

**SERVICES SOUND AND  
VISION CORPORATION**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 MARCH 1999



Company no 00407270

**SERVICES SOUND AND VISION CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 1999**

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Corporation Registration Number:

00407270

Registered Office:

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

Bankers:

HSBC (Midland)  
1 Corn Market  
High Wycombe  
Bucks  
HP11 2AY

Solicitors:

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

Field Fisher Waterhouse  
41 Vine Street  
London  
EC3N 2AA

Auditors:

Grant Thornton  
Registered Auditors  
Chartered Accountants  
Edinburgh House  
Windsor Road  
Slough  
Berks  
SL1 2EE

**SERVICES SOUND AND VISION CORPORATION**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 1999**

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## REPORT OF THE BOARD OF MANAGEMENT

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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 1999.

### Objects and Principal Activities

The Corporation is a company limited by guarantee and is registered as a charity (number 233480). Its objects are described in the Memorandum of Association, and broadly cover entertainment and welfare for the Armed Forces. Income is generated from sales of services in accordance with its objects, investment income and profits arising from subsidiaries trading in activities not directly connected with the objects. Expenditure from such income is utilised in providing the services sold, reinvestment and donations to Armed Forces welfare charities.

### Review of the business

During the year the Corporation made a retained deficit of £345,000 (1998 deficit: £887,000). This has arisen due to the disposal of a subsidiary investment, Teleport London International Limited and also disposing of the trade, other than to satisfy the remaining contract which expired in June 1999, of another subsidiary, Visua Limited. Visua Limited changed its name to Ganden Limited and is no longer trading, but is actively collecting its outstanding book debts. Also the property owned by the charity was disposed of in the year. These transactions represent the movement of the Corporation to concentrate solely on its core charitable activities.

### Exceptional items

The charity has included the following exceptional items in these financial statements.

- i) Exceptional costs were incurred by the Corporation of £890,000 in respect of the restructuring of the Corporation.
- ii) A subsidiary of the Corporation, Teleport London International Limited, was disposed of to a third party, giving rise to an exceptional profit of £239,000.
- iii) The Corporation disposed of its freehold property, Chalfont Grove, giving rise to an exceptional profit of £714,000.
- iv) The trade, other than the one remaining contract, of Visua Limited, a subsidiary, was sold, leaving the company trading only to collect existing book debts. This gave rise to an exceptional loss of £92,000.

### Taxation

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

### Donations

Welfare support for the Armed Forces of £40,000 is included in donations.

### Employee Involvement

The group 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 group. This is achieved by briefings by the Managing Director and his senior staff, 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.

## REPORT OF THE BOARD OF MANAGEMENT

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### Year 2000

Many computer systems which express dates using the last two digits to represent the year may malfunction due to the year change to the Year 2000. This is a risk not only to the Corporation but also to its suppliers and customers.

The Corporation have evaluated the risks involved with the Year 2000 and have changed their computer systems accordingly so as to achieve Year 2000 compliance. The directors and trustees are of the opinion that the risk to the Corporation in respect of this issue has been minimised. The directors estimate that no further costs will be incurred in this project. Given the inherent uncertainties implicit within this issue it is impossible to state with any degree of certainty the outcome of this issue, however, the directors and trustees are confident that the steps which have been taken are sufficient to ensure that the going concern of the Corporation is not drawn into question.

### Directors

All members of the Board of Management and the Council are both directors of the Corporation and trustees of the charity. The Council was dissolved at the AGM held on 11 December 1998 and all members subsequently resigned. All directors served throughout the year except as noted below:

David E Hatch

Air Vice-Marshal David O Crwys-Williams

Brian Tesler

Michael Andrae

Howard Perlin

Captain Graham Robinson (appointed to the Board of Management 24 February 1999)

Lieutenant General Sir Roderick Cordy-Simpson (appointed to the Board of Management 24 February 1999)

Air Vice-Marshal Nigel Baldwin (appointed to the Board of Management 24 February 1999)

Brigadier Andrew Ritchie (appointed to the Board of Management and the Council 24 July 1998; resigned 18 January 1999)

Air Vice-Marshal Robert Wright (appointed to the Council 7 August 1998 and resigned 23 December 1998)

Mr Roger Jackling (resigned from the Council 16 December 1998)

Dr Frank Price (resigned from the Board of Management 16 December 1998)

Commodore Barry Bryant (resigned from the Board of Management and the Council 21 December 1998)

General Sir Geoffrey Howlett (resigned from the Board of Management 15 April 1999)

Trustees were appointed by the Council in accordance with the Articles of Association. Employees of the Ministry of Defence were appointed as a consequence of the position they held within the Ministry; other members are appointed on recommendation of the Board of Management. The Managing Director is the only executive trustee.

## REPORT OF THE BOARD OF MANAGEMENT

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### Directors' Responsibilities for the Financial Statements

Corporation 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 and the Group 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable corporation and its subsidiaries and which enable them to ascertain their 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 charitable corporation and its subsidiaries 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

 Oct 14/12 '99

Director

Corporation registration number: 00407270

## **REPORT OF THE AUDITORS TO THE MEMBERS OF**

### **SERVICES SOUND AND VISION CORPORATION**

We have audited the financial statements on pages 5 to 22 which have been prepared under the accounting policies set out on pages 11 and 12.

#### **Respective responsibilities of directors and auditors**

As described on page 3, the directors who also act as trustees for the charitable activities of the Services Sound and Vision Corporation are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with 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 and its subsidiaries as at 31 March 1999 and of their incoming resources and application of resources, including their 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  
THAMES VALLEY OFFICE  
SLOUGH**

*15 October 1999*

# SERVICES SOUND AND VISION CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 1999

	Charitable Funds	Trading Subsidiaries	Total 1999	Total 1998
	£'000	£'000	£'000	£'000
<b>Incoming resources</b>				
Charitable sales	24,038	-	24,038	24,041
Commercial income	-	5,003	5,003	13,127
Investment income	132	22	154	96
Profit/(loss) on disposal of fixed assets	714	-	714	(13)
Profit on disposal of subsidiary	-	239	239	-
<b>Total incoming resources</b>	<b>24,884</b>	<b>5,264</b>	<b>30,148</b>	<b>37,251</b>
<b>Resources expended</b>				
Cost of sales	(15,634)	(3,814)	(19,448)	(20,541)
Operating expenses				
Restructuring costs	(890)	-	(890)	(696)
Loss on disposal of trade	-	(92)	(92)	-
Other operating expenses	(8,310)	(1,713)	(10,023)	(16,855)
Total operating expenses	(9,200)	(1,805)	(11,005)	(17,551)
Donations to charities and welfare support	(40)	-	(40)	(46)
<b>Total resources expended</b>	<b>(24,874)</b>	<b>(5,619)</b>	<b>(30,493)</b>	<b>(38,138)</b>
<b>Net movement of funds</b>	<b>10</b>	<b>(355)</b>	<b>(345)</b>	<b>(887)</b>
Fund balances brought forward at 1 April 1998	9,233	288	9,521	10,408
<b>Fund balances carried forward at 31 March 1999</b>	<b>9,243</b>	<b>(67)</b>	<b>9,176</b>	<b>9,521</b>

All funds are unrestricted.

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

The accounting policies and notes on pages 11 to 22 form part of these financial statements.



# SERVICES SOUND AND VISION CORPORATION

## CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1999

	Note	Charitable Funds £'000	Trading Subsidiaries £'000	Total 1999 £'000	Total 1998 Restated £'000
<b>Turnover</b>	1				
Continuing activities		24,038	-	24,038	24,041
Discontinued activities		-	5,003	5,003	13,127
Gross income		24,038	5,003	29,041	37,168
Operating expenses and other operating charges	2	(23,748)	(5,482)	(29,230)	(36,953)
<b>Operating income/(expenditure)</b>					
Continuing activities		289	-	289	62
Discontinuing activities		-	(479)	(479)	153
		289	(479)	(190)	215
<b>Exceptional items</b>	4				
Restructuring costs		(890)	-	(890)	(696)
Profit on disposal of subsidiary		-	239	239	-
Profit on disposal of fixed asset		714	-	714	-
Loss in disposal of trade		-	(92)	(92)	(13)
		113	(332)	(219)	(494)
Investment income	5	132	22	154	96
Interest payable	6	(195)	(45)	(240)	(443)
<b>Income/(expenditure) on ordinary activities</b>		50	(355)	(305)	(841)
Donations		(40)	-	(40)	(46)
<b>Income/(expenditure) for the year transferred to/(from) reserves</b>	14	10	(355)	(345)	(887)

All funds are unrestricted.

# SERVICES SOUND AND VISION CORPORATION

## CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1999

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	1999 £'000	1998 £'000
Donations in the year include:		
Welfare support to the Armed Forces	40	-
Donations to Service charities	-	40
Other charitable donations	-	6
	<hr/>	<hr/>
	40	46
	<hr/>	<hr/>

The consolidated summary income and expenditure account is derived from the statement of financial activities on page 5, which together with the notes on pages 13 to 22, provides full information on the movements during the year on all of the funds of the Charity.

The Corporation has taken advantage of section 230 of the Companies Act 1985 and has not included its own Income and Expenditure account in these financial statements. The Corporation's retained surplus for the year amounted to £10,000 (1998: deficit £873,000).

# SERVICES SOUND AND VISION CORPORATION

## CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 1999

	Note	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,125	11,356
Investments	9	<u>22</u>	<u>70</u>
<b>Current assets</b>		1,147	11,426
Stock and work in progress	10	1,144	1,584
Debtors	11	5,321	6,558
Investments - bank deposits		6,397	1,156
Cash at bank and in hand		<u>623</u>	<u>1,896</u>
		13,485	11,194
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,456)</u>	<u>(13,071)</u>
<b>Net current assets/(liabilities)</b>		<u>8,029</u>	<u>(1,877)</u>
<b>Total assets less current liabilities</b>		9,176	9,549
<b>Creditors: amounts falling due after more than one year</b>	13	<u>-</u>	<u>(28)</u>
<b>Net assets</b>		<u><u>9,176</u></u>	<u><u>9,521</u></u>
<b>Reserves</b>			
Revaluation	14	-	2,978
Income and Expenditure account	14		
Other charitable funds		9,243	6,255
Non-charitable funds		<u>(67)</u>	<u>288</u>
	14	<u>9,176</u>	<u>6,543</u>
<b>Total reserves</b>		<u><u>9,176</u></u>	<u><u>9,521</u></u>

The financial statements were approved by the Board on

Director

Oct 14th '99



The accounting policies and notes on pages 11 to 22 form part of these financial statements.

# SERVICES SOUND AND VISION CORPORATION

## CORPORATION BALANCE SHEET

AS AT 31 MARCH 1999

	Note	1999 £'000	1998 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,116	6,846
Investments	9	<u>22</u>	<u>70</u>
<b>Current assets</b>		1,138	6,916
Stock and work in progress	10	1,124	1,198
Debtors	11	5,104	4,505
Investments - bank deposits		6,397	1,156
Cash at bank and in hand		<u>521</u>	<u>1,803</u>
		13,146	8,662
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,041)</u>	<u>(6,345)</u>
<b>Net current assets</b>		<u>8,105</u>	<u>2,317</u>
<b>Net assets</b>		<u>9,243</u>	<u>9,233</u>
<b>Reserves</b>			
Revaluation	14	-	2,978
Income and Expenditure account	14	<u>9,243</u>	<u>6,255</u>
<b>Total reserves</b>		<u>9,243</u>	<u>9,233</u>

The financial statements were approved by the Board on

Director

*Oct 14th '99*

*[Signature]*

The accounting policies and notes on pages 11 to 22 form part of these financial statements.

# SERVICES SOUND AND VISION CORPORATION

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1999

		1999		1998	
	Note	£'000	£'000	£'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b>	20		(1,723)		2,492
<b>Returns on investments and servicing</b>					
Rent received		-		6	
Interest received		154		90	
Interest paid		(240)		(434)	
Finance lease interest paid		-		(9)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(86)		(347)
<b>Capital expenditure</b>					
Purchase of fixed assets		(680)		(2,230)	
Sale of fixed assets		10,592		130	
<b>Net cash inflow/(outflow) from capital expenditure</b>			9,912		(2,100)
<b>Acquisitions and disposals</b>					
Sale of subsidiary undertaking	23	914		-	
<b>Net cash inflow from acquisitions and disposals</b>			914		-
Welfare support to the Armed Forces		(40)		-	
Grants to Service welfare charities		-		(40)	
Other charitable donations		-		(6)	
<b>Net cash outflow from other activities</b>			(40)		(46)
<b>Management of liquid resources</b>					
Purchase of short term deposits		(5,241)		-	
Cash withdrawn from deposit		-		244	
<b>Net cash (outflow)/inflow from management of liquid resources</b>			(5,241)		244
<b>Financing</b>					
Investments		-		60	
Capital element of finance lease rentals		(79)		(47)	
<b>Net cash (outflow)/ inflow from financing</b>			(79)		13
<b>Increase in cash</b>	21		3,657		256

# SERVICES SOUND AND VISION CORPORATION

## PRINCIPAL ACCOUNTING POLICIES

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The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, except that certain freehold properties are shown at their revalued amounts.

The principal accounting policies of the group have remained unchanged from the previous year except for where indicated, and are set out below:

### **Basis of consolidation**

The group financial statements consolidate the financial statements of the Corporation and its subsidiary undertakings. The financial statements of all companies have been prepared to 31 March 1999. All intra-group profits are eliminated on consolidation. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiary undertakings disposed of during the year have been included from the date of acquisition to the date of disposal.

### **Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Purchased goodwill is eliminated over the economic life of the acquisition.

### **Turnover**

Turnover is the total amount receivable by the group excluding VAT, in the ordinary course of business for goods supplied and for services provided in broadcasting, retailing, audio visual equipment, film production, entertainment, TV facilities and services and satellite transmission.

### **Investment income**

Investment income comprises interest receivable on short term deposits and rent receivable from land and buildings.

### **Depreciation**

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

Freehold premises	50 years
Leasehold premises	Between 5 years and the length of the lease if greater
Equipment	Between 3 and 10 years

### **Stocks**

Stock and work in progress are 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. This was formerly on a first in first out basis. Net realisable value means estimated selling price (less trade discounts) less all costs to be incurred in marketing, selling and distribution. The change in valuation method has arisen due to a change in computer systems. This change in valuation method has had no material effect upon reported figures.

### **Foreign currencies**

Fixed assets and stock have been expressed in sterling at the rate of exchange ruling at the date of acquisition. Other current assets and liabilities in foreign currencies are 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.

# **SERVICES SOUND AND VISION CORPORATION**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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. Contributions are charged against income to cover the cost of benefits arising from the current service of employees. Adjustments relating to past service are charged to the Income and Expenditure account over the remaining working life of employees. Full actuarial valuations are made regularly at three year intervals and contribution levels reviewed.

### **Hire purchase and rental contracts**

The group derives income from hire purchase and rental contracts. For hire purchase contracts goods are supplied on hire until the payment of an agreed number of instalments when the customer has the option to purchase the goods. Since this option is almost always exercised, then for the purposes of the financial statements, the goods are treated as sold at the date at which the agreement is entered into. The total amount payable under a hire purchase contract comprises the full amount of the sale price of the goods together with a return on finance provided, namely the finance charge. The amount recognised in the Income and Expenditure account is the sum of all instalments less an amount carried forward in respect of trading profits and finance charges not yet received.

For rental 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 time. 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 and hire purchase commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the corporation, are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Income and Expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

### **Deferred tax**

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 1 TURNOVER AND DEFICIT ON ORDINARY ACTIVITIES

The turnover and deficit on ordinary activities attributable to the major classes of business of the group were as follows:

	Turnover		Deficit	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
MOD activities and charitable sales	24,038	24,041	114	1,327
Commercial activities	5,003	21,230	(332)	155
Intercompany elimination	-	(8,103)	-	-
Corporate and restructuring costs	-	-	-	(1,976)
	<u>29,041</u>	<u>37,168</u>	<u>(218)</u>	<u>(494)</u>

An analysis of turnover by geographical area has not been disclosed as the directors consider it would be unfairly prejudicial to the interests of the group. Charitable sales include an amount of £448,000 (1998: £494,000) in respect of rental income and an amount of £78,000 (1998: £257,000) in respect of hire purchase interest receivable.

### 2 OPERATING CHARGES AND OTHER OPERATING INCOME

	1999 Discontinued Activities £'000	1999 Continuing Activities £'000	1999 Total £'000	1998 Discontinued Activities £'000	1998 Continuing Activities £'000	1998 Total £'000
Changes in stock	(366)	(74)	(440)	207	152	359
Difference on exchange	1	82	83	-	(110)	(110)
Staff costs (see Note 3)	1,346	4,420	5,766	5,331	5,025	10,356
Cost of sales and other operating charges	4,453	18,109	22,562	5,768	17,542	23,310
Depreciation of owned fixed assets	46	243	289	915	360	1,275
Depreciation of assets held under finance leases	-	-	-	50	-	50
Depreciation of buildings	-	51	51	-	92	92
Hire of plant and machinery	2	29	31	61	-	61
Other operating leases	-	766	766	642	766	1,408
Auditors' remuneration	-	51	51	-	59	59
Taxation services provided by auditors	-	11	11	-	7	7
Consultancy services provided by auditors	-	60	60	-	86	86
	<u>5,482</u>	<u>23,748</u>	<u>29,230</u>	<u>12,974</u>	<u>23,979</u>	<u>36,953</u>



# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

3

### DIRECTORS AND EMPLOYEES

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

	1999 £'000	1998 £'000
Wages and salaries	5,363	9,205
Social security	350	621
Pensions	53	530
	<u>5,766</u>	<u>10,356</u>

The average number of employees in the group during the year was 337 (1998: 439).

Staff numbers by category:

	1999	1998
MOD activities and charitable sales	197	216
Commercial activities	111	182
Corporate overheads	29	41
	<u>337</u>	<u>439</u>

The directors' remuneration all of which is included above is made up of:

	1999 £'000	1998 £'000
Managing Director's emoluments	<u>189</u>	<u>97</u>

Benefits are accruing to 1 (1998: 1) director under a defined benefit pension scheme.

Emoluments include salary and benefits provided by the charity. The remuneration of the Managing Director and the Executive Management is set by the Remuneration committee of the Board of Management, which consists solely of non-executive directors. The Managing Director's emoluments include a sum of £90,000 representing a payment agreed in April 1997 conditional upon the successful disposal of the trading subsidiaries and the restructuring of the group.

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 Corporation controlled by the charity. An amount of £2,200 (1998: £1,987) was reimbursed to 3 Trustees.

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

	1999	1998
£40,001 - £50,000	6	16
£50,001 - £60,000	2	4
£60,001 - £70,000	-	1
£70,001 - £80,000	1	2
£100,001 - £110,000	1	-
£180,001 - £190,000	1	-

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 4 EXCEPTIONAL ITEMS

The Corporation has disposed of its freehold property and other trading equipment during the year, giving rise to an exceptional gain of £714,000.

The Corporation's subsidiary, Ganden Limited (formerly Visua Limited) has disposed of its subsidiary, Teleport London International Limited, giving an exceptional profit to the group of £239,000, and also disposed of its own trade, giving an exceptional loss of £92,000. Both of those events have no net tax effect as they are covered by losses.

The Corporation undertook a process of restructuring and incurred costs of £890,000 in respect of this process. These costs are considered to be of an exceptional nature.

### 5 INVESTMENT INCOME

	1999 £'000	1998 £'000
Interest receivable on short term deposits	154	90
Rent receivable	-	6
	<u>154</u>	<u>96</u>

### 6 INTEREST PAYABLE

	1999 £'000	1998 £'000
Interest on bank overdrafts	240	434
Interest on finance leases	-	9
	<u>240</u>	<u>443</u>

### 7 DEFERRED TAXATION

Deferred taxation provided for and unprovided for in the financial statements is set out below. The amounts unprovided represent group contingent liabilities at the balance sheet date, as the corporation is outside the scope of corporation tax due to its charitable status.

	Amounts provided		Amounts unprovided	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Accelerated capital allowances	-	-	-	193

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

8

### TANGIBLE FIXED ASSETS

The Group	Land and buildings		Short-term	Equipment	Total
	Freehold	Leasehold			
Cost or valuation	£'000	Long-term £'000	£'000	£'000	£'000
At 1 April 1998	5,702	38	467	10,039	16,246
Additions	-	183	32	465	680
Disposals	(5,600)	-	-	(8,386)	(13,986)
At 31 March 1999	102	221	499	2,118	2,940
Depreciation					
At 1 April 1998	102	4	435	4,349	4,890
Provided in the year	51	1	6	282	340
Disposals	(124)	-	-	(3,291)	(3,415)
At 31 March 1999	29	5	441	1,340	1,815
Net book amount at 31 March 1999	73	216	58	778	1,125
Net book amount at 31 March 1998	5,600	34	32	5,690	11,356
The Corporation	Land and buildings		Short-term	Equipment	Total
	Freehold	Leasehold			
Cost or valuation	£'000	Long-term £'000	£'000	£'000	£'000
At 1 April 1998	5,702	38	467	3,411	9,618
Additions	-	183	32	441	656
Transfers from group companies	-	-	-	220	220
Disposals	(5,600)	-	-	(2,037)	(7,637)
At 31 March 1999	102	221	499	2,035	2,857
Depreciation					
At 1 April 1998	102	4	435	2,231	2,772
Provided in the year	51	1	6	236	294
Transfers from group companies	-	-	-	66	66
Disposals	(124)	-	-	(1,267)	(1,391)
At 31 March 1999	29	5	441	1,266	1,741
Net book amount at 31 March 1999	73	216	58	769	1,116
Net book amount at 31 March 1998	5,600	34	32	1,180	6,846

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 8 TANGIBLE FIXED ASSETS (CONTINUED)

The Corporation assets are all used for direct charitable purposes only.

Included in the group assets at 31 March 1999 are assets held under finance lease with a net book value of £nil (1998: £88,000).

The assets listed above are stated at cost with the exception of freehold land and buildings which include valuations as follows:

	1999 £'000	1998 £'000
Revalued property at cost	-	2,855
Revaluation	-	2,847
	<u>-</u>	<u>5,702</u>

The main site, Chalfont Grove, was revalued at 31 March 1997 by Grimleys, International Property Advisers. All other freehold properties were revalued at 31 March 1994 by Colman and Green, Estate Agents. All valuations are on an existing use basis assuming vacant possession. If it had not been revalued, freehold property would have been included on the historical cost basis at the following amount:

The Group and the Corporation	£'000
Cost	2,855
Accumulated depreciation	(385)
Disposals	<u>(2,470)</u>
Net book amount at 31 March 1999	<u>-</u>
Net book amount at 31 March 1998	<u>2,470</u>

Transfers to group companies were made at net book value and consisted of sundry equipment used by the relevant subsidiary companies.

Included in the Corporation's fixed assets at 31 March 1999 are assets available for rental as follows:

	1999 £'000	1998 £'000
Cost	772	697
Accumulated depreciation	<u>(527)</u>	<u>(449)</u>
Net book amount	<u>245</u>	<u>248</u>

Of the assets available for rental at 31 March 1999 £75,000 (1998: £123,000) were acquired during the year.

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 9 INVESTMENTS - THE GROUP AND THE CORPORATION

Staff loans

	£'000
Balance at 1 April 1998	70
Repayments	(48)
Balance at 31 March 1999	<u>22</u>

There were 3 (1998: 5) employees with loans outstanding which were greater than £2,500.

### 10 STOCK AND WORK IN PROGRESS

	The Group		The Corporation	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Work in progress	45	82	45	13
Stocks for resale	<u>1,099</u>	<u>1,502</u>	<u>1,079</u>	<u>1,185</u>
	<u>1,144</u>	<u>1,584</u>	<u>1,124</u>	<u>1,198</u>

### 11 DEBTORS

	The Group		The Corporation	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Trade debtors after provision	3,837	5,835	3,493	3,415
Other debtors	894	48	871	38
Prepayments	156	518	156	227
Other taxation and social security	434	157	434	157
Amount owed by subsidiary undertakings	-	-	150	668
	<u>5,321</u>	<u>6,558</u>	<u>5,104</u>	<u>4,505</u>

#### Provision

An amount of £140,000 (1998: £410,000) has been deducted from trade debtors representing a provision for the profits on hire purchase sales which have not yet been realised. The decrease of £270,000 has been credited to the Income and Expenditure account. Net investment in hire purchase contracts at 31 March 1999 was £1,488,000 (1998: £1,993,000).

Included on other debtors is an amount of £750,000 (1998: £nil) which relates to a retention on the sale of the subsidiary, Teleport London International Limited. This will be released on or before 4 November 2000.

Amounts owed by subsidiary undertakings are unsecured and have no interest charged against them.

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Corporation	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Bank overdrafts	2,163	7,093	2,163	4,355
Trade creditors	2,983	4,509	2,671	1,592
Taxation and social security	193	412	113	208
Other creditors	77	150	54	150
Donations	40	40	40	40
Deferred income	-	816	-	-
Net obligations under finance leases	-	51	-	-
	<u>5,456</u>	<u>13,071</u>	<u>5,041</u>	<u>6,345</u>

The bank overdraft is secured by other assets of the Corporation.

### 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Corporation	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Repayable within one and two years	<u>-</u>	<u>28</u>	<u>-</u>	<u>-</u>

### 14 RESERVES

	The Group			The Corporation		
	Property revaluation £'000	Income & Expenditure £'000	Total £'000	Property revaluation £'000	Income & Expenditure £'000	Total £'000
Balance at 1 April 1998	2,978	6,543	9,521	2,978	6,255	9,233
(Deficit)/surplus for year	-	(345)	(345)	-	10	10
Write back of revaluation on disposal	<u>(2,978)</u>	<u>2,978</u>	<u>-</u>	<u>(2,978)</u>	<u>2,978</u>	<u>-</u>
Balance at 31 March 1999	<u>-</u>	<u>9,176</u>	<u>9,176</u>	<u>-</u>	<u>9,243</u>	<u>9,243</u>

### 15 CAPITAL COMMITMENTS

The Group and the Corporation	1999 £'000	1998 £'000
Contracted for but not provided in these accounts	<u>-</u>	<u>913</u>

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 16 PENSION COMMITMENTS

The group has a contributory pension scheme designed to provide retirement benefits based on final salary. This 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 31 March 1997 amounted to £37,884,000. Fenchurch Trustees Ltd. obtained an actuarial valuation by I.S. Cartwright & Co., actuaries and pension consultants, of both parts of the fund as at 1 April 1997. This showed that the fund overall was in surplus by an amount of £5,314,000 or 16%.

Based on an assumption of an investment return of 9% per annum and an annual increase in pensionable salaries of 7½% per annum and taking account of legislation on future pension increases, the results were as follows:

	Main scheme	BFBS section
Past service surplus	£2,300,000	£3,014,000

In view of the surplus identified by the actuarial valuation, the Trustees of The Services Sound and Vision Corporation Pension Scheme have authorised the corporation to take a pension contribution holiday for the period 1 April 1997 to 31 March 1999, at which time a further actuarial valuation of the Scheme will take place.

Pension costs are significantly lower for the year due to the Corporation taking a pension holiday for the entire period.

### 17 SUBSIDIARY UNDERTAKINGS

	1999 £	1998 £
Ordinary £1 shares at cost	<u>6</u>	<u>6</u>

The subsidiaries of the Corporation at 31 March 1999 were:

Corporation Name	Nature of Business
Ganden Limited (formerly Visua Limited)	Collection of existing book debts
In Sight Communications Limited	Non- trading

Ganden Limited is wholly owned by the Corporation. The other subsidiary is wholly owned by Ganden Limited.

### 18 CONTINGENT LIABILITIES

The corporation has given a fixed and floating charge during the year over its assets and property to a bank. Lending under this guarantee at 31 March 1999 was £1,485,165 (1998: £3,381,000).

A contingent liability exists for terminal benefits representing amounts due for liabilities which will be payable in the event of certain locally-engaged employees leaving the Corporation, this being a requirement in Cyprus, Gibraltar and Hong Kong. The Corporation also has an ongoing commitment to make payments to certain staff who have been made redundant. Such liabilities will be reimbursed to the corporation by the Ministry of Defence.

# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 19 LEASING COMMITMENTS

Annual leasing commitments are as follows:

Group	Land & Buildings		Other	
	1999	1998	1999	1998
Operating leases which expire:	£'000	£'000	£'000	£'000
- within one year	260	183	61	568
- within two and five years	102	138	55	1,292
- over five years	-	-	-	262
	<u>362</u>	<u>321</u>	<u>116</u>	<u>2,122</u>

Corporation	Land & Buildings		Other	
	1999	1998	1999	1998
Operating leases which expire:	£'000	£'000	£'000	£'000
- within one year	260	183	61	204
- within two and five years	102	138	55	235
	<u>362</u>	<u>321</u>	<u>116</u>	<u>439</u>

### 20 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW/(INFLOW) FROM OPERATING ACTIVITIES

	1999	1998
	£'000	£'000
Operating loss	(366)	(494)
Depreciation (excluding freehold buildings)	289	1,333
Depreciation on freehold buildings	51	84
(Profit)/loss on sale of fixed assets	(716)	13
Decrease in stocks	422	359
Decrease in debtors	1,508	1,244
Decrease in creditors	<u>(2,911)</u>	<u>(47)</u>
Net cash (outflow)/inflow from operating activities	<u>(1,723)</u>	<u>2,492</u>

### 21 ANALYSIS OF CHANGE IN NET DEBT

	At 1 April 1998 £'000	Cashflow £'000	At 31 March 1999 £'000
Cash at bank and in hand	1,896	(1,273)	623
Bank overdrafts	<u>(7,093)</u>	<u>4,930</u>	<u>(2,163)</u>
	(5,197)	3,657	(1,540)
Finance leases	(79)	79	-
Short term deposits	<u>1,156</u>	<u>5,241</u>	<u>6,397</u>
	<u>(4,120)</u>	<u>8,977</u>	<u>4,857</u>



# SERVICES SOUND AND VISION CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 1999

### 22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £'000	1998 £'000
Increase in cash	3,657	256
Inflow/(outflow) from debt and lease financing	79	(244)
Inflow from liquid reserves	5,241	-
Change in net debt arising from cashflows	8,977	12
Inception of finance leases	-	47
Movement in net debt in the year	8,977	59
Net debt at start of period	(4,120)	(4,179)
Net debt at end of period	4,857	(4,120)

### 23 SALE OF BUSINESS

	£'000
Net assets disposed of re Teleport London International Limited	
Fixed assets	695
Stocks	18
Debtors	53
Creditors	(172)
Profit on disposal	320
	914
Satisfied by	
Cash	914

### 24 RELATED PARTY TRANSACTIONS

During the course of the year, the corporation traded with Kingston TLI Limited, a company which is related as it was the purchaser of the shares of Teleport London International Limited, and hence meets the definition of a related party under Financial Reporting Standard No 8.

Transactions with this company amounted to £1.96m (1998: £nil). The amount outstanding as at 31 March 1999 was £187,538 (1998: £nil). All transactions took place on an arms length basis.

The group is exempt under Financial Reporting Standard No 8 from reporting transactions with other group companies. Outstanding group balances as at 31 March 1999 can be seen in note 11.

## **BOARD OF MANAGEMENT**

David E Hatch, CBE MA DipEd FRSA CIMgt JP\*  
CHAIRMAN

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

Brian Tesler, CBE MA\*

Michael Andrae, Hon.FCIM FMIS FID FRSA\*

Howard Perlin FCA\*

Captain Graham Robinson RN

Lieutenant General Sir Roderick Cordy-Simpson, KBE CB

Air Vice-Marshal Nigel Baldwin, CB CBE

## **SECRETARY**

Cremorne Nominees Limited\*

## **LIFE VICE-PRESIDENT**

Group Captain Sir Gordon Pirie, CVO CBE DL\*

\*Denotes membership throughout the year 1st April 1998 to 31st March 1999

## **EXECUTIVE MANAGEMENT**

MANAGING DIRECTOR

Air Vice-Marshal David Crwys-Williams CB

DIRECTOR OF PERSONNEL & ADMINISTRATION

Diane Trigg

HEAD OF FINANCE

Ron Hill, FCA

CONTROLLER BFBS RADIO

Charles Foster

CONTROLLER BFBS TELEVISION

Steve Mylles

GENERAL MANAGER BDFL CSE AND FORCES CINEMAS

Renate Foster

HEAD OF RETAIL OPERATIONS

Malcolm Tricker