

**The Services Sound and Vision  
Corporation**

Company Limited by Guarantee

Financial Statements

For the year ended

31 March 2013

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Charity no 00233480  
Company no 00407270

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## **The Services Sound and Vision Corporation**

### Financial Statements

For the year ended 31 March 2013

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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

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EC4M 67H

KLC Employment Law Consultants LLP  
Mill Pool House  
Mill Lane  
Godalming  
Surrey  
GU7 1EY

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# **The Services Sound and Vision Corporation**

## **Financial Statements**

**For the year ended 31 March 2013**

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### **Investment managers**

BlackRock Investment Managers  
33 King William Street  
London  
EC4R 9AS

J P Morgan Asset Management  
Finsbury Dials  
20 Finsbury Street  
London  
EC2Y 9AQ

M & G Investments  
Laurence Pountney Hill  
London  
EC4R 0HH

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London  
EC2V 7QN

### **Independent auditor**

Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
1020 Eskdale Road  
IQ Winnersh  
Wokingham  
Berkshire  
RG41 5TS

# **The Services Sound and Vision Corporation**

## **Financial Statements**

For the year ended 31 March 2013

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## **The Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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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 2013

#### **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 2011 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 past year was a pivotal one in that it was during this period that the MoD announced that SSVC had been successful in its bid, submitted as part of a competitive tender process, to provide broadcasting services to the Forces for the 10 years from 1 April 2013 to 31 March 2023. This is a decision which secures the future for both SSVC and forces broadcasting, to the benefit of our audiences

In being awarded the new contract, we are delighted to have met the exacting challenge laid down by the MoD, namely the delivery of an innovative, flexible and strengthened broadcasting service to the Forces and all at a reduced cost to the taxpayer. Investment in technology will be key to our success in meeting the MoD's challenge and, following the announcement of the contract award on 30 October 2012, work has started in planning and implementing the upgrades of TV and Radio studios and transmission equipment that will be required for the delivery of the new service

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## The Services Sound and Vision Corporation

### Report of the Board of Trustees

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During the coming year we will be introducing a range of new services, including TV for the first time in Brunei, Nepal and Diego Garcia, a new network of local radio stations in UK military bases and a channel which combines Sky News with our own bespoke forces news. Our partnership relationships with other UK broadcasters are exceptionally strong and with their support, next year, we are pleased to be able to offer our overseas based audience carriage of BBC 1, BBC 2 and ITV, among other TV channels and on radio, Classic FM, Absolute, Capital and others.

Running alongside all the work on the bid for the new contract, the year to 31 March 2013 was itself an extremely busy and productive one, with numerous highlights, as detailed below.

#### **BFBS Radio**

Support to and connectivity with personnel deployed in Afghanistan has remained the priority for BFBS Radio and we have continued to deliver our unique services through the radio station in Camp Bastion, broadcasting live every day across all our networks and remaining a hub of activity for those serving in theatre. Messages to and from friends, colleagues and loved ones around the forces world remains an essential part of our content on a daily basis.

*I am currently serving on my 8th op tour in 15 years and each one takes its toll in different ways but the one thing that has kept me going over the years is BFBS. Hearing familiar voices on the radio gives me that sense of normality that would otherwise be severely lacking. I just want to say thank you for all your hard work and the great job you do in keeping the morale of me and my lads up! keep up the great work. Cpl Ginge Medforth, Camp Bastion*

We continued to develop our very solid relationships with other UK broadcasters, enhancing our output on BFBS Radio 2 with agreements with the BBC, Absolute and Talksport to deliver the best in sporting and specialist content to our overseas audiences. Bauer Media were also supportive, for example, with a Michael Buble Christmas Special, bespoke for our Forces audience.

We hooked up, once again, with BBC Radio 1, accommodating Greg James at BFBS in Bastion for a December week of co-branded broadcasting between Radio 1 and BFBS, raising the profile of the Forces amongst the UK population at large.

A full programme of outside broadcasts was delivered during the year, covering events from more than 30 locations in the UK and Northern Ireland, including Armed Forces Day, Army v Navy Rugby from Twickenham, Inter Services T20 cricket from Lord's, The British Military Tournament, RAF Leuchars Airshow, RNAS Yeovilton Air Day, The Nepal Cup football final, Trailwalker, HMS Collingwood's Field Gun Run and many others.

BFBS Gurkha Radio has gone from strength to strength and remains a highly valued service amongst this unique community. As we've expanded our Nepali language news offering and developed our own team of Kathmandu based journalists and programme makers, we have also seen a marked increase in the volume and quality of speech content within all programmes – on a range of subjects including welfare, sport, entertainment, music and military related subjects. This was underpinned by a nomination at the AIB Awards for one of the Kathmandu team, the first time any Nepal based broadcaster had been recognised for the quality of work produced. Our team of dedicated and talented staff have continued to expand the programme schedules, making more live content in more efficient ways than ever before. The extremely positive and supportive audience have remained fully engaged with the station and our reach amongst Gurkha service personnel and their families remains at extremely high levels (90% plus).

*Although BFBS is a dedicated radio for serving soldiers and their dependants, BFBS has exemplified itself in terms of culture, Nationality, language and in fact all areas. Presenters have a distinct standard and qualities that are far above than any presenters in Nepal. You have always given us best programmes and news from Nepal. The news is accurate and unbiased. We are enjoying BFBS output throughout and are dependant on it. Thank you BFBS. B Rayamajhi via Facebook.*

## The Services Sound and Vision Corporation

### Report of the Board of Trustees

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The year came to a close with the successful launch of new local community radio stations in military bases across the UK at midnight on 31 March 2013. These stations in Catterick, Aldershot, Edinburgh, Salisbury Plain, Colchester and Tidworth combine a mix of live and local programming together with content and connectivity with the wider global BFBS network and are already proving to be highly valued by the communities they serve.

#### **BFBS Television**

As ever, the aim for BFBS TV remained to provide a wide choice of programming, whether it be drama, comedy, films, kids programming or live sport.

This year in particular hosted an array of special national events including the Olympics, the Paralympics and the Diamond Jubilee. BFBS1 gave our audience the opportunity to see live coverage of these high profile British events including wall to wall coverage of the Olympic and Paralympic games and associated programmes such as the Olympic Torch Relay arriving at Royal Naval Air Station Culdrose in Cornwall. We had comprehensive coverage of The Diamond Jubilee including the Armed Forces Tribute, the Thames Pageant, the Jubilee Concert and the Service of Thanksgiving and Procession. BFBS TV also transmitted live coverage of Trooping the Colour and our British Forces News team were live at Armed Forces Day in June.

With a summer rightly dominated by the Olympics, we kept up our regular commitments to the plethora of other sporting events throughout the year. The BFBS Sports team presented live coverage of the annual Army v Navy rugby match in May. We continued to follow the Scottish and English Premier Leagues, The FA Cup, UEFA Champions League, UEFA Europa League, FIFA World Cup Qualifiers, Aviva Premiership Rugby, and the Rugby League Challenge Cup. There was plenty for motor-sports fans to enjoy with Formula 1 Grand Prix, Moto GP, TT, and British Super Bikes. We agonised with Andy Murray as he came so close to victory at Wimbledon in July 2012 and then fought for Olympic gold on Centre Court only weeks later and there was daily coverage of Bradley Wiggins' historic victory in the Tour de France.

The non-sports fans were provided for with great drama such as Game of Thrones, the final season of Desperate Housewives, Line of Duty, Case Sensitive, Bert and Dickie, and Awake. Movies included, GI Joe the Rise of Cobra, Hot Fuzz, The Blind Side, The Heartbreak Kid, Brothers, and I Love You, Man and we kept with the sporting theme with the classic film Chariots of Fire.

As usual, several Scottish regiments were in Afghanistan, and we received a request to show the Shinty/Hurling International between Scotland and Ireland. Afterwards they got back in touch to say "*Many thanks for broadcasting the shinty/hurling. Despite Scotland's loss it was a good game and judging by the amount of abusive emails I received it was watched by plenty of personnel in Afghanistan.*"

In September we launched this year's Big Salute fund-raiser with a special programme focussing on the five forces' charities who we're supporting and in October we joined ITV for their coverage of The Pride of Britain Awards which featured Corporal Carl Taylor who serves with 3<sup>rd</sup> Battalion The Mercian Regiment receiving the Outstanding Bravery Award.

BFBS's newest channel BFBS Frontline continued to provide a lively mix of classic and catch-up comedy, quizzes and shows like Top Gear and James May's Toy Stories, BFBS 3 Kids showed a choice of programming for our younger viewers and BFBS 4 provided movies for forces film buffs.

There was a wide range of current affairs programmes on BFBS 1 featuring ITV's Exposure strand and Channel 4's Dispatches. Topics included The Other Side of Jimmy Savile, No Bribes Please We're British, and Getting Rich on the NHS. Our viewers also saw the BBC Panorama Special Jimmy Savile - What the BBC Knew on the same day as it was shown in the UK.

## **The Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

BFBS2 returned to the frontline in Afghanistan in the second series of Our War and explored the history of the British Army in Germany since the Second World War in The British Army of the Rhine, while BFBS1 joined injured ex-servicemen in Imagine Theatre of War and paid tribute to the men of Bomber Command

Support from Pay Per View broadcasters such as BoxNation, Sky Box Office and PrimeTime TV as well as the UK terrestrials ensured that boxing fans were kept happy with action from Tyson Fury, David Haye, Dereck Chisora, Pacquiao Mareuz, Bernard Hopkins plus the comeback fight from Ricky Hatton at the Manchester Arena. It's not only the audience that appreciate these high profile events being shown on BFBS TV, in an unsolicited quote in a press release Ricky said *"I'm absolutely delighted that the fight will be shown to our troops around the world. These guys are the real heroes and to be able to give something back, even something so small in comparison, is brilliant. I wore my poppy with pride on Remembrance Day and I hope to do them proud on November 24."*

### **News and Information**

BFBS News produces a wide range of news and information for servicemen and women and their families wherever they are in the world. Afghanistan has continued to be our main ongoing challenge and throughout the last year we have maintained two video journalists working as a team in Camp Bastion.

Our team of multi-skilled reporters and camera-operators work across all platforms - providing content for our TV News programme, our website, our social media network and our radio news bulletins which are broadcast live every hour. On YouTube, the number of views of our content has passed the ten million mark. Our most popular video was a special programme on Prince Harry's tour of Afghanistan as an Apache pilot. Our Facebook and Twitter accounts are also very effective at sharing our military news stories across the wider community.

As well as the ongoing operation in Afghanistan, we also covered British support for the French operation in Mali. Our reporter, Charlotte Cross, was one of the first journalists to fly into Mali with the RAF as they assisted with the transport of vehicles and equipment.

Our Germany based reporters have continued to report on the drawdown of British Forces. This year the former British Army Headquarters at Rheindahlen, JHQ, closed with command being transferred to Bielefeld. Hameln Barracks also closed. The 7th Armoured Brigade at Hohna are once again preparing to deploy to Afghanistan for a tour which may last up to 9 months.

In the UK, the fallout from the government's "austerity" budget and subsequent redundancies across all three services has been the main political story. At the forefront of our journalism have been the welfare implications of these changes and we have commissioned a number of special reports looking at the organisations that support veterans and the opportunities they provide.

The murder of Fusilier Lee Rigby in Woolwich became a major international story, following which BFBS was invited by Number Ten to record a special message from the Prime Minister to Britain's Armed Forces.

It has been a busy year for Forces Sports teams. The Army-Navy Rugby game was watched by seventy thousand fans at Twickenham and many more on BFBS Television. We also made special arrangements to offer live coverage of the Army Boxing finals at Colchester between 2 Para and 3 Para, showing it on BFBS TV overseas and Showcase TV in the UK. Our sports team has been enlarged to provide more content for new Services sports programmes on BFBS Radio and TV.

Looking ahead, the Chalfont newsroom has been undergoing a major technology upgrade. New TV and Radio studios have been built, together with three new edit suites and a new production platform, all of which can handle radio and TV stories simultaneously. Taken together, these changes will equip us to deliver a first class news and information service to our Forces audiences, as we move into the start of our new 10 year contract with the MoD.



## The Services Sound and Vision Corporation

### Report of the Board of Trustees

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

Combined Services Entertainment ('CSE') has delivered more than 400 shows over the last 12 months, in locations including Afghanistan, Al Udeid, Minhad, Mussanah, Bahrain, Cape Town, Abu Dhabi and The Falkland Islands. Additionally we had a continuous presence in Cyprus delivering shows every day of the year for troops returning from operations.

There were several successful tours to Afghanistan that incorporated visits to Forward Operating Bases, thereby reaching troops in the most challenging of the 'sharp end' locations. The CSE team also worked on developing formats to find the best possible entertainment packages for a variety of locations and logistically difficult environments. This evolution continues as the operational tempo and requirements of the Commands move towards the withdrawal of combat troops from Helmand and a refocus of mentoring activity in the Kabul area.

CSE became part of Olympic history when asked to deliver shows at very short notice for military units working on London 2012 in austere and temporary locations around the capital. We staged 7 events in total including 2 shows on board Royal Navy ships. The shows offered military audiences the chance to let their hair down during what was a very busy and demanding summer and resulted in industry recognition for CSE as finalists at the IVCA 'LiveCOM' awards.

The SSVC Welfare fund financially supported a CSE initiative to provide entertainment to the Personnel Recovery Centres in the UK and Germany. Shows were performed for Edinburgh, Tedworth House, Colchester's Chavasse VC House, Devonport, Germany and Headley Court. Funding has been agreed by the Trustees for the same initiative in 2013 when we will add the newly built Cattenck PRC to the list of venues receiving events. The response has been very positive and it's clear that our shows are able to deliver more than just an entertainment experience. We received the following from the Officer Commanding at Tedworth House:

*I am writing to say what a brilliant show your team put on*

*We had nearly 30 wounded, injured and sick personnel at the Show plus family, friends, and staff of the Recovery Centre, so it was a great event for all those supporting some of our most vulnerable and needy service personnel*

*Some of our particularly damaged individuals were nervous about attending, so they sat at the back so they could leave if they wanted to – but they didn't. They had a great time and that was of huge value to those who have worked with them for a long time on their recovery.*

*The house had a real buzz about it after the show and, particularly for those who are coming to terms with their life changing injuries or for whom life is not good at the moment, it was an excellent diversion. It was also good to show them that despite everything they can still enjoy themselves, and have a great time.*

*We must have talked about this almost a year ago and so I am well aware of the effort that you put into making it possible for us to have a CSE show here at Tedworth, so thank you. Maj P Smith, OC, PRAC(S), Tedworth House.*

Afghanistan and Iraq service medals were awarded to members of the CSE team this year. Dancers, comedians, musicians and production staff all received their medals from the Chief of Defence Staff, General Sir David Richards, who praised them for their hard work in supporting the Forces around the world and in particular, in the demanding environments of Afghanistan.

Hollywood film star Ray Winstone and international football legend David Beckham visited injured troops at the Queen Elizabeth's Hospital in Birmingham. The stars spent a few hours chatting to injured service personnel, their families and the team of staff treating them. The impact of the visit was immense with people still talking about it several days afterwards. For both stars, this was the second time of working with CSE and we are extremely grateful for their ongoing support for the Forces and for us.

## **The Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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The Movie machine remains an essential component of the services delivered by SSVc in Cyprus to support troops returning from Afghanistan and we are well advanced in our plans to complete a full upgrade to a 3D digital cinema during 2013, to further enhance the experience for the users

SSVC Cinemas enjoyed another exceptional year with new, 3D capable, digital projectors being installed in our locations in Germany at Gutersloh, Paderborn, Herford and Hohne and in the UK at Blandford and Hawley. The growing popularity of our Cinemas service was illustrated when total attendances for the last year exceeded the milestone of 100,000 for the first time ever, totalling 104,020, an increase of 20% compared to 2010/11, the last full year before the digitisation programme started. Looking ahead, there is the potential for further development of the service with a number of requests coming in for new cinemas to be opened in other bases in the UK and these are currently under consideration.

The British Defence Film Library ('BDFL') continues to provide a valued service and, this year, issued 140,109 units of essential training material to the Forces worldwide. We were pleased to be invited by the MoD to extend our current BDFL contract a further year to 31 March 2014 and we look forward to competing for a long term renewal of the contract when it goes out to tender later in 2013.

The provision of entertainment DVDs and games for personnel deployed in Afghanistan has again proved to be a service which is much in demand and this year we selected, sourced and despatched 16,976 of these.

#### **SSVC Welfare Fund and the BFBS 'Big Salute' Campaign**

Payments from the SSVc Welfare Fund totalled £1,620,683 (2012 £1,872,445) 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:

- 5,000 pocket radios for troops in Afghanistan
- Sponsorship of Combined Services Sport
- TVs, games consoles, CD players and home cinema systems for HMS Hurworth, HMS Sutherland, HMS Echo, HMS Enterprise, HMS Tyne, HMS Clyde, HMS Montrose, HMS Express, HMS Monmouth, HMS Iron Duke, HMS Grimsby and HMS Severn
- Kindles for 38 Engineer Regiment ahead of deployment on operations
- Installation of digital equipment in Forces Cinemas in Germany at Gutersloh, Paderborn, Herford and Hohne and in the UK at Blandford and Hawley
- Sponsorship of Christmas Boxes for Afghanistan
- 100 internet radios for the Brigade of Gurkhas
- Speakers for the Wattisham Military Wives Choir
- Audio visual equipment for the 243 (The Wessex) Field Hospital
- Bouncy castle for the children of personnel deployed in Afghanistan from 3 UK Div HQ & Signal Regiment
- Sponsorship of the 'Walking with the Wounded' expedition

## **The Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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Separately from SSVC welfare grants, BFBS's 'Big Salute' campaign succeeded in raising over £60,000 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 2013 was 7 (2012: 9).

#### **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.

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 Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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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 – former chairman of welfare fund committee (retired 4 December 2012)

Roger Laughton - member of audit, remuneration and nomination committees

Will Wyatt – former member of remuneration and nomination committees (retired 4 December 2012)

Tony Hales – member of audit, investment and remuneration committees

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

Clare Colacicchi – member of welfare fund committee

Stewart Purvis – appointed 24 June 2013

Andy Parfitt – appointed 5 November 2013

#### **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 approved by the Board. 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, 78 applications for grants were received, all of which were either partially or fully awarded. The average value of grants made during the year was £20,778 (2012 £16,004).

#### **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 monitors all operational, business and financial risks that the charity faces, and confirms that systems are in place to mitigate the significant risks.

## **The Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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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 recognises the potential risk associated with dealing with one major customer and therefore devotes 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 regular 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.

#### **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.

## **The Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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#### **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 incoming resources of the charity decreased to £33,818,000 (2012 £34,549,000) due to a reduction in funding from the MoD across each of the Broadcasting, CSE and BDFL contracts

Further benefits from the cost reduction programme that started in 2009/10 are reflected in costs of £28,835,000 continuing the downward trend from 2008/09 - £35,390,000, 2009/10 - £32,489,000, 2010/11 - £31,899,000 and 2011/12 - £30,059,000

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 £7,480,000 after taking into account gains on the investment portfolio

#### **Reserves policy**

At 31 March 2013, the charity held 'unrestricted funds – other charitable funds' totalling £36,311,000 (2012 £28,831,000) '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 2013 disclosed a deficit of £6,170,000 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 Services Sound and Vision Corporation**

### **Report of the Board of Trustees**

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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 regular 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.

#### **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 an increase in the market value of the investment portfolio helped by strong performances from both equity and bond funds together with the impact of reinvestment of dividends. 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.

## The Services Sound and Vision Corporation

### Report of the Board of Trustees

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#### **Statement of Trustees' responsibilities**

The Trustees (who are also directors of SSSVC 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 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

5 November 2013





## **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 2013, 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 members 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 page 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](http://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 2013 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

A handwritten signature in black ink, appearing to read "S Robinson".

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

8 November 2013

## The Services Sound and Vision Corporation

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

For the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Incoming resources</b>			
Investment income	5	855	748
Voluntary income	1	319	358
Incoming resources from charitable activities	1	32,644	33,443
<b>Total incoming resources</b>		<b>33,818</b>	<b>34,549</b>
<b>Resources expended</b>			
Investment management costs		(125)	(114)
Costs in respect of charitable activities	2	(28,500)	(29,754)
Governance costs	2	(210)	(191)
<b>Total resources expended</b>		<b>(28,835)</b>	<b>(30,059)</b>
<b>Net incoming resources for the year before other recognised gains and losses</b>		<b>4,983</b>	<b>4,490</b>
<b>Other recognised gains/(losses)</b>			
Unrealised gain/(loss) on investments	8	2,747	(95)
Actuarial loss on defined benefit pension scheme	12	(250)	(312)
		<b>2,497</b>	<b>(407)</b>
<b>Net movement in funds</b>		<b>7,480</b>	<b>4,083</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		<b>28,831</b>	24,748
<b>Total funds carried forward</b>		<b>36,311</b>	<b>28,831</b>

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 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	7	2,912	1,654
Investments	8	21,361	19,495
		<u>24,273</u>	<u>21,149</u>
<b>Current assets</b>			
Stock and work in progress	9	673	692
Debtors	10	5,033	4,647
Investments – bank deposits		10,248	4,800
Cash at bank and in hand		537	1,742
		<u>16,491</u>	<u>11,881</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(4,497)</u>	<u>(4,251)</u>
<b>Net current assets</b>		<u>11,994</u>	<u>7,630</u>
<b>Total assets less total liabilities excluding pension scheme asset</b>		<u>36,267</u>	<u>28,779</u>
Pension asset	13	<u>44</u>	<u>52</u>
<b>Total assets less total liabilities including pension scheme asset</b>		<u>36,311</u>	<u>28,831</u>
<b>Funds of the charity</b>			
Unrestricted charitable funds	12	<u>36,311</u>	<u>28,831</u>

All funds are unrestricted

The financial statements were approved by the Board on 5 November 2013



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 2013

	Note	2013 £'000	2012 £'000
<b>Net cash inflow from operating activities</b>	18	5,864	5,971
<b>Returns on investments and servicing of finance</b>			
Interest received		855	748
<b>Net cash inflow from returns on investments and servicing of finance</b>		855	748
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(1,743)	(1,872)
Purchase of investments		(3,668)	(1,925)
Sale of investments		4,549	1,310
		(862)	(2,487)
<b>Net cash outflow from capital expenditure</b>		(862)	(2,487)
<b>Other activities</b>			
Payment of operational welfare grants		(1,614)	(1,872)
<b>Net cash outflow from other activities</b>		(1,614)	(1,872)
<b>Management of liquid resources</b>			
Purchase of short term deposits		(5,448)	(1,072)
<b>Net cash outflow from management of liquid resources</b>		(5,448)	(1,072)
<b>(Decrease)/increase in cash</b>	20	(1,205)	1,288

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 2013

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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 2011.

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.

#### **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 2013

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#### **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 has 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 recognised 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 2013

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### **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. The fair value of such contracts are not accounted for at the balance sheet date, however, they are disclosed in the financial statements.

### **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 2013

### 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

	2013 £'000	2012 £'000
Incoming resources from charitable activities	32,644	33,443

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 91% (2012 89%) 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 (2012 17) 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	2013 Total £'000	2012 Total £'000
Costs paid to external parties in respect of charitable activities	-	22,762	4,178	(60)	26,880	27,882
Internally managed projects funded entirely by the charity	1,265	-	-	-	1,265	1,320
External grants made in respect of specific requests (note 4)	355	-	-	-	355	552
	1,620	22,762	4,178	(60)	28,500	29,754

## The Services Sound and Vision Corporation

### Notes to the Financial Statements

For the year ended 31 March 2013

#### 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.

Support costs were incurred as follows

	2013 £'000	2012 £'000
Staff costs	1,491	1,526
Depreciation	55	70
Other support costs	2,632	2,523
	<u>4,178</u>	<u>4,119</u>

#### Resources expended in Governance costs

Governance costs total £210,415 (2012 £190,742) and include £169,423 (2012 £156,547) in respect of senior management remuneration.

#### Net incoming resources

Net incoming resources is stated after charging

	2013 £'000	2012 £'000
Auditor's remuneration	29	32
Depreciation of owned fixed assets (excluding buildings)	482	406
Depreciation of buildings	3	2
Hire of plant and machinery	345	405
Other operating leases	371	365
Foreign exchange loss	481	348
Staff costs (see note 3)	<u>9,324</u>	<u>9,450</u>

## The Services Sound and Vision Corporation

### Notes to the Financial Statements

For the year ended 31 March 2013

#### 3 Trustees and employees

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

	2013 £'000	2012 £'000
Wages and salaries	8,043	8,009
Social security costs	513	728
Defined contribution pension costs	756	703
Pension current service costs (note 13)	12	10
	<u>9,324</u>	<u>9,450</u>

The average number of employees of the charity during the year was 241 (2012 247)

	2013 Number	2012 Number
Activities in furtherance of the charity's objects	228	232
Management and administration	<u>13</u>	<u>15</u>
	<u>241</u>	<u>247</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 £2,078 for expenses (2012 £1,379) was reimbursed to 7 Trustees (2012 7)

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

	2013	2012
£60,001 - £70,000	8	8
£70,001 - £80,000	2	1
£80,001 - £90,000	-	2
£90,001 - £100,000	2	3
£100,001 - £110,000	3	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	<u>1</u>	<u>-</u>

Contributions totalling £59,381 (2012 £49,352) were paid in respect of 13 (2012 12) 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 2013

#### 4 Grant payments

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

	2013 £'000	2012 £'000
<b>External grants made in respect of specific requests</b>		
Digitisation of Forces Cinemas	180	181
Royal Navy	17	51
Afghanistan	74	181
Combined Services Sports	21	30
Other grants made to the Forces	63	109
<b>Total of awards in respect of specific requests</b>	<b>355</b>	<b>552</b>

#### 5 Investment income

	2013 £'000	2012 £'000
Interest receivable on short term deposits	74	19
Dividends and interest receivable from fixed asset investments	781	729
	<b>855</b>	<b>748</b>

#### 6 Interest payable

	2013 £'000	2012 £'000
Interest on pension scheme liabilities (note 13)	<b>3,045</b>	<b>3,239</b>

# The Services Sound and Vision Corporation

## Notes to the Financial Statements

For the year ended 31 March 2013

### 7 Tangible fixed assets

	Leasehold long-term	Leasehold short-term	Equipment	Assets under the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2012	956	311	5,116	-	6,383
Additions	27	-	145	1,571	1,743
At 31 March 2013	983	311	5,261	1,571	8,126
Depreciation					
At 1 April 2012	956	311	3,462	-	4,729
Provided in the year	3	-	482	-	485
At 31 March 2013	959	311	3,944	-	5,214
Net book amount at 31 March 2013	24	-	1,317	1,571	2,912
Net book amount at 31 March 2012	-	-	1,654	-	1,654

### 8 Investments - fixed assets

	2013 £'000	2012 £'000
Investments (analysis below)	21,361	19,495
	2013 £'000	2012 £'000
At 1 April 2012	19,495	18,975
Additions	3,668	1,925
Disposals	(4,549)	(1,310)
Increase/(decrease) in market value	2,747	(95)
At 31 March 2013	21,361	19,495
Investments are analysed further as		
UK equities	15,794	13,177
Overseas equities	5,558	1,982
Fixed interest and cash	9	4,336
	21,361	19,495

## The Services Sound and Vision Corporation

### Notes to the Financial Statements

For the year ended 31 March 2013

#### 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

	2013 £'000	2012 £'000
Cost	<u>11,210</u>	<u>12,210</u>
<b>9 Stock and work in progress</b>		
	2013 £'000	2012 £'000
Work in progress	3	4
Stock for resale	<u>670</u>	<u>688</u>
	<u>673</u>	<u>692</u>
<b>10 Debtors</b>		
	2013 £'000	2012 £'000
Trade debtors	3,384	3,032
Other debtors	61	202
Prepayments and accrued income	891	963
Social security and other taxes	676	450
Amounts owed by subsidiary (note 21)	<u>21</u>	<u>-</u>
	<u>5,033</u>	<u>4,647</u>

# The Services Sound and Vision Corporation

## Notes to the Financial Statements

For the year ended 31 March 2013

### 11 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	1,679	1,669
Social security and other taxes	215	218
Other creditors	173	160
Accruals and deferred income	2,372	2,081
Amounts owed to subsidiary (note 21)	-	63
Contribution owed to defined contribution pension scheme	58	60
	<u>4,497</u>	<u>4,251</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 2012	30
Amounts recognised in the current year	(30)
Amounts deferred in the current year	-
	<u>-</u>
Deferred income at 31 March 2013	<u>-</u>

### 12 Reserves

	Income and expenditure £'000
At 1 April 2011	24,748
Surplus for year	4,490
Unrealised loss on investments	(95)
Actuarial loss relating to pension schemes	(312)
	<u>28,831</u>
At 31 March 2012	28,831
Surplus for year	4,983
Unrealised profit on investments	2,747
Actuarial loss relating to pension schemes	(250)
	<u>36,311</u>
At 31 March 2013	<u>36,311</u>

## **The Services Sound and Vision Corporation**

### **Notes to the Financial Statements**

For the year ended 31 March 2013

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

The charity has 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 £44,000 at 31 March 2013 (2012 £52,000). 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 £13,327,000 has been de-recognised down to a value of £44,000 at 31 March 2013 (2012 £14,416,000 had been de-recognised down to a value of £52,000).

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 £12,000 (2012 £10,000) 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 separate 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 2013 amounted to £88,440,000 (2012 £82,166,000).

#### **Pensions**

During the year ended 31 March 2013, 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 (2012 £nil).

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 £44,000 at 31 March 2013. 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 2013

### FRS 17 'Retirement benefits' (continued)

	2013 £ '000	2012 £ '000
Pension scheme surplus brought forward	52	58
Movement in scheme surplus	(1,089)	(2,764)
Gross surplus in scheme at end of year	(1,037)	(2,706)
De-recognition of surplus under FRS 17	1,081	2,758

Pension scheme surplus carried forward	44	52
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The last full actuarial valuation was carried out for the Trustees of the Pension Fund as at 1 April 2013 and was used by the actuary for the disclosure requirements of FRS17 'Retirement Benefits' as at 31 March 2013

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

	2013 %	2012 %
Rate of increase in salaries	2.75	2.50
Expected long-term rate of return on scheme assets	3.70	4.00
Rate of increase for pension in payment		
SSVC members		
Pre April 1997 Pensionable Service	2.80	2.50
Pre April 2006/Post April 1997 Pensionable Service	3.50	3.20
Post April 2006 Pensionable Services	2.40	2.20
Ex-Ministry of Defence BFBS members	2.50	2.25
Discount rate	4.30	4.60
Inflation – RPI assumption	3.50	3.25
Inflation – CPI assumption	2.50	2.25

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 (2012 1%)

The amounts to be recognised in the statement of financial activities for the year ended 31 March 2013 are as follows

	2013 £'000	2012 £'000
Current service cost	12	10
Interest on scheme liabilities	3,045	3,239
Expected return on scheme assets	(3,057)	(3,249)
Total	-	-
Actual return on scheme assets	3,229	3,505

Actual past service cost was £nil (2012 £49,000 but this had 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 2013

#### 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 %	2013 Value £'000	Rate of Return %	2012 Value £'000	Rate of Return %	2011 Value £'000
Equity and property	6.00	29,185	6.00	28,758	6.00	28,770
Bonds	3.00	57,486	3.40	52,586	4.60	45,100
Cash	0.50	1,769	0.50	822	0.50	3,888
Total market value of assets		88,440		82,166		77,758
Actuarial value of scheme liabilities		(75,113)		(67,750)		(60,578)
Net pension asset before de-recognition		13,327		14,416		17,180

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 2013 are as follows

	2013 £'000	2012 £'000
Present value of scheme liabilities at beginning of year	67,750	60,578
Current service cost	12	10
Past service cost	-	56
Employee contributions	2	2
Interest cost	3,045	3,239
Actuarial losses	7,439	7,316
Benefits paid	(3,135)	(3,431)
Present value of scheme liabilities at end of year	75,113	67,770

## The Services Sound and Vision Corporation

### Notes to the Financial Statements

For the year ended 31 March 2013

#### **FRS 17 'Retirement benefits' (continued)**

Changes in the fair value of the scheme assets for the year ended 31 March 2013 are as follows

	2013 £'000	2012 £'000
Market value of scheme assets at beginning of year	82,166	77,758
Expected return	3,229	3,505
Actuarial gains	5,936	4,046
Benefits paid	(3,135)	(3,451)
Contributions paid by the charity	242	306
Employee contributions	2	2
Market value of scheme assets at end of year	<u>88,440</u>	<u>82,166</u>

The major categories of scheme assets as a percentage of total scheme assets for the year ended 31 March 2013 are as follows

	2013	2012
Equities and property	34%	35%
Bonds	64%	64%
Cash	2%	1%
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% (2012 6.0%), an expected rate of return on bonds of 3.0% (2012 3.4%) and an expected rate of return on cash of 0.5% (2012 0.5%)

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

	2013 £'000	2012 £'000
Current service cost	<u>12</u>	<u>10</u>
Total operating charges	<u>12</u>	<u>10</u>

## The Services Sound and Vision Corporation

### Notes to the Financial Statements

For the year ended 31 March 2013

#### **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

	2013 £'000	2012 £'000
Expected return on pension scheme assets	3,229	3,505
Interest on pension scheme liabilities	(3,045)	(3,239)
Net interest	184	266

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

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets	5,936	4,046
Experience gains and losses arising on pension scheme liabilities	330	(1,645)
Change in assumptions underlying the present value of scheme liabilities	(7,769)	(5,671)
Actuarial loss	(1,503)	(3,270)
De-recognition of surplus under FRS 17	1,253	2,958
Past service costs	-	(56)
Net actuarial loss recognised	(250)	(368)

## The Services Sound and Vision Corporation

### Notes to the Financial Statements

For the year ended 31 March 2013

#### FRS 17 'Retirement benefits' (continued)

The movement in the gross surplus in the year is

	2013 £'000	2012 £'000
Gross surplus in scheme at beginning of year	14,416	17,180
Current service cost	(12)	(10)
Contributions	242	306
Other finance expense	184	266
Past service costs	-	(56)
Actuarial loss	(1,503)	(3,270)
Gross asset in scheme at end of year before de-recognition	13,327	14,416

The history of experience gains and losses is

	2013	2012	2011	2010	2009
Difference between expected and actual return on scheme assets					
Amount (£'000)	(5,936)	(4,046)	(1,991)	(8,492)	(8,766)
Percentage of scheme assets	6.7%	4.9%	2.6%	11.9%	15.3%
Experience gains and losses on scheme liabilities					
Amount (£'000)	330	(1,645)	(16)	1,962	(58)
Percentage of scheme liabilities	0.4%	(2.4%)	0.0%	3.1%	0.1%
Total amount recognised in SOFA before de-recognition					
Amount (£'000)	(1,253)	(2,958)	4,702	(1,922)	(6,163)
Percentage of scheme liabilities	2.0%	4.4%	(7.8%)	3.1%	2.4%

The amount recognised in the SOFA amounts to £250,000 (2012 £312,000) which represents the actuarial loss calculated under FRS 17 of £1,503,000 (2012 £3,270,000 gain) plus a de-recognition of a part of the initial surplus of £1,253,000

The history of scheme assets and liabilities is

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Market value of scheme assets	88,440	82,166	77,758	71,340	57,292
Market value of scheme liabilities	(75,113)	(67,750)	(60,578)	(62,992)	(52,202)
Surplus in the scheme	13,327	14,416	17,180	8,348	5,090

## The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2013

### 14 Subsidiary undertaking

	2013 £	2012 £
Ordinary £1 shares	2	2

The subsidiary of the corporation, SSVC Broadcasting Limited, an entity incorporated in England and Wales, is wholly owned by the charity. The company traded as a provider of broadcast services during the year ended 31 March 2013. Its result for the year, was a net result of £nil (2012 £nil). Capital and reserves at 31 March 2013 were £2 (2012 £2). See note 21 for details of related party transactions.

### 15 Contingent liabilities

A contingent liability of £150,000 exists at 31 March 2013 (2012 £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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating leases which expire				
- within one year	35	-	1,846	3,746
- between one and two years	-	75	15	66
- between two and five years	-	-	43	15
- greater than five years	276	276	1,499	-
	<u>311</u>	<u>351</u>	<u>3,403</u>	<u>3,827</u>

### 17 Commitments

At 31 March 2013, the charity has capital commitments of £nil (2012 £nil).

At 31 March 2013, the charity was committed to purchasing €21,486,000 and \$11,814,000 under separate forward contracts, which have fixed exchange rates. The average exchange rates payable are €1 2167 and \$1 5895 and the fair value of the commitments at 31 March 2013 result in potential gains of £511,000 and £348,000 respectively. At 31 March 2012, 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 2012 resulted in potential losses of £283,000 and £178,000 respectively.

# The Services Sound and Vision Corporation

## Notes to the Financial Statements

For the year ended 31 March 2013

<b>18</b>	<b>Reconciliation of operating income to net cash inflow from operating activities</b>				
				<b>2013</b>	<b>2012</b>
				<b>£'000</b>	<b>£'000</b>
	Operating surplus (net of grants paid)			4,126	3,742
	Grants paid			1,614	1,872
	Movement as a result of pensions asset			(250)	(312)
	Depreciation			485	408
	Decrease in stock and work in progress			19	114
	(Increase)/decrease in debtors			(386)	192
	Increase/(decrease) in creditors			256	(45)
				<u>5,864</u>	<u>5,971</u>
	Net cash inflow from operating activities				
<b>19</b>	<b>Analysis of change in net funds</b>				
	At 1		At		
	April		31 March		
	2012	Cash flow	2013		
	£'000	£'000	£'000		
	Cash at bank and in hand	1,742	(1,205)	537	
	Short term deposits	4,800	5,448	10,248	
		<u>6,542</u>	<u>4,243</u>	<u>10,785</u>	
<b>20</b>	<b>Reconciliation of net cash flow to movements in net funds</b>				
				<b>2013</b>	<b>2012</b>
				<b>£'000</b>	<b>£'000</b>
	(Decrease)/increase in cash			(1,205)	1,288
	Cash outflow from liquid resources			5,448	1,072
				<u>4,243</u>	<u>2,360</u>
	Movement in net funds arising from cashflows				
				<u>6,542</u>	<u>4,182</u>
	Net funds at 1 April 2012				
				<u>10,785</u>	<u>6,542</u>
	Net funds at 31 March 2013				

## **The Services Sound and Vision Corporation**

### Notes to the Financial Statements

For the year ended 31 March 2013

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#### **21 Related party transactions**

At 31 March 2013, a net amount of £20,619 was due from SSVC Broadcasting Limited (2012 £62,745 was due to SSVC Broadcasting Limited) Costs of £8,986 were recharged to SSVC Broadcasting Limited during the year (2012 £73,194) Revenue of £328,531 (2012 £430,941) was recharged to the same company A gift aid donation of £319,545 was made from SSVC Broadcasting Limited to the charity (2012 £357,747)

Transactions in respect of Trustees' expenses are disclosed in note 3





## **SSVC BOARD OF TRUSTEES**

### **CHAIRMAN**

Air Vice-Marshal Andrew Vallance CB OBE

### **VICE CHAIRMAN**

Howard Perlin FCA

### **TRUSTEES**

Captain Graham Robinson RN

Roger Laughton CBE

Tony Hales CBE

Major General Chris Wilson CB CBE

Clare Colacicchi

Stewart Purvis CBE

Andy Parfitt

### **SECRETARY**

David Hamilton ACA

### **LIFE VICE-PRESIDENTS**

General Sir Geoffrey Howlett KBE MC

Lieutenant General Sir Roderick Cordy-Simpson KBE CB

Michael Andrae Hon FCIM

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**EXECUTIVE MANAGEMENT**

**CHIEF EXECUTIVE**  
Nick Pollard

**DIRECTOR OF TELEVISION & TECHNOLOGY**  
Quentin Howard

**CONTROLLER BFBS RADIO & CSE FORCES ENTERTAINMENT**  
Nicky Ness

**HEAD OF NEWS**  
Mark Popescu

**DIRECTOR OF FINANCE**  
David Hamilton ACA

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