



**THE SERVICES SOUND AND
VISION CORPORATION**

COMPANY LIMITED BY
GUARANTEE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2002

Charity no 00233480
Corporation no 00407270

THE SERVICES SOUND AND VISION CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

Corporation registration number: 00407270

Charity registration number: 00233480

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

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

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

Field Fisher Waterhouse
35 Vine Street
London
EC3N 2AA

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

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

THE SERVICES SOUND AND VISION CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

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THE SERVICES SOUND AND VISION CORPORATION

REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of The Services Sound and Vision Corporation has pleasure in presenting its report and financial statements for the year ended 31 March 2002.

Objects and Principal Activities

The corporation is a company limited by guarantee and is registered as a charity. Members of the organisation guarantee to contribute an amount not exceeding £1 each to the assets of the organisation in the event of a winding up. The total number of such guarantees at 31 March 2002 was 8 (2001: 8).

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

Organisation

A Board of Management, who meet quarterly, administers the corporation. There are sub-committees covering investment, audit, remuneration and the distribution of funds. A Managing Director is appointed by the Board to manage the day-to-day operations of the corporation. The other members of the Executive Management team (see page 21) assist the Managing Director.

Review of the business and future developments

During the year the corporation had a net positive movement in funds of £1,939,000 (2001: £602,000). The result reflects a significant improvement in operating income due to improved cost control and efficiency. This improvement can be seen across the range of charitable activities.

Grants

The Board of Management has set up a committee to review applications for grants from HM Forces. The review process includes ensuring that the provision of each grant is within the terms of the objects of the charity.

Investment policy

Under the Memorandum and Articles of Association, the corporation has the power to make any investment which the trustees see fit. The objective of the Investment Policy is, on a low risk basis commensurate with the corporation's charity status, to protect the capital value of the investment assets whilst generating an acceptable level of return from income and capital appreciation. SSVC will not invest in derivatives, or directly 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 engaged the services of two charity fund investment managers during the year. These managers have invested the majority of the available money in pooled funds. The Investment Committee regularly reviews the performance of the investment managers and meets with them when appropriate. The performance of the funds is measured against the WM Charity Funds Unconstrained/Asset Mix Constrained average.

During the period, there was a small increase in the market value of the investment portfolio.

Reserves policy

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

REPORT OF THE BOARD OF MANAGEMENT

Risk management

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

The trustees will continue to monitor the operational and business risks, which the corporation faces, and can confirm that systems are in place to mitigate the significant risks.

Employee Involvement

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

Disabled Workers

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

Charitable contributions

Charitable donations amounted to £706,000 (2001: £58,000). They include £486,000 provided to fund a mobile cinema to provide facilities for HM Forces in the Balkans.

Directors

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

The present membership of the Board is set out below:

David E Hatch
Air Vice-Marshal David O Crwys-Williams (retired)
Brian Tesler
Michael Andrae
Howard S Perlin
Captain Graham D B Robinson (retired)
Lieutenant General Sir Roderick Cordy-Simpson (retired)
Air Vice-Marshal Nigel B Baldwin (retired)

THE SERVICES SOUND AND VISION CORPORATION

REPORT OF THE BOARD OF MANAGEMENT

Directors' Responsibilities for the Financial Statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the corporation for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the corporation will continue in operation.

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

Auditors

In accordance with section 385 of the Companies Act 1985, Grant Thornton offer themselves for re-appointment as auditors of the corporation.

ON BEHALF OF THE BOARD

Director

[Signature]
Oct 17th 2002

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

We have audited the financial statements of The Services Sound and Vision Corporation for the year ended 31 March 2002 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the cash flow statement, principal accounting policies and notes 1 to 19 on pages 5 to 20. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The responsibilities of the directors, who also act as trustees for the charitable activities of The Services Sound and Vision Corporation, for preparing the report of the Board of Management and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities Act 1993 and regulations thereunder. We also report to you if, in our opinion the report of the Board of Management is not consistent with the financial statements, if the corporation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the corporation is not disclosed.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable corporation as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

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

21 October 2002

THE SERVICES SOUND AND VISION CORPORATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 £'000	2001 £'000
Incoming resources			
Activities in furtherance of the charity's objects	1	26,839	23,947
Investment income	4	334	324
Profit on disposal of fixed assets		2	8
Total incoming resources available for charitable application		27,175	24,279
Charitable expenditure			
Grants payable in furtherance of the objects of the charity		(706)	(58)
Cost of activities in furtherance of the objects of the charity		(22,885)	(21,232)
Management and administration costs		(1,654)	(1,630)
Total charitable expenditure and resources expended		(25,245)	(22,920)
Net incoming resources	2	1,930	1,359
Gains and losses on revaluation of investment assets			
Increase/(decrease) in unrealised gains		9	(757)
Net movement in funds		1,939	602
Fund balances brought forward at 1 April 2001	11	10,617	10,015
Fund balances carried forward at 31 March 2002		12,556	10,617

All funds are unrestricted.

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

THE SERVICES SOUND AND VISION CORPORATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

	Note	2002 £'000	2001 £'000
Turnover	1	26,839	23,947
Gross income		26,839	23,947
Operating expenses and other operating charges		(25,207)	(22,869)
Operating income			
Continuing activities		1,632	1,053
Discontinued activities		-	25
		1,632	1,078
Investment income	4	334	324
Interest payable	5	(36)	(43)
Income for the year transferred to reserves	11	1,930	1,359

All funds are unrestricted.

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

The summary income and expenditure account is derived from the statement of financial activities on page 5, which together with the notes on pages 11 to 20, provides full information on the movements during the year on all of the funds of the charity.

THE SERVICES SOUND AND VISION CORPORATION

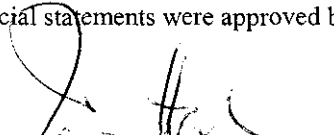
BALANCE SHEET AT 31 MARCH 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	6	923	782
Investments	7	10,402	5,837
		<u>11,325</u>	<u>6,619</u>
Current assets			
Stock and work in progress	8	671	714
Debtors	9	3,459	3,265
Investments – bank deposits		1,017	2,274
Cash at bank and in hand		526	253
		<u>5,673</u>	<u>6,506</u>
Creditors: amounts falling due within one year	10	<u>(4,442)</u>	<u>(2,508)</u>
Net current assets		<u>1,231</u>	<u>3,998</u>
Total assets less current liabilities		<u>12,556</u>	<u>10,617</u>
Reserves			
Income and expenditure account:			
Other charitable funds	11	12,556	10,617
Total reserves		<u>12,556</u>	<u>10,617</u>

The financial statements were approved by the Board on

17th Oct 2002

Director



THE SERVICES SOUND AND VISION CORPORATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2002

	Note	£'000	2002 £'000	restated 2001 £'000
Net cash inflow from operating activities	17		4,185	1,866
Returns on investments and servicing				
Interest received		235		210
Interest paid		(36)		(43)
Dividends received		99		114
Net cash inflow from returns on investments and servicing of finance			298	281
Capital expenditure				
Purchase of fixed assets		(401)		(202)
Purchase of investments		(7,157)		(1,163)
Sale of fixed assets		2		149
Sale of investments		2,598		-
Net cash outflow from capital expenditure			(4,958)	(1,216)
Other activities				
Payment of operational welfare grants		(509)		(58)
Welfare support to the Armed Forces		-		(31)
Net cash outflow from other activities			(509)	(89)
Management of liquid resources				
Purchase of short term deposits		-		(826)
Cash withdrawn from deposits		1,257		-
Net cash inflow/(outflow) from management of liquid resources			1,257	(826)
Increase in cash	19		273	16

THE SERVICES SOUND AND VISION CORPORATION

PRINCIPAL ACCOUNTING POLICIES

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

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

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

Incoming resources and revenue recognition

Income is recognised in the period in which the corporation is entitled to receipt and the amount can be measured with reasonable certainty.

Revenue is recognised evenly over the life of the contract.

Activities in furtherance of the charity's objects

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

Investment income

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

Resources expended

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

Depreciation

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

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

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

Stock

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

THE SERVICES SOUND AND VISION CORPORATION

PRINCIPAL ACCOUNTING POLICIES

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.

Foreign currencies

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

Contributions to pension funds

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

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

Rental contracts

The group derives income from rental contracts. For these contracts the goods are supplied on hire for a fixed minimum period with rights to renew but the goods remain the property of the group at all times. Income is credited to the Income and Expenditure account on the basis of rentals receivable. Property out on rental is treated as a tangible fixed asset.

Leasing commitments

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

Taxation

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

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

1 TURNOVER AND INCOME FOR THE YEAR

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

The majority of the turnover was overseas.

An analysis of turnover and deferred income by detailed operational area has not been disclosed as the directors consider it would be unfairly prejudicial to the interests of the corporation. Activities in furtherance of the objects of the charity include an amount of £3,000 (2001: £51,000) in respect of rental income.

2 NET INCOMING RESOURCES

Net incoming resources is stated after:

	2002 £'000	2001 £'000
Auditors' remuneration	29	27
Other services provided by auditors	-	3
Depreciation of owned fixed assets (excl buildings)	166	144
Depreciation of buildings	94	59
Hire of plant and machinery	81	44
Other operating leases	362	378
Difference on exchange	(70)	(68)
Staff costs (see Note 3)	5,544	5,074

A further analysis of charitable expenditure is not disclosed as the directors consider it would be unfairly prejudicial to the interests of the corporation.

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

3 DIRECTORS AND EMPLOYEES

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

	2002 £'000	2001 £'000
Wages and salaries	4,799	4,328
Social security costs	341	322
Pension costs	404	424
	<u>5,544</u>	<u>5,074</u>

The average number of employees in the corporation during the year was 279 (2001: 236).

	2002 Number	2001 Number
Activities in furtherance of the charity's objects	259	218
Management and administration	20	18
	<u>279</u>	<u>236</u>

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

	2002 £'000	2001 £'000
Managing Director's emoluments	<u>118</u>	<u>106</u>

Benefits are accruing to 1 (2001: 1) director under a defined benefit pension scheme.

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

No other trustees or persons with a family or business connection with a trustee, received remuneration in the year, directly or indirectly, from either the charity or companies controlled by the charity. An amount of £3,034 for expenses (2001: £2,577) was reimbursed to 3 Trustees (2001: 4).

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

DIRECTORS AND EMPLOYEES (CONTINUED)

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

	2002	2001
£50,001 - £60,000	3	3
£60,001 - £70,000	0	3
£70,001 - £80,000	1	0
£80,001 - £90,000	1	0
£100,001 - £110,000	0	1
£110,001 - £120,000	1	0
£160,001 - £170,000 (including redundancy payment)	0	1

4 INVESTMENT INCOME

	2002 £'000	2001 £'000
Interest receivable on short term deposits	235	210
Dividends receivable from UK unit trusts	99	114
	<u>334</u>	<u>324</u>

5 INTEREST PAYABLE

	2002 £'000	2001 £'000
Interest on bank overdrafts	<u>36</u>	<u>43</u>

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

6 TANGIBLE FIXED ASSETS

	Land and buildings Freehold £'000	Leasehold Long-term £'000	Leasehold Short-term £'0000	Equipment £'000	Total £'000
Cost					
At 1 April 2001	50	351	327	846	1,574
Additions	4	80	151	166	401
Disposals	-	-	-	(24)	(24)
At 31 March 2002	54	431	478	988	1,951
Depreciation					
At 1 April 2001	14	79	276	423	792
Provided in the year	5	57	32	166	260
Disposals	-	-	-	(24)	(24)
At 31 March 2002	19	136	308	565	1,028
Net book amount at 31 March 2002	35	295	170	423	923
Net book amount at 31 March 2001	36	272	51	423	782

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

Included in the corporation's fixed assets at 31 March 2002 are assets available for rental as follows:

	2002 £'000	2001 £'000
Cost	4	7
Accumulated depreciation	(4)	(5)
Net book amount	-	2

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

7 INVESTMENTS

	2002	2001
	£'000	£'000
Investments (analysis below)	10,394	5,826
Staff loans	8	11
	<u>10,402</u>	<u>5,837</u>

Investments

	2002	2001
	£'000	£'000
At 1 April 2001	5,826	5,420
Additions	7,157	1,163
Disposals	(2,598)	-
Increase/(decrease) in market value	9	(757)
	<u>10,394</u>	<u>5,826</u>
At 31 March 2002		
Investments (excluding staff loans) are analysed further as:		
UK equities	2,890	3,579
Overseas equities	1,011	1,118
UK based unitised funds	5,294	-
Fixed interest and cash	1,199	1,129
	<u>10,394</u>	<u>5,826</u>

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

	2002	2001
	£'000	£'000
Cost	<u>10,258</u>	<u>5,710</u>

Staff loans

	£'000
At April 2001	11
Repayments	<u>(3)</u>
At 31 March 2002	<u>8</u>

There was 1 (2001: 1) employee with a loan outstanding, which was greater than £2,500.

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

8 STOCK AND WORK IN PROGRESS

	2002	2001
	£'000	£'000
Work in progress	49	71
Stocks for resale	622	643
	<u>671</u>	<u>714</u>

9 DEBTORS

	2002	2001
	£'000	£'000
Trade debtors after provision	2,664	2,502
Other debtors	30	50
Prepayments	281	250
Social security and other taxes	484	463
	<u>3,459</u>	<u>3,265</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£'000	£'000
Trade creditors	2,262	2,196
Social security and other taxes	140	103
Other creditors	317	183
Deferred income	1,723	26
	<u>4,442</u>	<u>2,508</u>

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

11 RESERVES

	Income and expenditure £'000
At 1 April 2000	10,015
Surplus for year	1,359
Unrealised loss on investments	(757)
	<hr/>
At 1 April 2001	10,617
Surplus for year	1,930
Unrealised gain on investments	9
	<hr/>
At 31 March 2002	<u>12,556</u>

12 RETIREMENT BENEFITS

Defined Benefit Pension Scheme.

The corporation operates a defined benefit pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from the assets of the corporation.

The scheme is divided into two parts; a main scheme and a closed section representing the BFBS ex civil servants who joined the corporation from the MOD in 1983. The market value of the combined scheme as at the date of the last full actuarial valuation on 31 March 1999 amounted to £48,389,000.

During the year ending 31 March 2002 the corporation paid normal contributions to the scheme at the rate of 12.8% of Pensionable Salaries in respect of SSVC Members. The agreed contribution rate in respect of SSVC Members for the future is 12.8% of Pensionable Salaries, subject to review at the actuarial valuation currently being undertaken as at 1 April 2002.

During the year ending 31 March 2002 the corporation did not pay any normal contributions in respect of ex-MOD BFBS Members. It is not anticipated that contributions will be paid in the future in respect of these members. As this section of the scheme is closed to new entrants, the current service cost for these members will increase as they approach retirement.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out at 1 April 1999 and updated to 31 March 2002 by a qualified independent actuary, for the purposes of disclosure requirements set out in Financial Reporting Standard 17 'Retirement Benefits'.

The main assumptions used by the actuary were:

	2002 %
Rate of increase in salaries	5
Rate of increase for pensions in payment	3
Discount rate	6
Inflation	3

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return on the assets at the balance sheet date were:

	Rate of Return %	2002 Value £
Equities and Property	7.5	30,525
Bonds	5.5	6,974
Cash	4.0	1,971
Total market value of assets		39,470
Present value of scheme liabilities		(37,279)
Net pension asset		2,191

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.

13 SUBSIDIARY UNDERTAKINGS

	2002 £	2001 £
Ordinary £1 shares	6	6

The subsidiaries of the corporation at 31 March 2002 were:

Company Name	Nature of Business
Ganden Limited	In liquidation (dissolved 28 June 2002)
In Sight Communications Limited	In liquidation (dissolved 11 April 2002)
BFN Forces Network Limited	Dormant

Ganden Limited and BFN Forces Network Limited are wholly owned by the corporation. In Sight Communications Limited is wholly owned by Ganden Limited.

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

14 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2002 and at 31 March 2001.

15 LEASING COMMITMENTS

Annual leasing commitments are as follows:

	Land and Buildings restated		Other	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Operating Leases which expire:				
- within one year	33	33	-	-
- between two and five years	34	33	75	64
- greater than five years	140	140	-	-
	<u>207</u>	<u>206</u>	<u>75</u>	<u>64</u>

16 COMMITMENTS

At the year end the corporation was committed to paying £50,000 (2001: £nil) to allow it to enter into a lease for the use of additional accommodation at Chalfont Grove.

17 RECONCILIATION OF OPERATING INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £'000	restated 2001 £'000
Operating income	2,142	1,152
Restructuring cost	-	(16)
Depreciation (excluding buildings)	166	144
Depreciation on freehold buildings	94	59
Profit on sale of fixed assets	(2)	(8)
Decrease in stocks	43	1
(Increase)/decrease in debtors	(192)	909
Increase/(decrease) in creditors	1,934	(375)
	<u>4,185</u>	<u>1,866</u>
Net cash inflow from operating activities		

THE SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

18 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 April 2001 £'000	Cash flow £'000	At 31 March 2002 £'000
Cash at bank and in hand	253	273	526
Short term deposits	2,274	(1,257)	1,017
	<u>2,527</u>	<u>(984)</u>	<u>1,543</u>

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2002 £'000	2001 £'000
Increase in cash	273	16
(Inflow)/outflow from liquid reserves	<u>(1,257)</u>	<u>826</u>
Movement in net funds in the year	(984)	842
Net funds at 1 April 2001	<u>2,527</u>	<u>1,685</u>
Net funds at 31 March 2002	<u>1,543</u>	<u>2,527</u>

BOARD OF MANAGEMENT

David E Hatch CBE MA DipEd FRSA CIMgt JP
CHAIRMAN

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

Brian Tesler CBE MA

Michael Andrae Hon.FCIM

Howard Perlin FCA

Captain Graham Robinson RN

Lieutenant General Sir Roderick Cordy-Simpson KBE CB

Air Vice-Marshal Nigel Baldwin CB CBE

SECRETARY

Ron Hill FCA

LIFE VICE-PRESIDENTS

Group Captain Sir Gordon Pirie CVO CBE DL

General Sir Geoffrey Howlett KBE MC

EXECUTIVE MANAGEMENT

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

DIRECTOR OF FINANCE
Ron Hill FCA

CONTROLLER BFBS RADIO
Charles Foster

CONTROLLER BFBS TELEVISION
Helen Williams

GENERAL MANAGER BDFL, CSE AND FORCES CINEMAS
Renate Foster

DIRECTOR OF RETAIL OPERATIONS
Malcolm Tricker

CONTROLLER OF ENGINEERING & RESOURCES
David Manning

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