

**SERVICES SOUND AND
VISION CORPORATION**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2000



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Corporation no 00407270

SERVICES SOUND AND VISION CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

Corporation registration number:

00407270

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
Edinburgh House
Windsor Road
Slough
Berks
SL1 2EE

SERVICES SOUND AND VISION CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

INDEX	PAGE
Report of the Board of Management	1 - 3
Report of the auditors	4
Consolidated statement of financial activities	5
Consolidated summary income and expenditure account	6
Consolidated balance sheet	7
Corporation balance sheet	8
Consolidated cash flow statement	9
Principal accounting policies	10 - 11
Notes to the financial statements	12 - 20
Present membership of the Board of Management	21

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 2000.

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 made in accordance with the Corporation's objects and investment income. Expenditure related to such income is utilised in providing the services sold, investment and welfare support for the Armed Forces.

Review of the business

During the year the Corporation had a net positive movement in funds of £839,000 (1999 shortfall: £345,000). The result reflects an improvement from the previous year when a large level of costs were incurred in association with the disposal of a subsidiary investment, Teleport London International Limited and the disposal of the trade of another subsidiary Ganden Limited. This year such costs have been minimal and due to the improvement in performance of the charity following the closure of a number of loss making retail shops, a surplus has been achieved. These closures reflected the Corporation's decision to withdraw entirely its retail operation from the UK market although, as it does not reflect a significant part of the business' overall results, it has not been recognised as a discontinued operation.

Exceptional item

Exceptional costs were incurred by the Corporation of £52,000 (1999: £890,000) in respect of the restructuring of the Corporation, and these have been included in these financial statements.

Taxation

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

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, 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.

Year 2000

The Corporation suffered no impact from the Year 2000 date change nor did any of its major customers, suppliers or trading partners.

REPORT OF THE BOARD OF MANAGEMENT

Directors

All members of the Board of Management are both directors of the Corporation and trustees of the charity. 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 S Perlin

Captain Graham D B Robinson

Lieutenant General Sir Roderick Cordy-Simpson

Air Vice-Marshal Nigel B Baldwin

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

Members are appointed on recommendation of the Board of Management. The Managing Director is the only executive trustee.

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 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.

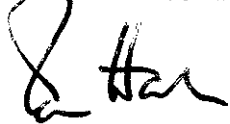
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Corporation and its subsidiaries and which enable them to ascertain their financial position and to ensure that the financial statements comply with the Companies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

REPORT OF THE BOARD OF MANAGEMENT

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



Nov 3rd '00

Director

REPORT OF THE AUDITORS TO THE MEMBERS OF

SERVICES SOUND AND VISION CORPORATION

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 2, 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 in accordance with applicable United Kingdom law and accounting standards. 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 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 and its subsidiaries as at 31 March 2000 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
LONDON THAMES VALLEY OFFICE
SLOUGH**

3 November 2000

SERVICES SOUND AND VISION CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2000

	Charitable Funds	Trading Subsidiaries	Total 2000	Total 1999
	£'000	£'000	£'000	£'000
Incoming resources				
Charitable sales	24,122	-	24,122	24,038
Commercial income	-	(55)	(55)	5,002
Investment income	308	-	308	154
Profit on disposal of fixed assets	19	9	28	714
Profit on disposal of subsidiary	-	-	-	239
Total incoming resources	24,449	(46)	24,403	30,147
Resources expended				
Cost of sales	(15,838)	71	(15,767)	(19,447)
Operating expenses				
Restructuring costs	(52)	-	(52)	(890)
Loss on disposal of trade	-	-	-	(92)
Other operating expenses	(8,088)	17	(8,071)	(10,023)
Total operating expenses	(8,140)	17	(8,123)	(11,005)
Donations to charities and welfare support	-	-	-	(40)
Total resources expended	(23,978)	88	(23,890)	(30,492)
Net incoming/(outgoing) resources	471	42	513	(345)
Gains and losses on revaluation of investment assets				
Increase in unrealised gains	326	-	326	-
Net movement in funds	797	42	839	(345)
Fund balances brought forward at 1 April 1999	9,243	(67)	9,176	9,521
Fund balances carried forward at 31 March 2000	10,040	(25)	10,015	9,176

All funds are unrestricted.

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

The accounting policies and notes on pages 10 to 20 form an integral part of these financial statements.

SERVICES SOUND AND VISION CORPORATION

CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2000

	Note	Charitable Funds £'000	Trading Subsidiaries £'000	Total 2000 £'000	Total 1999 £'000
Turnover	1				
Continuing activities		24,122	-	24,122	24,038
Discontinued activities		-	(55)	(55)	5,002
Gross income		24,122	(55)	24,067	29,040
Operating expenses and other operating charges	2	(23,845)	97	(23,748)	(29,230)
Operating income/(expenditure)					
Continuing activities		277	-	277	289
Discontinued activities		-	42	42	(479)
		277	42	319	(190)
Exceptional items	4				
Restructuring costs		(52)	-	(52)	(890)
Profit on disposal of subsidiary		-	-	-	239
Profit on disposal of fixed asset		-	-	-	714
Loss on disposal of trade		-	-	-	(92)
		225	42	267	(219)
Investment income	5	308	-	308	154
Interest payable	6	(62)	-	(62)	(240)
Income/(expenditure) on ordinary activities		471	42	513	(305)
Welfare support to the Armed Forces		-	-	-	(40)
Income/(expenditure) for the year transferred to/(from) reserves	13	471	42	513	(345)

All funds are unrestricted.

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

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 12 to 20, provides full information on the movements during the year on all of the funds of the charity.

The accounting policies and notes on pages 10 to 20 form an integral part of these financial statements.

SERVICES SOUND AND VISION CORPORATION

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	7	924	1,125
Investments	8	<u>5,437</u>	<u>22</u>
		6,361	1,147
Current assets			
Stock and work in progress	9	715	1,144
Debtors	10	4,168	5,321
Investments - bank deposits		1,448	6,397
Cash at bank and in hand		<u>237</u>	<u>623</u>
		6,568	13,485
Creditors: amounts falling due within one year	11	<u>(2,704)</u>	<u>(5,456)</u>
Net current assets		<u>3,864</u>	<u>8,029</u>
Total assets less current liabilities		10,225	9,176
Provisions for liabilities and charges	12	<u>(210)</u>	<u>-</u>
		<u>10,015</u>	<u>9,176</u>
Reserves			
Income and Expenditure account			
Other charitable funds	13	10,040	9,243
Non-charitable funds		<u>(25)</u>	<u>(67)</u>
Total reserves	13	<u>10,015</u>	<u>9,176</u>

The financial statements were approved by the Board on

Director

S. Hall
Nov 3rd '00

The accounting policies and notes on pages 10 to 20 form an integral part of these financial statements.

SERVICES SOUND AND VISION CORPORATION


CORPORATION BALANCE SHEET

AS AT 31 MARCH 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	7	924	1,116
Investments	8	<u>5,437</u>	<u>22</u>
		6,361	1,138
Current assets			
Stock and work in progress	9	715	1,124
Debtors	10	4,136	5,104
Investments - bank deposits		1,448	6,397
Cash at bank and in hand		<u>237</u>	<u>521</u>
		6,536	13,146
Creditors: amounts falling due within one year	11	<u>(2,647)</u>	<u>(5,041)</u>
Net current assets		<u>3,889</u>	<u>8,105</u>
Total assets less current liabilities		10,250	9,243
Provisions for liabilities and charges	12	<u>(210)</u>	<u>-</u>
		<u>10,040</u>	<u>9,243</u>
Reserves			
Income and Expenditure account	13	<u>10,040</u>	<u>9,243</u>

The financial statements were approved by the Board on

Director


Nov 3rd '00

The accounting policies and notes on pages 10 to 20 form an integral part of these financial statements.

SERVICES SOUND AND VISION CORPORATION

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2000

		2000		1999	
	Note	£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	18		1,741		(1,723)
Returns on investments and servicing					
Interest received		278		154	
Interest paid		(62)		(240)	
Dividends received		<u>30</u>		<u>-</u>	
Net cash inflow/(outflow) from returns on investments and servicing of finance			246		(86)
Capital expenditure					
Purchase of fixed assets		(291)		(680)	
Purchase of investments		(5,094)		-	
Sale of fixed assets		<u>235</u>		<u>10,592</u>	
Net cash (outflow)/inflow from capital expenditure			(5,150)		9,912
Acquisitions and disposals					
Sale of subsidiary undertaking		<u>-</u>		<u>914</u>	
Net cash inflow from acquisitions and disposals			-		914
Welfare support to the Armed Forces		<u>(9)</u>		<u>(40)</u>	
Net cash outflow from other activities			(9)		(40)
Management of liquid resources					
Purchase of short term deposits		-		(5,241)	
Cash withdrawn from deposits		<u>4,949</u>		<u>-</u>	
Net cash inflow/(outflow) from management of liquid resources			4,949		(5,241)
Financing					
Capital element of finance lease rentals		<u>-</u>		<u>(79)</u>	
Net cash outflow from financing			-		(79)
Increase in cash	20		<u>1,777</u>		<u>3,657</u>

The accounting policies and notes on pages 10 to 20 form an integral part of these financial statements.

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.

The principal accounting policies of the group have remained unchanged from the previous year 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 2000. 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.

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, related services and satellite transmission.

Investment income

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

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

Stock

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. Net realisable value means estimated selling price (less trade discounts) less all costs to be incurred in marketing, selling and distribution.

Investments

Investments are included at the directors' best estimate of market value at the balance sheet date.

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.

SERVICES SOUND AND VISION CORPORATION

PRINCIPAL ACCOUNTING POLICIES

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 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 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.

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

1 TURNOVER AND SURPLUS ON ORDINARY ACTIVITIES

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

	Turnover		Surplus/(deficit)	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
MOD activities and charitable sales	24,122	24,038	225	113
Commercial activities	(55)	5,002	42	(332)
	<u>24,067</u>	<u>29,040</u>	<u>267</u>	<u>(219)</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 £303,000 (1999: £448,000) in respect of rental income and an amount of £nil (1999: £78,000) in respect of hire purchase interest receivable.

2 OPERATING CHARGES AND OTHER OPERATING INCOME

	2000	2000	2000	1999	1999	1999
	Discontinued	Continuing	Total	Discontinued	Continuing	Total
	Activities	Activities	Total	Activities	Activities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Changes in stock	20	409	429	366	74	440
Difference on exchange	(2)	(49)	(51)	(1)	(82)	(83)
Staff costs (see Note 3)	30	4,719	4,749	1,346	4,420	5,766
Cost of sales and other operating charges	(145)	17,951	17,806	3,723	18,125	21,848
Depreciation of owned fixed assets (exc buildings)	-	221	221	46	243	289
Depreciation of buildings	-	64	64	-	51	51
Hire of plant and machinery	-	28	28	2	29	31
Other operating leases	-	465	465	-	766	766
Auditors' remuneration	-	30	30	-	51	51
Taxation services provided by auditors	-	2	2	-	11	11
Consultancy services provided by auditors	-	5	5	-	60	60
	<u>(97)</u>	<u>23,845</u>	<u>23,748</u>	<u>5,482</u>	<u>23,748</u>	<u>29,230</u>

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

3 DIRECTORS AND EMPLOYEES

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

	2000 £'000	1999 £'000
Wages and salaries	4,108	5,363
Social security	319	350
Pensions	322	53
	<u>4,749</u>	<u>5,766</u>

The average number of employees in the group during the year was 203 (1999: 337).

Staff numbers by category:

	2000 Number	1999 Number
MOD activities and charitable sales	185	197
Commercial activities	-	111
Corporate overheads	18	29
	<u>203</u>	<u>337</u>

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

	2000 £'000	1999 £'000
Managing Director's emoluments	<u>103</u>	<u>189</u>

Benefits are accruing to 1 (1999: 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. In 1999 the Managing Director's emoluments included 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 companies controlled by the charity. An amount of £3,193 (1999: £2,200) was reimbursed to 3 Trustees (1999: 3).

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

	2000	1999
£40,001 - £50,000	4	6
£50,001 - £60,000	3	2
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£100,001 - £110,000	1	1
£180,001 - £190,000	-	1

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

4 EXCEPTIONAL ITEMS

During 1999, the Corporation undertook a process of restructuring and incurred costs of £52,000 (1999: £890,000) in respect of this process. These costs are considered to be of an exceptional nature. This event has no net tax effect.

5 INVESTMENT INCOME

	2000 £'000	1999 £'000
Interest receivable on short term deposits	278	154
Dividends receivable	30	-
	<u>308</u>	<u>154</u>

6 INTEREST PAYABLE

	2000 £'000	1999 £'000
Interest on bank overdrafts	<u>62</u>	<u>240</u>

7 TANGIBLE FIXED ASSETS

The Group	Land and buildings				
	Freehold £'000	Leasehold Long-term £'000	Short-term £'000	Equipment £'000	Total £'000
Cost					
At 1 April 1999	102	221	499	2,118	2,940
Additions	-	101	-	190	291
Disposals	-	(38)	(152)	(1,107)	(1,297)
At 31 March 2000	<u>102</u>	<u>284</u>	<u>347</u>	<u>1,201</u>	<u>1,934</u>
Depreciation					
At 1 April 1999	29	5	441	1,340	1,815
Provided in the year	10	39	15	221	285
Disposals	-	(9)	(135)	(946)	(1,090)
At 31 March 2000	<u>39</u>	<u>35</u>	<u>321</u>	<u>615</u>	<u>1,010</u>
Net book amount at 31 March 2000	<u>63</u>	<u>249</u>	<u>26</u>	<u>586</u>	<u>924</u>
Net book amount at 31 March 1999	<u>73</u>	<u>216</u>	<u>58</u>	<u>778</u>	<u>1,125</u>

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

7 TANGIBLE FIXED ASSETS (CONTINUED)

The Corporation	Land and buildings				
	Freehold	Leasehold		Equipment	Total
Cost	£'000	Long-term £'000	Short-term £'000	£'000	£'000
At 1 April 1999	102	221	499	2,035	2,857
Additions	-	101	-	190	291
Disposals	-	(38)	(152)	(1,024)	(1,214)
At 31 March 2000	102	284	347	1,201	1,934
Depreciation					
At 1 April 1999	29	5	441	1,266	1,741
Provided in the year	10	39	15	221	285
Disposals	-	(9)	(135)	(872)	(1,016)
At 31 March 2000	39	35	321	615	1,010
Net book amount at 31 March 2000	63	249	26	586	924
Net book amount at 31 March 1999	73	216	58	769	1,116

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

Included in the Corporation's fixed assets at 31 March 2000 are assets available for rental as follows:

	2000 £'000	1999 £'000
Cost	366	772
Accumulated depreciation	(290)	(527)
Net book amount	76	245

During the year, the Corporation acquired rental assets for £46,000 (1999: £75,000) which were available for rental at 31 March 2000.

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

8 INVESTMENTS - THE GROUP AND THE CORPORATION

	2000 £'000	1999 £'000
Investments	5,420	-
Staff loans	17	22
	<u>5,437</u>	<u>22</u>

Staff loans

	£'000
At 1 April 1999	22
Repayments	(5)
At 31 March 2000	<u>17</u>

There were 2 (1999: 3) employees with loans outstanding which were greater than £2,500.

Investments	Other investments £'000
At 1 April 1999	-
Additions	5,094
Increase in market value	326
At 31 March 2000	<u>5,420</u>

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

	2000 £'000
Cost	<u>5,094</u>

The investments relate to unit trusts managed by UK based investment managers.

9 STOCK AND WORK IN PROGRESS

	The Group		The Corporation	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Work in progress	74	45	74	45
Stocks for resale	641	1,099	641	1,079
	<u>715</u>	<u>1,144</u>	<u>715</u>	<u>1,124</u>

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

10 DEBTORS

	The Group		The Corporation	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors after provision	2,637	3,837	2,605	3,493
Other debtors	795	894	795	871
Prepayments	333	156	333	156
Social security and other taxes	403	434	403	434
Amount owed by subsidiary undertakings	-	-	-	150
	<u>4,168</u>	<u>5,321</u>	<u>4,136</u>	<u>5,104</u>

Provision

An amount of £nil (1999: £140,000) has been deducted from trade debtors representing a provision for the profits on hire purchase sales which have not yet been realised. As all profits have now been realised the decrease of £140,000 has been credited to the Income and Expenditure account. Net investment in hire purchase contracts at 31 March 2000 was £nil (1999: £1,488,000).

Included in other debtors is an amount of £750,000 (1999: £750,000) 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.

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Corporation	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank overdrafts	-	2,163	-	2,163
Trade creditors	2,381	2,983	2,363	2,671
Social security and other taxes	95	193	95	113
Other creditors	197	77	158	54
Donations	31	40	31	40
	<u>2,704</u>	<u>5,456</u>	<u>2,647</u>	<u>5,041</u>

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

12 PROVISIONS FOR LIABILITIES AND CHARGES

The Group and the Corporation	Restructuring provision £'000
Balance at 1 April 1999	-
Provided during year	210
Balance at 31 March 2000	210

The provision made in the year relates to a restructuring provision that covers the planned disposal of the existing retail outlets within Northern Ireland.

13 RESERVES

	The Group			The Corporation		
	Property revaluation £'000	Income & Expenditure £'000	Total £'000	Property revaluation £'000	Income & Expenditure £'000	Total £'000
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	(2,978)	2,978	-	(2,978)	2,978	-
At 1 April 1999	-	9,176	9,176	-	9,243	9,243
Surplus for year	-	513	513	-	471	471
Unrealised gains on investments	-	326	326	-	326	326
At 31 March 2000	-	10,015	10,015	-	10,040	10,040

14 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 1999 amounted to £48,389,000. Lambert Fenchurch Trustees Limited obtained an actuarial valuation by Cartwright Consulting Limited, actuaries and pension consultants, of both parts of the fund as at 1 April 1999. This showed that the fund overall was in surplus by an amount of £3,823,000.

Based on an assumption of an investment return of 8½% per annum and an annual increase in pensionable salaries of 6½% per annum and taking account of legislation on future pension increases, the results were as follows:

	Main scheme	BFBS section
Past service surplus	£385,000	£3,438,000

In view of the surplus identified by the 1997 actuarial valuation, the Trustees of The Services Sound and Vision Corporation Pension Scheme authorised the Corporation to take a pension contribution holiday for the period 1 April 1997 to 30 September 1999. Contributions at a rate of 12.8% recommenced for the period 1 October 1999 to 31 March 2002 at which time a further actuarial valuation of the Scheme will take place.

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

15 SUBSIDIARY UNDERTAKINGS

	2000 £	1999 £
Ordinary £1 shares at cost	<u>6</u>	<u>6</u>

The subsidiaries of the Corporation at 31 March 2000 were:

Company Name	Nature of Business
Ganden Limited	Collection of existing book debts
In Sight Communications Limited	Non-trading
BFN Forces Network Limited	Non-trading

Ganden Limited is wholly owned by the Corporation. The other subsidiaries are wholly owned by Ganden Limited.

16 CONTINGENT LIABILITIES

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. 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.

17 LEASING COMMITMENTS

Annual leasing commitments are as follows:

The Group and the Corporation Operating leases which expire:	Land & Buildings		Other	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
- within one year	169	260	7	61
- within two and five years	<u>140</u>	<u>102</u>	<u>79</u>	<u>55</u>
	<u>309</u>	<u>362</u>	<u>86</u>	<u>116</u>

SERVICES SOUND AND VISION CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2000

18 RECONCILIATION OF OPERATING INCOME TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2000 £'000	1999 £'000
Operating income/(expenditure)	645	(366)
Restructuring cost	(52)	-
Increase in unrealised gains	(326)	-
Depreciation (excluding buildings)	221	289
Depreciation on freehold buildings	64	51
Profit on sale of fixed assets	(28)	(716)
Decrease in stocks	429	422
Decrease in debtors	1,127	1,508
Decrease in creditors	(339)	(2,911)
Net cash inflow/(outflow) from operating activities	<u>1,741</u>	<u>(1,723)</u>

19 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 April 1999 £'000	Cashflow £'000	At 31 March 2000 £'000
Cash at bank and in hand	623	(386)	237
Bank overdrafts	<u>(2,163)</u>	<u>2,163</u>	<u>-</u>
	(1,540)	1,777	237
Short term deposits	<u>6,397</u>	<u>(4,949)</u>	<u>1,448</u>
	<u>4,857</u>	<u>(3,172)</u>	<u>1,685</u>

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2000 £'000	1999 £'000
Increase in cash	1,777	3,657
Inflow from debt and lease financing	-	79
(Outflow)/inflow from liquid reserves	<u>(4,949)</u>	<u>5,241</u>
Movement in net funds in the year	(3,172)	8,977
Net funds/(debt) at 1 April 1999	<u>4,857</u>	<u>(4,120)</u>
Net funds at 31 March 2000	<u>1,685</u>	<u>4,857</u>

21 RELATED PARTY TRANSACTIONS

The group is exempt under Financial Reporting Standard No 8 from reporting transactions with other group companies. At the year end the Corporation was owed £317,626 (1999: £523,038) by Ganden Limited and £63,583 (1999: £82,689) by In Sight Communications Limited. The total amount provided for against these amounts is £381,209 (1999: £456,000).

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 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

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 PERSONNEL & ADMINISTRATION

Diane Trigg

HEAD OF FINANCE

Ron Hill FCA

CONTROLLER BFBS RADIO

Charles Foster

CONTROLLER BFBS TELEVISION

Stephen Mylles

GENERAL MANAGER BDFL, CSE AND FORCES CINEMAS

Renate Foster

HEAD OF RETAIL OPERATIONS

Malcolm Tricker

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