

**The Services Sound and Vision
Corporation**

Company Limited by Guarantee

Financial Statements

For the year ended

31 March 2009



Charity no 00233480
Corporation no 00407270

The Services Sound and Vision Corporation

Financial Statements

For the year ended 31 March 2009

Corporation registration number: 00407270

Charity registration number: 00233480

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Solicitors: B P Collins & Co
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Investment managers:

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Auditor:

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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 has pleasure in presenting its report and financial statements for the year ended 31 March 2009.

Our Aims and Objectives

Our charity's aims, as described in the Memorandum of Association, are to promote the efficiency of HM Armed 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 HM Armed Forces and their families and we deliver benefit to them through:

- The provision of dedicated radio and TV channels whilst stationed or deployed abroad
- The provision of a dedicated radio service 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 training films
- Selling electrical retail goods to British troops and their families in Germany and
- The provision of welfare grants to HM Armed 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 HM Armed Forces and their families.

At a time when the UK is engaged in a continuing, challenging, conflict in Afghanistan and with members of the Armed Forces stationed in a wide range of other locations around the world including the Falkland Islands, Iraq, Germany, Cyprus, Bosnia, Brunei, Belize, 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 focussed 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 from April 2008 to March 2009 has been without doubt the busiest and most productive in the charity's history. Furthermore, during the year, SSVSC provided more grants than ever before to support British Forces' welfare – a total of £1,180,210.

BFBS Television added two more channels, bringing the total to nine, with a tenth in the pipeline. BFBS Radio launched on Digital Radio in the UK, 'coming home' after 65 years of broadcasting only overseas and Combined Services Entertainment ('CSE') has sent live entertainment further forward in a war-zone than has ever been done before.

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Report of the Board of Trustees

BFBS Radio

For the first time in its 65 years, BFBS Radio was able to connect Forces, family and friends in the UK with those on operations and posted overseas – and with the ferocity of the fighting in Afghanistan, there has never been a better time to close that circle of connectivity.

The end of March 2008 saw the end of BFBS Radio's three-month trial on DAB Digital Radio in the UK. Surveys conducted by Headtime and Aurora for BFBS during the trial measured the audience for BFBS Radio on DAB in the UK as over 850,000 and showed that:

- 66% of the Core Target (serving members of HM Armed Forces and their immediate families) said that they would be interested in listening to BFBS Radio in the UK in the future
- More than half of those in the serving core target said they would be more likely to buy a DAB set if BFBS Radio is made permanent on DAB Digital Radio
- 55% of all respondents said that they thought it was important that there should be a UK radio station that would help Forces people feel more appreciated by showing they are real people with real emotions
- 81% of all respondents said that they thought it was a good idea for BFBS radio to be available in the UK

The qualitative research, carried out in focus groups with the three services, reservists and extended families, showed a high appreciation for the role of BFBS Radio. Among the reasons given by Forces' people for having BFBS Radio available in the UK were:

- It brings full, two-way, messaging and communications between people deployed across the world
- It generates a strengthened sense of Forces' community spirit
- It is a great medium for useful Forces' information
- It has a specialist Forces' news service

The 3-month trial on the DAB Digital Radio platform left the Board of Trustees of SSVC convinced that this invaluable connection between those in the UK and their loved ones overseas was more than worthy of funding as a major enhancement to the welfare of Forces and their families, and veterans. Thus BFBS Radio was back on DAB Digital Radio in April 2009, this time not for a trial, but a fully funded permanent presence. Truly a historic step for the charity and for BFBS Radio.

Here's what one listener had to say: "...it brings the world associated with the Forces right around you like a big hug. It's a reminder for me that although I sometimes think that I'm the only one in the world completely on my own and missing the man I love, I'm not. There are so many families out there in exactly the same position. While our Forces deploy they leave their family, friends and their home. They work hard, with little recognition and via the coverage of BFBS we can support their every effort. BFBS helps keep the families left at home and their forces connection - whether it be Dad, Mum, husband, wife, son, daughter - in touch. It's a network that builds bridges and lets people share a thought, dedicate a song to an ear that you know is listening. Sending a simple message from UK to Iraq or Afghanistan - a message of love or laughter - gives morale a huge boost and takes a bit of pressure away from the temporary separation."

Months before the launch on DAB Digital Radio in the UK, there was more BFBS Radio expansion in June 2008, with three new stations in Northern Ireland gaining Community Licences in Holywood, Ballykinlar and Aldergrove.

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February 2009 saw the opening of our radio station in Kuwait, an important staging post for the withdrawal of troops from Iraq. This station took over broadcasting our Middle East service when our Basra station finally closed. Our station at Camp Bastion in Helmand Province in Afghanistan will soon become the regional hub as Kuwait closes once the majority of British troops have left Iraq.

SSVC On The Frontline in Afghanistan

Both BFBS Technology and CSE have made great strides in getting welfare services further forward than ever before. Whilst Camp Bastion is fairly well served for welfare provision, the Forward Operating Bases (FOBs) and patrol houses have very little for the frontline troops.

More than 20 satellite dish systems feeding 80 televisions have been set up in FOBs thanks to our BFBS satellite technicians who get helicoptered in to install systems and leave the troops, from having nothing, with 9 TV channels.

And CSE has taken the unprecedented step of sending comedians on a bespoke Hostile Environment Training Course to equip them with the skills and awareness to go forward. We believe that CSE is now breaking completely new ground by taking live entertainment right to the frontline troops. The appreciation from our audience of war-worn service personnel is immense. It's not just the uplift of an evening of top-drawer, bespoke comedy. The fact that entertainers will go the extra mile for them has an immeasurable effect on morale.

BFBS Television

BFBS Television has launched two new channels, funded by the charity as a huge boost to welfare provision.

Firstly BFBS3 KIDS. Audience research by SSVC had shown that there was a real need for a dedicated children's channel. We recognise the vital importance of providing Forces' children with continuity, and making sure they get British children's programmes. A Forces' child has a disrupted life, moving from country to country, and school to school, and so making sure that they have the comfort and reassurance of their favourite children's output, wherever they are in the world, was a priority.

We also recognise that Forces' families are single parent families for six-months at a time, and mothers whose husbands are away on dangerous operations need as much help as we can give in supporting their children who are often worried and unsettled in a parent's absence. Long negotiations with the BBC about CBBC and CBeebies were finally successful, and BFBS3 KIDS was born.

We have moved our in-house, live, children's output, called Room 785, from BFBS1 onto BFBS3 KIDS, extended the duration of this highly interactive slot, and introduced new features. Our Junior Reporter competition, in conjunction with Forces schools, was a particular hit. We asked children to submit ideas for a report for Room 785. We had a wide array of ideas, from the drought in Cyprus to green projects in Forces schools and ecological projects in Ascension Island – but the winner was a story on how hard it is to be a Forces child and leave your friends every two or three years. The winner got a professional crew to realise her film idea; saw her film on BFBS TV; got to fly to the UK to BFBS HQ to co-present an episode of Room 785, and won a camcorder for her school and one for herself. We feel we have planted the seed in SCE (Service Children's Education) schools of providing a creative outlet for the issues which Forces children share.

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Report of the Board of Trustees

The launch of a dedicated children's channel, from 0500 CET to 1800 CET was hugely welcomed by parents and teachers as well as children. The early start, two hours before CBeebies starts in the UK, meant the injection of a bespoke block of programming by BFBS in order to serve the early start to the school day in Cyprus.

From a Mum in Cyprus:

"Bobby has the Kids' channel on all the time, therefore I can't watch any of the good new stuff on BFBS1, typical!!"

From a Mum in Paderborn, Germany:

"Thank you so much for BFBS 3, the kids channel!! It's a godsend when my son gets home from nursery!! Well done, BFBS, on the 2 new channels!!"

And from a SCE (Service Children's Education) teacher in Germany:

"Kids are loving BFBS3 KIDS - and from all the Mums around the Forces world - thank you!!"

As the quote from the mother in Cyprus hints at, by moving all children's content from BFBS1 onto BFBS3 KIDS has meant that we can fill those hours on BFBS1 with content aimed at dependants (overwhelmingly wives) who are at home during the day and find it difficult to find work in the local overseas economy. So more fashion content, chat, property and holiday shows have filled the spaces vacated by children's programmes, which is a huge boost for adults at home in the day.

The second new channel launched, is BFBS4, the movie channel. It shows two movies a night, at 7pm and 9pm. In operational and non-family areas, this schedule repeats around the clock to nullify the problems of timezones and shift-work. Extensive independent audience research left us in no doubt that the escapism of a feature film came a very close second to the children's channel as a must-have for both families overseas and troops on frontline operations.

Another innovation this year, aimed at dealing with the early start to the working day in British Forces Cyprus, was the introduction of PIN codes. This means that all entitled personnel in BFC have access to all the BFBS TV channels, all the time, if they want it. Previously, personnel with children under 15 at home had 'family' viewing cards which block the repeats of BFBS2 and BFBS4, and deny access to the '1 day later' channel in order to protect children from unsuitable material at times when they are likely to be viewing.

As a result of an upgrade to the encryption system, in preparation for adding new channels, BFBS was able to introduce PIN Codes and thus allow PIN-protected access to the repeat cycles. When programmes that were originally shown after 10pm Cyprus time come on, a message appears on screen to ask for a four-digit code. PIN codes are the only way to get around the problems we have with the very early working day in Cyprus, whilst still adhering to Ofcom guidelines to protect children. (A responsibility embedded in our contract with the MoD.)

BFBS continues to cover Forces stories worldwide, particularly covering locations, exercises and operations that other news media ignore. So as well as reporting trips to Iraq and Afghanistan, BFBS reported from Northern Norway, the Democratic republic of Congo, the Falkland Islands, Kenya, Brunei, and a major naval exercise in the Indian Ocean. BFBS is also the only outlet to cover military sport, and in this last year has focussed on 'adaptive' sport with organisations such as Blesma and BattleBack – sports and adventurous activities for service personnel who have lost limbs or been blinded in recent conflicts.

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Cutting-edge Technology

Adding new TV channels to our network of satellites was no easy task. It meant conversion to MPEG4 in order to squeeze more channels into our existing satellite space, something few national broadcasters have yet achieved. More complex still, was the need for complete development of the system to then convert MPEG4 back into MPEG2, the data standard used by the DTT set-top receivers that the audience in the Falkland Islands have previously purchased. We believe we are the first broadcaster to do this.

Serving HM Ships at Sea

SSVC is particularly proud of the strides it has made in bringing live TV and Radio to HM Ships at sea around the world, and this year inroads were made into equipping some of the Navy's smaller vessels, the Type 23 frigates. The 13 Type 23 frigates form 50% of the total frigate/destroyer force in the Royal Navy. The effectiveness of these ships is enhanced by their stealth design, which reduces their radar signature significantly. This in turn meant finding a way to put a large tracking satellite dish on board without increasing the radar profile and cancelling its important stealth advantage. This was an engineering feat in itself. BFBS Technology has worked closely with various partners to help make this happen, and so vastly increase the number of sailors who can enjoy watching their beloved Portsmouth FC live - and all the other channels, too, of course.

Live Entertainment, Cinemas and Welfare DVDs

Combined Services Entertainment ('CSE') has retained the contract for live entertainment after competitive tender, and entertained more Service Personnel worldwide this last year than any period in its history, with 484 show days. As well as events for Royal Navy personnel in far-flung ports, and celebrity visits for the rear parties in Germany to keep the morale of the families high, CSE has also taken Selly Oak and Headley Court into its remit, and found absolutely the right balance to boost morale in this sensitive area of seriously wounded soldiers and those coming to terms with a life-changing disability.

CSE's main task, though, has been to entertain those on operations in Iraq and Afghanistan, and increasingly to be a vital component of 'decompression' in Cyprus - putting on comedy almost every night of the year - 322 nights - to help ease troops' transition from theatre to their home environment.

CSE has also taken on a completely new brief - 'normalisation' shows aimed at reuniting and re-bonding the returning units with their rear party colleagues and families post operational tour. It is still early days for this brand new initiative, but, it has been very well received thus far.

SSVC Forces Cinemas' state-of-art mobile cinema, the Movie Machine, bought by a SSVC welfare grant originally for the Balkans, is also in Cyprus for decompression, with screenings on 322 days out of 365, and travelling up to serve British troops on Operation Tosca in Nicosia whenever there's a break in decompression duty.

SSVC's static cinemas on British bases around the world have also had a busy year, thanks to the SSVC Forces Cinemas team getting films ever closer to UK release date, and negotiating several 'premieres' and free charity screenings.

BDFL issued 475,000 units of essential training material to British Forces worldwide; and also selected, sourced and despatched 9000 entertainment DVDs as part of the welfare package for deployed troops.

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Report of the Board of Trustees

SSVC Welfare Fund

As well as facilitating the extra TV channels and BFBS Radio on Digital Radio in the UK, there have been more than 100 grants from the SSVC Welfare Fund, bringing the total spent to enhance Forces welfare to a record £1,180,210 (2008: £846,217). Here's a snapshot:

- £19,908 for a floating water slide and inflatable water 'toys' for decompression in Cyprus.
- £67,726 to upgrade welfare facilities in the Falkland Islands, including the first Forces digital cinema; coffee shop; and bowling alley.
- £24,000 sponsorship for Combined Services sports
- £767 for 20 portable washing machines for Afghanistan

Plus dozens of TVs, ruggedised laptops, camcorders, digital cameras, mountain bikes, games consoles, DVD players, PS3s and Nintendo Wiis...

BFBS Big Salute

May 2008 saw the launch of the BFBS Big Salute, an on-air fundraising campaign to channel the great capacity of the Forces audience to support those injured in the service of their country. All divisions of SSVC got involved, with SSVC Forces Cinemas putting on red-carpet premieres; CSE putting on a Big Salute show in London; BFBS TV and Radio stations around the globe running auctions and events. And of course, Forces worldwide took it to heart, ran marathons, baked cakes, washed cars, held fashion shows, ran golf tournaments, canoe races, had 'mufti' days in Forces schools, even sheared sheep. A grand total of £116,000 was divided equally between five beneficiaries – Blesma, Combat Stress, St Dunstan's, Veterans Aid and Headley Court. We hope to raise even more in year two of the BFBS Big Salute. As the 2009/10 campaign launched at the start of May 2009, Help For Heroes was added to the list of beneficiaries, especially for their latest Recovery Centres project.

Structure, governance and management

The charity is a company limited by guarantee and is registered as a charity. Members of the organisation guarantee to contribute an amount not exceeding £1 each to the assets of the organisation in the event of a winding up. The total number of such guarantees at 31 March 2009 was 8 (2009: 11).

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 are discussed by the committee and approved in writing.

The Services Sound and Vision Corporation

Report of the Board of Trustees

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.

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 full board. The Board shall include individuals who have held commissioned rank in HM Armed Forces and civilians with relevant business experience. The total members of the Board must number between 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 present membership of the Board is set out below:

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

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

Captain Graham D B Robinson RN - member of investment and welfare fund committees

Kate Adie - member of nomination committee

Major General Peter Currie - chairman of welfare fund committee

June Dromgoole - member of welfare fund committee

Roger Laughton - member of audit committee

Will Wyatt

Lieutenant General Sir Roderick Cordy-Simpson, who was chairman of the Charity, and Michael Andrae, both retired from the Board, resigning as trustees on 9 December 2008.

Major General Alastair Duncan retired as a trustee on 31 January 2009.

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 have the opportunity to attend seminars to keep updated with best charity practice.

Grants

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

The charity continues to actively promote its welfare fund to HM Armed 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.

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Grants are awarded to units of HM Armed 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. Grants in excess of this value are discussed by the committee and approved in writing. Grants are approved if the purpose is considered to be a worthy cause and is within the terms of the objectives of the charity. During the financial year, 124 applications for grants were received of which 123 were either partially or fully awarded. The average value of grants made during the year was £9,518 (2008: £8,635).

Risk management

The television, radio, live entertainment and library services provided by the charity under contract with the Ministry of Defence 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 Ministry of Defence and the charity is excellent and all contracts provide for either bi-annual or quarterly review meetings.

The Board also reviews, on an ongoing basis, other 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 continues to monitor all operational, business and financial risks that the charity faces, and confirms that systems are in place to mitigate the significant risks.

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.

The maturity of borrowings is set out in note 14 to the financial statements.

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

Interest rate risk

The charity has fixed interest rates for all of its medium and long-term borrowings. Interest receivable on cash deposits is based on prevailing rates at the time, as negotiated with banks.

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Credit risk

The charity's principal financial assets are cash and trade debtors. The main credit risk arises from its trade debtors, principally the Ministry of Defence which is the charity's main customer.

In order to manage credit risk the trustees set limits for non Ministry of Defence customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

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 backdrop of weakened investment markets and the global 'credit crunch' has had a material impact on both the charity's investments and on those of the pension scheme, which resulted in a net decrease in funds of £12,361,000 during the year.

Despite these impacts, sound financial management together with the support of our Staff and Board enabled us to provide a full and expanding range of services and grants to our beneficiaries as detailed earlier in this report.

Reserves policy

At 31 March 2009, the charity held 'unrestricted funds – other charitable funds' totalling £17,047,000 (2008: £29,408,000). '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 main trading activities are carried out according to the terms of limited length contracts with the Ministry of Defence; there is no certainty that these contracts will be renewed. The trustees therefore intend to maintain reserves of the 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.

Financial Reporting Standard (FRS) 17 'Retirement Benefits'

In preparing its financial statements, the charity is obliged to use FRS17, an accounting standard which prescribes relatively restrictive criteria within which to report the year end position of the pension scheme's deficit or surplus. The application of FRS17 this year has resulted in the financial statements disclosing a pension fund surplus of £202,000. However, the actuarial report on the pension scheme has disclosed a deficit as at 31 March 2009 of £16,808,000.

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.

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Report of the Board of Trustees

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 Ministry of Defence are monitored by the Senior Management of SSVC, the designated officer (Ministry of Defence), the viewers, listeners and customers. SSVC management and Ministry of Defence 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 9000 accreditation.

Investment policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment, which the trustees see fit. The objective of the Investment Policy is, on a low risk basis commensurate with the 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 decrease in the market value of the investment portfolio driven by a decline in equities, as reflected in the weakened performance of the markets as a whole. The Investment Committee considers that the performance of its funds was in line with other funds with a similar risk profile.

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 Ministry of Defence.

Given the likely long term commitment of the UK to operations in Afghanistan together with the ongoing stationing of the Armed 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.

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Report of the Board of Trustees

Trustees' responsibilities for the financial statements

The trustees are responsible for preparing the Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The charity has adopted the format of accounts prescribed by the Charity Commission's Statement of Recommended Practice (SORP) 2005. The financial statements have been prepared in accordance with current statutory requirements and the requirements set out in the charity's Memorandum of Association.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity'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.

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



Trustee

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 2009 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The responsibilities of the trustees, who also act as Trustees for the charitable activities of The Services Sound and Vision Corporation, for preparing the Report of the Board of Trustees and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of trustees' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, whether they are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Report of the Board of Trustees is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions with the charity is not disclosed.

We read the Report of the Board of Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Board of Trustees is consistent with the financial statements.

Grant Thornton UK LLP

**Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London Thames Valley Office
Slough**

Date: 25 September 2009

The Services Sound and Vision Corporation

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

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000 <i>restated</i>
Incoming resources			
Investment income	5	894	608
Incoming resources from charitable activities	1	37,330	38,086
Total incoming resources		38,224	38,694
Resources expended			
Investment management costs		(66)	(82)
Costs in respect of charitable activities	2	(35,030)	(33,492)
Governance costs	2	(294)	(179)
Total resources expended		(35,390)	(33,753)
Net incoming resources for the year before other recognised gains and losses		2,834	4,941
Other recognised gains/(losses):			
Gains/(losses) on investment assets:			
Loss on investments	9	(4,144)	(1,976)
Gain on investment property	8	-	194
Actuarial (loss)/gain on defined benefit pension scheme	16	(11,051)	3,712
		(15,195)	1,930
Net movement in funds		(12,361)	6,871
Reconciliation of funds:			
Total funds brought forward		29,408	22,537
Total funds carried forward		17,047	29,408

All funds are unrestricted.

All operations are classed as continuing.

The accounting policies and notes on pages 21 to 36 form an integral part of these financial statements

The Services Sound and Vision Corporation

Balance sheet

At 31 March 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	902	1,329
Investment property	8	200	200
Investments	9	12,149	15,960
		13,251	17,489
Current assets			
Stock and work in progress	10	798	966
Debtors	11	4,515	4,972
Investments – bank deposits	9	6,390	8,293
Cash at bank and in hand		-	3,575
		11,703	17,806
Creditors: amounts falling due within one year	12	(7,707)	(6,583)
Net current assets		3,996	11,223
Total assets less current liabilities		17,247	28,712
Creditors: amounts falling due after more than one year	13	(402)	(780)
Total assets less total liabilities excluding pension scheme liability		16,845	27,932
Pension asset	16	202	1,476
Total assets less total liabilities including pension scheme asset		17,047	29,408
Funds of the charity			
Unrestricted charitable funds	15	17,047	29,408

All funds are unrestricted.

The financial statements were approved by the Board on 15 September 2009



Trustee

The accounting policies and notes on pages 21 to 36 form an integral part of these financial statements

The Services Sound and Vision Corporation

Cash flow statement

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000 <i>restated</i>
Net cash (outflow)/inflow from operating activities	22	(2,760)	6,572
Returns on investments and servicing			
Interest received		894	608
Interest paid		(63)	(117)
Net cash inflow from returns on investments and servicing of finance		831	491
Capital expenditure			
Purchase of fixed assets		(92)	(10)
Purchase of investments		(333)	(1,070)
Sale of investments		-	2,500
Net cash (outflow)/inflow from capital expenditure		(425)	1,420
Other activities			
Payment of operational welfare grants		(1,180)	(846)
Net cash outflow from other activities		(1,180)	(846)
Financing			
Loan repayments		(357)	(338)
Net cash outflow from financing activities		(357)	(338)
Management of liquid resources			
Liquidation/(purchase) of short term deposits		303	(4,110)
Net cash outflow/(inflow) from management of liquid resources		303	(4,110)
(Decrease)/increase in cash	23	(3,588)	3,189

The accounting policies and notes on pages 21 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 2009

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 except for the adoption of the amendment to FRS 17 as discussed on page 20.

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.

The charity is exempt from preparing consolidated financial statements on the grounds that its only subsidiary is dormant (see note 17). 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. 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

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

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.

Charitable activities

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.

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 2009

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.

Investment property

Investment properties are revalued annually by management and are included in the balance sheet at their open market values in accordance with Statement of Standard Accounting Practice 19 "Investment Properties". Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the Companies Act 1985, which requires depreciation to be provided on all fixed assets. Management consider that this policy is necessary in order that the financial statements give a true and fair view.

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.

Stock

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

Fixed assets and stock belonging to overseas branches have been expressed in sterling at the rate of exchange ruling at the balance sheet date under the closing rate method. Other current assets and liabilities in foreign currencies are also translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenditure account items are converted at the rate of exchange ruling at the transaction date. All profits or losses on foreign exchange transactions have been dealt with through the income and expenditure account.

The accounting policy for foreign currency translation is 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.

The Services Sound and Vision Corporation

Principal Accounting Policies

For the year ended 31 March 2009

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.

The charity has applied the Amendment to FRS 17 Retirement Benefits which is effective for accounting periods commencing on or after 6 April 2007. The amendment to FRS 17 primarily affects disclosures in relation to defined benefit pension schemes. However for quoted securities the fair value is now taken to be the current bid price rather than the mid-market value. The effect of this change in valuation method is not considered material in respect of the prior financial year.

Scheme assets are measured at fair values. 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 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 in 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.

Financial instruments

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 profit and loss 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 2009

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:

	2009 £'000	2008 £'000 <i>restated</i>
Incoming resources from charitable activities	<u>37,330</u>	<u>38,086</u>

The majority of the income resulted from activities delivered overseas.

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

Services and supplies provided to British Forces on operations or stationed overseas, but not under contract to the Ministry of Defence, include electrical retail sales and support in Germany, distribution of film and audio material, together with the operation and management of 19 Forces cinemas (2008: 19) located in Germany, Cyprus, The Falkland Islands and the United Kingdom.

Income from charitable trading activities includes an amount of £624 (2008: £1,560) in respect of rental income.

2 Resources expended

Resources expended in:	Grants £'000	Direct costs £'000	Support costs £'000	Other costs £'000	2009 Total £'000	2008 Total £'000
Costs in respect of charitable activities	-	29,488	2,762	1,600	33,850	32,646
Grants paid (note 4)	<u>1,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180</u>	<u>846</u>
	<u>1,180</u>	<u>29,487</u>	<u>2,762</u>	<u>1,600</u>	<u>35,030</u>	<u>33,492</u>

Other costs relate to the write down to management's best estimate of net realisable value of investments held with Kaupthing Singer & Friedlander, which went into administration during the year.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

Resources expended (continued)

Support costs were incurred as follows:

	2009 £'000	2008 £'000
Staff costs	129	1,164
Depreciation	161	151
Other support costs	2,471	1,696
	<u>2,762</u>	<u>3,011</u>

Grants payable are analysed further in note 4 and are discussed in the Report of the Board of Trustees.

Resources expended in Governance costs

Governance costs total £293,954 and include £254,653 in respect of senior management remuneration.

Net incoming resources

Net incoming resources is stated after charging:

	2009 £'000	2008 £'000
Auditor's remuneration	36	39
Depreciation of owned fixed assets (excluding buildings)	406	423
Depreciation of buildings	112	139
Hire of plant and machinery	505	421
Other operating leases	436	429
Foreign exchange gain	(115)	(144)
Staff costs (see note 3)	<u>9,603</u>	<u>10,567</u>

Trustees and employees

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

	2009 £'000	2008 £'000
Wages and salaries	9,014	8,584
Social security costs	(321)	960
Pension current service costs (note 16)	910	1,023
	<u>9,603</u>	<u>10,567</u>

Included in the above is a credit to social security costs, which relates to the release of a prior year accrual.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

Directors and employees (continued)

The average number of employees of the corporation during the year was 270 (2008: 301).

	2009 Number	2008 Number
Activities in furtherance of the charity's objects	254	278
Management and administration	16	23
	<u>270</u>	<u>301</u>

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

	2009 £'000	2008 £'000
Managing Director's emoluments	<u>240</u>	<u>121</u>

The amount above includes a payment of £162,000 arising from the retirement of the Managing Director from the Board.

Benefits accrued to 1 (2008: 1) trustee under a defined benefit pension scheme.

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

No other trustees or persons with a family or business connection with a trustee, received remuneration in the year, directly or indirectly, from the charity. An amount of £2,135 for expenses (2008: £2,786) was reimbursed to 6 trustees (2008: 5).

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

	2009	2008
£60,001 - £70,000	9	8
£70,001 - £80,000	4	3
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £130,000	1	1
£230,001 - £240,000	<u>1</u>	<u>-</u>

Pension benefits are accruing to 13 (2008: 10) higher paid employees within the defined benefit scheme.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

4 Grant payments

Grants have been made to the following institutions during the year, in pursuance of the corporation's objectives:

	2009 £'000
Television expansion project	603
Royal Navy	94
Provision of BFBS Radio 1 on Sky Digital platform	64
HQ BFSAI	28
G1 Div HQNI	22
Falklands' Forces	22
HQ BFSAI	18
Combined Services Sports	24
Bloodhound Camp and MTW Cyprus	14
Provision of BFBS radio on Freesat Platform	13
Other grants made to Forces	278
	<u>1,180</u>

5 Investment income

	2009 £'000	2008 £'000 <i>restated</i>
Interest receivable on short term deposits	494	356
Dividends and interest receivable from fixed asset investments	400	252
	<u>894</u>	<u>608</u>

6 Interest payable

	2009 £'000	2008 £'000
Interest on bank loans	63	117
Interest on pension scheme liabilities (note 16)	3,492	3,046
	<u>3,555</u>	<u>3,163</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

7 Tangible fixed assets

	Leasehold long-term £'000	Leasehold short-term £'000	Equipment £'000	Total £'000
Cost				
At 1 April 2008	956	311	2,975	4,242
Additions	-	-	92	92
Disposals	-	-	(12)	(12)
At 31 March 2009	956	311	3,055	4,322
Depreciation				
At 1 April 2008	811	310	1,792	2,913
Provided in the year	111	1	406	518
Disposals	-	-	(11)	(11)
At 31 March 2009	922	311	2,187	3,420
Net book amount at 31 March 2009	34	-	868	902
Net book amount at 31 March 2008	145	1	1,183	1,329

8 Investment property

	£'000
Cost	
At 1 April 2008 and 31 March 2009	248
Depreciation	
At 1 April 2008 and 31 March 2009	(48)
Net book amount at 31 March 2009	200
Net book amount at 31 March 2008	200

During the year, an investment property held by the charity was valued to reflect management's best estimate of its open market value, in accordance with SSAP 19 "Investment Properties".

In February 2009, a valuation of the investment property was performed for the corporation by a local estate agent, who is a member of the Guild of Professional Estate Agents. The open market value was based on this valuation, which included the value of similar properties in the area.

TThe Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

9 Investments - fixed assets

	2009 £'000	2008 £'000
Investments (analysis below)	12,149	15,960
	<u>12,149</u>	<u>15,960</u>
	2009 £'000	2008 £'000
At 1 April 2008	15,960	19,366
Additions	333	1,070
Disposals	-	(2,500)
Decrease in market value	<u>(4,144)</u>	<u>(1,976)</u>
At 31 March 2009	<u>12,149</u>	<u>15,960</u>
Investments are analysed further as:		
UK equities	8,623	12,624
Fixed interest and cash	<u>3,526</u>	<u>3,336</u>
	<u>12,149</u>	<u>15,960</u>

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

	2009 £'000	2008 £'000
Cost	<u>10,900</u>	<u>10,900</u>

Investments - Current Assets

Included within Current Asset Investments is £7,989,872 of amounts on deposit (2008: £8,293,278). Of this amount, £1,600,000 was considered to be impaired (2008: £nil). See note 2.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

10 Stock and work in progress

	2009 £'000	2008 £'000
Work in progress	6	18
Stock for resale	792	948
	<u>798</u>	<u>966</u>

11 Debtors

	2009 £'000	2008 £'000
Trade debtors	2,741	3,590
Prepayments and accrued income	1,334	826
Social security and other taxes	440	556
	<u>4,515</u>	<u>4,972</u>

12 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Overdraft	13	-
Bank loans	381	360
Trade creditors	1,928	1,491
Social security and other taxes	417	307
Other creditors	102	148
Accruals and deferred income	4,866	4,277
	<u>7,707</u>	<u>6,583</u>

The bank loan is unsecured.

Social security and other taxes creditor includes an amount of £139,691 (2008: £90,000) in respect of defined benefit pension contributions that remained unpaid at 31 March 2009.

13 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Bank loans	<u>402</u>	<u>780</u>

The bank loan is unsecured.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

14 Borrowings

Borrowings are repayable as follows:

	2009 £'000	2008 £'000
Within one year		
Bank and other borrowings	381	360
After one and within two years		
Bank and other borrowings	402	360
After two and within five years		
Bank and other borrowings	-	420

15 Reserves

	Income and expenditure £'000
At 1 April 2007	22,537
Surplus for year	4,941
Unrealised loss on investments	(1,782)
Actuarial gain relating to pension schemes	3,712
At 31 March 2008	29,408
Surplus for year	2,834
Unrealised loss on investments	(4,144)
Actuarial gain relating to the pension scheme	(11,051)
At 31 March 2009	17,047

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

In preparing its financial statements, the charity is obliged to use FRS17, an accounting standard which prescribes relatively restrictive criteria within which to report the year end position of the pension scheme's deficit or surplus. The application of FRS17 this year has resulted in the financial statements disclosing a pension fund surplus of £202,000. However, the actuarial report on the pension scheme has disclosed a deficit as at 31 March 2009 of £16.8 million.

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 £202,000 at 31 March 2009. 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, hence the initial surplus as calculated under FRS 17 of £5,090,000 has been de-recognised down to a value of £202,000 at 31 March 2009.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

FRS 17 'Retirement benefits' (continued)

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.

The treatment of pension costs in these financial statements is in accordance with the provisions of Financial Reporting Standard (FRS) 17 'Retirement Benefits'.

The total pension cost to the charity was £910,000 (2008: £1,023,000) as disclosed in note 3. The pension cost is assessed in accordance with the advice of an independent qualified actuary.

The scheme is divided into two parts; a main scheme and a closed section representing the BFBS ex civil servants who joined the charity from the Ministry of Defence in 1983. The market value of the combined assets of the schemes as at 31 March 2009 amounted to £57,292,000 (2008: £54,225,000).

Pensions

During the year ended 31 March 2009, the charity paid normal contributions to the scheme at the rate of 30.5% of Pensionable Salaries in respect of SSVC Members and at the rate of 35.8% of Pensionable Salaries in respect of 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 £9,500,000 (2008: £2,500,000).

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 £202,000 at 31 March 2009. 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.

	2009 £ '000	2008 £ '000
Pension scheme surplus/(liability) brought forward	1,476	(4,641)
Movement in scheme surplus/(liability)	3,614	6,117
Gross surplus in scheme at end of year	5,090	1,476
De-recognition of surplus under FRS 17	(4,888)	-
Pension scheme surplus carried forward	202	1,476

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

FRS 17 'Retirement benefits' (continued)

The last full actuarial valuation was carried out for the trustees of the Pension Fund as at 1 April 2009 and was used by the actuary for the disclosure requirements of FRS17 'Retirement Benefits' as at 31 March 2009.

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

	2009 %	2008 %
Rate of increase in salaries	3.25	4.25
Expected long-term rate of return on scheme assets	4.10	5.60
Rate of increase for pension in payment:		
SSVC members		
Pre April 1997 Pensionable Service	2.75	3.00
Pre April 2006/Post April 1997 Pensionable Service	2.75	3.50
Post April 2006 Pensionable Services	2.50	2.50
Ex-Ministry of Defence BFBS members	2.75	3.50
Discount rate	6.40	6.70
Inflation	2.75	3.50

The underlying mortality assumption is based upon the standard table known as PCA00 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% (2007: PA92 projected on a year of birth usage with medium cohort future improvement factors).

The amounts to be recognised in the statement of financial activities for the year ended 31 March 2009 are as follows:

	2009 £'000	2008 £'000
Current service cost	910	1,023
Interest on scheme liabilities	3,492	3,046
Expected return on scheme assets	(3,059)	(3,118)
Total	1,343	951
Actual return on scheme assets	(5,707)	707

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

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 %	2009 Value £'000	Rate of Return %	2008 Value £'000	Rate of Return %	2007 Value £'000
Equity and property	5.60	17,761	6.30	20,726	6.60	27,652
Bonds	4.50	28,646	5.10	25,034	5.00	15,741
Cash	0.50	10,885	5.25	8,465	5.25	8,948
Total market value of assets		57,292		54,225		52,341
Actuarial value of scheme liabilities		(52,202)		(52,749)		(56,982)
Net pension asset/(liability) before de-recognition		5,090		1,476		(4,641)

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 2009 are as follows:

	2009 £'000	2008 £'000
Present value of scheme liabilities at beginning of period	52,749	56,982
Current service cost	910	1,023
Employee contributions	211	211
Interest cost	3,492	3,046
Actuarial gains	(2,603)	(6,123)
Benefits paid	(2,557)	(2,390)
Present value of scheme liabilities at end of period	52,202	52,749

Changes in the fair value of the scheme assets for the year ended 31 March 2009 are as follows:

	2009 £'000	2008 £'000
Market value of scheme assets at beginning of period	54,225	52,341
Expected return	3,059	3,118
Actuarial losses	(8,766)	(2,411)
Benefits paid	(2,557)	(2,390)
Contributions paid by the charity	11,120	3,356
Employee contributions	211	211
Market value of scheme assets at end of period	57,292	54,225

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

FRS 17 'Retirement benefits' (continued)

The major categories of scheme assets as a percentage of total scheme assets for the year ended 31 March 2009 are as follows:

	2009 %	2008 %
Equities and property	31%	38%
Bonds	50%	46%
Cash	19%	16%
Total	100%	100%

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 5.6% (2008: 6.3%), an expected rate of return on bonds of 4.5% (2008: 5.1%) and an expected rate of return on cash of 0.5% (2008: 5.25%).

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

	2009 £'000	2008 £'000
Current service cost	910	1,023
Total operating charges	910	1,023

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

	2009 £'000	2008 £'000
Expected return on pension scheme assets	3,059	3,118
Interest on pension scheme liabilities	(3,492)	(3,046)
Net interest	(433)	72

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

FRS 17 'Retirement benefits' (continued)

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

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	(8,766)	(2,411)
Experience gains and losses arising on pension scheme liabilities	(58)	(294)
Change in assumptions underlying the present value of scheme liabilities	2,661	6,417
Actuarial (loss)/gain	<u>(6,163)</u>	<u>3,712</u>

The movement in the gross surplus in the year is:

	2009 £'000	2008 £'000
Gross surplus/(deficit) in scheme at beginning of year	1,476	(4,641)
Current service cost	(910)	(1,023)
Contributions	11,120	3,356
Other finance income	(433)	72
Actuarial (loss)/gain	<u>(6,163)</u>	<u>3,712</u>
Gross asset in scheme at end of year before de-recognition	<u>5,090</u>	<u>1,476</u>

The history of experience gains and losses is:

	2009	2008	2007	2006	2005
Difference between expected and actual return on scheme assets:					
Amount (£'000)	(8,766)	(2,411)	218	4,738	1,508
Percentage of scheme assets	15.3%	4.4%	0.4%	9.8%	3.8%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(58)	(294)	(712)	(551)	(500)
Percentage of scheme liabilities	0.1%	0.6%	1.2%	1.0%	1.0%
Total amount recognised in SOFA before de-recognition					
Amount (£'000)	(6,163)	3,712	1,098	1,224	(5,151)
Percentage of scheme liabilities	2.4%	7.0%	1.9%	2.2%	10.3%

The amount recognised in the SOFA amounts to £11,051,000 which represents the initial figure calculated under FRS 17 of £6,163,000 plus a de-recognition of a part of the initial surplus of £4,888,000 (see page 29).

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

17 Subsidiary undertaking

	2009	2008
	£	£
Ordinary £1 shares	<u>2</u>	<u>2</u>

The subsidiary of the corporation, SSVC Broadcasting Limited, an entity incorporated in Great Britain, is wholly owned by the charity and is considered dormant at 31 March 2009 and 31 March 2008.

18 Contingent assets/liabilities

During the year, the charity held £2,000,000 in a short-term investment with Kaupthing Singer & Friedlander, which was placed into administration in October 2008. An amount of £1,600,000 has been provided for against this balance representing management's expectation that an amount of 20 pence in the pound will be recovered. The loss on this investment is included in Other Costs in note 2. It is possible, although not certain, that the charity will receive an amount equivalent to 50 pence in the pound; hence management believes that a contingent asset of up to £600,000 exists at 31 March 2009.

A contingent liability of £200,000 exists at 31 March 2009 (2008: £200,000) in respect of a guarantee in favour of Combined Independent (Holdings) Limited, a purchasing co-operative of which the charity is a member.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

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Leasing commitments

Annual leasing commitments are as follows:

	Land and Buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Operating leases which expire:				
- within one year	-	-	6	2
- between one and two years	20	17	6	6
- between two and five years	71	66	22	79
- greater than five years	256	256	-	-
	347	339	34	87

Commitments

There were no capital commitments at 31 March 2009 (2008: £nil).

The Board approved a grant of up to £512,000 in 2005 relating to the provision of live television and radio services to Royal Navy and Royal Fleet Auxiliary ships, of which £418,100 had been allocated at 31 March 2009 (2008: £313,385).

The Board also approved a grant in 2008 of up to £720,000 for a separate television expansion project, which provides live television programmes, of which £602,656 had been allocated at 31 March 2009 (2008: £319,337).

At 31 March 2009, the charity was committed to purchasing €1,800,000 (2008: €3,900,000) at an average exchange rate of €1.0562 (2008: €1.3319) under forward exchange contracts. The fair value of the commitment at 31 March 2009 resulted in a potential loss of £28,557 (2008: £99,701).

The charity is further committed to purchasing €13,125,000 and \$8,400,000 under separate forward contracts, which have variable exchange rates. The maximum rates payable are €1.12 and \$1.445 and the fair value of the commitments at 31 March 2009 result in a maximum potential loss of £115,001 and £28,025 respectively.

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Related party transactions

There were no related party transactions during the year (2008: £nil).

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2009

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

	2009 £'000	2008 £'000 <i>restated</i>
Operating surplus (excluding grants payable)	3,183	5,296
Movement as a result of pensions asset	(11,051)	3,712
Depreciation (excluding buildings)	406	423
Depreciation on buildings	112	139
Decrease in stock and work in progress	168	170
Decrease in debtors	457	1,435
Increase/(decrease) in creditors	3,965	(4,603)
Net cash (outflow)/inflow from operating activities	<u>(2,760)</u>	<u>6,572</u>

23 Analysis of change in net funds

	At 1 April 2008 £'000	Cash flow £'000	Non cash items £'000	At 31 March 2009 £'000
Cash at bank and in hand	3,575	(3,588)	-	(13)
Short term deposits	8,293	(303)	(1,600)	6,390
Bank loans	(1,140)	357	-	(783)
	<u>10,728</u>	<u>(3,534)</u>	<u>(1,600)</u>	<u>5,594</u>

24 Reconciliation of net cash flow to movements in net funds

	2009 £'000	2008 £'000
(Decrease)/increase in cash	(3,588)	3,189
Cash (outflow)/inflow from liquid resources	(303)	4,110
Cash inflow from financing	357	338
Movement in net funds arising from cashflows	<u>(3,534)</u>	<u>7,637</u>
Non cash items	(1,600)	-
	<u>(5,134)</u>	<u>7,637</u>
Net funds at 1 April 2008	<u>10,728</u>	<u>3,091</u>
Net funds at 31 March 2009	<u>5,594</u>	<u>10,728</u>

**SSVC
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