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**The Services Sound and Vision
Corporation**

Company Limited by Guarantee

Financial Statements

For the year ended

31 March 2012

Charity no 00233480
Company no 00407270

The Services Sound and Vision Corporation

Financial Statements

For the year ended 31 March 2012

Corporation registration number 00407270

Charity registration number 00233480

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For the year ended 31 March 2012

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The Services Sound and Vision Corporation

Report of the Board of Trustees

The Board of Trustees of The Services Sound and Vision Corporation ("SSVC") has pleasure in presenting its report and financial statements for the year ended 31 March 2012

Our Aims and Objectives

Our charity's aims, as described in the Memorandum and Articles of Association, which was last updated in March 2009, are to promote the efficiency of HM Armed Forces ("the Forces") through the provision of services related to education, training, entertainment and welfare

How our activities deliver public benefit

Our beneficiaries are the members of the Forces and their families and we deliver benefit to them through

- The provision of dedicated radio and TV channels whilst stationed or deployed abroad under the British Forces Broadcasting Service banner ("BFBS")
- The provision of a dedicated digital radio service ("DAB") in the UK
- Showing films both at fixed locations and using a mobile cinema
- Staging 'one-off' entertainment shows
- The distribution of Ministry of Defence ("MoD") training films
- Selling electrical retail goods to the Forces and their families in Germany and
- The provision of welfare grants to the Forces for worthy causes linked to their education, training and entertainment

Taken together the cumulative impact of all our activities is to provide a critical component in the maintenance of morale of the Forces and their families

At a time when the UK is engaged in a continuing challenging conflict in Afghanistan and with members of the Forces stationed in a wide range of other locations around the world including the Falkland Islands, Gibraltar, Germany, Cyprus, Brunei, Canada, Kenya, Northern Ireland and at sea with the Royal Navy, the aims of our charity and the public benefit we deliver continues to be highly relevant to and valued by our beneficiaries

Ensuring our work delivers our aims

Our activities are subject to continual review throughout the year by both the Board of Trustees and the Executive Team. This review process helps us to ensure that all our activities remain focused on our stated aims and objectives

In this context the Board of Trustees can confirm that they have complied with their duty under section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit in planning and implementing all the activities of the charity

Achievements and performance

The year ended 31 March 2012 was one of continuing development and enhancement of the services we provide to the Forces

This was also the year during which we were pleased to be invited to submit a bid to the MoD to outline our proposal for the future of forces broadcasting for the 10 years from 1 April 2013 to 31 March 2023 as part of a competitive tender process

The opportunity to outline our vision for the next 10 years was an exciting and challenging one, which took into account the changing shape and size of the the Forces, future developments in technology, reductions in available funding and, above all, our view that the provision of a first class service to our Forces' audiences is paramount

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We are delighted to report that, following the end of the tender evaluation process, the MoD awarded the new contract to SSVC on 30 October 2012, a decision which secures the future of the Forces Broadcasting Service, for the benefit of our audiences, for a further 10 years to 31 March 2023

The year to 31 March 2012 itself has been extremely busy and productive, with the launch of a new TV channel, designed specifically for the Forces on operations in Afghanistan, 'BFBS Frontline', the provision of our British Forces News programme to the UK audience for the first time on the Freesat and Sky platforms and the rollout of the new network of digitised SSVC Cinemas being among the highlights

BFBS Radio

The priority focus for BFBS Radio still remains, as it does for the MoD, the support to and connectivity with those deployed on operations. Our Afghanistan radio station in Camp Bastion is well established and the team of technicians, news reporters and radio presenters play a key role at the heart of the armed forces community they serve. Whether it's a friendly presenter's voice on a transistor radio in a patrol base, hearing a message from a loved one, a request for the latest music from home, information from the military community or our reports on an event on the ground, BFBS Bastion is the hub.

As one listener, coming to the end of an operational tour, put it

"Can I say a MASSIVE thank-you to all the presenters at BFBS Afghanistan for keeping me company over the past 6.5 months whilst on tour. Without all of you at BFBS our time in our offices, bed-spaces, sangars and tents would be a sorer and longer place but you make the time go faster. The impact of hearing the messages from loved ones can never be understated, BFBS keep the link to home alive 24/7." Capt James Bolter, Unit RLC Camp Bastion, Mar 2012

We've continued to make a concerted effort to get presenters outside of Bastion so we can properly represent life across the operation, with visits to Kandahar, Kabul, Lashkar Gah and a variety of Forward Bases becoming common when the security situation has made travel possible. We are always given the warmest of welcomes wherever we go, and the sense of connection remains at the heart of daily life in Bastion, where the BFBS team strive to make a difference every day.

The profile of BFBS Radio and our role in linking the UK general public to the Forces in Afghanistan was raised this year through our 'Ten Hour Takeover' of BBC Radio 1 on the May Day Bank Holiday, for which we took Tim Westwood into theatre to broadcast across BFBS and BBC Radio 1. This co-branded initiative, from the BFBS Bastion studios, helps open a wider window on the work of our Forces, aids morale and also reinforces our status as the Forces Broadcaster amongst the UK population and within the radio industry.

Our BFBS Radio service on DAB in the UK continues to strengthen with the latest round of audience research, conducted by IPSOS Mori in November 2011, showing an increase in both the awareness and reach of the service among the military community and the wider general public.

This year our audience in the UK was also given the opportunity to listen to the service on a new platform, with the launch of the BFBS Radio app in autumn 2011, following which more than 17,000 free copies of the BFBS app have been downloaded to smart phones. We have also launched DAB services on UK RadioPlayer (an industry standard online tool) and are successfully offering 'listen live' and 'listen again' options for all our services on our website.

Our Northern Ireland and overseas stations continue to remain a huge part of the communities within which they operate, highly valued by the respective military commanders, supporting the communication, morale and engagement aims on a daily basis, whilst continuing to keep those communities in touch with home.

As it was put by Commanding Officers from both Northern Ireland and Cyprus

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'BFBS (is) a key part of the military community here in Northern Ireland what makes it really effective is that the support is subtle rather than the 'hard sell' techniques we sometimes use Their contribution to Community Engagement in what can be a difficult environment must never be underestimated Lt Col J R Clarke, CO Lisburn Station

'BFBS Radio is a force multiplier, it uniquely understands the operational needs for information and broadcasts accordingly It is OUR local station It prioritises and personalises the information needed to keep families briefed, soldiers briefed and most of all it kept me updated' Lt Col R Boyd, CO 2 LANCs, Cyprus, Nov 2011

Our review and revamp of BFBS Gurkha Radio has made huge progress this last year, with the restructuring and relocation of the hub of broadcast activity to Kathmandu, complemented by the Shorncliffe and Brunel operations, the revamping of all programmes, ongoing staff training and the introduction of a bespoke news team based in Nepal, who are delivering hourly live bulletins in the Nepali language We have also upgraded equipment across the network This has met with a hugely positive response from the audience with, for example, this feedback received from one listener

'Thank you so much for transforming BFBS Gurkha Radio into a world class standard All programme are very informative, entertaining and versatile I think with its dynamism BFBS has overtaken BBC Nepali In layman's terms BFBS Gurkha Radio should be proud of its new look and continue providing such service which ordinary Gurkha Soldiers and families along with other good listeners are happy with KEEP UP THE GOOD WORK" Y Bahik via Facebook Feb 2012

Our outside broadcast programme has also built on previous years' experience and contacts and we have been able to deliver the fullest programme to date, including a presence at many key events such as Armed Forces Day, the Royal International Air Tattoo, Navy Days and The Military Tournament We also went about creating fun, engaging and compelling radio projects In November, BFBS's afternoon presenter, Richard Hatch, broke the record for underwater broadcasting in a dive-tank in Essex The programme was carried live around the world, the technological challenges were mastered and the Guinness World Record of 4 hours and 43 minutes is still held by BFBS

BFBS Television

BFBS TV has had another busy year and in response to the Forces' audience feedback, we launched a new channel specifically targeting our operational audience in Afghanistan called BFBS Frontline Launched in October 2011, its aim was to ensure that at any time of the day or night there was something funny and interesting to watch for anyone with a few minutes to spare

The recipe has been simple but compelling: comedy, quiz/ies and Top Gear Highlights in the first ten weeks of its operation have included The Inbetweeners, Father Ted, Burnistoun, Gavin and Stacey, Blackadder, Celebrity Juice, Mock the Week, QI, Have I Got News For You, Never Mind the Buzzcocks, An Idiot Abroad, Freddie Flintoff Versus the World, Ross Kemp Extreme World, Billy Connolly's Route 66 and of course Top Gear

It's also been a year of another first for BFBS TV Last August, at the beginning of the new football season, the English Premier League gave us fee-free rights to broadcast the 3 o'clock Saturday matches live to the Forces' overseas These matches are not available for transmission anywhere in the UK so our audiences now get to see the match first before anyone else in Britain, and rather than just focusing on the top teams in the Premiership, we've done our best to make sure that every team's fans - whether the allegiance is to Swansea, Norwich, Bolton or Manchester City - get a slice of the action

On the opening day of the season, one viewer, Yozza Hughes, wrote to check whether we'd made an error in our listings guide "I have searched through the listings of every UK TV channel and found that the Liverpool v Sunderland game on 13 August at 1500 is not being televised anywhere and yet you show it as being live on BFBS2 Please tell me that this isn't a mistake ' We were pleased to let this viewer know

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that there had indeed been no mistake and since then the 3 o'clock Saturday Barclays Premier League match has become a regular weekly date for our many football fans

BFBS TV also obtained the rights to Champions League football matches shown on ITV for the first time this year and showed both the Semi-Finals and the Final live with Chelsea lifting the trophy after a nerve wracking extra time and penalties against Bayern Munich. We took every match of the Rugby World Cup live, and broadcast other sports such as the Isle of Man TT race, the IAAF Athletics World Championships in South Korea, the French Open Tennis and Formula One among others. We were also able to bring to the audience, for the first time, live coverage of BAMMA (British Association of Mixed Martial Arts) Boxing fans have been well served too, with live coverage of the Haye v Klitschko, Fury v Chisora and Fury v Firtha fights

In November, we covered a range of Remembrance programmes including Remembrance Week, The Royal British Legion Festival of Remembrance, The Cenotaph and the only television broadcast of The Royal British Legion's Silence in the Square introduced by British Forces News's Kate Gerbeau. We also broadcast the Royal Wedding earlier in the year.

BFBS had a brilliant array of premiere movies during the year including Avatar, Fantastic Mr. Fox, Where the Wild Things Are, Inception, Tron Legacy, Watchmen, Transformers: Revenge of the Fallen, Star Trek, The A-Team, Four Lions, Sherlock Holmes, Alice in Wonderland, The Social Network, Twilight: New Moon, The Brothers Grimm. In addition BFBS4 Kids secured a Pixar deal for Toy Story 1 and 2, Monsters Inc., Cars, Finding Nemo, The Incredibles and A Bug's Life.

News and Information

BFBS provides comprehensive news services for the Forces and their families overseas and in the UK. Our team of journalists concentrate on items of interest to the military audience including operations in Afghanistan where we maintain two reporters full time in Camp Bastion. We also have dedicated defence reporters in Germany and Cyprus and a team of reporters, camera operators and producers in the UK.

During the last year we have substantially increased the reach of our news services with the launch of our nightly TV bulletin, British Forces News, at 6.30pm every weekday on the Information TV Channel, available free to air on the FREESAT and Sky platforms in over 10 million UK homes.

We have also increased investment in the stories we put on our website and use social networking, including Twitter and Facebook – where we have thousands of followers. This is bringing new audiences to our output. Our YouTube video news site has had more than four-and-a-half million views.

The last year has been intense for all those involved in the three services and the wider defence industry leading to real challenges for our senior reporters. The government's fiscal tightening, together with the strategic defence and security review, has led to substantial changes to personnel and equipment. Our news services have covered this in depth and looked at the welfare consequences for families at home and overseas. In Germany, the pace of drawdown has become a reality with the closure of Trenchard Barracks at Celle and the merger and disbandment of units.

There has been huge demand on the Forces for ceremonial duties. This has been for the Queen's Jubilee celebrations and a huge deployment to assist with security at the Olympics. BFBS News had two officially accredited Olympic Correspondents able to report from the Olympic Park on both service men and women taking part in the games and Paralympic games and on security issues.

Our main focus remains the conflict in Afghanistan. BFBS has continued to maintain two video journalists in Camp Bastion who report live into the programme and also travel to the front line to report first hand on the work of the Forces. Each week our Afghan reports are compiled in a special programme, "A Week in Afghanistan" which gives viewers a real sense of the breadth of work undertaken by the Forces in Helmand province.

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A big part of our work is covering homecomings, medal parades and family events. Stories of valour and recovery are also important. We maintain excellent links with the main service charities, the Royal British Legion, Help for Heroes, SSAFA and the family federations. We have covered a number of remarkable personal stories from those injured and have followed soldiers who lost limbs in Afghanistan as they have taken part in the Olympic torch relay.

We marked the 30th anniversary of the end of the Falklands War with a week of special programmes presented from Port Stanley. Our reporters looked at how the islands had developed during the last 30 years, we reported on the veterans returning to visit, interviewed the Commander of British Forces and took part in a recreation of the famous Yomp.

Live Entertainment, Cinemas, the British Defence Film Library and Welfare DVD's

Our live entertainment services have continued to be in high demand with a particularly strong emphasis on the support of operations and the decompression programme in Cyprus for personnel returning from Afghanistan. We now draw on a pool of more than 80 musicians and comedians to deliver these services – 365 days per year.

The Movie Machine remains an essential part of our decompression service, screening up to 3 different daily films, 7 days per week, in addition to providing a briefing facility and live entertainment stage at other times.

In Afghanistan itself we deliver a variety of entertainment formats, visiting theatre 8 times a year and delivering shows at several different locations on each trip. Our trial last year to get dancers into the most challenging forward locations has proved a resounding success and they are now a permanent and very welcome fixture, accompanied by a solo musician and comedian.

Live entertainment shows in support of the new Patient Recovery Centres which are opening across the UK, continue and following a grant from the SSVC Welfare Fund, we will deliver at least one show to each of the seven locations in 2012.

We also continue to support the Royal Navy wherever they might need an event in the world. This year has included a Christmas show in Dubai and shows in locations such as Bahrain, Cape Town, Sicily and Fujairah.

The year to 31 March 2012 was an exceptional one for SSVC Cinemas which saw the opening of our new cinema at Fallingbowl garrison together with the digitisation of our network across Germany, Cyprus and Northern Ireland. The newly digitised cinemas now have the advantages of the highest picture and sound quality together with the capability of showing 3D movies and the ability to source the latest films close to or even on their UK release dates.

The financing of this project was supported by the SSVC Welfare Fund with grants totalling £181,000 during the year and we are planning to extend the initiative to our UK mainland cinemas too during 2012/13.

Helped by this enhancement to our cinema service, attendances totalled a record 94,250 during 2011/12, up 8% on the previous year.

The British Defence Film Library issued 125,639 units of essential training material to the Forces worldwide. In addition, we selected, sourced and despatched 17,060 entertainment DVDs and games as part of the welfare package for deployed personnel.

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SSVC Welfare Fund and the BFBS 'Big Salute' Campaign

Payments from the SSVC Welfare Fund totalled £1,872,445 (2010 £1,893,614) which have allowed us to provide extra services such as additional TV channels and BFBS Radio on Digital Radio in the UK together with a wide range of direct grants

With MoD budgets increasingly constrained, our ability to provide additional services in this way has been highly valued by our audiences

Direct grants to enhance Forces welfare during the year included

- Laptop, camcorders, cameras and games for Afghanistan
- 100 internet radios for the Brigade of Gurkhas
- Installation of digital equipment in forces cinemas in Germany, Cyprus and Northern Ireland
- TVs and DAB radios for rehabilitation units in Sennelager, Aldershot and the Queen Elizabeth Hospital in Birmingham
- Funding of a children's play area within Palace Barracks, Holywood, Northern Ireland
- Sponsorship of Christmas Boxes for Afghanistan
- TVs, games consoles, CD players and home cinema systems for HMS Bulwark, HMS Kent, HMS Dragon, HMS Vanguard, HMS Vigilant, HMS Lancaster, HMS Ocean, HMS Illustrious, HMS Atherstone, HMS Enterprise, HMS Raider and HMS Richmond
- Funding towards the Royal Artillery 'Death March route of 1945' expedition in Borneo
- Sponsorship of Combined Services Sport

Separately from SSVC welfare grants, BFBS's 'Big Salute' campaign succeeded in raising over £100,000 through the combined efforts of BFBS broadcasters and the local military communities they serve throughout the world. These funds will be shared among 5 forces charities, BLESMA, Combat Stress, Blind Veterans UK, Veterans Aid and Family Activity Breaks – an organisation that provides holidays for bereaved military families

Structure, governance and management

The charity is a company limited by guarantee (company number 00407270) and is registered as a charity (charity number 00233480). 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 2012 was 9 (2011 8).

The Services Sound and Vision Corporation

Report of the Board of Trustees

Organisation

A Board of Trustees, which meets six times a year, administers the charity. There are sub-committees covering investment, audit, remuneration, Board and Senior Management nominations and the distribution of charitable funds.

- investment committee - meets regularly during the year. At each Board meeting, it reports to the Board on the performance of investments.
- 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.
- welfare fund committee - meets as and when required to deal with requests received and reports to the Board at each Board meeting. The Chief Executive and Director of Finance are authorised to approve individual grants with a value of less than £10,000. Grants in excess of this and below £50,000 are discussed by the committee and approved in writing. Grants in excess of £50,000 are approved by the Board.

A Chief Executive is appointed by the Board to manage the day-to-day operations of the Charity. The other members of the Executive Management team (see page 38) assist the Chief Executive.

Principal funding sources

The charity is principally funded through contracts with the MoD.

Directors

All members of the Board are directors for the purposes of company law and trustees for the purposes of charity law. All Trustees served throughout the year, except as noted below.

The Trustees are elected by the existing Board, 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 proposed appointments are subject to approval by the Board. The Board shall include individuals who have held commissioned rank in the Forces and civilians with relevant business experience. The total members of the Board must number between 3 and 13.

Excluding the Chair, from time to time, each Trustee shall retire from office at the third annual general meeting following the commencement of his or her term of office. Retiring Trustees may be reappointed.

The membership of the Board is set out below.

Air Vice-Marshal Andrew Vallance - chairman of the Charity, chairman of remuneration and nomination committees

Howard Perlin - vice chairman of the Charity, chairman of audit committee, and member of remuneration, investment and nomination committees

Captain Graham Robinson RN - chairman of investment committee and member of welfare fund committee

June Dromgoole - chairman of welfare fund committee

Roger Loughton - member of audit and nomination committees

Will Wyatt - member of remuneration and nomination committees

Tony Hales - member of audit, investment and remuneration committees

Major General Chris Wilson - member of welfare fund, investment and audit committees

Clare Colacicchi - member of welfare fund committee (appointed to the Board on 13 September 2011)

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Report of the Board of Trustees

Trustee training and induction

All new Trustees undertake an induction programme on joining the Board. The aim of this programme is to introduce new trustees to the Charity's objectives, operations and governance arrangements. The induction programme includes a pre-appointment pack, meetings with senior management, a visit to the principal facility, presentations on key financial and operational areas and relevant documentation. Trustees are regularly updated on changes to charity and company law as well as changes to other legislation which have an impact on the Charity. Trustees are expected to remain updated with charity best practice.

Grants

A sub-committee exists to review applications for grants from the Forces. The review process includes ensuring that the provision of each grant is within the terms of the charitable objectives of the charity.

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

Grants are awarded to units of the Forces in respect of worthy causes associated with education, training, welfare and entertainment needs. The welfare fund committee meets as and when required to deal with applications received and reports to the Board at each Board meeting. The Chief Executive and Director of Finance are authorised to approve individual grants with a value of less than £10,000, whilst the welfare fund committee is authorised to approve grants with a value of less than £50,000. Individual grants in excess of this value are discussed by the Board and approved in writing. Grants are approved if the purpose is considered to be a worthy cause and is within the terms of the objectives of the charity. During the financial year, 117 applications for grants were received, all of which were either partially or fully awarded. The average value of grants made during the year was £16,004 (2011 £14,794).

Risk management

The Board reviews, on an ongoing basis, major operational, business and financial risks that the charity faces. The audit committee also meets with the external auditors on a regular basis.

Senior management monitor all operational, business and financial risks that the charity faces, and confirms that systems are in place to mitigate the significant risks.

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

Financial risk management objectives and policies

The charity uses various financial instruments including loans, cash, equity investments, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the charity's operations.

The existence of these financial instruments exposes the charity to a number of financial risks, which are described in more detail below.

The main risks arising from the charity's financial instruments are market risk, liquidity risk, interest rate risk, cash flow and credit risk. The Trustees review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

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Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The charity's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Liquidity risk

The charity seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

A managed risk is the timing and advance funding of expenditure to provide charitable services, and the subsequent receipts from the MoD under the various contracts. Significant additional service requirements have to be funded initially from operational cash reserves before the receipts from the MoD are obtained.

Currency risk

Forward exchange contracts are used to manage currency fluctuations on purchases in foreign currency by entering into a forward exchange contract to match the future foreign currency commitment when due.

Interest rate risk

The charity places cash on deposit on a medium term basis of up to 12 months at fixed interest rates. Before placing deposits, the financial stability of the relevant banks is reviewed, to ensure that any risk to the funds is minimised.

Credit risk

The charity's trade debtors represents amounts due from the MoD.

In order to manage credit risk and to ensure prompt payment we have built up a strong relationship with the MoD and maintain regular contact with them throughout the period between the issue of invoices and the receipt of payments, resolving any issues or queries that may arise in the meantime.

Employee involvement

The charity 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 charity. This is achieved through briefings by the Chief Executive and his senior staff, staff association meetings and all-staff town meetings.

Disabled workers

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

Financial review

The revenue of the charity decreased to £34,549,000 (2011 £38,738,000) due to a reduction in the funding available from the MoD for the broadcasting contract.

Further benefits from the cost reduction programme that started in 2009/10 are reflected in costs of £30,059,000, continuing the downward trend from 2008/09 - £35,390,000, 2009/10 - £32,489,000 and 2010/11 - £31,899,000.

These cost reductions helped mitigate the impact of the cut in funding from the MoD, allowing the charity to both maintain and strengthen services while also recording a net increase in funds for the year of £4,083,000.

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Reserves policy

At 31 March 2012, the charity held 'unrestricted funds – other charitable funds' totalling £28,831,000 (2011 £24,748,000). 'Unrestricted funds' consists of a reserve accumulated over a number of years and is available to be distributed by way of grants.

The charity's policy includes an intention to maintain sufficient reserves to fund any future deficit that may arise in SSVC's pension scheme, with the welfare of the members of the scheme being an important concern for our Trustees. The actuarial report on the SSVC pension scheme as at 1 April 2012 disclosed a deficit of £4,423,000 and, while the charity has no obligation to make any additional payments at this time, it acknowledges the need to fund any deficit that may be disclosed by the next triennial valuation as at 1 April 2014.

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

The charity has considerable financial resources at its disposal and its operations are underpinned by long term contracts with the MoD. The nature of these contracts enables the charity to forecast future revenues with reasonable certainty and costs continue to be controlled so as to ensure a surplus is returned on the charity's activities. As a consequence, the Trustees believe that the charity is well placed to manage its operational risks successfully, despite the current uncertain economic outlook.

The Trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key performance indicators

The financial performance of the charity is closely monitored on a monthly basis by the Director of Finance with both revenues and costs being compared against the SSVC Board-approved budget for the year. The monthly management accounts are presented at each Board meeting together with a commentary on activity, revenue and expense variances.

The majority of the reserves of the charity are held in four investment funds and the Investment Committee monitors their performance regularly. The Board approves all changes to the investment policy, following proposals by the Investment Committee.

The delivery, performance and quality of the services provided under contracts to the MoD are monitored by the Senior Management of SSVC, the designated officer (MoD), the viewers, listeners and customers. SSVC management and MoD representatives meet formally on a biannual or quarterly basis to review the contract, services and any proposed amendments. The opinions of our viewers, listeners and customers are of paramount importance to the charity and, to ensure that the content and service is of the highest quality, periodic audience research surveys are conducted at all the main locations.

Good programme content for both the radio and television services is essential and our channel schedulers are committed to sourcing the best available from both the UK and overseas. This includes sporting events, movies, UK and US television series, documentaries, news and current affairs programmes.

SSVC is a quality broadcaster and committed to maintaining its high standards of service to its viewers and listeners. Quality Assurance programmes have been developed within the radio and television divisions and SSVC has ISO 9001 accreditation.

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Investment policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the trustees see fit. The objective of the Investment Policy is, on a low risk basis commensurate with the charity's charitable 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 charity fund investment managers during the year. The majority of investments are in fully invested pooled funds. The Investment Committee regularly reviews the performance of the investment managers and meets with them when appropriate. The performance of the investment funds is monitored and measured against other Charity Common Investment Funds and the FTSE all share index.

During the year, there was a small increase in the market value of the investment portfolio with declines in the value of equity holdings more than offset by the reinvestment of dividends and a strong performance from gilt and bond funds. The Investment Committee considers that the performance of its funds was in line with other funds with a similar risk profile.

Plans for future periods

The charity plans to continue to provide the full range of services to its beneficiaries, and to maintain the level of grants, as outlined above, subject to its continuing success in securing contracts from the MoD.

Given the current commitment of the UK to operations in Afghanistan together with the ongoing stationing of the Forces elsewhere throughout the world we believe that our services and the related benefits they bring in respect of morale and motivation will continue to be highly valued by our beneficiaries in the coming years.

Statement of Trustees' responsibilities

The Trustees (who are also directors of SSVC for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK 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 charitable company will continue in business

The Services Sound and Vision Corporation

Report of the Board of Trustees

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Trustees is aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charity receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



Air Vice-Marshal Andrew Vallance
Trustee

Date 6 Nov 12

Report of the Independent Auditor to the Members 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 2012, which comprise the principal accounting policies, the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Trustees, as a body, in accordance with Section 154 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustee's Responsibilities Statement set out on pages 11 and 12, the trustees (who are also the directors of The Services Sound and Vision Corporation for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and,
- have been prepared in accordance with the Companies Act 2006.

Report of the Independent Auditor to the Members of The Services Sound and Vision Corporation

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

GR TH UK LLP

Steve Robinson
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

12 November 2012

The Services Sound and Vision Corporation

Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Incoming resources			
Investment income	5	748	646
Voluntary income	1	358	43
Incoming resources from charitable activities	1	<u>33,443</u>	<u>38,049</u>
Total incoming resources		34,549	38,738
Resources expended			
Investment management costs		(114)	(105)
Costs in respect of charitable activities	2	<u>(29,754)</u>	<u>(31,606)</u>
Governance costs	2	<u>(191)</u>	<u>(188)</u>
Total resources expended		(30,059)	(31,899)
Net incoming resources for the year before other recognised gains and losses		4,490	6,839
Other recognised (losses)/gains:			
Unrealised (loss)/gain on investments	8	(95)	937
Actuarial loss on defined benefit pension scheme	12	<u>(312)</u>	<u>(4,160)</u>
		(407)	(3,223)
Net movement in funds		4,083	3,616
Reconciliation of funds			
Total funds brought forward		<u>24,748</u>	<u>21,132</u>
Total funds carried forward		28,831	24,748
All funds are unrestricted			
All operations are classed as continuing			

The accounting policies and notes on pages 18 to 36 form an integral part of these financial statements

The Services Sound and Vision Corporation


Balance sheet

For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	7	1,654	190
Investments	8	19,495	18,975
		<u>21,149</u>	<u>19,165</u>
Current assets			
Stock and work in progress	9	692	806
Debtors	10	4,647	4,839
Investments – bank deposits	8	4,800	3,728
Cash at bank and in hand		1,742	454
		<u>11,881</u>	<u>9,827</u>
Creditors: amounts falling due within one year	11	<u>(4,251)</u>	<u>(4,302)</u>
Net current assets		<u>7,630</u>	<u>5,525</u>
Total assets less total liabilities excluding pension scheme asset		<u>28,779</u>	<u>24,690</u>
Pension asset	13	<u>52</u>	<u>58</u>
Total assets less total liabilities including pension scheme asset		<u>28,831</u>	<u>24,748</u>
Funds of the charity			
Unrestricted charitable funds	12	<u>28,831</u>	<u>24,748</u>

All funds are unrestricted

The financial statements were approved by the Board on

 6 Nov 12

Air Vice-Marshal Andrew Vallance
Trustee

Charity no 00233480
Company no 00407270

The accounting policies and notes on pages 18 to 36 form an integral part of these financial statements

The Services Sound and Vision Corporation

Cashflow statement

For the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	18	5,971	2,198
Returns on investments and servicing of finance			
Interest received		748	646
Net cash inflow from returns on investments and servicing of finance		748	646
Capital expenditure			
Purchase of tangible fixed assets		(1,872)	(168)
Purchase of investments		(1,925)	(531)
Sale of tangible fixed assets		-	6
Sale of investments		1,310	-
		(2,487)	(693)
Net cash outflow from capital expenditure		(2,487)	(693)
Other activities			
Payment of operational welfare grants		(1,872)	(1,894)
Net cash outflow from other activities		(1,872)	(1,894)
Financing			
Loan repayments		-	(432)
Net cash outflow from financing activities		-	(432)
Management of liquid resources			
Purchase of short term deposits		(1,072)	(940)
Net cash outflow from management of liquid resources		(1,072)	(940)
Increase/(decrease) in cash	20	1,288	(1,115)

The accounting policies and notes on pages 18 to 36 form an integral part of these financial statements

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2012

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

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 April 2005 and the Charities Act 2006.

The charity has taken exemption under section 405(2) of Companies Act 2006 from preparing consolidated financial statements on the grounds that the inclusion of its only subsidiary is not material (see note 14). These financial statements therefore present information about the charity as an individual undertaking and not about the group.

Incoming resources and revenue recognition

Income recognition

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

Activities in furtherance of the charity's objects represent the total amount receivable by the charity, 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.

Investment income

Investment income comprises interest receivable on short-term deposits and all investment income from fixed asset investments including reinvested income.

Resources expended

Liabilities are recognised as resources expended as soon as the charity has a legal or constructive obligation committing the charity to the expenditure. Resources expended are included in the Statement of Financial Activities on the accruals basis, inclusive of any VAT which cannot be recovered. Resources expended under charitable activities include all costs incurred by the charity in the delivery of goods and services directed at the achievement of its charitable objectives. These are disclosed in further detail in note 2 to the financial statements.

Grants made

Grants are expensed to the Statement of Financial Activities on the accruals basis and when specifically authorised by the welfare fund committee.

Investment management costs

Resources expended under investment management costs are recognised on the accruals basis.

Governance costs

Resources incurred under governance costs include all specific costs of governance arrangements relating to the charity and are recognised on the accruals basis.

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2012

Tangible fixed assets and 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

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

Equipment costs which are not financed by current year income from the Ministry of Defence are capitalised at cost. Depreciation on assets is applied from the date the asset becomes available for use.

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 charity also holds short term deposits for the purpose of liquidating into cash if the need arises, and these are included at market value. Such short term deposits are considered liquid resources by the charity.

Stock and work in progress

Stock 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.

Work in progress is stated at the lower of cost and net realisable value.

Foreign currencies

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 in accordance with Statement of Standard Accounting Practice 20 "Foreign currency translation". It may involve reporting unrealised exchange gains on unsettled long term monetary items as part of the surplus or deficit for the year.

Operating lease commitments

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

FRS 17 'Retirement Benefits'

The charity operates a defined benefit pension scheme which is accounted for in accordance with FRS 17. Scheme assets are measured at fair values and quoted securities are measured at bid price. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognized only to the extent that it is considered recoverable under the terms of FRS 17 by the charity.

The Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2012

FRS 17 'Retirement Benefits' (continued)

The current service cost and costs from settlements and curtailments are charged against net incoming resources. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net of support costs. Actuarial gains and losses are reported within other recognised gains/(losses) in the statement of financial activities.

Taxation

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

Defined contribution pension scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Forward exchange contracts

Forward exchange contracts are used to manage currency fluctuations on purchases in foreign currency by entering into a forward exchange contract to match the future foreign currency commitment when due.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income and expenditure account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

1 Incoming resources

1.1 Incoming resources from charitable activities

The income for the year was attributable to the charity's objects as described in its Memorandum of Association

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

	2012 £'000	2011 £'000
Incoming resources from charitable activities	<u>33,443</u>	<u>38,049</u>

The majority of the income resulted from activities delivered overseas

The charity has contracts with the MoD for the provision of television, radio, live entertainment, mobile cinema and library and film distribution services. These activities account for approximately 89% (2011 90%) of the total income for the year

Services and supplies provided to the Forces on operations or stationed overseas, but not under contract to the MoD, include electrical retail sales and support in Germany, distribution of film and audio material, together with the operation and management of 17 Forces cinemas (2011 18) located in Germany, Cyprus, The Falkland Islands and the United Kingdom

1.2 Voluntary Income

Voluntary income recognised by the charity relates to a gift aid donation from SSVC Broadcasting Limited, the charity's subsidiary undertaking

2 Resources expended

Resources expended in	Grants £'000	Direct costs £'000	Support costs £'000	Other costs £'000	2012 Total £'000	2011 Total £'000
Costs paid to external parties in respect of charitable activities	-	24,480	3,503	(101)	27,882	29,712
Internally managed projects funded entirely by the charity	1,320	-	-	-	1,320	1,621
External grants made in respect of specific requests (note 4)	552	-	-	-	552	273
	<u>1,872</u>	<u>24,480</u>	<u>3,503</u>	<u>(101)</u>	<u>29,754</u>	<u>31,606</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

Resources expended (continued)

Internally managed projects that are funded entirely by the charity include the provision of additional services on existing contracts and further costs incurred for the furtherance of the charity's aims. External grants are analysed further in note 4 and are discussed in the Report of the Board of Trustees.

In 2011 and 2012, 'other costs' represent a partial reversal of the write down to net realisable value of the investment held with Kaupthing Singer & Friedlander, which previously went into administration in 2009, to reflect amounts subsequently received.

Support costs were incurred as follows

	2012 £'000	2011 £'000
Staff costs	1,526	1,349
Depreciation	70	55
Other support costs	2,523	1,231
	<u>4,119</u>	<u>2,635</u>

Resources expended in Governance costs

Governance costs total £190,742 (2011 £188,377) and include £156,547 (2011 £154,088) in respect of senior management remuneration.

Net incoming resources

Net incoming resources is stated after charging

	2012 £'000	2011 £'000
Auditor's remuneration	32	37
Depreciation of owned fixed assets (excluding buildings)	406	461
Depreciation of buildings	2	9
Hire of plant and machinery	405	456
Other operating leases	365	346
Foreign exchange loss	348	10
Staff costs (see note 3)	<u>9,301</u>	<u>9,654</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

3 Trustees and employees

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

	2012 £'000	2011 £'000
Wages and salaries	7,860	8,204
Social security costs	728	813
Defined contribution pension costs	703	609
Pension current service costs (note 13)	10	28
	<u>9,301</u>	<u>9,654</u>

The average number of employees of the charity during the year was 247 (2011 261)

	2012 Number	2011 Number
Activities in furtherance of the charity's objects	232	247
Management and administration	15	14
	<u>247</u>	<u>261</u>

The remuneration of the Chief Executive and the Executive Management is set by the Remuneration Committee of the Board of Trustees, which consists solely of non-executive trustees

No trustees or persons with a family or business connection with a trustee, received remuneration or benefits in the year, directly or indirectly, from the charity. An amount of £2,568 for expenses (2011 £2,484) was reimbursed to 7 trustees (2011 6)

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

	2012	2011
£60,001 - £70,000	8	7
£70,001 - £80,000	1	2
£80,001 - £90,000	2	2
£90,001 - £100,000	3	3
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1

Contributions totalling £49,352 (2011 £38,025) were paid in respect of 12 (2011 10) higher paid employees in the year relating to the defined contribution scheme

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

4 Grant payments

External grants have been made to the following institutions during the year, in pursuance of the charity's objectives

	2012 £'000	2011 £'000
External grants made in respect of specific requests		
Digitisation of Forces Cinemas	181	-
Royal Navy	51	62
Afghanistan	181	77
Combined Services Sports	30	33
Other grants made to the Forces	109	101
Total of awards in respect of specific requests	552	273

5 Investment income

	2012 £'000	2011 £'000
Interest receivable on short term deposits	19	10
Dividends and interest receivable from fixed asset investments	729	636
	748	646

6 Interest payable

	2012 £'000	2011 £'000
Interest on bank loans	-	19
Interest on pension scheme liabilities (note 13)	3,239	3,380
	3,239	3,399

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

7 Tangible fixed assets

	Leasehold long-term £'000	Leasehold short-term £'000	Equipment £'000	Total £'000
Cost				
At 1 April 2011	956	311	3,244	4,511
Additions	-	-	1,872	1,872
At 31 March 2012	956	311	5,116	6,383
Depreciation				
At 1 April 2011	954	311	3,056	4,321
Provided in the year	2	-	406	408
At 31 March 2012	956	311	3,462	4,729
Net book amount at 31 March 2012	-	-	1,654	1,654
Net book amount at 31 March 2011	2	-	188	190

8 Investments - fixed assets

	2012 £'000	2011 £'000
Investments (analysis below)	19,495	18,975
	2012 £'000	2011 £'000
At 1 April 2011	18,975	17,507
Additions	1,925	531
Disposals	(1,310)	-
(Decrease)/increase in market value	(95)	937
At 31 March 2012	19,495	18,975
Investments are analysed further as		
UK equities	13,177	13,053
Overseas equities	1,982	1,987
Fixed interest and cash	4,336	3,935
	19,495	18,975

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

Investments - fixed assets (continued)

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

	2012 £'000	2011 £'000
Cost	<u>12,210</u>	<u>11,900</u>

9 Stock and work in progress

	2012 £'000	2011 £'000
Work in progress	4	-
Stock for resale	<u>688</u>	<u>806</u>
	<u>692</u>	<u>806</u>

10 Debtors

	2012 £'000	2011 £'000
Trade debtors	3,032	2,936
Other debtors	202	142
Prepayments and accrued income	963	1,228
Social security and other taxes	450	508
Amounts owed by subsidiary (note 21)	-	25
	<u>4,647</u>	<u>4,839</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

11 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	1,669	1,706
Social security and other taxes	218	226
Other creditors	160	125
Accruals and deferred income	2,081	2,193
Amounts owed to subsidiary (note 21)	63	-
Contribution owed to defined contribution pension scheme	60	52
	<u>4,251</u>	<u>4,302</u>

Deferred incoming resources are recognised when the applicable service has been provided. The movement in deferred income is analysed below.

	£'000
Deferred income at 1 April 2011	65
Amounts recognised in the current year	(65)
Amounts deferred in the current year	30
	<u>30</u>
Deferred income at 31 March 2012	

12 Reserves

	Income and expenditure £'000
At 1 April 2010	21,132
Surplus for year	6,839
Unrealised profit on investments	937
Actuarial loss relating to pension schemes	<u>(4,160)</u>
At 31 March 2011	24,748
Surplus for year	4,490
Unrealised loss on investments	(95)
Actuarial loss relating to pension schemes	<u>(312)</u>
At 31 March 2012	<u>28,831</u>

13 Financial Reporting Standard (FRS) 17 'Retirement Benefits'

The charity 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 charity and invested directly on the advice of the independent professional investment managers. The assets of the scheme are held in a Managed Fund for whom the equity managers are Legal & General Investment Management Limited, Mirabaud Investment Management Limited, Insight Investment Management (Global) Limited, August Equity Limited and ING Real Estate Limited. The Fixed Interest Manager is Credit Suisse Asset Management Limited.

On 30 April 2009, the pension scheme was closed to further accrual to all members other than Active BFBS members. The present value of the asset arising from future service by current and future scheme members is approximately £52,000 at 31 March 2012 (2011 £58,000). The surplus is recoverable through reduced contributions in the future under the specific guidance as set out in FRS 17. The initial surplus as calculated under FRS 17 of £14,416,000 has been de-recognised down to a value of £52,000 at 31 March 2012 (2011 £17,180,000 had been de-recognised down to a value of £58,000).

The treatment of pension costs in these financial statements is in accordance with the provisions of FRS 17.

The total pension cost to the charity was £10,000 (2011 £28,000) as disclosed in note 3. The pension cost is assessed in accordance with the advice of an independent qualified actuary.

The employer's best estimate of contributions to be paid to the scheme in respect of the next accounting period is £20,000.

The scheme is divided into two parts, a main scheme and a closed section representing the BFBS ex civil servants who joined the charity from the Ministry of Defence in 1983. The market value of the combined assets of the schemes as at 31 March 2012 amounted to £82,166,000 (2011 £77,758,000).

Pensions

During the year ended 31 March 2012, the charity paid normal contributions to the scheme at the rate of 44.1% of Pensionable Salaries in respect of Active ex-Ministry of Defence BFBS Members.

As the section of the scheme relating to ex-Ministry of Defence BFBS Members is closed to new entrants, the current service cost for members will increase as they approach retirement.

During the year, the charity paid special contributions to the scheme of £nil (2011 £4,000,000).

On 30 April 2009, the pension scheme was closed to further accrual to all members other than Active BFBS members. The present value of the liability arising from future service by current and future scheme members is approximately £52,000 at 31 March 2012. The surplus is therefore considered to be recoverable to this amount through reduced contributions in the future under the specific guidance as set out in FRS 17.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

FRS 17 'Retirement benefits' (continued)

	2012 £ '000	2011 £ '000
Pension scheme surplus brought forward	58	88
Movement in scheme surplus	(2,764)	8,832
Gross surplus in scheme at end of year	(2,706)	8,920
De-recognition of surplus under FRS 17	2,758	(8,862)

Pension scheme surplus carried forward 52 58
The last full actuarial valuation was carried out for the trustees of the Pension Fund as at 1 April 2012 and was used by the actuary for the disclosure requirements of FRS17 'Retirement Benefits' as at 31 March 2012

The main assumptions used by the actuary for the purpose of the FRS 17 valuation are detailed below:

	2012 %	2011 %
Rate of increase in salaries	2.50	3.00
Expected long-term rate of return on scheme assets	4.00	4.60
Rate of increase for pension in payment		
SSVC members		
Pre April 1997 Pensionable Service	2.50	2.80
Pre April 2006/Post April 1997 Pensionable Service	3.20	3.50
Post April 2006 Pensionable Services	2.20	2.40
Ex-Ministry of Defence BFBS members	2.25	2.75
Discount rate	4.60	5.50
Inflation – RPI assumption	3.25	3.50
Inflation – CPI assumption	2.25	2.75

The underlying mortality assumption is based upon the standard table known as the SAPS_Lighter mortality table, with the CMI_2009 allowance for future improvements and a long term rate of improvement of 1% p.a. (2011 PCA00 projected on a year of birth usage with medium cohort future improvement factors subject to a minimum annual rate of future improvement equal to 1.0%)

The amounts to be recognised in the statement of financial activities for the year ended 31 March 2012 are as follows:

	2012 £'000	2011 £'000
Current service cost	10	28
Interest on scheme liabilities	3,239	3,380
Expected return on scheme assets	(3,249)	(3,237)
Total	-	171
Actual return on scheme assets	3,505	5,228

Actual past service cost was £49,000 but this has been extinguished by the application of part of the unrecognised surplus

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

FRS 17 'Retirement benefits' (continued)

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

	Rate of Return %	2012 Value £'000	Rate of Return %	2011 Value £'000	Rate of Return %	2010 Value £'000
Equity and property	6.00	28,758	6.00	28,770	6.20	25,682
Bonds	3.40	52,586	4.60	45,100	4.75	37,810
Cash	0.50	822	0.50	3,888	0.50	7,848
Total market value of assets		82,166		77,758		71,340
Actuarial value of scheme liabilities		(67,750)		(60,578)		(62,992)
Net pension asset before de-recognition		14,416		17,180		8,348

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. Changes in the present value of the scheme liabilities for the year ended 31 March 2012 are as follows

	2012 £'000	2011 £'000
Present value of scheme liabilities at beginning of year	60,578	62,992
Current service cost	10	28
Past service cost	56	-
Employee contributions	2	3
Interest cost	3,239	3,380
Actuarial losses/(gains)	7,316	(2,711)
Benefits paid	(3,431)	(3,114)
Present value of scheme liabilities at end of year	67,770	60,578

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

FRS 17 'Retirement benefits' (continued)

Changes in the fair value of the scheme assets for the year ended 31 March 2012 are as follows

	2012 £'000	2011 £'000
Market value of scheme assets at beginning of year	77,758	71,340
Expected return	3,505	3,237
Actuarial gains	4,046	1,991
Benefits paid	(3,451)	(3,114)
Contributions paid by the charity	306	4,301
Employee contributions	2	3
Market value of scheme assets at end of year	<u>82,166</u>	<u>77,758</u>

The major categories of scheme assets as a percentage of total scheme assets for the year ended 31 March 2012 are as follows

	2012	2011
Equities and property	35%	37%
Bonds	64%	58%
Cash	1%	5%
Total	<u>100%</u>	<u>100%</u>

The expected long-term rate of return on the scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and property of 6.0% (2011 6.0%), an expected rate of return on bonds of 3.4% (2011 4.6%) and an expected rate of return on cash of 0.5% (2011 0.5%)

The following disclosures show the amounts charged to the operating result in the year which have been included within aggregate emoluments

	2012 £'000	2011 £'000
Current service cost	<u>10</u>	<u>28</u>
Total operating charges	<u>10</u>	<u>28</u>

The Services Sound and Vision Corporation

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For the year ended 31 March 2012

FRS 17 'Retirement benefits' (continued)

The following disclosures show the amounts charged to the operating result in the year which have been included within support costs

	2012 £'000	2011 £'000
Expected return on pension scheme assets	3,505	3,237
Interest on pension scheme liabilities	<u>(3,239)</u>	<u>(3,380)</u>
Net interest	<u>266</u>	<u>(143)</u>

The amount included in the statement of total recognised gains and losses (included within the Statement of Financial Activities) is

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	4,046	1,991
Experience gains and losses arising on pension scheme liabilities	(1,645)	(16)
Change in assumptions underlying the present value of scheme liabilities	<u>(5,671)</u>	<u>2,727</u>
Actuarial (loss)/gain	(3,270)	4,702
De-recognition of surplus under FRS 17	2,958	(8,862)
Past service costs	<u>(56)</u>	<u>-</u>
Net actuarial loss recognised	<u>(368)</u>	<u>(4,160)</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

FRS 17 'Retirement benefits' (continued)

The movement in the gross surplus in the year is

	2012 £'000	2011 £'000
Gross surplus in scheme at beginning of year	17,180	8,348
Current service cost	(10)	(28)
Contributions	306	4,301
Other finance expense	266	(143)
Past service costs	(56)	-
Actuarial (loss)/gain	(3,270)	4,702
Gross asset in scheme at end of year before de-recognition	<u>14,416</u>	<u>17,180</u>

The history of experience gains and losses is

	2012	2011	2010	2009	2008
Difference between expected and actual return on scheme assets					
Amount (£'000)	(4,046)	(1,991)	(8,492)	(8,766)	(2,411)
Percentage of scheme assets	4.9%	2.6%	11.9%	15.3%	4.4%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(1,645)	(16)	1,962	(58)	(294)
Percentage of scheme liabilities	(2.4%)	0.0%	3.1%	0.1%	0.6%
Total amount recognised in SOFA before de-recognition					
Amount (£'000)	(2,958)	4,702	(1,922)	(6,163)	3,712
Percentage of scheme liabilities	4.4%	(7.8%)	3.1%	2.4%	7.0%

The amount recognised in the SOFA amounts to £312,000 (2011 £4,160,000) which represents the actuarial loss calculated under FRS 17 of £3,270,000 (2011 £4,702,000 gain) plus a de-recognition of a part of the initial surplus of £2,958,000

The history of scheme assets and liabilities is

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Market value of scheme assets	82,166	77,758	71,340	57,292	54,225
Market value of scheme liabilities	(67,750)	(60,578)	(62,992)	(52,202)	(52,749)
Surplus in the scheme	<u>14,416</u>	<u>17,180</u>	<u>8,348</u>	<u>5,090</u>	<u>1,476</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

14 Subsidiary undertaking

	2012 £	2011 £
Ordinary £1 shares	<u>2</u>	<u>2</u>

The subsidiary of the corporation, SSVC Broadcasting Limited, an entity incorporated in England and Wales, is wholly owned by the charity. The company began to trade as a provider of broadcast services during the year ended 31 March 2012. Its result for the year, was a net result of £nil (2011 £nil). Capital and reserves at 31 March 2012 were £2 (2011 £2). See note 21 for details of related party transactions.

15 Contingent liabilities

A contingent liability of £150,000 exists at 31 March 2012 (2011 £150,000) in respect of a guarantee in favour of Combined Independent (Holdings) Limited, a purchasing co-operative of which the charity is a member.

16 Leasing commitments

Annual leasing commitments are as follows:

	Land and Buildings		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Operating leases which expire				
- within one year	-	-	3,746	11
- between one and two years	75	-	66	3,877
- between two and five years	-	92	15	63
- greater than five years	276	256	-	-
	<u>351</u>	<u>348</u>	<u>3,827</u>	<u>3,951</u>

17 Commitments

There were no capital commitments at 31 March 2012 (2011 £nil).

At 31 March 2012, the charity is committed to purchasing €6,480,000 and \$4,200,000 under separate forward contracts, which have fixed exchange rates. The exchange rates payable are €1.1400 and \$1.4965 and the fair value of the commitments at 31 March 2012 result in potential losses of £283,000 and £178,000 respectively.

At 31 March 2011, the charity was committed to purchasing €6,480,000 and \$4,200,000 under separate forward contracts, which have fixed exchange rates. The exchange rates payable were €1.1400 and \$1.4965 and the fair value of the commitments at 31 March 2011 resulted in a potential gain of £53,000 and a potential loss of £186,000 respectively.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

18 Reconciliation of operating income to net cash inflow from operating activities

	2012 £'000	2011 £'000
Operating surplus (net of grants paid)	3,742	6,193
Grants paid	1,872	1,894
Movement as a result of pensions asset	(312)	(4,160)
Depreciation	408	470
Decrease in stock and work in progress	114	38
Decrease in debtors	192	1,465
Decrease in creditors	(45)	(3,702)
Net cash inflow from operating activities	<u>5,971</u>	<u>2,198</u>

19 Analysis of change in net funds

	At 1 April 2011 £'000	Cash flow £'000	At 31 March 2012 £'000
Cash at bank and in hand	454	1,288	1,742
Short term deposits	3,728	1,072	4,800
	<u>4,182</u>	<u>2,360</u>	<u>6,542</u>

20 Reconciliation of net cash flow to movements in net funds

	2012 £'000	2011 £'000
Increase/(decrease) in cash	1,288	(1,115)
Cash outflow from liquid resources	1,072	940
Cash outflow from financing	-	432
Movement in net funds arising from cashflows	<u>2,360</u>	<u>257</u>
Net funds at 1 April 2011	<u>4,182</u>	<u>3,925</u>
Net funds at 31 March 2012	<u>6,542</u>	<u>4,182</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2012

21 Related party transactions

During 2011, the charity made an interest-free loan to its subsidiary, SSVC Broadcasting Limited, for the purpose of providing short term working capital. At 31 March 2012, a net amount of £62,745 was due to SSVC Broadcasting Limited with respect to cash paid into SSVC relating to SSVC Broadcasting Limited (2011 £24,953 was due from SSVC Broadcasting Limited). Costs of £73,194 were recharged to SSVC Broadcasting Limited during the year (2011 £296,920). Revenue of £430,941 (2011 £339,548) was recharged to the same company. A gift aid donation of £357,747 was made from SSVC Broadcasting Limited to the charity (2011 £42,628). Further related party transactions in respect of Trustees' expenses are disclosed in note 3.



**SSVC
BOARD OF TRUSTEES**

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VICE CHAIRMAN

Howard Perlin FCA

TRUSTEES

Captain Graham Robinson RN

June Dromgoole

Roger Laughton CBE

Will Wyatt CBE

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Major General Chris Wilson CB CBE

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LIFE VICE-PRESIDENTS

General Sir Geoffrey Howlett KBE MC

Lieutenant General Sir Roderick Cordy-Simpson KBE CB

Michael Andrae Hon FCIM

EXECUTIVE MANAGEMENT

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Nick Pollard

DIRECTOR OF TECHNOLOGY

Quentin Howard

CONTROLLER BFBS RADIO & CSE FORCES ENTERTAINMENT

Nicky Ness

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Mark Popescu

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