

CTVC Limited

Company Registration No: 1375941

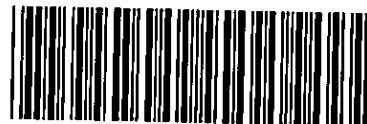
Registered Charity Number 276286

Report of the Directors and Financial Statements

for the year ended

31 December 2008

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Report of The Directors for the year ended 31 December 2008

Reference and Administration

The Directors who act as Trustees for the charitable activities of CTVC Limited present to the members their consolidated report and financial statements for the year ended 31 December 2008.

Directors:	Committee Membership		
J. R. Newton (Chairman)			
M. A. Booth, MA	(1)	Appointed	11 November 2008
A. E. Cowen, MRICS	(1)		
P. F. Kafno, MA	(1)		
G. C. King, MA, CA	(1,2)		
F. A. R. Packard		Deceased	01 March 2009
V. A. L. Powell, FCA	(2)		
P. K. Reeve, BA			
The Hon. Mrs C. Twiston-Davis			

Committees:

Management	(1)
Audit and Remuneration	(2)

Registered office and finance:

12 Warwick Square, London, SW1V 2AA

Production office:

9-10 Copper Row, London Bridge Piazza, London, SE1 2LH

TrueTube office:

11-12 Copper Row, London Bridge Piazza, London, SE1 2LH

Reference and Administration (continued)

Company Information:

Chief Executive Officer:	N. J. E. Stuart-Jones BA P. Weil BA	Resigned 31 December 2008 Appointed 5 May 2009
Secretary:	Mrs. H. J. Casey	
Finance Director:	P. O. Connolly	
Head of Programmes:	R. Bruce BD, MTh	
Head of Production:	M. P. Long	
Editor in Chief (TrueTube):	E. Van der Schaft	

Professional Advisors:

Auditor:	Baker Tilly UK Audit LLP 46 Clarendon Road, Watford, WD17 1JJ
Bankers:	National Westminster Bank plc P.O. Box 224, Stanmore, HA7 4XW
Solicitors:	Richards Butler Beaufort House, 15 St. Botolph Street, London, EC3A 7EE Berwin Leighton Paisner Adelaide House, London Bridge, London, EC4R 9HA Paris Smith and Randall Number 1 London Road, Southampton, SO15 2AE Best & Soames Clerkenwell Workshops, 31 Clerkenwell Close, London, EC1R 0AT

Structure, Governance and Management

Constitution

CTVC 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.

Corporate Governance

Appliance of the principles of the Combined Code

CTVC 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 CTVC 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 regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- 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 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.

Report of The Directors for the year ended 31 December 2008 (continued)

Structure, Governance and Management (continued)

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 CTVC.

During 2008 we welcomed a new Director, Mr. M. A. Booth to the Board.

It is with profound sadness we must report that Mr. F. A. R. Packard died on 1 March 2009, he had been a Director since April 2000. Considerable change took place at CTVC during his time as a Director and his contribution was invaluable. He will be greatly missed by his fellow Directors and the staff.

Chairman

During the year Mr V. A. L. Powell resigned as Chairman of the board and was replaced by Mr. J. R. Newton. We should like to thank Mr Powell for his past and continuing contributions.

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, CTVC 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 CTVC's circumstances, the Board are satisfied that this non-compliance does not have a detrimental effect on the corporate governance of CTVC.

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 eight Directors. Five 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.

Formal trustee-training is provided as and when required or appropriate.

Structure, Governance and Management (continued)

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.

Insurance

The company has in place Directors and Officers insurance.

Decision Making and Committees

Chairman and Chief Executive

The roles and responsibilities of the Chairman and Chief Executive are separate and are clearly defined.

The Board

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

- setting the long term strategic objectives of CTVC.
- the annual preparation, approval and adoption of medium term business plans, which guide CTVC'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 at their regular meetings.

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.

Structure, Governance and Management (continued)

Chief Executive Officer

Mr. N. J. E. Stuart-Jones resigned as CEO and left his position at the end of 2008. The Board would like to thank him for his dedication and expertise as he guided the Company through a very difficult time in the history of CTVC. We believe he leaves us in a stronger position than when he joined and would like to wish him well for the future.

Mr. P. Weil was appointed CEO and took up his post 5 May 2009. A television executive with 30 years of broadcast experience in the UK, Europe, the USA and Latin America with a strong track record in innovation, especially in tackling ethical and moral issues. Key achievements include senior management experience at both Discovery and the BBC, setting up an independent production company and leading Media Trust Productions and the Community

Management committee

The Board has delegated specific responsibilities to the Management Committee, which for most of the year comprised two non-executive Directors, Mr. P. F. Kafno and Mr. G. C. King, the Chief Executive, the Company Secretary and the Finance Director. Mr. M. A. Booth also became a member from November 2008.

The committee meets approximately eight times throughout the year. The purpose of the committee is to ensure the business of CTVC 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 and Remuneration committee

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

The auditor's 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 auditor's 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 at the beginning of 2008 were Mr. G. C. King, Mr. A. E. Cowen, and Mr. J. R. Newton. On Mr. J. R. Newton's appointment as Chairman he stood down from the Audit Committee and was replaced by Mr. V. A. L. Powell.

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.

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

Structure, Governance and Management (continued)

Subsidiary undertaking

CTVC 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 CTVC 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 CTVC'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 misstatement or loss.

CTVC 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.
- Monthly management accounts are used to monitor financial performance with all significant variances from the budget investigated. Key performance indicators are reviewed.
- The Board receive quarterly accounts.

Given CTVC'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 2008.

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. |

Objectives and Activities

CTVC is a registered charity and its principal activities are:

- The production of programmes for broadcast Television, Radio and the Web 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.

Founded by the late Lord Rank, it is also involved in 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 CTVC, will be partially funded by the broadcaster concerned for a licence to transmit the programme.

CTVC also enter 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. CTVC retains ownership to certain secondary sales rights in the programmes made.

Radio

CTVC makes programmes for BBC Radio and the BBC's World Service. As with TV, ideas are generated and developed internally and submitted to the commissioning editors of the radio stations. Once broadcast the programmes are available to listen to again on the BBC and CTVC's websites, enabling people from around the world to hear the programmes.

New Media - TrueTube

TrueTube, is an interactive web-site for young people to get across their views on ethical issues and to encourage them to get involved in helping to "change the world". Secondary schools are also using TrueTube for use in Citizenship, PSHE (personal, social and health education), R.E. and English Language lessons. Education specialists, "Immersive Education" have produced lesson plans that are available for teachers to download from the site. They are based both on the national curriculum and the films on TrueTube. Editing tools have been made available in partnership with "Forbidden Technologies" to encourage young people to edit and submit their own videos.

Achievements and Performance

The impact of religion and religious conflict worldwide is one of the defining issues of our age. Understanding the issues religion raises is central to our future as a multi-cultural society that is striving to handle living with diversity.

To that end CTVC aims to stimulate and motivate people to think about moral and spiritual issues in their everyday lives and generate a greater understanding of Christianity and the other major world religions and the value systems they share.

With these objectives in mind, CTVC aspires to produce entertaining and informative programmes for TV, Radio and the Internet, thereby enabling CTVC to reach as large and as broad an audience as possible. This strategy is also supported by web-based education projects which enable young people to get their views across in the digital age and participate in constructive discussions.

2008 was a very strong year, building on the success of 2007. Continuing to deliver broadcast programmes to more viewers than at any time in the last decade, countering the trend towards smaller, more fragmented audiences across the broadcast scene. This was achieved through continuing with our diversified product range which includes the increasingly popular interactive website "TrueTube", and through developing more co-productions with other independent production companies for broadcast. The increased success also reflects the broader subject matter of our programming that has looked at the moral and religious aspects of front-page issues such as the Environment and the Middle East situation.

Television

In the U.K. during 2008 CTVC programmes were broadcast on BBC2, BBC2 Regional (Scotland, Northern Ireland, and Wales), BBC4, ITV1, Channel 4, C4+1, Five, STV and Border TV, HD Channel, Signzone, Al Jazeera English, Al Jazeera Arabic, Al Jazeera Documentary, Al Jazeera USA, and National Geographic.

CTVC programmes were broadcast a total of 85 times and this included 18 new programmes (CTVC made 16 hours of new programming in 2008), and 67 repeats. Television audiences in the UK were over 18.1 million. 2 of these programmes were broadcast on Al Jazeera Arabic, America and Documentary Channels. (The reach for Al Jazeera is worldwide and is available in over 100 million households).

Programmes included "Battle of the Bishops" for BBC This World – a profile of Archbishop Akinola at the rival conference to Lambeth, exploring the future of the Anglican Church. "Stories of the Cross" for Five - with access to leading world experts and the latest research where new evidence revealed a whole new world of biblical history. "Shariah TV" – a 4-part studio debate from New York with young American Muslims discussing growing up Muslim, in America. "Islam in America" for Al Jazeera - Rageh Omaar travelled across America exploring Islam. "Christmas Carols from Alder Hey" and "Coleen's Christmas at Alder Hey" - inside the Liverpool Children's Hospital as everyone prepared for Christmas – included a carol service.

Radio

3.65 million listened to CTVC's programmes on BBC Radio 4, whilst an estimated 80 million more have access to programmes on the BBC World Service. Programmes included "Suffer the Children" - John McCarthy investigated the practice of child evangelism in the USA. "The Cult of Kidnapping" - Frank Gardiner, the BBC Security Correspondent, investigated the phenomena of kidnapping and the intermediary role of priests. "Countdown to the Olympics" - Gerry Northam investigated China's human rights record and its attitude to religion, which threatened to overshadow the Beijing Olympics, and "The Oldest Bible" - Roger Bolton looked at the world's oldest bible, Codex Sinaiticus.

"Suffer the Children" was short listed for the 2008 Jerusalem Awards.

Achievements and Performance (continued)

New media - TrueTube:

By December 2008, there had been 6.5 million hits on the site, currently a rate of about 1 million hits every 4 to 6 weeks and there are over 500 films on the site. TrueTube has become a popular educational tool for schools both in the UK and abroad. By December 2008 2,230 educational resource packs had been downloaded on the site and people from 141 countries had been accessing the site. Truetube continue their partnerships with Skins and Hollyoaks and one of the actors from Hollyoaks whose character is "Newt", presented 2 short documentaries for Radio 1 as part of its Mental Health Special early in 2009.

Winner of The Education Resources Award 2008, and Winner of the 2009 BETT Award for Secondary Digital Content.

Financial Review

Operating income

CTVC received from third parties greatly increased levels of contribution for television £ 1,305,816 (2007 : £ 561,603) and an increase in radio £ 42,016 (2007 : £ 32,961) programme contributions.

Reserves policy

CTVC 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 cash reserves as at the year end £ 972,102 (2007 : £ 1,390,735) higher than required and this will be reduced further during 2009.

Pension reserve

Due to the economic climate and changes in the Actuary's assumptions, the pension reserve deficit increased by £ 818,000 to £1,500,000 (2007 : £ 682,000).

Funding

A grant was received from our Parent undertaking, The Rank Foundation, of £ 1.3m (2007 : £1.3m). The Rank Foundation has committed to provide an annual grant of £ 1.5m for the next five years.

Property

The properties now occupied by CTVC are under tenancy agreements. At 9-10 Copper Row we exercised our option to extend the length of our tenancy to five years from July 2008 to July 2010. We took occupancy of 11-12 Copper Row in July for an initial two years (2008 - 2010) with an option for a further three years . The Rank Foundation stands as guarantor for the term of the agreement.

Equal opportunities

CTVC 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.

Financial Review (continued)

Staff

The Board of CTVC 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 CTVC is a going concern.

Share capital

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

Statement as to disclosure of information to auditor

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 auditor is 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.

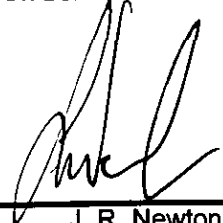
Auditor

Baker Tilly UK Audit LLP have indicated their willingness to continue in office.

12 Warwick Square
London
SW1V 2AA

06 May 2009

On behalf of the Board.



J. R. Newton
Chairman

Auditor's Report

We have audited the financial statements of CTVC Limited for the year ended 31 December 2008 on pages 15 to 29.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

CTVC Limited

Independent Auditor's Report to the members of CTVC Limited (continued)

Auditor's Report (continued)

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 2008 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 Report of the Directors is consistent with the financial statements.

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

6 May 2009

CTVC Limited

Consolidated Statement of Financial Activities incorporating Consolidated Income and Expenditure Account For the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Incoming resources			
Incoming resources from generated funds			
Voluntary income - Grants	4	1,300	1,300
Activities for generating funds			
Hire of studios, facilities and commercial productions		-	1
Investment income		50	80
		<u>1,350</u>	<u>1,381</u>
Incoming resources from charitable activities			
Contributions towards production costs - Television		1,306	562
- Radio		42	33
Broadcast fees		21	42
Education / New Media		-	-
		<u>1,369</u>	<u>637</u>
Total incoming resources		<u>2,719</u>	<u>2,018</u>
Resources expended			
Charitable activities			
Television production		2,171	1,413
Radio production		165	136
Training		-	1
Education / New Media		556	328
	3	<u>2,892</u>	<u>1,878</u>
Governance costs	3	24	22
Total resources expended		<u>2,916</u>	<u>1,900</u>
Net incoming resources before other recognised (losses) and gains (being excess of expenditure over income)		<u>(197)</u>	<u>118</u>
Other recognised (losses) and gains			
Actuarial (losses) / gains on defined benefit pension scheme	7	(915)	274
Net movement in funds		<u>(1,112)</u>	<u>392</u>
Reconciliation of funds			
Total funds brought forward		1,810	1,418
Total funds carried forward		<u>698</u>	<u>1,810</u>

All activities are continuing.


The company has no recognised gains or losses other than those shown in the statement of financial activities.

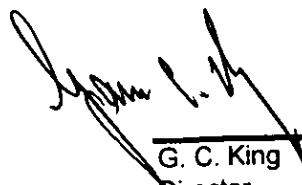
CTVC Limited

Balance Sheets
31 December 2008

		Group		CTVC	
	Note	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Fixed assets					
Tangible assets	8	86	118	86	118
Shares in subsidiary undertaking	5	-	-	75	75
Total fixed assets		<u>86</u>	<u>118</u>	<u>161</u>	<u>193</u>
Current assets					
Debtors	10	1,362	1,109	1,360	1,109
Cash at bank and in hand		973	1,390	899	1,314
Total current assets		<u>2,335</u>	<u>2,499</u>	<u>2,259</u>	<u>2,423</u>
Liabilities					
Creditors: Amounts falling due within one year	11	(223)	(125)	(222)	(124)
Net current assets		<u>2,112</u>	<u>2,374</u>	<u>2,037</u>	<u>2,299</u>
Total assets less current liabilities		<u>2,198</u>	<u>2,492</u>	<u>2,198</u>	<u>2,492</u>
Defined benefit pension scheme liability	7	(1,500)	(682)	(1,500)	(682)
Net assets including pension liability		<u>698</u>	<u>1,810</u>	<u>698</u>	<u>1,810</u>
The funds of the charity					
General Fund		2,198	2,492	2,198	2,492
Defined benefit pension scheme reserve		(1,500)	(682)	(1,500)	(682)
Total charity funds		<u>698</u>	<u>1,810</u>	<u>698</u>	<u>1,810</u>

The financial statements on pages 15 to 29 were approved and authorised for issue by the Board of Directors on 6 May 2009, and signed on their behalf by:


J. R. Newton
Director


G. C. King
Director

CTVC Limited**Consolidated Cash Flow Statement
31 December 2008**

	Note	2008 £'000	2007 £'000
Net cash (outflow) / inflow from operating activities	A	<u>(428)</u>	<u>61</u>
Returns on investment and servicing of finance		<u>50</u>	<u>80</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(39)	(48)
		<u>(39)</u>	<u>(48)</u>
(Decrease) / increase in cash		<u>(417)</u>	<u>93</u>

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

	2008 £'000	2007 £'000
Net (resources expended) / incoming resources	(197)	118
Investment income	(50)	(80)
Operating (deficit) / surplus	(247)	38
Pension finance	(63)	(72)
Pension contributions	(34)	-
Depreciation	71	66
(Decrease) / increase in debtors	(253)	63
Increase / (decrease) in creditors	98	(34)
Net cash (outflow) / inflow from operating activities	(428)	61

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

	2008 £'000	2007 £'000	Cash flow £'000
Cash at bank and in hand	973	1,390	(417)

**C. Reconciliation of net cash (outflow) / inflow to
movement in net funds**

	2008 £'000	2007 £'000
(Decrease) / increase in cash	(417)	93
Net funds as at 1 January	1,390	1,297
Net funds as at 31 December	973	1,390

1. Accounting policies

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

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.

CTVC Limited

Notes To The Financial Statements (continued) 31 December 2008

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements comprise CTVC Limited ("CTVC") and its trading subsidiary, Hillside Studios Limited (the "Group"). A summarised profit and loss account and balance sheet of Hillside Studios Limited are 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 CTVC in the longer term.

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
Fixtures and fittings:	
Technical	10% to 50% on cost
Office	10% to 20% on cost

Any assets considered impaired are written down to its recoverable amount.

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

Archive

CTVC owns a considerable Film and Television programme archive, which has potential for further exploration to the benefit of CTVC. 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.

Operating Leases

Operating lease rentals are charged to the statement of financial activities on a straight line basis over the lease term.

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 statement of financial activities and accrued as they become payable.

2. Net incoming resources / (resources expended)

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

	Group		CTVC	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Depreciation of tangible fixed assets	71	66	71	66
Hire of equipment	3	4	3	4
Rental of premises	72	51	72	51
Auditors' remuneration - audit	18	16	17	16
Auditors' remuneration - other	4	-	4	-
During the year the company purchased Directors and Officers insurance	1	1	1	1
Loss on currency exchange rates.	1	-	1	-

3. Analysis of total resources expended

2008	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Support Costs £'000	Total £'000
Generating funds	-	-	-	-	-	-	-
Charitable activities							
Television	1,334	277	74	49	240	197	2,171
Radio	41	75	5	2	9	33	165
Training	-	-	-	-	-	-	-
New Media / True Tube	442	27	15	8	38	26	556
Total Charitable activities	1,817	379	94	59	287	256	2,892
Governance costs	-	5	-	-	19	-	24
	1,817	384	94	59	306	256	2,916
Analysis of support costs	-	140	18	12	86	(256)	-
Total resources expended	1,817	524	112	71	392	-	2,916

2007	Direct Costs £'000	Salaries £'000	Occupancy £'000	Depreciation £'000	Other £'000	Support Costs £'000	Total £'000
Generating funds	-	-	-	-	-	-	-
Charitable activities							
Television	618	346	64	60	227	98	1,413
Radio	46	57	4	2	17	10	136
Training	1	-	-	-	-	-	1
Education / New Media	76	43	3	2	156	48	328
Total Charitable activities	741	446	71	64	400	156	1,878
Governance costs	-	5	-	-	17	-	22
	741	451	71	64	417	156	1,900
Analysis of support costs	-	106	5	2	43	(156)	-
Total resources expended	741	557	76	66	460	-	1,900

Included in Analysis of support costs - other, is £ 63,000 (2007 : £ 72,000), amounts credited to pension finance costs - Note 7.

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 it's subsidiary company.

CTVC Limited

Notes To The Financial Statements (continued) 31 December 2008

5. Net income from trading activities of subsidiary

CTVC 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 CTVC 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	2008 £'000	2007 £'000
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Administration expenses	(2)	(1)
Charitable donation	(1)	(3)
Operating loss	(3)	(4)
Investment Income	3	4
Retained profit	Nil	Nil
Summarised balance sheet		
Current assets	76	79
Creditors : amounts falling due within one year	(1)	(4)
Net assets	75	75
Equity shareholders' funds	75	75

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

CTVC Limited

Notes To The Financial Statements (continued)
31 December 2008

6. Directors And Employees

	2008	2007
Average number employed		
Employed in charitable activities		
Core Staff	6	6
Short term temporary production staff	18	12
Total	24	18
Employees emoluments		
Number of Staff earning £ 70,000 to £ 80,000	1	1
Number of Staff earning £ 90,000 to £100,000	1	1
Number of Staff earning £ 110,000 to £120,000	1	1
Contributions to the money purchase scheme were paid in respect of the above employees 2008 : £ 36,102 (2007 : £ 18,660).		
Staff costs including directors' emoluments	£'000	£'000
Wages and salaries	407	439
Social security costs	47	50
Personal Insurance (PHI, DIS)	15	3
Pension costs	55	65
	524	557
Directors' emoluments		
Pension Contributions	NIL	NIL
Emoluments excluding pension scheme contributions		
Chairman	NIL	NIL
P. F. Kafno	10	6
G. C. King	13	13
P. K. Reeve	10	10
M. A. Booth	2	7
	35	36
The above mentioned Directors are remunerated solely for the professional services they render to CTVC and its subsidiary.		
The other 5 Directors received no remuneration.		
Reimbursement of expenses incurred in relation to duties as Directors. (Payable to three Directors and relating to travel expenses)		
	1	1
The number of Directors who were entitled to pension benefits was	NIL	NIL

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 2006. The next full valuation will be at 30 September 2009.

The revised valuation showed that the scheme was now in deficit and a Schedule of Contributions has been prepared. This requires a payment from the company of £ 58,104 per annum. Payments started in June 2008 and £ 33,894 was paid over during 2008.

In 2002 The Rank Foundation paid £ 2 million in to the scheme, and they have allocated a further £ 1 million to support the scheme: this amount is included in debtors. From 2009 The Rank Foundation will contribute £ 58,104 p.a. from this allocation to fund the deficit payments above.

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

The principal actuarial assumptions used at the balance sheet date:

	2008	2007
Rate of increase in salaries	-	-
Rate of increase of pensions in payment (subject to LPI increases)	2.70%	3.40%
Rate of increase for deferred pensions - accrued before 1 June, 2002	2.70%	3.40%
Discount rate for scheme liabilities	6.50%	5.80%
Future inflation rate	2.70%	3.40%
Expected return on plan assets	5.65%	7.37%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets. The actual return on assets for 2008 : (£ 1,330).

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

	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Fixed Interest Units	719	156	274	1,034
Equities	3,310	5,519	5,144	4,749
Property	433	537	595	-
Corporate Bonds	-	195	343	-
Cash and Other	570	48	42	-
Total market value of assets	5,032	6,455	6,398	5,783
Present value of scheme liabilities	(6,532)	(7,137)	(7,426)	(7,009)
Shortfall in the scheme (balance sheet reserve)	(1,500)	(682)	(1,028)	(1,226)

7. Pensions (continued)

	2008 £'000	2007 £'000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	7,137	7,426
Current service cost	-	-
Employee contributions	-	-
Interest cost	411	380
Actuarial losses / (gains) *	(889)	(559)
(Gains) / losses on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(127)	(110)
Closing defined benefit obligation	<u>6,532</u>	<u>7,137</u>

Changes in the fair value of plan assets are as follows:

Opening plan assets	6,455	6,398
Expected return	474	452
Actuarial (losses) / gains *	(1,804)	(285)
Assets distributed on settlements	-	-
Contributions by employer	34	-
Benefits paid	(127)	(110)
Closing plan assets	<u>5,032</u>	<u>6,455</u>

Amounts recognised in the Statement of Financial Activities:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Current service cost	-	-	-	-
Interest cost	(411)	(380)	(340)	(351)
Expected return on pension scheme assets	474	452	398	260
Past service costs	-	-	-	-
Losses / (gains) on curtailments and settlements	-	-	-	-
Total	<u>63</u>	<u>72</u>	<u>58</u>	<u>(91)</u>

	Current year		Cumulative	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Actuarial (loss) / gain	<u>(915)</u>	<u>274</u>	<u>(1,368)</u>	<u>(453)</u>
(* 2008 : £ 889 - £ 1,804)				

The Company expects to contribute £ 58,104 to its defined benefit pension plan in 2009.

7. Pensions (continued)

Amounts for the current and previous four periods are as follows:

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Defined benefit obligation	(6,532)	(7,137)	(7,426)	(7,009)	(6,731)
Plan assets	<u>5,032</u>	<u>6,455</u>	<u>6,398</u>	<u>5,783</u>	<u>5,245</u>
Surplus / (deficit)	(1,500)	(682)	(1,028)	(1,226)	(1,486)
Experience adjustments on plan liabilities	2	(8)	8	280	693
Experience adjustments on plan assets	(1,804)	(285)	360	375	(1,078)

B) Defined contribution schemes

Funded "defined contribution" schemes are operated.

	2008 £'000	2007 £'000
Stakeholder scheme		
Pension charge for the period	41	40
Balance due to the scheme as at the year end	<u>3</u>	<u>3</u>

8. Tangible fixed assets - Assets for the Charity's own use**Group and CTVC**

	As at 01 January £'000	Additions £'000	Disposals £'000	As at 31 December £'000
Cost				
Plant and equipment	254	14	-	268
Fixtures and fittings	150	25	(18)	157
	<u>404</u>	<u>39</u>	<u>(18)</u>	<u>425</u>
Depreciation				
	As at 01 January £'000	Charged for the year £'000	Disposals £'000	As at 31 December £'000
Plant and equipment	197	27	-	224
Fixtures and fittings	89	44	(18)	115
	<u>286</u>	<u>71</u>	<u>(18)</u>	<u>339</u>
Net book value	<u>118</u>			<u>86</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. Commitments

	2008 £'000	2007 £'000
Capital	<u>62</u>	<u>Nil</u>
Property leases expiring within 1 to 2 years	97	-
Property leases expiring within 2 to 5 years	<u>-</u>	<u>50</u>

	Group		CTVC	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
10. Debtors				
Trade debtors	302	57	300	54
Other taxation and social security	-	11	-	11
Amount due from parent undertaking (re pensions)	1,000	1,000	1,000	1,000
Amount due from subsidiary undertaking	-	-	-	3
Other debtors	5	3	5	3
Accrued income and prepayments	55	38	55	38
	<u>1,362</u>	<u>1,109</u>	<u>1,360</u>	<u>1,109</u>

Included within "Amount due from parent undertaking" is an amount of £ 941,896 due within more than one year.

11. Creditors: amounts falling due within one year

	Group		CTVC	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade creditors	79	46	79	46
Other taxation and social security	62	26	62	26
Amount due to parent undertaking	26	12	26	12
Accruals and deferred income	48	36	47	35
Other creditors	8	5	8	5
	<u>223</u>	<u>125</u>	<u>222</u>	<u>124</u>

12. Constitution

CTVC is limited by guarantee not having a share capital.

13. Related party transactions

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

CTVC Limited**Statement of Financial Activities and Income and Expenditure Account**
For the year ended 31 December 2008

	2008	2007
	£'000	£'000
Incoming resources		
Incoming resources from generated funds		
Voluntary income		
Grants	1,300	1,300
Gift Aid - Trading subsidiary	1	3
Investment income	<u>47</u>	<u>76</u>
	1,348	1,379
Incoming resources from charitable activities		
Contributions towards production costs	1,306	562
- Television	42	33
- Radio	21	42
Broadcast fees	-	-
Education / New Media	<u>-</u>	<u>-</u>
	1,369	637
Total incoming resources	<u>2,717</u>	<u>2,016</u>
Resources expended		
Charitable activities		
Television production	2,170	1,413
Radio production	165	136
Training	-	1
Education / New Media	<u>556</u>	<u>328</u>
	2,891	1,878
Governance costs	<u>23</u>	<u>21</u>
Total resources expended	<u>2,914</u>	<u>1,899</u>
Net incoming resources before other recognised (losses) and gains		
Excess of expenditure over income	<u>(197)</u>	<u>117</u>
Other recognised (losses) / gains		
Actuarial (losses) / gains on defined benefit pension scheme	(915)	274
Net movement in funds	<u>(1,112)</u>	<u>391</u>
Reconciliation of funds		
Total funds brought forward	1,810	1,418
Total funds carried forward	<u>698</u>	<u>1,809</u>

This page does not form part of the statutory financial statements.

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