)
Experience gains and losses arising on pension scheme liabilities	(33)	(771)
Change in assumptions underlying the present value of scheme liabilities	(1,089)	(1,511)
Actuarial gain that would have been recognised in STRGL	3,420	(12,973)

The movement in the gross deficit in the year would have been:

	2004 £'000	2003 £'000
Gross deficit in scheme at beginning of year	(9,719)	2,191
Current service cost	(645)	(538)
Contributions	1,221	1,152
Past service costs	-	(74)
Other finance income	(273)	523
Actuarial gain	3,420	(12,973)
Gross deficit in scheme at end of year	(5,996)	(9,719)

The history of experience gains and losses would have been

	Percentage of scheme assets/ ( liabilities)	2004 £'000	Percentage of scheme assets/ ( liabilities)	2003 £'000
Difference between expected and actual return on scheme assets	12.4%	4,542	34.7%	(10,691)
Experience gains and losses on scheme liabilities	0.1%	(33)	1.9%	(771)
Total amount recognised in STRGL	8.0%	3,420	32.0%	(12,973)

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 13 SUBSIDIARY UNDERTAKINGS

2004  
£

Ordinary £1 shares

2

The subsidiary of the corporation at 31 March 2004 was:

Company Name	Nature of Business
BFN Forces Network Limited	Dormant

The subsidiary is wholly owned by the corporation.

### 14 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2004 or at 31 March 2003.

### 15 LEASING COMMITMENTS

Annual leasing commitments are as follows:

	Land and Buildings		Other	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Operating Leases which expire:				
- within one year	-	33	-	3
- between two and five years	34	34	23	45
- greater than five years	169	154	87	-
	<u>203</u>	<u>221</u>	<u>110</u>	<u>48</u>

### 16 COMMITMENTS

There was a commitment of £207,000 at the year end relating to the purchase of radio equipment to modernise studios throughout the world (2003: £nil).

### 17 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year. In the prior year, a donation of £10,000 was made to the British Forces Foundation of which David Crwys-Williams, a trustee of this corporation, is also a trustee.

# THE SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

### 18 RECONCILIATION OF OPERATING INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £'000	2003 £'000
Operating surplus (excluding grants payable)	2,068	2,794
Depreciation (excluding buildings)	210	164
Depreciation on freehold buildings	173	116
Loss on sale of fixed assets	-	68
Decrease/(increase) in stocks	238	(294)
Increase in debtors	(25)	(417)
Increase/(decrease) in creditors	765	(1,303)
Net cash inflow from operating activities	<u>3,429</u>	<u>1,128</u>

### 19 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 April 2003 £'000	Cash flow £'000	At 31 March 2004 £'000
Cash at bank and in hand	600	(193)	407
Short term deposits	<u>1,317</u>	<u>882</u>	<u>2,199</u>
	<u>1,917</u>	<u>689</u>	<u>2,606</u>

### 20 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2004 £'000	2003 £'000
(Decrease)/increase in cash	(193)	74
Outflow from liquid resources	<u>882</u>	<u>300</u>
Movement in net funds for the year	689	374
Net funds at 1 April 2003	<u>1,917</u>	<u>1,543</u>
Net funds at 31 March 2004	<u>2,606</u>	<u>1,917</u>

## **BOARD OF MANAGEMENT**

Lieutenant General Sir Roderick Cordy-Simpson KBE CB  
CHAIRMAN

Air Vice-Marshal David O Crwys-Williams CB FIPD FIMgt  
MANAGING DIRECTOR

Michael Andrae Hon.FCIM

Howard Perlin FCA

Captain Graham Robinson RN

Air Vice-Marshal Nigel Baldwin CB CBE

Major General Peter Currie CB

Kate Adie OBE

## **SECRETARY**

Ron Hill FCA

## **LIFE VICE-PRESIDENTS**

General Sir Geoffrey Howlett KBE MC

Sir David E Hatch CBE MA DipEd FRSA CIMgt JP

## **EXECUTIVE MANAGEMENT**

MANAGING DIRECTOR  
Air Vice-Marshal David O Crwys-Williams CB

DIRECTOR OF FINANCE  
Ron Hill FCA

CONTROLLER BFBS RADIO  
Charles Foster

CONTROLLER BFBS TELEVISION  
Helen Williams

DIRECTOR OF RETAIL OPERATIONS  
Malcolm Tricker

DIRECTOR OF TECHNOLOGY  
Simon Shute

GENERAL MANAGER BDFL, CSE AND CINEMAS  
Nicky Ness

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