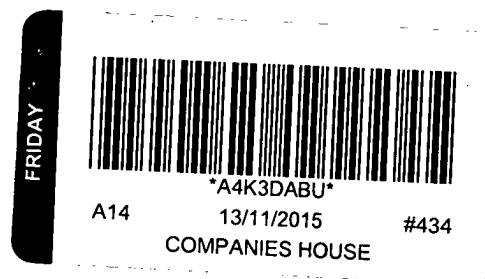


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**The Services Sound and Vision
Corporation**

Company Limited by Guarantee

Financial Statements

For the year ended

31 March 2015

Charity no 00233480
Company no 00407270

The Services Sound and Vision Corporation

Financial Statements

For the year ended 31 March 2015

Corporation registration number: 00407270 (incorporated in England & Wales)

Charity registration number: 00233480

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

Websites www.ssvc.com
www.bfbs.com

Bankers: HSBC Bank plc
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Gerrards Cross
Bucks
SL9 8PH

Solicitors: Harbottle & Lewis LLP
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The Services Sound and Vision Corporation

Financial Statements

For the year ended 31 March 2015

Investment managers:

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12 Throgmorton Avenue
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EC2N 2DL

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EC2Y 9AQ

M & G Investments
Laurence Pountney Hill
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EC4R 0HH

Investec
2 Gresham Street
London
EC2V 7QN

Independent auditor:

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
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Winnersh
Wokingham
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RG41 5TS

The Services Sound and Vision Corporation

Financial Statements

For the year ended 31 March 2015

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Trustees Report

The Strategic Report

The Board of Trustees of The Services Sound and Vision Corporation ("SSVC") has pleasure in presenting its report on the activities and results for the year ended 31 March 2015.

Achievements and performance

The past year has been one of considerable achievement for SSVC during which we have been pleased to receive consistent satisfaction ratings of over 90% in all audience surveys across the full range of our services.

The successful launch of Forces TV on 10 June 2014, the first ever UK TV channel for and about the Forces, represented a significant milestone for our organisation and the audience we serve. At the same time, as the military footprint changes, the number of overseas locations in receipt of BFBS TV and Radio services now extends to some 50 different countries with Sierra Leone and Estonia being among the more recent additions.

The year was also the last one in post for our Chief Executive, Nick Pollard, who retired on 11 September, 2015. Nick's achievements during his tenure were very considerable in developing and extending the services SSVC provides to its beneficiaries and, in particular, in winning a new 10 year Broadcasting Contract with the Ministry of Defence ("MoD") which runs to 31 March 2023. It is this contract win that has secured a long term future for our organisation and the highly valued work we carry out on behalf of the Forces and their families.

Our new Chief Executive is Simon Bucks, who has a strong record of experience in the broadcasting industry. The Trustees welcome Simon to SSVC and look forward to working with him in the coming years.

BFBS Radio

The strengthening and development of BFBS Radio services in the UK has been an important focus in the past year, with our newest station at RAF Brize Norton successfully launched on 1 April 2014 and the award of two more Community FM licences from Ofcom covering Stafford and Cottesmore.

The closure of our Camp Bastion radio station in Afghanistan marked the end of our live and local broadcasting there which had been carried out over the last 5 years. During that period over 60 members of our staff – presenters, reporters and technicians have been deployed to Afghanistan delivering a vital service in respect of communications, welfare and morale. We continue to deliver radio programmes to the smaller number of personnel still based in Afghanistan from our studios in Cyprus and we are working on plans to establish a new radio station based elsewhere in the Middle East.

We have had a full programme of outside broadcast and event coverage which adds a further dimension to our output and provides great audience connectivity. Presence at local events has doubled from the previous year, as our local UK radio teams become even more enmeshed in their communities. Examples of our major coverage included Armed Forces Day, the Army vs. Navy Rugby fixture from Twickenham, the Combined Services T20 cricket from Lords, the Field Gun competition from HMS Collingwood, the RAF Waddington Air Show, RAF Northolt's Open Day, Brizefest, RNAS Yeovilton's families day, as well as a variety of garrison and station open days and sports events in the UK and overseas. For the first time we covered the Royal Navy carol service from St Martin-in-the-Fields, the Weston-Super-Mare Armed Forces Weekend and Airshow, the England Disability XI vs Army XI cricket from Bourneville and the Royal Marines 1664 Challenge and Families Day in Lympstone.

The Services Sound and Vision Corporation

Report of the Board of Trustees

We had several major and unique outside broadcast events during the year which took additional planning and creative content development. The 70th Anniversary of D-Day from Normandy was an extraordinary weekend with a wealth of moving and poignant content provided by the very knowledgeable BFBS team and the incredible people they met in France as well as a series of especially commissioned longer form programmes.

"My heartfelt gratitude for the interview with my father. I could hear the sincere concern, respect and admiration in your voice. I cannot clearly express to you my thanks. I am so thankful that it was someone of your integrity and character that interviewed him. Not many people here understand or are very well educated about the war..."

(Maria Johnson, daughter of US veteran, Ivan Cady)

We were also embedded with unique access at the inaugural Invictus Games in London, where we were able to cover the results and the behind the scenes activities of the international forces athletes.

"When we set out our vision for an international sporting event for wounded, injured and sick Servicemen and women, we hoped it would provide them with a major boost to their recovery. We hoped it would provide inspiration to the many thousands around the world that watched the games on television or online as they too recover from their injuries and look forward to life beyond military service...we are absolutely thrilled that together we believe we have achieved that and much more.

We are very grateful for BFBS' support...invaluable in helping us spread the Games' vision far and wide"

(Sir Keith Mills GBE DL, Chairman, Invictus Games)

We have continued to make messaging opportunities available to military communities; their ability to use BFBS to spread their word is an essential part of our service delivery. Through a variety of techniques (editorial, promotional, campaign and digital) we have been able to boost the understanding of thousands of events and initiatives.

"You recently helped me with a radio campaign to advertise the GoFish summer camp for children here in Cyprus. With four weeks to go we have filled all 100 places and now have a growing reserve list. I put this down to your messaging. Thank you. You are a great force multiplier"

(Sean Tully, HQ British Forces Cyprus)

BFBS Gurkha Radio, broadcasting in the Nepali language, remains a very important and highly valued service, essential for this unique military community and their families. Our team completed the updating of our studio play-out systems during the year which means that we are now able to serve the Gurkha network with live programming from a new range of locations, including Catterick, Aldershot and the Falkland Islands.

"I wanted to send a short note of appreciation for sending a BFBS Gurkha Radio representative to the South Atlantic Islands. It is evident that having BFBS Gurkha Radio while we are 8000 miles away from our loved ones...has been the best means of connection. Sending messages to home through BFBS has been a popular programme amongst Gurkha soldiers...it has been a privilege to have BFBS physically on the ground, recording messages, conducting interviews and broadcasting (live programmes).

I genuinely believe that visits by BFBS have lifted soldiers' morale on the ground."

(WO2 N Gurung, 36 Engrt Regt, BFsAI)

We had a successful showing at radio industry awards over the past 12 months. A silver in the Community Portraits/Profiles category for Hal Stewart's Black Rat Tour and a Finalist placing for Sitrep, our weekly defence analysis programme, in the Best Public Affairs Program at the 2014 New York Radio Festival

The Services Sound and Vision Corporation

Report of the Board of Trustees

Awards. Further recognition came at the EVCOM Clarion Awards for Richard Hutchinson's HMS Medusa - 70 Years on, he also attained Highly Commended for his Operation Herrick - The Patient Pathway, in the Current Affairs Documentary category at the AIB Awards in 2014.

Across all the radio networks, our digital approach has made real progress in the last 12 months with new initiatives to enhance the brands and create conversations and engagement with our followers on social media platforms. Experimentation with bespoke video content for digital outlets such as spoof films and comedy shorts have proved particularly popular, with one item (#ForcesStrut) reaching more than 600,000 people.

BFBS Television

The second year of the new-look BFBS Television line-up saw the combination of carriage and in-house compilation channels firmly establish itself as a package of top-flight drama, entertainment and event programming.

BFBS Extra provided a strong line up to the core 18-35 year old audience with new series *The Leftovers*, *Glue* and *Boardwalk Empire*. Other programming deals were secured and brought much anticipated drama series *Scorpion*, *Under the Dome*, and *Vikings* as well as the highly successful spin-off *Fargo* starring Martin Freeman. At Christmas, movie premieres included the Oscar-winning *Gravity* and *Life of Pi* plus the hilarious comedy drama *We're The Millers* starring Jennifer Aniston. From Forces TV, *PARA Platoon: Earning the Maroon Beret* was an exclusive seven-part documentary following recruits on the regiment's gruelling training course.

Bringing the overseas audience together is at the heart of our specially produced welfare programming: BFBS Extra links up with BFBS Radio to share audience messages at those extra special times of the year such as Valentine's Day and Father's Day. The live link-ups punctuate specially themed TV schedules of back-to-back comedy programmes. Recent audience response has been immense, with interaction on social media during the broadcasts significantly outweighing the number of messages and dedications sent in advance.

As Scotland prepared to vote in an Independence Referendum, BFBS Extra simulcast debates from BBC Two Scotland as well as bespoke documentary programming such as *Being Sixteen in 2014* which revealed the concerns of 16 and 17 year olds, who, for the first time ever, had been given the right to vote. The leaders of both campaigns went head to head on live television and STV's *Salmond & Darling The Debate* was shown around the Forces world on BFBS Extra.

BFBS Sport has complemented the Sky Sports carriage services with additional matches from on-going competitions such as the Barclays Premier League (including the 3.00pm Saturday kick off matches which are, uniquely available to BFBS only), UEFA Champions League and the Scottish Premiership. Qualifying for Euro '16 also featured on BFBS Sport as well as the PGA Golf Championship, Aviva Premiership rugby, Tour de France, Formula One and Sky Sports Box Office boxing with the Mayweather v Maidana contest a particular highlight.

Sweeping the ratings board at the weekend, *Strictly Come Dancing* and *The X Factor* are enjoyed by the Forces audience overseas via our relays of BBC One and ITV. Hit dramas *Downton Abbey* and *Poldark* also rated highly along with action from Wimbledon, the FIFA World Cup in Brazil, rugby's Six Nations and the Commonwealth Games from Glasgow. Carriage of the BBC also ensures coverage of national interest event programming such as the Royal British Legion Festival of Remembrance, The Royal Edinburgh Military Tattoo plus the 70th Anniversary of D-Day and the 100th anniversary of the outbreak of World War I.

With a DVD service comprising "the best of British" for those serving at sea or as part of smaller, isolated detachments out-with the footprint for satellite television delivery, BFBS Television has continued to deliver an all-encompassing package for those serving overseas.

The Services Sound and Vision Corporation

Report of the Board of Trustees

News, Information and Forces TV

Forces TV, our new channel available in over half of all homes in the UK on the Sky, Freesat and Virgin platforms, successfully launched on 10th June 2014. The channel carries a mix of news, features and documentaries covering different aspects of military life, operations, activities and history with the production team working seven days a week providing new content at key hours.

Nearly all the content is gathered by our own team of versatile video journalists who set up, shoot and edit their own reports. Many work on the ground closely with the military community. We have reporters based in Edinburgh, Catterick, Manchester, Salisbury Plain, Westminster and Plymouth as well as two in Germany, one in Cyprus and around eight working out of the central newsroom.

During the year our reporters have travelled extensively to cover the work of the British military overseas. We have been on exercises in Poland, Estonia, Germany, Slovakia, Morocco, Burundi, Spain, Italy and the United States. Two reporters spent a fortnight in Sierra Leone covering the work of the British teams helping fight the Ebola outbreak. Other operations covered include Op Shader in Cyprus, Op Toral in Kabul, and aboard HMS Bulwark as its crew rescued migrants off the coast of Libya and Syria.

A number of major events in the military calendar have been covered live, including Armed Forces Day, VE Day celebrations, the D Day anniversary and parliamentary committees and debates linked to major defence or strategic issues. During the election campaign, Forces TV and RUSI (Royal United Service Institute) staged a televised debate on the big defence issues which had live contributions from all the main parties.

The channel commissioned an 8 part series called 'Para Platoon' which had unique access to new recruits hoping to join the Parachute Regiment. Another new series, 'We Were There' brought together veterans to re-tell stories of significant military events since the Second World War. Around 150 other short documentaries and features have been made covering a range of operational, welfare, equipment, technology and sports stories.

Alongside the channel, a new website, www.forces.tv, has been launched with almost 7 million articles read and 2.5 million videos viewed since June 2014. Social media has proved to be a powerful driver in raising the profile of Forces TV with approximately 1 million people being reached through Facebook every week and some 21 million minutes of content viewed on the Forces TV YouTube channel.

Finally, in March 2015, Forces TV Reporter, Cassidy Little was crowned the winner of the 'People's Strictly Come Dancing' on Comic Relief. Cassidy's story is an extraordinary one as a Canadian who came to the UK, joined the Royal Marines and was seriously injured in Afghanistan, losing a leg. His triumph was both a tremendous personal achievement and one that helped raise the profile of Forces TV to a wider national audience.

Live Entertainment, Cinemas, the British Defence Film Library and Retail

Combined Services Entertainment ('CSE') delivered more than 150 shows through to 31 October 2014, the end of both combat operations in Afghanistan and of our contract with the MoD.

During this period we provided some bigger names into Afghanistan, including comedian Al Murray who headlined shows for large audiences in Camp Bastion. We were also able to solve a request to find an entertainment offering for the new Quarga location just outside Kabul, where British troops have been mentoring the Afghan National Army. Security and logistics challenges made this a tall order, but we were able to stage an extremely well received show from a hand-picked and experienced cast with lightweight production kit and Black Hawk helicopter support.

The Services Sound and Vision Corporation

Report of the Board of Trustees

Since October 2014, the continuing provision of regular shows and events for Personnel Recovery Centres in the UK and Germany, as well as for the Chelsea Pensioners has been an important focus of activity.

‘The young man on stage with CSE wasn’t expected to make it when he got blown up. He has spinal injuries and brain trauma – he got up on the stage waving his crutches around like a goodun and singing his heart out. Truly inspiring and absolutely what we set out to achieve. Job done. Bring on the next shows’.

(PRU Training Team, PRC, Catterick Garrison)

Other activities for the CSE team have included the organisation of pantomimes, homecomings, general celebrations, military music festivals and families’ days – as well as a range of requests for acts for Mess functions and balls.

“...what brilliant performances were put on by the Panto cast for our schools over the past 24 hours... my ears are still ringing from 400+ children singing Jingle Bells! The feedback from the schools has been hugely positive...”

(SO2 Martin Kinsey, Hohne Garrison, Germany)

CSE was delighted to receive an event industry EVCOM Clarion award in the Internal Live Event category which recognised the show staged for residents and staff at the Royal Hospital Chelsea in 2014.

The SSVC Cinemas team have been working towards the closure of the Germany cinemas, in line with the programme for the drawdown of Forces personnel back to the UK, with the process starting in 2015. In the meantime, a new facility has opened at Chicksands in Bedfordshire and a number of other UK bases are under consideration as suitable locations for cinemas.

Our project to find new ways to deliver films, on or close to their cinema release dates, to small and remote overseas locations has made good progress this year and a number of trial boxes are running successfully, following full negotiations with distributors to ensure all necessary rights are cleared.

During the year we have run successful symposiums for our cinema partners (in both Cyprus and the UK) in order to share knowledge, industry developments, marketing ideas and general support amongst the various stakeholders. We have also continued the support of premier screenings and special evenings, with successful events raising money for the BFBS Big Salute and other Forces charities.

The British Defence Film Library (‘BDFL’) continues to provide a valued service and, this year, issued 95,064 units of essential training material to the Forces worldwide.

SSVC has provided a much appreciated electrical retail service to members of the British Forces Germany community for over 40 years now but has faced challenges over the last year as garrisons in Germany close and members of the Forces return to the UK. This, in turn, has reduced our number of stores from 8 down to 2, both of which are situated in the heart of the remaining British Forces presence in Sennelager and Gutersloh.

SSVC Welfare Fund and the BFBS ‘Big Salute’ Campaign

Direct grants paid from the SSVC Welfare Fund totalled £167,685, including:

- Sponsorship of Combined Services Sport
- TVs, games consoles, CD players and home cinema systems for HMS Sutherland, HMS Kent, HMS Collingwood and HMS Cattistock
- Live entertainment shows in Personnel Recovery Centres

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Report of the Board of Trustees

- Digital cinema equipment for Chicksands
- Refurbishment of the bowling alley at Aldergrove
- Board games and radios for Exercise Askari Storm in Kenya
- TV, Blu-Ray player and printer for the WRVS centre in Gutersloh garrison
- Audio Visual equipment for 1st Battalion Welsh Guards, 9th Regiment Army Air Corps, 5th Regiment Royal Artillery, The Light Dragoons, 38th Irish Brigade, The King's Royal Hussars and 1st The Queen's Dragoon Guards

Separately from SSSC welfare grants, BFBS's 'Big Salute' campaign succeeded in raising £53,000 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.

Financial Review

The incoming resources of the charity decreased to £29,518,000 (2014: £30,283,000) largely due to the end of funding for services in support of combat operations in Afghanistan on 31 December 2014. Taken together with earlier MoD budget cuts, incoming resources have now reduced by £8.7m over the last 6 years (2009: £38,224,000).

The charity's reorganisation and expense reduction programme, together with savings in reducing the scope of services in Afghanistan, ensured that total costs of £27,333,000 decreased by £723,000 compared to the prior year (2014: £28,056,000). The overall impact of the reorganisation of the charity's cost base is reflected in a £8.1m reduction in cost over the last 6 years (2009: £35,390,000), approximately mirroring the decrease in income from the MoD over the same period.

The financial position of SSSC remains robust with total charitable funds of £40,856,000 (2014: £37,701,000) which puts the organisation in a good position to further strengthen and develop services for our Forces audiences in the coming years.

Plans for future periods

The charity plans to continue to provide the full range of services to its beneficiaries, as currently contracted for with the MoD. In addition we will seek to develop and deliver new services for the Forces, consistent with the aims of the charity.

Whilst provision of services to members of the Forces based overseas or on board Royal Navy ships will remain our key priority, with the return of personnel from Afghanistan and Germany, the emphasis on strengthening services for our UK audience through both BFBS Radio and our new Forces TV channel will become increasingly important.

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 SSSC 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 five 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

Key performance indicators covering the delivery, performance and quality of the services provided under contracts to the MoD have been defined and are monitored and reviewed jointly with the MoD on a monthly basis. With the opinions of our viewers, listeners and customers of paramount importance to the charity, audience research surveys are the most significant of the KPIs. In that context, we are pleased to report that audience satisfaction ratings have been consistently over 90% throughout the year to 31 March 2015, far in excess of the minimum contractual level required of the charity by the MoD.

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 and performance

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 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 to £26,009,000 (2014: £23,793,000), up 9.3%, helped by strong performances from equity 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.

Principal risks and uncertainties

The Board reviews, on an ongoing basis, the 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 principal risks and uncertainties are as detailed below.

MoD Funding

There is a risk that future cuts in MoD funding could compromise the charity's ability to deliver services to the Forces and their families, our beneficiaries. This risk is highlighted further by the fact that the services deliverable under our Broadcasting Contract are subject to change, up or down, at the discretion of the MoD.

To mitigate this risk, our senior managers work closely with the MoD, at all levels, to ensure that the value of the services we deliver are effectively communicated and that the priorities and requirements of our customers, the members of the Forces, are clearly understood. Alongside this, contingency plans detailing options are reviewed by the Board on a regular basis so as to minimise the impact on services of any future funding cuts.

The Services Sound and Vision Corporation

Report of the Board of Trustees

Pension Scheme Funding

There is a risk that SSVC's Final Salary Pension Scheme could move into a deficit in the future, under which circumstances the Charity would be obliged to fund the shortfall.

To address this the Board has actively pursued a policy of 'derisking' through a series of actions including the closure of the scheme to future service accrual in April 2009 and the completion of a Buy In transaction to cover all the liabilities of the section of the scheme for ex MoD employees in September 2014.

Plans for the final step in the strategy, namely a full Buy Out of the scheme, are now under consideration. The premium for this transaction would be funded from Reserves and, in doing so, risks relating to the funding of the Pension Scheme would be entirely removed.

Technology Investment

There is a risk that, without sufficient investment in technology in respect of both equipment and expertise, the Charity could be (a) unable to deliver all the services required by the MoD and (b) less well placed to bid for, and win, new work.

To mitigate this risk the Board have implemented a substantial programme of investment in up to date transmission systems, studios, delivery platforms and other equipment. In addition, recruitment, retention and training programmes have been put in place to ensure the Charity has in-house technical personnel with the appropriate skills and expertise.

Investments

The Charity holds a sizeable investment portfolio which is managed in accordance with the investment policy, as detailed on page 7.

There is a risk of losses being incurred in the capital value of the portfolio and this is addressed by our Investment Committee who meet on a regular basis to monitor the portfolio and who hold periodic meetings with our professional investment managers so that steps can be taken, wherever possible, to protect the total annual return generated from our investments.

Reserves policy

At 31 March 2015, the charity held 'unrestricted funds – other charitable funds' totalling £40,856,000 (2014: £37,701,000). '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 all future liabilities in respect of SSVC's pension scheme, including those in relation to a future buy out of the scheme.

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 that total income from charitable activities approximately matches total outgoings. 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.

The Services Sound and Vision Corporation

Report of the Board of Trustees

Financial risk management objectives and policies

The charity uses various financial instruments including cash, equity investments, and 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 represent 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.

Structure, governance and management

Charity Status

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 2015 was 10 (2014: 10).

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

The Services Sound and Vision Corporation

Report of the Board of Trustees

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 local radio channels in military bases in the UK together with a national BFBS service on digital radio ("DAB")
- The provision of a national UK TV channel, "Forces TV", broadcast on Sky, Virgin and Freesat
- Showing films through a network of cinemas located in military bases in the UK and overseas
- Staging 'one-off' entertainment shows
- The distribution of 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.

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.

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 Team (see page 38) assist the Chief Executive.

The Services Sound and Vision Corporation

Report of the Board of Trustees

Directors

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

The Trustees are elected by the existing Board, which may, at any time, co-opt any person duly qualified to be appointed, as a member of the Board to fill a vacancy in their number. All proposed appointments are subject to approval by the Board. The Board shall include individuals who have held commissioned rank in the Forces and civilians with relevant business experience. The total members of the Board must number between 3 and 13.

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

The membership of the Board is set out below:

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

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

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

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

Maggie Carver – member of remuneration, nomination and audit committees

Stewart Purvis

Mark Browning – appointed 19 February 2015

Andy Parfitt – resigned 3 July 2015

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, 43

The Services Sound and Vision Corporation

Report of the Board of Trustees

applications for grants were received, all of which were either partially or fully awarded. The average value of grants made during the year was £3,900.

Principal funding sources

The charity is principally funded through contracts with the MoD.

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.

The Services Sound and Vision Corporation

Report of the Board of Trustees

Statement of Trustees' responsibilities

The Trustees (who are also directors of Services Sound and Vision Corporation 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: 3 November 2015

Independent auditor's report 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 2015 which comprise the balance sheet, the statement of financial activities, 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 Trustees' Responsibilities Statement set out on page 12, the trustees (who are also the directors of the charitable company 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2015 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 requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Grant Thornton

Independent auditor's report to the members of The Services Sound and Vision Corporation

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.

Grant Thornton UK LLP

Mahmood Ramji
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

Date: *9 November 2015*

The Services Sound and Vision Corporation

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

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Incoming resources			
Investment income	5	1,005	783
Voluntary income	1	192	278
Incoming resources from charitable activities	1	28,321	29,222
Total incoming resources		29,518	30,283
Resources expended			
Investment management costs		(134)	(147)
Costs in respect of charitable activities	2	(26,981)	(27,720)
Governance costs	2	(218)	(189)
Total resources expended		(27,333)	(28,056)
Net incoming resources for the year before other recognised gains and losses		2,185	2,227
Other recognised gains/(losses):			
Unrealised gain on investments	8	1,408	1,696
Actuarial loss on defined benefit pension scheme	13	(438)	(2,533)
		970	(837)
Net movement in funds		3,155	1,390
Reconciliation of funds:			
Total funds brought forward		37,701	36,311
Total funds carried forward		40,856	37,701

All funds are unrestricted.

All operations are classed as continuing.

The Services Sound and Vision Corporation

Balance sheet

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	7	9,141	6,801
Investments	8	26,009	23,793
		<u>35,150</u>	<u>30,594</u>
Current assets			
Stock and work in progress	9	315	615
Debtors	10	4,108	4,625
Investments – bank deposits		5,110	7,231
Cash at bank and in hand		844	639
		<u>10,377</u>	<u>13,110</u>
Creditors: amounts falling due within one year	11	<u>(4,694)</u>	<u>(6,034)</u>
Net current assets		<u>5,683</u>	<u>7,076</u>
Total assets less total liabilities excluding pension scheme asset		<u>40,833</u>	<u>37,670</u>
Pension asset	13	<u>23</u>	<u>31</u>
Total assets less total liabilities including pension scheme asset		<u>40,856</u>	<u>37,701</u>
Funds of the charity			
Unrestricted charitable funds	12	<u>40,856</u>	<u>37,701</u>

All funds are unrestricted.

The financial statements were approved by the Board on 3 November, 2015



Air Vice-Marshal Andrew Vallance
Trustee

Charity no: 00233480
Company no: 00407270

The Services Sound and Vision Corporation

Cashflow statement

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	18	1,753	1,758
Returns on investments and servicing of finance			
Interest received		1,004	783
Net cash inflow from returns on investments and servicing of finance		1,004	783
Capital expenditure			
Purchase of tangible fixed assets		(3,835)	(4,555)
Purchase of investments		(1,164)	(1,205)
Sale of tangible fixed assets		109	38
Sale of investments		385	520
Net cash outflow from capital expenditure		(4,505)	(5,202)
Other activities			
Payment of welfare grants		(168)	(254)
Net cash outflow from other activities		(168)	(254)
Management of liquid resources			
Purchase of short term deposits		-	-
Sale of short term deposits		2,121	3,017
Net cash inflow/(outflow) from management of liquid resources		2,121	3,017
Increase/(decrease) in cash		205	102

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 2015

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 the 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.

Voluntary income

Voluntary income is accounted for when the charity has entitlement to the funds, the amount can be reliably quantified and there is reasonable certainty of its ultimate receipt.

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 ("SOFA") 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 2015

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

Assets in the course of construction are not depreciated.

Equipment costs which are not financed by current year income from the MoD 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.

Foreign currencies

Stock belonging to overseas branches has 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 Services Sound and Vision Corporation

Principal accounting policies

For the year ended 31 March 2015

FRS 17 'Retirement Benefits' (continued)

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 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 values 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 2015

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:

	2015 £'000	2014 £'000
Incoming resources from charitable activities	<u>28,321</u>	<u>29,222</u>

The majority of the income resulted from activities delivered overseas.

During the period, the charity had contracts with the MoD for the provision of television, radio, live entertainment, mobile cinema and library and film distribution services. These activities accounted for approximately 97% (2014: 92%) 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 (2014: 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	2015 Total £'000	2014 Total £'000
Costs paid to external parties in respect of charitable activities		23,883	2,930	-	26,813	27,466
External grants made in respect of specific requests (note 4)	168	-	-	-	168	254
	<u>168</u>	<u>23,883</u>	<u>2,930</u>	<u>-</u>	<u>26,981</u>	<u>27,720</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

Resources expended (continued)

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:

	2015 £'000	2014 £'000
Staff costs	971	1,316
Depreciation	8	26
Other support costs	1,951	1,448
	<u>2,930</u>	<u>2,790</u>

Resources expended in Governance costs

Governance costs total £217,673 (2014: £189,131) and include £177,193 (2014: £166,447) in respect of a proportion of senior management remuneration.

Net incoming resources

Net incoming resources is stated after charging/(crediting):

	2015 £'000	2014 £'000
Auditor's remuneration	30	30
Depreciation of owned fixed assets (excluding buildings)	1,390	641
Depreciation of buildings	5	5
Hire of plant and machinery	187	343
Other operating leases	370	449
Foreign exchange loss	201	18
Profit on disposal of tangible fixed assets	(9)	(20)
Profit on disposal of investments	(20)	(51)
Staff costs (see note 3)	<u>10,078</u>	<u>9,281</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

3 Trustees and employees

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

	2015 £'000	2014 £'000
Wages and salaries	8,376	7,869
Social security costs	752	736
Defined contribution pension costs	938	664
Pension current service costs (note 13)	12	12
	<u>10,078</u>	<u>9,281</u>

The average number of employees of the charity during the year was 237 (2014: 220).

	2015 Number	2014 Number
Activities in furtherance of the charity's objects	225	208
Management and administration	<u>12</u>	<u>12</u>
	<u>237</u>	<u>220</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 £1,465 for expenses (2014: £2,159) was reimbursed to 4 Trustees (2014: 4).

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

	2015	2014
£60,001 - £70,000	7	8
£70,001 - £80,000	2	2
£80,001 - £90,000	-	-
£90,001 - £100,000	2	2
£100,001 - £110,000	3	3
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	<u>1</u>	<u>-</u>

Contributions totalling £86,173 (2014: £58,599) were paid in respect of 15 (2014: 13) 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 2015

4 Grant payments

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

	2015 £'000	2014 £'000
External grants made in respect of specific requests		
Digitisation of Forces Cinemas	25	60
Royal Navy	14	21
Afghanistan	5	14
Combined Services Sports	60	59
CSE Personnel Recovery Centres	29	39
Other grants made to the Forces	35	61
Total of awards in respect of specific requests	168	254

5 Investment income

	2015 £'000	2014 £'000
Interest receivable on short term deposits	224	37
Dividends and interest receivable from fixed asset investments	781	746
	1,005	783

6 Interest payable

	2015 £'000	2014 £'000
Interest on pension scheme liabilities (note 13)	2,933	3,156

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

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 2014	983	311	6,820	4,487	12,601
Additions	-	-	116	3,719	3,835
Disposals	-	-	(19)	(100)	(119)
Transfers	-	-	5,243	(5,243)	-
At 31 March 2015	983	311	12,160	2,863	16,317
Depreciation					
At 1 April 2014	964	311	4,525	-	5,800
Provided in the year	5	-	1,390	-	1,395
Disposals	-	-	(19)	-	(19)
At 31 March 2015	969	311	5,896	-	7,176
Net book amount at 31 March 2015	14	-	6,264	2,863	9,141
Net book amount at 31 March 2014	19	-	2,297	4,487	6,801

8

Investments

	2015 £'000	2014 £'000
At 1 April 2014	23,793	21,361
Additions	1,164	1,205
Disposals	(356)	(469)
Increase in market value	1,408	1,696
At 31 March 2015	26,009	23,793
Investments are analysed further as:		
UK equities (listed)	20,041	18,370
Overseas equities (listed)	5,908	5,341
Fixed interest and cash	60	82
	26,009	23,793

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

Investments (continued)

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

	2015 £'000	2014 £'000
Cost	<u>11,210</u>	<u>11,210</u>

9 Stock and work in progress

	2015 £'000	2014 £'000
Stock for resale	<u>315</u>	<u>615</u>

10 Debtors

	2015 £'000	2014 £'000
Trade debtors	3,074	3,587
Other debtors	-	61
Prepayments and accrued income	<u>1,034</u>	<u>977</u>
	<u>4,108</u>	<u>4,625</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

11 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	1,728	2,651
Social security and other taxes	746	700
Other creditors	100	245
Accruals and deferred income	1,997	2,340
Amounts owed to subsidiary (note 21)	50	43
Contribution owed to defined contribution pension scheme	73	55
	<u>4,694</u>	<u>6,034</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 2014	146
Amounts recognised in the current year	(146)
Amounts deferred in the current year	150
	<u>150</u>
Deferred income at 31 March 2015	<u>150</u>

12 Reserves

	Income and expenditure £'000
At 1 April 2013	36,311
Surplus for year	2,227
Unrealised profit on investments	1,696
Actuarial loss relating to pension schemes	(2,533)
	<u>37,701</u>
At 31 March 2014	37,701
Surplus for year	2,185
Unrealised profit on investments	1,408
Actuarial loss relating to pension schemes	(438)
	<u>40,856</u>
At 31 March 2015	<u>40,856</u>

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 £23,000 at 31 March 2015 (2014: £31,000). 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 £15,537,000 has been de-recognised down to a value of £23,000 at 31 March 2015 (2014: £19,458,000 had been de-recognised down to a value of £31,000).

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 (2014: £12,000) 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 2015 amounted to £95,123,000 (2014: £89,087,000).

Pensions

During the year ended 31 March 2015, 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 (2014: £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 £23,000 at 31 March 2015. 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 2015

FRS 17 'Retirement benefits' (continued)

	2015 £ '000	2014 £ '000
Pension scheme surplus brought forward	31	44
Movement in scheme surplus	(3,921)	6,131
De-recognition of surplus under FRS 17	<u>3,913</u>	<u>(6,144)</u>
Pension scheme surplus carried forward	<u>23</u>	<u>31</u>

The last full actuarial valuation was carried out for the Trustees of the Pension Fund as at 1 April 2014 and was used, updated for current membership data, by the actuary for the disclosure requirements of FRS17 'Retirement Benefits' as at 31 March 2015.

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

	2015 %	2014 %
Rate of increase in salaries	2.2	2.6
Expected long-term rate of return on scheme assets	n/a	4.00
Rate of increase for pension in payment: SSVC members		
Pre April 1997 Pensionable Service	2.35	2.55
Pre April 2006/Post April 1997 Pensionable Service	2.90	3.25
Post April 2006 Pensionable Services	2.10	2.25
Ex-Ministry of Defence BFBS members	1.95	2.35
Discount rate	3.1	4.30
Inflation – RPI assumption	2.95	3.35
Inflation – CPI assumption	<u>1.95</u>	<u>2.35</u>

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. (2014: 1%).

The amounts to be recognised in the statement of financial activities for the year ended 31 March 2015 are as follows:

	2015 £'000	2014 £'000
Current service cost	12	12
Interest on scheme liabilities	2,933	3,156
Expected return on scheme assets	<u>(2,945)</u>	<u>(3,168)</u>
Total	<u>-</u>	<u>-</u>
Actual return on scheme assets	<u>8,458</u>	<u>1,581</u>
Actual past service cost was £nil (2014: £nil).		

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

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 %	2015 Value £'000	Rate of Return %	2014 Value £'000	Rate of Return %	2013 Value £'000
Equity and property	6.50	23,163	6.50	26,532	6.00	29,185
Bonds	3.65	64,143	3.40	60,139	3.00	57,486
Cash	0.5	1,782	0.50	1,768	0.50	1,769
Total market value of assets		95,123		89,087		88,440
Actuarial value of scheme liabilities		(79,586)		(69,629)		(75,113)
Net pension asset before de-recognition		15,537		19,458		13,327

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 2015 are as follows:

	2015 £'000	2014 £'000
Present value of scheme liabilities at beginning of year	69,629	75,113
Current service cost	12	12
Past service cost	-	-
Employee contributions	2	2
Interest cost	2,933	3,156
Actuarial losses/(gains)	9,864	(5,198)
Benefits paid	(2,854)	(3,456)
Present value of scheme liabilities at end of year	79,586	69,629

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

FRS 17 'Retirement benefits' (continued)

Changes in the fair value of the scheme assets for the year ended 31 March 2015 are as follows:

	2015 £'000	2014 £'000
Market value of scheme assets at beginning of year	89,087	88,440
Expected return	3,515	3,255
Actuarial gains / (losses)	4,943	(1,674)
Benefits paid	(2,854)	(3,456)
Contributions paid by the charity	430	2,520
Employee contributions	2	2
Market value of scheme assets at end of year	<u>95,123</u>	<u>89,087</u>

The major categories of scheme assets as a percentage of total scheme assets for the year ended 31 March 2015 are as follows:

	2015	2014
Equities and property	26%	30%
Bonds	72%	68%
Cash	2%	2%
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 6.5% (2014: 6.5%), an expected rate of return on bonds of 3.65% (2014: 3.4%) and an expected rate of return on cash of 0.5% (2014: 0.5%).

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

	2015 £'000	2014 £'000
Current service cost	<u>12</u>	<u>12</u>
Total operating charges	<u>12</u>	<u>12</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

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:

	2015 £'000	2014 £'000
Expected return on pension scheme assets	3,515	3,255
Interest on pension scheme liabilities	(2,933)	(3,156)
Net interest	582	99

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

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	4,943	(1,674)
Experience gains and losses arising on pension scheme liabilities	609	2,886
Change in assumptions underlying the present value of scheme liabilities	(10,473)	2,312
Actuarial (loss) / gain	(4,921)	3,524
De-recognition of surplus under FRS 17	4,483	(6,057)
Past service costs	-	-
Net actuarial loss recognised	(438)	(2,533)

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

FRS 17 'Retirement benefits' (continued)

The movement in the gross surplus in the year is:

	2015 £'000	2014 £'000
Gross surplus in scheme at beginning of year	19,458	13,327
Current service cost	(12)	(12)
Contributions	430	2,520
Other finance expense	582	99
Past service costs	-	-
Actuarial (loss)/gain	(4,921)	3,524
Gross asset in scheme at end of year before de-recognition	<u>15,537</u>	<u>19,458</u>

The history of experience gains and losses is:

	2015	2014	2013	2012	2011
Difference between expected and actual return on scheme assets:					
Amount (£'000)	(4,943)	1,674	(5,936)	(4,046)	(1,991)
Percentage of scheme assets	5.2%	(1.9%)	6.7%	4.9%	2.6%
Experience gains and losses on scheme liabilities					
Amount (£'000)	609	2,886	330	(1,645)	(16)
Percentage of scheme liabilities	0.8%	4.1%	0.4%	(2.4%)	0.0%
Total amount recognised in the SOFA before de-recognition					
Amount (£'000)	(4,922)	3,524	(1,253)	(2,958)	4,702
Percentage of scheme liabilities	6.2%	(5.1%)	2.0%	4.4%	(7.8%)

The amount recognised in the SOFA amounts to £438,000 (2014: £2,533,000) which represents the actuarial loss calculated under FRS 17 of £4,921,000 (2014: £3,524,000 gain) plus a de-recognition of a part of the initial surplus of 4,484,000 (2014: £6,057,000).

The history of scheme assets and liabilities is:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Market value of scheme assets	95,123	89,087	88,440	82,166	77,758
Market value of scheme liabilities	<u>(79,586)</u>	<u>(69,629)</u>	<u>(75,113)</u>	<u>(67,750)</u>	<u>(60,578)</u>
Surplus in the scheme	<u>15,537</u>	<u>19,458</u>	<u>13,327</u>	<u>14,416</u>	<u>17,180</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

14 Subsidiary undertaking

	2015 £	2014 £
Ordinary £1 shares	<u>2</u>	<u>2</u>

The subsidiary of the corporation, SSVC Broadcasting Limited, an entity incorporated in England and Wales, is wholly owned by the charity. The company traded as a provider of broadcast services during the year ended 31 March 2015. Its result for the year, was a net result of £nil (2014: £nil). Capital and reserves at 31 March 2015 were £2 (2014: £2). See note 21 for details of related party transactions.

15 Contingent liabilities

A contingent liability of £150,000 exists at 31 March 2015 (2014: £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	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Operating leases which expire:				
- within one year	-	-	-	9
- between one and two years	-	-	-	7
- between two and five years	-	-	-	40
- greater than five years	-	292	-	-
	<u>-</u>	<u>292</u>	<u>-</u>	<u>56</u>

17 Commitments

At 31 March 2015, the charity had capital commitments of £nil in relation to assets in the course of construction (2014: £1.4m).

At 31 March 2015, the charity was committed to purchasing €16,536,000 and \$7,668,000 under separate forward contracts, which have fixed exchange rates. The average exchange rates payable are €1.2158 and \$1.5884 and the fair value of the commitments at 31 March 2014 result in a potential loss of £1,637,000 and a potential gain of £359,832 respectively.

At 31 March 2014, the charity was committed to purchasing €20,496,000 and \$10,224,000 under separate forward contracts, which have fixed exchange rates. The average exchange rates payable are €1.2153 and \$1.5890 and the fair value of the commitments at 31 March 2014 resulted in a potential gain of £79,000 and a potential loss of £302,000 respectively.

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

18	Reconciliation of operating income to net cash inflow from operating activities				
				2015	2014
				£'000	£'000
	Operating surplus (net of investment income)			1,180	1,444
	Grants paid			168	254
	Movement as a result of pensions asset			(438)	(2,520)
	Depreciation			1,395	648
	Sale of tangible fixed assets			(9)	(20)
	Sale of investments			(20)	(51)
	Decrease in stock and work in progress			300	58
	Decrease in debtors			517	408
	(Decrease)/increase in creditors			(1,340)	1,537
	Net cash inflow from operating activities			<u>1,753</u>	<u>1,758</u>
19	Analysis of change in net funds				
		At 1		At	
		April		31 March	
		2014	Cash flow	2015	
		£'000	£'000	£'000	
	Cash at bank and in hand	639	205	844	
	Short term deposits	7,231	(2,121)	5,110	
		<u>7,870</u>	<u>(1,916)</u>	<u>5,954</u>	
20	Reconciliation of net cash flow to movements in net funds				
				2015	2014
				£'000	£'000
	Increase/(decrease) in cash			205	102
	Cash (outflow)/inflow from liquid resources			(2,121)	(3,017)
	Movement in net funds arising from cashflows			(1,916)	(2,195)
	Net funds at 1 April 2014			<u>7,870</u>	<u>10,785</u>
	Net funds at 31 March 2015			<u>5,954</u>	<u>7,870</u>

The Services Sound and Vision Corporation

Notes to the Financial Statements

For the year ended 31 March 2015

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Related party transactions

At 31 March 2015, a net amount of £49,855 was due to SSVC Broadcasting Limited (2014: £43,000). A gift aid donation of £192,067 was made from SSVC Broadcasting Limited to the charity (2014: £277,996).

Costs of £6,323 were recharged to SSVC Broadcasting Limited during the year (2014: £10,858).

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

**SSVC
BOARD OF TRUSTEES**

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Captain Graham Robinson RN

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