

**THE FOUNDATION FOR  
CHRISTIAN COMMUNICATION LIMITED**

**Company Registration No: 1375941**

**Registered Charity Number 276286**

**Directors' Report and Financial Statements**

**for the year ended**

**31 December 2006**

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# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

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# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Report of The Directors' for the year ended 31 December 2006

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## Reference and Administration

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The Directors who act as Trustees for the charitable activities of The Foundation For Christian Communication Limited, present to the members of The Foundation their consolidated report and financial statements for the year ended 31 December 2006

Directors:	Committee Membership		
V. A. L. Powell, F.C.A. (Chairman)			
G. B. Ackery, F.C.A., A.T.I.I.	(1,2)	Retired	20/04/2006
A. E. Cowen, M.R.I.C.S.	(2)		
Mrs L. G. Fox, J.P., D.L.		Resigned	21/04/2006
G. C. King, M.A., C.A.	(1,2)	Appointed	21/04/2006
J. R. Newton	(2)		
F. A. R. Packard			
P. K. Reeve, B.A.			
E. M. Shegog, M.A.	(1)		
The Hon. Mrs C. Twiston-Davis		Appointed	21/04/2006

## Committees:

Management	(1)
Audit and Remuneration	(2)

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Report of The Directors' for the year ended 31 December 2006 (continued)

## Reference and Administration (continued)

### Company Information:

Chief Executive Officer:	Mr. N.J.E. Stuart-Jones B.A.		
Secretary:	Mrs. H.J. Casey		
Finance Director:	P.O. Connolly		
Head of Programmes:	R. Bruce B.D., M.Th.		
Head of Production:	M.P Long	Appointed	17/01/07

### Professional Advisors:

Registered office:	12 Warwick Square, London, SW1V 2AA
Production office:	9-10 Copper Row, London Bridge Piazza, London, SE1 2LH
Auditors:	<b>Baker Tilly UK Audit LLP</b> 46 Clarendon Road, Watford, WD17 1JJ
Bankers:	<b>Natral Westminster Bank plc</b> P O Box 224, Stanmore, HA7 4XW
Solicitors:	<b>Richards Butler</b> Beaufort House, 15 St Botolph Street, London, EC3A 7EE  <b>Berwin Leighton Paisner</b> Adelaide House, London Bridge, London, EC4R 9HA  <b>Paris Smith and Randall</b> Number 1 London Road, Southampton, SO15 2AE  <b>Best &amp; Soames</b> Clerkenwell Workshops, 31 Clerkenwell Close, London, EC1R 0AT

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Structure, Governance and Management

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#### Constitution

The Foundation For Christian Communication ("The Foundation") is a company limited by guarantee (registered number 1375941), and a registered charity (registered number 276286) It was established on the 29 June 1978, the governing document being the Memorandum and Articles of Association as amended and adopted on the 11 December 2000, 16 December 2002 and 14 December 2004

The Foundation's activities are carried out under the name of CTVC

#### Corporate Governance

##### **Appliance of the principles of the Combined Code**

The Foundation seeks to comply with best practice with regard to corporate governance The Trustees have reviewed the requirements of the Combined Code The principles of the Combined Code relevant to The Foundation have been applied as follows

##### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice 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 company and of the surplus or loss of the company for that period

In preparing these financial statements we are required to

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group, to enable them to ensure that the financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Structure, Governance and Management (continued)

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#### Directors

The names of the Directors who served during the year are shown on page 1 and The Chairman should like to thank all of them for their support and continuing interest in the work of The Foundation

Mrs L G Fox who had been a Director since 1992 resigned due to additional commitments with the parent undertaking. The Board would like to thank her for the years of service and important contribution she made.

During 2006 we welcomed as new Directors, The Hon Mrs C Twiston-Davies, and Mr G C King to the Board.

#### **Appointments to the Board**

Members of the Board are appointed either by The Rank Foundation Limited ("The Rank Foundation") or by the existing Board. There are no set procedures for selecting new members and to this extent, The Foundation does not comply with the requirements of the Combined Code but makes appointments on the basis of the particular skills required by the Board.

Given the ability of The Rank Foundation to appoint a majority of the Board Directors and The Foundation's circumstances, the Board are satisfied that this non-compliance does not have a detrimental effect on the corporate governance of The Foundation.

#### **Re-election**

The members of the Board are required to be re-elected to the Board annually.

In accordance with the articles of association, the Directors in office at that time will retire at the forthcoming Annual General Meeting and offer themselves for re-election.

#### **Board balance**

At the commencement of the year the Board comprised nine Directors. Six were elected by The Rank Foundation, and the balance appointed by the Board.

The Rank Foundation has the right to appoint a majority of the Directors and to remove any Directors it appoints. Any other Directors can be appointed either by the Board or by the shareholders.

#### **Induction and Training**

All new Directors receive on appointment an induction pack. This contains copies of the Governing documents, all committee constitutions, the previous year's annual report and financial statements, a book detailing the history of the charity, and a profile of all Directors and staff.

The Foundation provided during the year a formal trustee-training day that was attended by a majority of current trustees and additional training is provided as and when required or appropriate.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Structure, Governance and Management (continued)

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#### Directors' remuneration

The Directors' remuneration is set by the Board and is based on the number of days required to perform their duties

The Directors' emoluments are detailed in the financial statements

#### Decision Making and Committees

##### Chairman and Chief Executive

The roles and responsibilities of the Chairman (Mr V A L Powell) and Chief Executive (Mr N J E Stuart-Jones) are separate and are clearly defined

##### The Board

The Board is responsible for leading and controlling The Foundation. The Board achieves this by

- setting the long term strategic objectives of The Foundation
- the annual preparation, approval and adoption of medium term business plans, which guide The Foundation's activities in the periods to which they relate,
- the annual preparation, approval and adoption of annual budgets, based on three year business plans,
- monitoring actual performance against budget and business plans,
- monitoring the results, key performance indicators and variances on a quarterly basis

The Board meets three times a year

It is to be noted that the Board is comprised solely of non-executive directors. The combined code would require a senior independent director be identified, and that directors are not considered independent once they have served for over nine years. However, given that the Board is comprised solely of non-executive directors, they are all independent of management

##### Supply of information

The Board receives detailed management accounts prior to each board meeting

Additional information is also provided to members of the Management Committee on a monthly basis

Minutes of all Management and Audit and Remuneration Committee meetings are distributed to members of the Board on a regular basis

Further information and analysis required by any Board member is provided to them whenever they request it

# **THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED**

## **Report of The Directors' for the year ended 31 December 2006 (continued)**

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### **Structure, Governance and Management (continued)**

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#### **Management committee**

The Board has delegated specific responsibilities to the Management Committee, which comprises two non-executive directors The Rev E M Shegog and Mr G C King, the Chief Executive, the Company Secretary and the Finance Director Mr G C King replaced Mr G B Ackery who served until his retirement

The committee meets monthly throughout the year. The purpose of the committee is to ensure the business of The Foundation is conducted on a day to day basis within the limits delegated by the Board and in accordance with the policies and strategies prescribed by the Board. The committee members report to the Board three times a year.

#### **Audit committee**

The Audit Committee presently comprises three directors and meets twice a year. The purpose of the committee is to create a formal conduit between the external auditors and the Board. It has the authority to appoint the external auditors and to fix their remuneration.

The auditors have reported to the committee on, inter alia, their independence and the procedures they undertake to maintain their independence. The committee has reviewed these in conjunction with the non-audit fees paid to the auditors and have satisfied themselves as to the auditors' continuing independence.

It also has the power to fix the salary and expense allowances of the Chief Executive.

Committee members also advise as to the content and presentation of the annual report, so as to ensure that financial reporting requirements are met.

The purpose, functions and responsibilities of the committee are clearly defined and where authority has been delegated to the Committee, the Board as a whole will not unreasonably withhold approval of the committee's decision.

The members of the Audit Committee throughout 2006 were Mr G B Ackery (until his retirement), Mr A E Cowen, and Mr J R Newton. Mr G C King replaces Mr G B Ackery.

#### **Parent undertaking**

The parent company is The Rank Foundation Limited (registered number 516434), a registered charity (registered number 276976), whose address is 12 Warwick Square, London, SW1V 2AA.

The Foundation is a wholly owned subsidiary of The Rank Foundation. The Rank Foundation prepares consolidated accounts, which incorporate the results of The Foundation, and its subsidiary company (Hillside Studios Limited).



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Report of The Directors' for the year ended 31 December 2006 (continued)

## Structure, Governance and Management (continued)

### Subsidiary undertaking

The Foundation has a wholly-owned trading subsidiary which is incorporated in the United Kingdom, Hillside Studios Limited (registered number 1782130). Following the relocation of its operations to Central London its principle activity is the making of video productions.

All the profits of Hillside Studios Limited are donated to The Foundation by way of gift aid.

A summary of Hillside Studios Limited's trading results for the year is shown on page 23. Audited accounts will be filed with the Registrar of Companies.

### Internal control and risk management

The Board has overall responsibility for The Foundation's system of internal control and for monitoring the effectiveness of the controls.

It should be noted that any system of internal control can provide only reasonable, but not absolute, assurance against material mis-statement or loss.

The Foundation has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Within that structure, key aspects of the system of internal control are:

- A tri-annual preparation of medium term business plans, incorporating annual operating and capital budgets, which are formally approved by the Board.
- Annually, the budget for the year, as set out in the medium term business plan, is revised to take account of changing circumstances and formally adopted and approved by the Board.
- Performance is monitored against budget, by way of monthly management accounts and a review of key performance indicators, with all significant variances being investigated.

The Board receive quarterly accounts.

Given The Foundation's size and nature of operations, the Board does not consider that an Internal Audit function is warranted.

As set out above, the Board is closely involved in the implementation of the internal controls. The Board has reviewed the operation of the internal controls and is satisfied that the key internal control functions operated effectively during 2006.

In addition the Board has confirmed that the major risks to which the charity is exposed, as identified by the Directors, have been reviewed and systems established to mitigate those risks.

The major risks identified are:

- |                          |   |
|--------------------------|---|
| • To reputation          | Failure to complete or meet production requirements |
| • Legislative            | Non-compliance with acts of Government              |
| • Financial              | Loss of grant                                       |
| • Information technology | Computer systems failure                            |
| • Personnel              | Loss of key personnel                               |

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Objectives and Activities

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The Foundation is a registered charity and its principal activities are

- The production and distribution of television and radio programmes, films and videos, and media training for Christian and educational purposes, in furtherance of
- The advancement and promotion of the Christian religion and the advancement of Christian religious education of the public
- To advance the public knowledge and understanding of the other historic world faiths with significant communities in the United Kingdom
- To promote the understanding of the shared values, traditions and practices of the Christian faith and the faiths referred to above, and their application in a secular environment
- To stimulate and motivate people to think about moral and spiritual issues in their everyday lives

The Foundation fulfils its charitable objects primarily by informing people about Christianity and Christian values through broadcast and web-based programmes. Founded by the late Lord Rank, it is also involved in media training and educational projects which tie in with the religious aims of the charity.

#### Television

In order to achieve as wide an audience as possible, programme ideas are submitted to commissioning editors of the UK terrestrial and digital channels. Ideas which have been originated and developed by The Foundation, will be partially funded by the broadcaster concerned for a licence to transmit the programme.

The Foundation also enters into co-production agreements with other independent companies in projects that reflect the aims of the charity. The contribution can be financial and editorial assistance whilst in others just editorial. The Foundation retains ownership to certain secondary sales rights in the programmes made.

#### Radio

The Foundation has targeted BBC national and international radio stations as an outlet for our programming. As with TV, ideas are generated and developed internally and submitted to the commissioning editors of the radio stations.

#### Education / New Media

The approach taken to date is to team up with an established supplier of educational material to educational establishments. Two interactive CD-ROM's for use in schools, designed to encourage educational learning about the perspectives of different religions through interactive computer programmes, have been produced and are in distribution.

Research into available uses of the Internet has led The Foundation into a new venture that will make use of this medium. A three-month trial takes place during the first half of 2007 in an attempt to interact with young people who previously The Foundation have not managed to reach through broadcast. An interactive website [www.truetube.co.uk](http://www.truetube.co.uk) has been set up to facilitate this new venture.

#### Training - Videoschool

To provide production training for Christian and youth charities to help them make their own videos. The aim is to provide the sector with an ability to communicate more effectively in the video-age, as more and more opportunities are made available to grass root organisations through the internet and local broadcasting.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Achievements and Performance

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2006 was the first full year in our new offices next to Tower Bridge following the restructuring of the company. Built around a core fulltime staff of five people, supplemented with short-term staff brought in for specific productions, the more flexible business model enabled The Foundation to put resources into developing a new web-based product, "TrueTube" to help take advantage of the new interactive opportunities for communication that the web brings. A new Head of Production joined the company at the end of the year from one of the country's most successful specialist factual independent production companies, bringing new business skills and web experience which will strengthen our position in the rapidly changing media markets.

The Foundation had its best ever year for radio and the best ever year for new television commissions, 18 of which will be broadcast in 2007. Further evidence of the new company model delivering was the re-awarding of the "Investors in People" accreditation, which complimented the company on its effective management structure and

#### Television

The Foundation made 11 hours of broadcast programming in 2006, reaching an audience of 6 million viewers. Programmes were broadcast on Channel 4 (6 hours) – ITV 1 (4 hours) – and More 4 (1 hour). 18 commissions were won during the year for programmes that will be shown in 2007.

Programmes included the Channel 4 Christmas Day prime time two hour special "The Secret Family of Jesus" which looked at the power-struggle after Christ's death and explored the different interpretations of Jesus' teachings by Jesus' earthly family and Paul. "7/7 Remembered" with Sir Trevor McDonald was a two hour special for the anniversary of the 7 July bombings. The programme included an interfaith act of worship from the parish church of St Pancras. "Shariah TV" returned for its third series on Channel 4, contributing to our understanding of Islam and the issues faced by young Muslims living in Britain at a time of heightened tension.

#### Radio

More than 13 million listeners tuned in to our programmes broadcast on BBC Radio 4 during 2006 – by far the highest annual figures achieved by The Foundation to date.

Programmes included "Real World", a five part series that took nuns and monks from Christian and Buddhist traditions into the "real world" to see how they coped and what impact they would have on those around them. The series was so successful that it was repeated on "The World Service" and will be repeated again on Radio 4 in January 2007. "Who Killed Christianity?" with the historian David Starkey drew an audience of 6 million over five programmes that explored the contributions of leading figures from Church history, debating with theologians how close to Jesus' teachings they actually were. Five more programmes were commissioned during 2006 for broadcast in 2007.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Report of The Directors' for the year ended 31 December 2006 (continued)

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## Achievements and Performance (continued)

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### Training - Videoschool

Videoschool was sub-contracted out to the CFM Trust, a Christian media charity that had been working with The Foundation to develop video-training courses for church and youth organisations over the past three years

CFM Trust took courses to ten organisations, training over 100 students on weekend courses, including The Bible Society, the Churches Media Council and the Manchester based "Message" Christian Youth mission. Six students are now pursuing a media career, and videos were made to help raise funds and raise awareness of homeless projects and prison work in Aberdeen, Newcastle, London and Manchester.

### Education

Sales for the CD Roms "Learning from Religion" and "Understanding Religion", have begun to reduce, and The Foundation was also unable to break into the market for broadcast education channels such as "Teachers TV". Rather than spread too thinly we decided to refocus our educational strategy by combining our educational remit with a new product for the web.

### New media - Web TV - TrueTube:

To reach the teenage audience that has tuned to the web rather than broadcast TV, The Foundation spent part of the year developing a new product that would attract a young audience and take advantage of the interactive potential of the web. Developing a web presence would also enable The Foundation to be its own "commissioner", rather than having to win commissions from broadcasters.

The result is "TrueTube", a video-based web site for teenagers that lets them upload their views on right and wrong, using web cams, mobile phone cameras and DV cameras. The site encourages them to think about moral and spiritual issues and gets them debating them with each other over the web. Five schools are helping us develop the content so as to fit in with skills and issues required by the national curriculum. In this way The Foundation will continue to have an educational presence as well as developing a product for the web, the platform now being seen as the future for all video distribution.

We look forward to evaluating the success of this initiative to enable us to focus our priorities in the future.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Financial Review

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The Foundation received from third parties reduced levels of contribution for television £ 593,918 (2005 £ 885,322) and radio £ 25,497 (2005 £ 27,475) programmes

### Reserves policy

The Foundation aims to achieve a balanced budget in the long term and retain sufficient reserves to meet its working capital requirements. Television programme production requires the producer to "cash flow" the making of any programme, in order to assist this a cash reserve is held.

The Directors consider the level of reserves as at the year end £ 1,297,562 (2005 £ 784,540) is higher than required and this will be reduced over the next two years.

### Funding

A grant was received from our Parent undertaking, The Rank Foundation, of £ 1.3m (2005 £1.8m). The Rank Foundation has committed to provide an annual grant of £ 1.3m through to 2008 and £ 1.5m for 2009 to 2011.

### Property

The property now occupied by The Foundation is under a tenancy agreement for a term of three years (July 2005 to July 2008), with an option for a further two years. The annual rent is £ 50,560 plus an annual service charge currently set at £ 3,430 per annum. There is also a covenant to reimburse the landlord for costs associated with removing any alterations made to the property and any repairs and decoration required up-to a maximum sum of £ 22,870. The Rank Foundation stands as guarantor for the term of the agreement.

### Equal opportunities

The Foundation is committed to equality of opportunity for any applicants and all staff, and will endeavour to ensure that no individuals are treated less favourably on the grounds of age, sex, sexual orientation, race, ethnic origin, nationality, marital status, religion or disability. This principle applies to recruitment, transfers, and procedures and all terms and conditions of employment. We also take account of government policy on the employment of people registered as disabled.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Report of The Directors' for the year ended 31 December 2006 (continued)

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### Financial Review (continued)

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#### Staff

The Board of The Foundation wishes to express its gratitude to the staff for their continuing dedication and hard work during the course of the year

#### Going concern

In the light of the continued financial support of The Rank Foundation, the Directors are satisfied that The Foundation is a going concern

#### Share capital

The Foundation is limited by guarantee and has no share capital. The liability of members is limited to £1 each in the event of The Foundation being wound up. There are 13 members.

#### Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

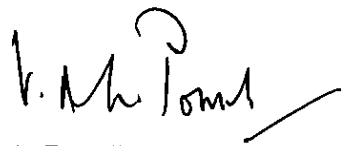
#### Auditors

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Board

12 Warwick Square  
London  
SW1V 2AA

10 May 2007

  
V A L Powell  
Chairman

# **THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED**

## **Independent Auditors' Report to the members of The Foundation For Christian Communication Limited**

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### **Auditors' Report**

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We have audited the financial statements of The Foundation For Christian Communication Limited for the year ended 31 December 2006 on pages 15 to 28

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions

### **Respective responsibilities of Directors and Auditors**

The responsibilities of the trustees (who are also the directors for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK & Ireland)

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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition, we report to you if, in our opinion, the company 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 other transactions is not disclosed

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

### **Basis of audit opinion**

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

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

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Independent Auditors' Report to the members of  
The Foundation For Christian Communication Limited (continued)

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## Auditors' Report (continued)

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### Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and group as at 31 December 2006 and of the group's 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, and the information given in the Directors' Report is consistent with the financial statements

*Baker Tilly UK Audit LLP*

Baker Tilly UK Audit LLP  
Chartered Accountants  
Registered Auditors  
46 Clarendon Road  
Watford, WD17 1JJ

10 May 2007



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Consolidated Statement of Financial Activities and Consolidated Income and Expenditure Account For the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
<b>Incoming resources</b>			
<b>Incoming resources from generated funds</b>			
Voluntary income - Grants	4	1,300	1,800
<b>Activities for generating funds</b>			
Hire of studios, facilities and commercial productions		-	140
Investment income		41	17
		<u>1,341</u>	<u>1,957</u>
<b>Incoming resources from charitable activities</b>			
Contributions towards production costs - Television		594	885
- Radio		25	27
Contributions towards training course costs		-	3
Broadcast fees		42	31
Education / New Media		6	-
		<u>667</u>	<u>946</u>
<b>Total incoming resources</b>		<u>2,008</u>	<u>2,903</u>
<b>Resources expended</b>			
<b>Costs of generating funds</b>			
Studio and training costs	3	(2)	110
<b>Charitable activities</b>			
Television production		1,492	1,995
Radio production		90	90
Training		44	31
Education / New Media		62	79
	3	<u>1,688</u>	<u>2,195</u>
<b>Governance costs</b>	3	25	25
<b>Total resources expended</b>		<u>1,711</u>	<u>2,330</u>
<b>Net incoming resources before other recognised gains and (losses)</b>		<u>297</u>	<u>573</u>
<b>Other recognised gains and (losses)</b>			
Actuarial gains on defined benefit pension scheme	7	140	351
<b>Net movement in funds</b>		<u>437</u>	<u>924</u>
<b>Reconciliation of funds</b>			
Total funds brought forward		981	57
<b>Total funds carried forward</b>		<u>1,418</u>	<u>981</u>

There were no acquisitions during the year

A separate statement of total recognised gains and losses has not been prepared as there are no recognised gains and losses other than the deficit for the year

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Balance Sheets 31 December 2006

		Group		Foundation	
	Note	2006 £'000	2005 £'000	2006 £'000	2005 £'000
<b>Fixed assets</b>					
Tangible assets	8	136	115	136	115
Shares in subsidiary undertaking	5	-	-	75	75
<b>Total fixed assets</b>		<u>136</u>	<u>115</u>	<u>211</u>	<u>190</u>
<b>Current assets</b>					
Debtors	10	1,172	1,430	1,171	1,430
Cash at bank and in hand		1,297	784	1,222	704
<b>Total current assets</b>		<u>2,469</u>	<u>2,214</u>	<u>2,393</u>	<u>2,134</u>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	11	(159)	(122)	(158)	(117)
<b>Net current assets</b>		<u>2,310</u>	<u>2,092</u>	<u>2,235</u>	<u>2,017</u>
<b>Total assets less current liabilities</b>		<u>2,446</u>	<u>2,207</u>	<u>2,446</u>	<u>2,207</u>
Defined benefit pension scheme liability	7	(1,028)	(1,226)	(1,028)	(1,226)
<b>Net assets including pension liability</b>		<u>1,418</u>	<u>981</u>	<u>1,418</u>	<u>981</u>
<b>The funds of the charity</b>					
General Fund		2,446	2,207	2,446	2,207
Defined benefit pension scheme reserve		(1,028)	(1,226)	(1,028)	(1,226)
<b>Total charity funds</b>		<u>1,418</u>	<u>981</u>	<u>1,418</u>	<u>981</u>

The financial statements on pages 15 to 28 were approved and authorised for issue by the Board of Directors on 10 May 2007, and signed on their behalf by

G C King

)  
)  
) Directors

V A L Powell

)  
) V A L Powell

**THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED**

**Consolidated Cash Flow Statement  
31 December 2006**

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	<b>Note</b>	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Net cash inflow from operating activities</b>	<b>A</b>	<b><u>540</u></b>	<b><u>153</u></b>
<b>Returns on investment and servicing of finance</b>		<b><u>41</u></b>	<b><u>17</u></b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(75)	(80)
Receipts from sale of tangible fixed assets		7	104
		<b><u>(68)</u></b>	<b><u>24</u></b>
<b>Increase in cash</b>		<b><u>513</u></b>	<b><u>194</u></b>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes On The Consolidated Cash Flow 31 December 2006

### A. Reconciliation of operating surplus / (deficit) to net cash inflow from operating activities

	2006 £'000	2005 £'000
Net incoming resources / (resources expended)	297	573
Investment income	(41)	(17)
Operating deficit	256	556
Pension finance (interest) / costs	(58)	91
Depreciation	51	49
(Profit) / loss on disposal of fixed assets	(5)	16
Decrease in stocks	-	1
Increase in debtors	259	(119)
Increase / (decrease) in creditors	37	(441)
<b>Net cash inflow from operating activities</b>	<b>540</b>	<b>153</b>

### B. Analysis of change in net debt during the year

	2006 £'000	2005 £'000	Cash flow £'000
Cash at bank and in hand	1,297	784	513

### C. Reconciliation of net cash inflow to movement in net funds

	2006 £'000	2005 £'000
Increase in cashflow	513	194
Net funds as at 1 January	784	590
<b>Net funds as at 31 December</b>	<b>1,297</b>	<b>784</b>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Notes To The Financial Statements 31 December 2006

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### 1. Accounting policies

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#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. They comply with the "Statement of Recommended Practice: Accounting and Reporting by Charities 2005".

#### **Recognition of income and expenditure**

Income is recognised on the accruals principle. Intangible income is not recognised in the consolidated statement of financial activities as the directors have no basis of valuation.

Expenditure is recognised on the accruals principle.

#### **Basis of allocation of costs**

#### **Generating funds**

Until the closure of Hillside Studios and the subsequent relocation to Central London in 2005, funds were generated by the commercial exploitation of excess studio capacity.

The costs of generating such funds comprised all direct costs incurred and the relevant proportion of the costs of running the studios, which were allocated on the basis of standard rates, including relevant overheads.

#### **Costs of Charitable activities**

Costs of activities in furtherance of the charity's objects includes all costs relating to the production, sale and distribution of religious programmes plus attributable overheads.

#### **Governance**

Includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

#### **Support costs**

Support costs includes expenditure associated with the management and administration of the charity, and includes the IT support costs.

Support costs have been allocated across the charitable activities, in proportion to the relevant actual costs under the same grouping.

Exceptional costs relating to staffing are treated as support costs, this includes pension finance costs.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 1. Accounting policies (continued)

### Basis of consolidation

The consolidated financial statements comprise The Foundation for Christian Communication Limited and its trading subsidiary, Hillside Studios Limited (the "Group"). A summarised profit and loss account and balance sheet of Hillside Studios Limited is given in note 5.

Advantage has been taken of the exemption available under section 230 of the Companies Act 1985 not to present an individual profit and loss account for the company.

### Basis of capitalisation

Amounts capitalised relate to costs of acquisition of assets expected to be used by The Foundation in the longer

### Depreciation - Assets for the Charity's own use

Depreciation of fixed assets is calculated by reference to cost at rates estimated to write off the relevant assets over their expected useful lives, taking into account normal commercial and technical obsolescence.

The annual rates used are

Plant and equipment	10% to 50% on cost
Motor Vehicles	25% on cost
Fixtures and fittings	
Technical	10% to 50% on cost
Office	10% to 20% on cost

Any assets considered impaired are written down to their value in use.

Pieces of equipment that have a cost price of less than £250, are treated as additions with a depreciation rate of 100%.

### Archive

The Foundation owns a considerable Film and Television programme archive, which has potential for further exploration to the benefit of The Foundation. Due to the unique nature of the archive, the excessive expense that would be involved in its valuation, and the uncertainty over any future revenues there from, the directors have not valued the archive for inclusion in these financial statements.

### Foreign currency

Cash at bank and in hand includes amounts held in foreign currencies. The amounts held are re-valued against sterling quarterly, and any surplus or loss arising from exchange rate fluctuation is posted to the statement of financial activities.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 1. Accounting policies (continued)

### Defined benefit pension scheme

The scheme was closed during 2002. There are no regular contributions now being required for this scheme. The amount charged to the statement of financial activities in respect of this scheme, is the estimated increased cost of providing the historical benefits accrued. The interest cost and expected return on assets are included within other finance costs in support costs.

The assets of the scheme are held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at the balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension liability is recognised on the balance sheet to the extent that the group has accepted the obligation to settle the estimated liability.

### Defined contribution pension schemes

Employer's contributions are charged to the income and expenditure account and accrued as they become payable.

## 2. Net incoming resources / (resources expended)

Net incoming resources / (resources expended) are stated after charging / (crediting):

	Group		Foundation	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Depreciation of tangible fixed assets	51	49	51	49
Hire of equipment	4	6	4	6
Auditors' remuneration - audit	17	18	17	17
Auditors' remuneration - other	-	-	-	-
During the year the company purchased Directors and Officers insurance	3	3	2	2
Indemnity insurance Fidelity bond protecting the charity	1	1	1	1
Loss / (surplus) on currency exchange rates	5	(4)	5	(4)
(Surplus) / loss on disposal of assets	(5)	16	(5)	16

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 3. Analysis of total resources expended

2006	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Support Costs £'000	Total £'000
Generating funds	-	-	-	-	(2)	-	(2)
Charitable activities							
Television	690	353	74	46	190	139	1,492
Radio	25	5	3	2	37	18	90
Training	39	-	-	-	3	2	44
Education / New Media	11	11	3	2	23	12	62
<b>Total Charitable activities</b>	<b>765</b>	<b>369</b>	<b>80</b>	<b>50</b>	<b>253</b>	<b>171</b>	<b>1,688</b>
Governance costs	-	5	-	-	20	-	25
	<b>765</b>	<b>374</b>	<b>80</b>	<b>50</b>	<b>271</b>	<b>171</b>	<b>1,711</b>
Analysis of support costs	-	45	5	1	120	(171)	-
<b>Total resources expended</b>	<b>765</b>	<b>419</b>	<b>85</b>	<b>51</b>	<b>391</b>	<b>-</b>	<b>1,711</b>

2005	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Support Costs £'000	Total £'000
Generating funds	52	56	-	-	2	-	110
Charitable activities							
Television	797	360	36	33	211	558	1,995
Radio	27	7	2	2	36	16	90
Training	10	-	1	1	17	2	31
Education / New Media	46	11	2	1	3	16	79
<b>Total Charitable activities</b>	<b>880</b>	<b>378</b>	<b>41</b>	<b>37</b>	<b>267</b>	<b>592</b>	<b>2,195</b>
Governance costs	-	5	-	-	20	-	25
	<b>932</b>	<b>439</b>	<b>41</b>	<b>37</b>	<b>289</b>	<b>592</b>	<b>2,330</b>
Analysis of support costs	-	535	7	28	22	(592)	-
<b>Total resources expended</b>	<b>932</b>	<b>974</b>	<b>48</b>	<b>65</b>	<b>311</b>	<b>-</b>	<b>2,330</b>

Included in Analysis of support costs - salaries, are pension finance (income) / costs of (£ 58,000) (2005 £ 91,000)

## 4. Parent undertaking - Grant

The grant is from the parent company, The Rank Foundation Limited, a registered charity, whose address is 12 Warwick Square, London, SW1V 2AA

The Rank Foundation Limited, has confirmed its financial support for the next five years

The Rank Foundation Limited, prepares consolidated accounts, which incorporate the results of the company, and its subsidiary company



# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 5. Net income from trading activities of subsidiary

The Foundation has a wholly-owned trading subsidiary, Hillside Studios Limited, which is incorporated in the United Kingdom. Following the closure of the studio buildings, the principal activity of Hillside Studios Limited is the making of video productions when appropriate.

All the profits of Hillside Studios Limited, are donated to The Foundation by way of Gift Aid.

A summary of Hillside Studios Limited's trading results for the year is shown below. Audited accounts will be filed with the Registrar of Companies.

Profit and loss account	2006 £'000	2005 £'000
Turnover	-	140
Cost of sales	<u>2</u>	<u>( 112)</u>
Gross profit	2	28
Administration expenses	(1)	( 4)
Charitable donation	(2)	( 24)
Operating loss	<u>( 1)</u>	<u>Nil</u>
Investment Income	1	-
Retained profit	<u>Nil</u>	<u>Nil</u>
Summarised balance sheet		
Current assets	80	108
Creditors amounts falling due within one year	<u>( 5)</u>	<u>( 33)</u>
Net assets	<u>75</u>	<u>75</u>
Equity shareholders' funds	<u>75</u>	<u>75</u>

Cost of sales represents a write back of a previously provided provision for a doubtful debt.

The Foundation's investment in Hillside Studios Limited is 75,000 ordinary shares of £1 each, being the whole issued equity share capital of that company.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 6. Directors And Employees

	2006	2005
<b>Average number employed</b>		
<b>Employed in charitable activities</b>		
Core Staff	5	11
Short term temporary production staff	4	7
<b>Total</b>	<b>9</b>	<b>18</b>
<b>Employees emoluments</b>		
Number of Staff earning £ 50,000 to £ 60,000	-	1
Number of Staff earning £ 60,000 to £ 70,000	-	1
Number of Staff earning £ 70,000 to £ 80,000	-	2
Number of Staff earning £ 80,000 to £ 90,000	-	-
Number of Staff earning £ 90,000 to £100,000	2	1
<b>Staff costs including directors' emoluments</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	375	690
Social security costs	42	93
Pension costs	60	100
Pension finance (income) / costs	(58)	91
	<b>419</b>	<b>974</b>
<b>Directors' emoluments</b>		
Pension Contributions	<b>NIL</b>	<b>NIL</b>
<b>Emoluments excluding pension scheme contributions</b>		
Chairman	NIL	NIL
G B Ackery	5	13
G C King	9	-
P K Reeve	11	10
E M Shegog	13	13
	<b>38</b>	<b>36</b>
G B Ackery, G C King, P K Reeve and E M Shegog are remunerated solely for the professional services they render to The Foundation and its subsidiary		
The other 6 Directors received no remuneration		
Reimbursement of expenses incurred in relation to duties as Trustees (Payable to three Trustees and relating to travel expenses)	<b>2</b>	<b>3</b>
The number of Directors who were entitled to pension benefits are	<b>NIL</b>	<b>NIL</b>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 7. Pensions

### A) Defined benefit scheme - closed April 2002

The "defined benefit" scheme covered the majority of The Foundation's employees up to the date of closure. The pension cost relating to the principal scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. It is to be noted that under this valuation method the costs will increase as the members of the scheme approach retirement. The latest actuarial valuation of this scheme was at the 30 September 2003. The next full valuation will be at 30 September 2006.

The most important actuarial assumptions used at that date and subsequently were:

Future inflation rate	3.15%
Rate of increase in salaries	0.00%
Rate of increase for deferred pensions - accrued before 1 June, 2002	5.00%
Rate of increase for deferred pensions - accrued after June, 2001	3.15%
Discount rate for scheme liabilities	5.15%
LPI increases to pensions in payment	3.15%

There have been no contributions since 2002, at which time an exceptional contribution of £2 million was made. The Rank Foundation Limited have allocated a further £1 million to support the scheme, should it be required in due course. This amount is included in debtors.

The directors have appointed the scheme actuary to prepare the following detailed disclosures and they have relied on the actuaries' expertise in this regard.

As at the balance sheet date, the assets and liabilities of the scheme were as follows:

	2006 £'000	2005 £'000	2004 £'000
Fixed Interest Units	274	1,034	5,245
Equities	5,144	4,749	-
Property	595	-	-
Corporate Bonds	343	-	-
Cash and Other	42	-	-
Total market value of assets	6,398	5,783	5,245
Present value of scheme liabilities (under the projected unit method)	(7,426)	(7,009)	(6,731)
Shortfall in the scheme	<u>(1,028)</u>	<u>(1,226)</u>	<u>(1,486)</u>

In 2002 the directors investigated the cost of buying annuities to cover the scheme liabilities. However, at that time the estimated cost of such annuities amounted to some £8.25 million and there were insufficient assets within the scheme to allow this course of action.

Expected long term rates of returns for the years ending/ended 31 December are/were:

	2007	2006	2005	2004
Fixed Interest Units	4.5%	4.5%	5.0%	5.0%
Equities	7.5%	7.5%	N/A	N/A
Property	6.5%	N/A	N/A	N/A
Corporate Bonds	5.0%	N/A	N/A	N/A
Cash and Other	4.5%	N/A	N/A	N/A

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 7. Pensions (continued)

The following information represents the amounts that have been charged to the statement of financial activities

	2006 £'000	2005 £'000		
Amounts charged to costs of charitable activities	Nil	Nil		
Amounts charged to pension finance costs				
Expected return on pension scheme assets	398	260		
Interest on pension scheme liabilities	(340)	(351)		
	58	(91)		
Actuarial gains and losses on defined benefit pension scheme				
Actual return less expected return on pension scheme assets	360	375		
Experience gains and (losses) arising on the scheme liabilities	8	280		
Changes in assumptions underlying the present value of the scheme liabilities	(228)	(304)		
	140	351		
<b>Movement in (deficit) / surplus during the year</b>				
Deficit on the scheme at the beginning of the year	(1,226)	(1,486)		
Movement in the year				
Finance cost	58	(91)		
Actuarial (loss) / gain	140	351		
Deficit in scheme at the end of the year	(1,028)	(1,226)		
<b>History of experience gains and losses</b>	<b>2006 £'000</b>	<b>2005 £'000</b>	<b>2004 £'000</b>	<b>2003 £'000</b>
Difference between the expected return and actual return on scheme assets				
Amount (£)	360	375	(1,078)	57
As a percentage of scheme assets	5.6%	6.5%	20.6%	0.9%
Experience gains and (losses) on scheme liabilities				
Amount (£)	8	280	693	(19)
As a percentage of scheme assets	0.1%	4.0%	13.2%	0.3%
Total to be recognised in Actuarial gains and losses on defined benefit pension scheme				
Amount (£)	(228)	351	(1,771)	76
As a percentage of scheme assets	3.1%	5.0%	33.8%	1%

## B) Defined contribution schemes

Funded "defined contribution" schemes are operated

	2006	2005
Stakeholder scheme		
Pension charge for the period	32	66
Balance due to the scheme as at the year end	3	3

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

## 8. Tangible fixed assets - Assets for the Charities' own use

### Group and Foundation

Cost	As at 01 January £'000	Additions £'000	Disposals £'000	As at 31 December £'000
Short leasehold property	260	-	(260)	-
Plant and equipment	216	36	-	252
Fixtures and fittings	88	39	(11)	116
Motor vehicles	10	-	(10)	-
	<u>574</u>	<u>75</u>	<u>(281)</u>	<u>368</u>
Depreciation	As at 01 January £'000	Charged for the year £'000	Disposals £'000	As at 31 December £'000
Short leasehold property	260	-	(260)	-
Plant and equipment	144	23	-	167
Fixtures and fittings	48	28	(11)	65
Motor vehicles	7	-	(7)	-
	<u>459</u>	<u>51</u>	<u>(278)</u>	<u>232</u>
Net book value	<u>115</u>			<u>136</u>

No analysis can be provided between direct charitable usage, support activities, or management and administration functions as the assets are interchangeable

### Archive

See Note 1 on page 20, carried at no value

## 9. Future capital expenditure

	2006 £'000	2005 £'000
Contracted for	<u>Nil</u>	<u>Nil</u>

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

Notes To The Financial Statements (continued)  
31 December 2006

	Group		Foundation	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
<b>10. Debtors</b>				
Trade debtors	92	311	88	282
Other taxation and social security	35	-	35	-
Amount due from parent undertaking	1,000	1,074	1,000	1,074
Amount due from subsidiary undertaking	-	-	3	28
Other debtors	18	6	18	7
Accrued income and prepayments	27	39	27	39
	<u>1,172</u>	<u>1,430</u>	<u>1,171</u>	<u>1,430</u>

The amount due from subsidiary undertaking is secured on Hillside Studios Limited debtors. This amount is subject to trading terms of payment within 60 days before incurring interest charges.

## 11. Creditors: amounts falling due within one year

Trade creditors	54	54	54	54
Other taxation and social security	18	23	18	20
Amount due to parent undertaking	31	-	31	-
Accruals and deferred income	50	38	49	36
Other creditors	6	7	6	7
	<u>159</u>	<u>122</u>	<u>158</u>	<u>117</u>

## 12. Constitution

The Foundation is limited by guarantee not having a share capital.

## 13. Related party transactions

The Foundation has taken advantage of the exemptions available in FRS 8 not to report transactions with its parent and subsidiary undertaking.

# THE FOUNDATION FOR CHRISTIAN COMMUNICATION LIMITED

## Statement of Financial Activities and Income and Expenditure Account For the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
<b>Incoming resources</b>			
<b>Incoming resources from generated funds</b>			
<b>Voluntary income</b>			
Grants	2	1,300	1,800
Gift Aid - Trading subsidiary	5	2	24
<b>Activities for generating funds</b>			
Hire of studios and facilities		-	37
<b>Investment income</b>		40	17
		<u>1,342</u>	<u>1,878</u>
<b>Incoming resources from charitable activities</b>			
Contributions towards production costs - Television		594	885
- Radio		25	27
Contributions towards training course costs		-	3
Broadcast fees		42	31
Education / New Media		6	-
		<u>667</u>	<u>946</u>
<b>Total incoming resources</b>		<u>2,009</u>	<u>2,824</u>
<b>Resources expended</b>			
<b>Costs of generating funds</b>			
Studio and training costs	3	-	35
<b>Charitable activities</b>			
Television production		1,492	1,993
Radio production		90	90
Training		44	31
Education / New Media		62	79
	3	<u>1,688</u>	<u>2,193</u>
<b>Governance costs</b>	3	24	23
<b>Total resources expended</b>		<u>1,712</u>	<u>2,251</u>
<b>Net incoming resources before other recognised gains and (losses)</b>		<u>297</u>	<u>573</u>
<b>Other recognised gains and (losses)</b>			
Actuarial gains on defined benefit pension scheme	7	140	351
<b>Net movement in funds</b>		<u>437</u>	<u>924</u>
<b>Reconciliation of funds</b>			
Total funds brought forward		981	57
<b>Total funds carried forward</b>		<u>1,418</u>	<u>981</u>

All activities are classed as continuing. There were no acquisitions during the year.  
A separate statement of total recognised gains and losses has not been prepared as there are no recognised gains and losses other than the deficit for the year.  
*This page does not form part of the statutory financial statements*

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