

**The BBC World Service Trust**

*(a company limited by guarantee)*

Registered number 3521587

Registered charity number 1076235

Year Ended 31 March 2007

## Contents

Legal and administrative information	1
Trustees' Report	2
Report of the Independent Auditor to the Members of The BBC World Service Trust	9
Consolidated Statement of Financial Activities	10
Consolidated Balance Sheet	11
Trust Balance Sheet	12
Consolidated Cashflow Statement	13
Notes	14

## **Trustees' Report**

### **Legal and administrative information**

#### **Trustees**

The Trustees, who are also directors of the company, who held office during the year, and since the year end were as follows:

NC Chapman \*  
Z Badawi  
C Beauman \*  
S Robinson-King  
MC McCulloch\*  
B Mistry  
CAM Thomson  
Professor JP Vaughan  
M Williams  
AC Woodhams \*  
H Frafjord Johnson (appointed 20 April 2007)

\* Member of the Audit Committee

#### **Company Secretary**

Lindsey North

#### **Executive Officers**

*Director*  
Stephen King  
*Finance Director*  
Eliot Lyne  
*Director of International Operations*  
Kari Blackburn  
*Director, Middle East, Former Soviet Union and Europe Region*  
Simon Derry  
*Director, Asia Region*  
Caroline Howie  
*Director, Africa Region*  
Anna Da Silva  
*Director, Research & Learning and Knowledge Management*  
Gerry Power

#### **Registered Office**

Bush House, PO Box 96, Strand, London WC2B 4PH

#### **Auditors**

KPMG LLP, PO Box 695, 8 Salisbury Square, London, EC4Y 8BB

#### **Bankers**

Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham Business Park, Kent, ME8 0LS

## **Trustees' Report** *(continued)*

### **Structure**

The BBC World Service Trust (the 'Trust') is registered as a charity (registered number 1076235), and is incorporated as a company limited by guarantee (registered number 3521587). The Trust was established under its Memorandum of Association with the objects and powers of the charitable company. It is governed by its Articles of Association.

The Trust is a company limited by guarantee. The sole member of the Trust (the BBC) undertakes to contribute to the assets of the Trust in the event of it being wound up, while it is a member or within one year after it ceases to be a member, for payment of the debts and liabilities of the Trust contracted before it ceases to be a member, and of the costs, charges and expenses of winding up, for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding £11. Each Trustee is a subscriber to the Memorandum of Association and accordingly the Trust had 10 subscribers at the end of the year.

The Trustees, who are also directors of the company, are listed on page 1 of the accounts. The number of Trustees shall be not less than three and not more than eleven, of whom 6 shall be nominated by the BBC. The provisions for rotation of the Trustees are set out in the Articles of Association as follows: "at the Annual General Meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third shall retire from office. A retiring Director shall be eligible for re-election." Potential non-BBC Trustees are selected through a process which includes public advertising. Existing Trustees appoint new Trustees on the basis of majority vote. All Trustees receive a comprehensive induction to the work of the Trust conducted by the Director and Executive Team, as well as ongoing training as and when required. Trustees are also issued with a set of accompanying documents which includes all relevant legal governing papers and the latest financial information. Clear information on their liabilities and responsibilities as Trustees is included in these papers.

The Trust has two subsidiary companies. The BBC World Service Trust Limited and Marshall Plan of the Mind Inform are 100% owned by the Trust. The subsidiaries did not trade in the current year.

### **Governance & Management**

The Trustees meet at quarterly intervals for the despatch of business. Questions arising at any meeting are decided by a majority of votes. In the case of an equality of votes the Chairman has a second or casting vote. A Trustee may, and the Secretary on requisition of a Trustee may, at any time summon a meeting of the Trustees. The quorum necessary for the transaction of the business of the Trustees shall be the greater of two Trustees or one third of the total number of Trustees.

The Trustees seek to ensure that all activities conform to UK and relevant local laws and are within agreed charitable objectives. Their work includes setting strategic direction and agreeing the financial plan. Trustees act on advice and information from regular meetings with the Director. Decisions made at other levels of the organisation are reported to the Trustees.

The Audit Committee is appointed by the Trustees and consists of four members. It meets once a year to consider reports from the external auditors.

### **Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and charitable company's financial statements are required by law to give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to:-

## **Trustees' Report** *(continued)*

### **Statement of Trustees' Responsibilities** *(continued)*

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its 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.

In preparing these financial statements, the Trust has also complied with the Statement of Recommended Practice issued in March 2005.

The Trustees delegate day-to-day management of the Trust to the Executive Officers (listed on page 1).

### **Risk management**

The Trust has identified the major risks affecting its work and has ranked these by likelihood and impact. The Trust has considered the 'gross' risk and the 'net' risk after assessing the controls in place to deal with the risks identified. The Trustees have assessed these risks and are satisfied that reasonable steps are being taken to mitigate exposure to these risks. The Trust has identified Executive Officers who are responsible for managing each risk identified and have incorporated in the Trust's workplan the principal actions required to improve risk mitigation.

The Trust operates an annual planning and budgeting system with an annual budget approved by the Trustees. Any significant changes to those plans need specific approval. Revised forecasts are made during the course of the year.

### **Related Parties**

The Trust often works closely with BBC World Service, some programmes being broadcast on BBC World Service airwaves. Two Trustees are also members of the BBC World Service Management Board and BBC World Service provides an annual contribution to the core costs of the Trust. The BBC group provides the Trust with staff, and other ancillary services, which the Trust pays for at cost. During the year, the Trust procured some services from BBC World Service on an arms-length basis. At 31 March 2007, an amount of £150,796 (2006: £65) was owing to BBC World Service. This amount owing is non-interest bearing and repayable on demand. BBC World Service is a related party by virtue of the fact that NC Chapman and AC Woodhams, Trustees during the period, were also members of BBC World Service Management Board.

### **Summary of Objects**

As an independent non-profit making organisation, the Trust exists to promote and develop the education of the public through the presentation, publication, broadcasting and dissemination of educational material worldwide. It achieves this through managing the following activities:

- producing educational programmes and support material, broadcast on BBC World Service airwaves, online facilities and national broadcasting partner stations reaching over 183 million people in English and 33 other languages
- conducting in-country educational health and social development campaigns in partnership with local broadcasters, national and international partners
- working with local media organisations to increase skills and support the training and development of independent media

## Trustees' Report (*continued*)

### Objectives and Activities

The Trust uses media and communications to reduce poverty and promote human rights, thereby enabling people to build better lives. The Trust believes that independent and vibrant media are critical to the development of free and just societies. The Trust shares the BBC's ambition to provide accurate, impartial and reliable information to enable people to make informed decisions. It aspires to a world where individuals and civil society use media and communications to become effective participants in their own political, economic, social and cultural development.

To achieve this vision, the Trust partners with civil society, the media and governments to build long term development solutions. To do this it produces creative programmes in multi media formats which inform and engage audiences around key development issues, strengthen the media sector through building professional capacity and infrastructure and apply rigorous research so that it can measure impact and value for money and produce information that informs our partners and the work of the Trust.

In order to achieve the most critical development goals the work is focused around three core themes: Governance and Human Rights, Health and Learning for Livelihoods. In addition, the Trust is developing its work in the two emerging themes of Climate Change and Humanitarian Response. Following a programmatic and methodological review of the organisation completed in July 2006, a new management structure was agreed by Trustees and implemented which structures the London based staff into three operational regions: Africa, Asia and the Middle East, Former Soviet Union

These new regions manage all thematic programmes using the approaches of programme making and capacity building which are central tools of the Trust's work. In addition, a special emphasis has been given to measuring the impact of the work which the Trust undertakes and reporting back to donors. The Research and Learning Group carries out this research and impact evaluation. Following the programme review, the Research and Learning Group took on an additional responsibility for Knowledge Management across the organisation.

The Trust uses two main approaches to its work. In "Development Communications" it uses effective programming across a broad array of targeted distribution channels to support key development priorities such as health, good governance, gender equality, basic education and justice. Specifically the Trust produces radio and TV programmes which seek to develop awareness and change behaviours of the audiences. These are produced in local languages and wherever possible through building local production and media capacities. It also produces radio and TV debates to explore issues of social and development concerns as well as public service announcements which provide accurate, tested and targeted information on tackling health and livelihoods issues.

The other main approach the Trust uses is "Media Development" which seeks to promote and develop independent, reliable and democratic media through relevant training and programming, media consultation and reconstruction using BBC expertise and resources. Specifically the Trust provides:

- Training courses which focus on all levels of personnel from journalists to editors/managers and includes work in television, radio and newspapers. These face to face learning experiences are increasingly supplemented by the Trust's online training package, *iLearn*
- Change Management strategies which are adopted with media institutions, including public broadcasters and commercial bodies

The Research and Knowledge Management Group works across the Trust. It provides audience and market insight to guide the project strategies, from proposal stage to delivery of final reports. It also designs robust quantitative research studies to capture the impact of all Trust media interventions from journalism training programmes to multi-format campaigns. The group is committed to building capacity in audience research skills and methodology on projects in-country and it documents and disseminates the learnings from the Trust's projects internally and to the wider development community.

## Trustees' Report (*continued*)

### Achievements and Performance

#### Asia

During the past year, the Asia Group has developed its work in Bangladesh with a second series of Bangladesh *Sanglap* (the State of the Nation) Debates. This consists of weekly broadcast 'Question Time'-style events on governance issues held all over the country which are produced on the BBC Bengali service and on Channel 1 local TV. Research showed weekly audiences increasing to 14 million and, as a consequence, 'copycat' programming appearing on other Bangladeshi TV and radio channels - illustrating a strong appetite for debate.

Following the first phase of the Trust's work in Cambodia which was a combined HIV/AIDS and Maternal and Child health programme, the Trust has continued its work funded by the Global Fund for HIV, TB and Malaria. The radio and TV outputs are being produced for output on Cambodian stations, featuring call-in programmes, films and public service announcements.

The Trust's HIV/AIDS campaign in India, in partnership with the National Aids Control Organisation (NACO) and the Indian broadcaster, Doordashan, finished production in 2007. Despite its success, further funding from bilateral donors is unlikely, as they are increasingly supporting direct budget support to the Indian government. However, the Trust started a new three-year programme focussed on the promotion of condom use in the southern states of India supported by the Bill and Melinda Gates Foundation.

*Aangan ke paar* ('Beyond the Courtyard'), a weekly radio programme focusing on women's empowerment in India, reached an audience of 14% of radio listeners in target states of Uttar Pradesh, Bihar and Jharkhand. This suggests a reach on All India Radio and the BBC Hindi Service of approaching 10 million unique listeners. The programme emphasised women's health issues, including HIV and AIDS. Research shows strong evidence of awareness, attitude and behaviour change on parameters linked to HIV.

#### Africa

Over the past year the Africa Group has consolidated its work in countries with ongoing projects, while also expanding into a number of new countries and new thematic areas.

In Nigeria a ground-breaking HIV/AIDS serial drama, *Wetin Dey*, has been produced, with high profile launch events held in London and Abuja. *Wetin Dey* is broadcast weekly on Nigeria's national television broadcaster, NTA, and additional broadcast agreements are being negotiated with other broadcasters. The TV drama is complemented by radio discussion programmes, radio and TV spots campaigns, and an innovative initiative working with Nigerian "Nollywood" film producers to weave HIV story lines into indigenous film projects. The first phase of the Nigeria "Voices" project has been completed and new funding is under negotiation to extend the project's key drama output, *Story Story*. The Nigeria team has also launched the Trust's first project focussing on budget monitoring which, through training and civil society outreach events has mobilised increased and improved media coverage of government spending and accountability.

In Ethiopia two weekly radio programmes (one in Amharic and one in Oromiffa) and a series of radio public service advertisements are now being broadcast. Issues being covered include sexual rights, family planning, pregnancy care, female genital mutilation and HIV and AIDS. Programmes are being produced and broadcast in collaboration with Radio Ethiopia.

The programmes take the form of a radio 'club' called *Abugida* which listeners are invited to join by writing in to the programme. Club members are sent membership cards which set out the programme's values of honesty and open discussion of issues around sexuality and sexual health. Over 1000 letters from listeners are being received each month. To complement the programme, listeners' clubs have been established with NGOs working with young people at community level. Members of some of these clubs have recently been receiving training in drama production and song writing and the outputs produced have been included in the radio magazine programmes.

## Trustees' Report *(continued)*

### Achievements and Performance *(continued)*

A series of 18 radio dramas, entitled *Filega*, are now being broadcast weekly in the Amhara speaking regions of Ethiopia. The dramas aim to encourage discussion and debate around critical 'livelihood' issues such as farming techniques, soil and water conservation, livelihood diversification, health and gender relations. These programmes are set in a fictional village, but attempt to address subjects that resonate at a national level. *Filega* is the first ever radio drama in Ethiopia to be recorded on location, outside the studio. Audiences are responding well to the programmes, finding them both entertaining and educational.

The Trust has launched an ambitious new portfolio of three inter-related governance projects in Sierra Leone, Liberia, Uganda, Democratic Republic of Congo and Burundi, strengthening coverage of Transitional Justice mechanisms in all five countries and promoting voice and transparency in Sierra Leone's forthcoming elections. This includes an innovative project to facilitate local media coverage of the trial of Charles Taylor. Strong new strategic partnerships with Search for Common Ground and the International Center for Transitional Justice have been forged to deliver these projects. The Trust is now exploring opportunities to expand these partnerships to other countries and projects.

The Trust's work in Sudan, Angola, Somalia and Kenya has gone from strength to strength with new funding secured in all four countries to extend and expand our activities. The Darfur Lifeline Programme has won first prize in the youth section of the Radio for Peace-building Awards, and has been commended by external evaluators contracted by DFID as "humanitarian broadcasting at its best". Audience research in Angola has demonstrated that listeners to the Trust's Mo Kamba radio show are 16% more likely to own a condom than non listeners. The research findings were presented at a public event attended by all major donors and the Ministry of Health, which was broadcast on national TV. The Somali team have added two new educational projects to their portfolio, enabling the recruitment of a country director for Kenya/Somalia.

### Middle East, Former Soviet Union and Europe

The Trust worked on the re-launch of the Egyptian Television Channel 1 and Nile News and produced a set of editorial guidelines, style guide and a mission statement for the state broadcaster. Egyptian Television and Radio Union is the first Arab state broadcaster to have a written set of guidelines that were drawn up by senior management and staff in the organisation. The document reflects industry best practice. Elsewhere in the Arab world, the Trust has worked with journalists and media houses to improve skills and management structures.

The Trust started a two-year project in Iran combining face-to-face and online training with an innovative youth-oriented website and complementary radio broadcasting to create an alternative middle-ground information source within Iran's polarised media scene.

In Georgia, the Trust is exploiting the power of community radio to promote the rights of Armenian and Azeri minorities living in the ethnic enclaves of Javakheti and Kvemo Kartli. By establishing a sustainable radio station in each region, the initiative will enable local people to voice their opinions, receive key information and play an active role in democratic processes. Local journalists and volunteers have been trained in broadcasting and management skills with a view to producing programmes which best serve their audience's needs.

In Afghanistan, the Trust has two main areas of work - firstly programme making and publishing through the highly successful Afghan Education Projects which includes its award winning radio drama *New Home, New Life*, radio educational feature programmes, cartoon magazines and educational story books for children. These have been joined most recently by the *Afghan Woman's Hour* programme whose popularity with both women and men has been captured in the latest independent audience research figures carried out for the BBC. The second area of the Trust's activity is working with Afghan stakeholders on the media reform programme, particularly working with the Afghan national broadcaster Radio TV Afghanistan (RTA) in its attempts to change to become a public service broadcaster.



## Trustees' Report *(continued)*

### Achievements and Performance *(continued)*

The funding for the Trust's regional broadcasting station in Iraq, Al-Mirbad comes to an end in 2007, and with the cutbacks in funding from the international community, it looks likely to close. A scaled-down approach with TV closed down has already been implemented. Radio, however, continues to produce popular and independent programmes. Security in Basra continues to be of concern for all staff working on the project.

### Research and Learning

Research and Learning activities are embedded within projects throughout the Trust, and as such, income and expenditure on these activities has not been separately categorised. The Research and Learning Group played an important role in drawing together what is the most extensive research project to date assessing the health and prospects for the media in 17 countries in sub-Saharan Africa. Delivered in partnership with the Ahmadu Bello University in Nigeria and Rhodes University in South Africa, the African Media Development Initiative has collected valuable data and analysis to inform a potential 'facility' to strengthen the media in Africa. The impetus for this research emerged from the recommendations of the Commission for Africa which reported in March 2005.

The research and learning group continues to support the Trust's operational programmes through extensive professional quantitative and qualitative research studies.

### Plans for the Future

The Trust has embarked on an extensive country planning process to inform its future strategy and business planning. Staff in the UK and country programmes have produced documents which outline plans for 2007/8 and ambitions for 2008-2012.

**Asia:** Priorities for the coming year include implementing new projects in Vietnam and in Nepal which cover HIV/AIDS and conflict transformation, respectively. The Trust will aim to expand its work in India and China, and develop new work elsewhere in South and East Asia, particularly in Pakistan and Indonesia.

**Africa:** Priorities for the coming year include consolidating and building on the work in all existing operational countries by implementing the country strategies which have been developed over the last few months. The Africa team also plans to replicate successful models in new countries. For example funding is under negotiation to launch a Lifeline Programme for Somalia, and to replicate the Charles Taylor trial project to provide coverage of the trial of Thomas Lubanga by the International Criminal Court. The Trust is also working to expand strategic partnerships with key organisations like Search for Common Ground, while building new partnerships with field leaders like Oxfam. We are discussing strengthening the existing partnership with the Open University to submit a much larger joint proposal for a second phase of the TESSA project. We are beginning to develop cross-border initiatives, for example between Somalia and Ethiopia and between Darfur, Chad and Central African Republic. A pan-regional Maternal and Child Health programme is also under development.

**Middle East, Former Soviet Union and Europe:** Priorities will include implementing a new project in the Palestinian Territories, a large scale training and development programme for Radio Television Serbia and continuing work with broadcasters and universities in the Middle East and North Africa. In Iran more support is to be provided to young journalists and to create a "virtual" community of interest. This project is, as are many projects, underpinned by the expanding *iLearn* system which is providing an extensive base of media courses for professionals. The system is currently operating in 14 languages. In Afghanistan, the Trust will continue to work to transform the state broadcaster RTA into a public service organisation.

## Trustees' Report *(continued)*

### Financial Review

**Income and Expenditure:** Total income was at its highest ever at £17,624,452 (2006: £16,758,014), which is an increase of 5.2%. Within this, operational programme income was up 7%. The principal funding source of the Trust is grants receivable from international bilateral donors. Grants receivable for the year were £16,886,727 (2006: £15,785,845). Grants receivable for the year included £9,205,543 (2006: £9,567,503) from the Department for International Development, £2,785,117 (2006: £2,404,062) from the European Union and £1,517,028 (2006: £1,480,424) from the UK Government Foreign and Commonwealth Office.

The Trust achieved an excellent result for voluntary income which was up 35.6%. This provides an encouraging platform to build on and significant increases in this area of unrestricted fundraising are being targeted.

Whilst the level of income was satisfactory, the overall financial result was disappointing as expenditure increased by 9.8%. The Trust incurred some significant one-off costs during the year relating to programmes completed in previous years. As a result, a thorough review of project management processes has been instigated to ensure that programmes are delivered in the most efficient and effective manner.

**Balance Sheet:** The cash position remains strong and returns on cash deposits increased significantly during the year. Deferred income increased due to an increase in pre-financing of project expenditure

**Reserves Policy:** The Trust intends to build up reserves to a level considered adequate for medium term needs by the Trustees. 'Adequate' for operational purposes is considered to be equivalent to approximately four months' core costs, equivalent to £1,360,000 during the year ended 31 March 2007 (2006: £1,320,000). Core costs are those fixed costs incurred in London, including both staff and facilities which are reported within programme and support costs. Unrestricted reserves as at 31 March 2007 were £764,447 (2006: £1,148,195). The Trust will endeavour to increase reserves in future years.

### Employee involvement

The decision-making processes within the Trust includes regular meetings of the senior management team, one-to-one management meetings and an ongoing strategy and planning cycle. Communication links are maintained through team briefings, newsletters and distribution of the Annual Review. This process is being strengthened with the launch of an internationally accessible intranet for all staff. In the meantime, the Trust continues to be committed to promoting and developing a healthy staff relations climate in all the countries in which it operates.

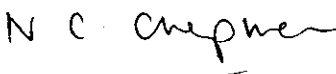
### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

### Statement of Disclosure of Information

The Trustees who held office at the date of approval confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

This statement was approved by the Trustees on 9th August 2007 and signed on their behalf by:



NC Chapman  
Trustee

9 / August 2007

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BBC WORLD SERVICE TRUST**

We have audited the group and charity financial statements (the 'financial statements') of The BBC World Service Trust for the year ended 31 March 2007 which comprise the group Statement of Financial Activities, the group and charitable company Balance Sheets, the group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the trustees and auditors**

The responsibilities of the charitable company's trustees, who are also the directors of The BBC World Service Trust for the purposes of company law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on pages 2 and 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and 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 Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatement 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 31 March 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

### **KPMG LLP**

Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB

*KPMG LLP*

*24 September 2007*

## Consolidated Statement of Financial Activities

for the year ended 31 March 2007 (including the income and expenditure account and statement of total recognised gains and losses)

	Note	Restricted funds 2007 £	Unrestricted funds 2007 £	Total 2007 £	Total 2006 (Restated) £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income	2	-	668,718	<b>668,718</b>	493,096
Activities for generating funds		-	-	-	446,794
Investment income	3	-	69,007	<b>69,007</b>	32,279
<b>Incoming resources from charitable activities:</b>					
Operational programmes	4	16,886,727	-	<b>16,886,727</b>	15,785,845
<b>Total incoming resources</b>		<b>16,886,727</b>	<b>737,725</b>	<b>17,624,452</b>	<b>16,758,014</b>
<b>Resources Expended</b>					
<b>Charitable activities</b>					
Africa Region	5	(5,921,796)	(285,880)	<b>(6,207,676)</b>	(7,445,462)
Asia Region	5	(4,579,452)	(294,259)	<b>(4,873,711)</b>	(4,889,146)
Middle East, Former Soviet Union and Europe Region	5	(6,188,992)	(541,334)	<b>(6,730,326)</b>	(3,903,832)
<b>Total charitable activity costs</b>		<b>(16,690,240)</b>	<b>(1,121,473)</b>	<b>(17,811,713)</b>	<b>(16,238,440)</b>
<b>Governance costs</b>	5	<b>(196,487)</b>	-	<b>(196,487)</b>	<b>(159,289)</b>
<b>Total resources expended</b>		<b>(16,886,727)</b>	<b>(1,121,473)</b>	<b>(18,008,200)</b>	<b>(16,397,729)</b>
<b>Net incoming/(outgoing) resources</b>		-	<b>(383,748)</b>	<b>(383,748)</b>	360,285
<b>Reconciliation of funds</b>					
Total fund balances brought forward		-	1,148,195	<b>1,148,195</b>	787,910
<b>Total Fund balances carried forward</b>	<b>13, 14</b>	-	<b>764,447</b>	<b>764,447</b>	1,148,195

The statement of financial activities includes all gains and losses recognised during the year to 31 March 2007 and the preceding year to 31 March 2006.

All incoming resources and resources expended derive from continuing activities.

## Consolidated Balance Sheet

for the year ended 31 March 2007

		Total 2007	Total 2006
	<i>Note</i>	£	£
<b>Current assets</b>			
Debtors	9	4,135,003	3,539,774
Cash at bank	10	3,208,004	3,549,489
		<u>7,343,007</u>	<u>7,089,263</u>
<b>Creditors: amounts falling due within one year</b>			
Other creditors	11	(1,552,433)	(1,302,830)
Deferred income	12	(5,026,127)	(4,638,238)
		<u>(6,578,560)</u>	<u>(5,941,068)</u>
<b>Net current assets and net assets</b>		<u>764,447</u>	<u>1,148,195</u>
<b>Funds</b>			
Unrestricted funds	13,14	764,447	1,148,195
Restricted funds	13	-	-
<b>Fund balances carried forward</b>	13	<u>764,447</u>	<u>1,148,195</u>

The notes on pages 14 to 23 form part of these financial statements.

These financial statements were approved by the board of Trustees on  
 and were signed on its behalf by:

9th August 2007

*NC Chapman*

**NC Chapman**  
 Trustee

## Trust Balance Sheet

for the year ended 31 March 2007

	<i>Note</i>	<b>Total 2007 £</b>	<b>Total 2006 £</b>
<b>Fixed Assets</b>			
Investments	8	46,037	46,037
<b>Current assets</b>			
Debtors	9	4,135,003	3,539,774
Cash at bank	10	3,208,004	3,549,489
		<u>7,343,007</u>	<u>7,089,263</u>
<b>Creditors: amounts falling due within one year</b>			
Other creditors	11	(1,598,470)	(1,348,867)
Deferred income	12	(5,026,127)	(4,638,238)
		<u>(6,624,597)</u>	<u>(5,987,105)</u>
<b>Net current assets</b>		<u>718,410</u>	<u>1,102,158</u>
<b>Net assets</b>		<u>764,447</u>	<u>1,148,195</u>
<b>Funds</b>			
Unrestricted funds	13,14	764,447	1,148,195
Restricted funds	13	-	-
<b>Fund balances carried forward</b>	<b>13</b>	<u>764,447</u>	<u>1,148,195</u>

The notes on pages 14 to 23 form part of these financial statements.

These financial statements were approved by the board of Trustees on  
 on its behalf by:

9th August 2007 and were signed

*NC Chapman*

**NC Chapman**  
 Trustee

## Consolidated Cash Flow Statement

for the year ended 31 March 2007

		<b>Total 2007</b>	<b>Total 2006</b>
	<i>Note</i>	<b>£</b>	<b>£</b>
<b>Net cash outflow from operating activities</b>	<i>16</i>	<b>(410,492)</b>	<b>(492,485)</b>
<b>Returns on investments and servicing of finance</b>			
Investment income	<i>3</i>	<b>69,007</b>	<b>32,279</b>
<b>Decrease in cash</b>	<i>17</i>	<b><u>(341,485)</u></b>	<b><u>(460,206)</u></b>

**Notes** (forming part of the financial statements)  
for the year ended 31 March 2007

## 1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

### ***Basis of preparation***

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable UK accounting standards and under historical cost accounting rules.

The accounts have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (March 2005) and on a going concern basis.

Analysis of charitable activity has been re-analysed to reflect the Trust's revised regional structure. Comparatives have been restated and there is no impact on the result for the prior year.

### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2007.

The financial statements of BBC WST Limited, a company registered in England and Wales and the financial statements of BBC Marshall Plan of the Mind Inform, a close joint stock company registered in Russia, have been consolidated with those of the Trust. It should be noted that BBC Marshall Plan of the Mind Inform did not trade in the current or prior years. The results of the subsidiaries are consolidated on a line-by-line basis.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

### ***Limited by guarantee***

The Trust is a company limited by guarantee. The sole member of the company undertakes to contribute to the assets of the company in the event of it being wound up, while it is a member or within one year after it ceases to be a member, for payment of the debts and liabilities of the company contracted before it ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding £11. The Trust had one member (the BBC) at the end of the period.

Each Trustee is a subscriber to the Memorandum of Association and accordingly the Trust had 10 subscribers at the end of the year.

### ***Fund Accounting***

The charity has various types of funds for which it is responsible and for which separate disclosure is required as follows:

#### ***Restricted income funds***

Grants which are earmarked by the funder for specific purposes. Such purposes are within the overall aims of the charity.

#### ***Unrestricted funds***

Funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity.



**Notes** (continued)  
for the year ended 31 March 2007

**1 Accounting Policies** (continued)

***Incoming Resources***

All incoming resources are included in the statement of financial activities (SOFA) when the charity is legally entitled to them, it is reasonably sure of receipt and the amount can be measured with sufficient reliability.

*Donated Services and Facilities* - The BBC World Service Trust is a corporate charity of the BBC and as such is supported through the provision of office space and associated utilities and services at no charge. These are recognised at cost, in the charity's Statement of Financial Activities (see Support costs, Note 5) and are offset by an equivalent amount of unrestricted income from the BBC (note 2).

*Incoming resources from charitable activities* are grants receivable which relate to the current year and are subject to donor imposed conditions which specify the time period in which expenditure of resources can take place. These are credited to restricted income within the SOFA, with unspent balances being carried forward to subsequent years within the relevant fund. Specific debts are recognised where approved grant expenditure exceeds grant income received to date and the charity can demonstrate entitlement to the income. Similarly, where entitlement to income is in a future period, the income has been deferred.

***Resources expended***

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category as listed below.

*Governance costs* are the costs associated with the governance arrangements of the charity as opposed to those costs associated with fundraising or charitable activity. The costs include internal and external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements (e.g. the cost of Trustee meetings and preparing statutory accounts). Included within this category are any costs associated with the strategic as opposed to day to day management of the charity's activities.

*Support costs*, which include the central or regional office functions such as general programme support, payroll administration, budgeting and accounting, information technology, human resources, and financing, are allocated across the categories of charitable expenditure and governance costs. The basis of the cost allocation has been explained in the notes to the accounts. The allocation for the purposes of the Statement of Recommended Practice may not always reflect the definition per various donor contracts.

***Foreign currency***

Transactions denominated in foreign currencies are recorded in sterling at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the statement of financial activities.

***Pension Costs***

Some UK employees are members of the BBC's pension schemes. The BBC group operates both defined benefit and defined contribution schemes for the benefit of the employees. The BBC group has adopted the full provision of FRS17.

***Defined Benefit scheme***

The defined benefit schemes provide benefits based on final pensionable pay. The pension assets of the BBC Main Scheme, to which the majority of BBC employees belong, are held separately from those of the BBC group.

**Notes** (continued)  
for the year ended 31 March 2007

**1 Accounting Policies** (continued)

*Pension Costs* (continued)

*Defined Contribution scheme*

The amounts charged as expenditure for the defined contribution scheme represents contributions payable by the Trust for the accounting years in respect of this scheme.

The Trust, following the provisions within FRS 17, accounts for the scheme as if it were a defined contribution scheme. This is because it is not possible to identify its share of underlying assets and liabilities of the scheme on a consistent and reliable basis. The expenditure charged for the Trust therefore represents the contributions payable in the year. These contributions benefit from the surplus in the scheme and are lower than the regular cost.

**2 Voluntary income**

Donations in the current year were derived from the following sources:

	Total 2007 £	Total 2006 £
BBC Group	369,384	257,537
BBC World Service	150,000	150,000
Norwegian Agency for Development Cooperation (Norad)	86,987	62,664
Swiss Development Corporation	49,757	0
Individuals	12,120	15,608
Other	470	7,287
	<u>668,718</u>	<u>493,096</u>

**3 Investment income**

	2007 £	2006 £
Bank interest receivable	<u>69,007</u>	<u>32,279</u>

**4 Incoming resources from charitable activities:**

	Total 2007 £	Total 2006 (Restated) £
Africa Region	5,990,276	7,232,487
Asia Region	4,633,217	4,858,449
Middle East, Former Soviet Union and Europe Region	6,263,234	3,694,909
	<u>16,886,727</u>	<u>15,785,845</u>

**Notes** (continued)  
for the year ended 31 March 2007

**5 Resources expended**

	Direct project costs 2007		Staff costs 2007		Allocation of support costs 2007		Total 2007		Total 2006 (Restated)	
	£	£	£	£	£	£	£	£	£	£
<b>Charitable activities</b>										
Africa Region	3,735,290	1,577,694	894,692		6,207,676		7,445,462			
Asia Region	2,714,174	1,607,141	552,396		4,873,711		4,889,146			
Middle East, Former Soviet Union and Europe Region	3,028,392	2,621,002	1,080,932		6,730,326		3,903,832			
	<u>9,477,856</u>	<u>5,805,837</u>	<u>2,528,020</u>		<u>17,811,713</u>		<u>16,238,440</u>			
<b>Governance</b>	67,980	93,935	34,572		196,487		159,289			
<b>Total resources expended</b>	<u>9,545,836</u>	<u>5,899,772</u>	<u>2,562,592</u>		<u>18,008,200</u>		<u>16,397,729</u>			

**Support costs and their basis of allocation were as follows:**

	Africa Region		Asia Region		Europe Region		Governance		Total		Basis of apportionment
	£	£	£	£	£	£	£	£	£		
Programme support	466,172	287,821	563,210	-	1,317,203		Estimated time spent				
General management	128,580	79,387	155,345	-	363,312		Estimated time spent				
Financial management	93,833	57,934	113,366	-	265,133		Estimated time spent				
Information Technology	82,704	51,063	99,920	13,873	247,560		Pro-rata by direct project expenditure				
Premises and facilities	123,403	76,191	149,091	20,699	369,384		Pro-rata by direct project expenditure				
	<u>894,692</u>	<u>552,396</u>	<u>1,080,932</u>	<u>34,572</u>	<u>2,562,592</u>						

As permitted by section 230 of the Companies Act 1985, the individual company's statement of financial activities has not been included in these financial statements. The gross income for the charity is £17,624,452 and the net result for the charity is a deficit of £383,748

	2007	2006
Audit of financial statements of subsidiaries pursuant to legislation in UK	£ 22,000	£ 19,500
Audit of financial statements of subsidiaries pursuant to legislation in India	£ 6,813	£ 5,000
	<u>£ 28,813</u>	<u>£ 24,500</u>

**Notes** (continued)  
for the year ended 31 March 2007

**6 Trustees and employees**

Members of the Board of Trustees (who are all directors within the meaning of the Companies Act 1985) receive no remuneration for their services. Trustees' expenses of £4,226 (2006: £250) during the year relates to the reimbursement of travel costs incurred while carrying out their duties for the Charity. Expenses were paid to three trustees (2006: one). Trustees are provided with indemnity insurance as part of the BBC group's Directors' and Officers' policy. There is no direct charge to the Trust.

All UK staff employed on a continuing basis by the Trust have employment contracts with the BBC. Staff costs referred to in note 5 are either incurred in the form of payments to the BBC for these staff members or internationally by project based payrolls.

**7 Staff costs**

	2007	2006
	£	£
<b>Costs of staff on UK contracts</b>		
Wages and salaries	3,563,880	2,726,409
National Insurance	331,350	254,623
Pension costs	183,870	113,425
Other staff costs	227,091	191,285
	<u>4,306,191</u>	<u>3,285,742</u>

Employees with emoluments of £40,000 and over fell into the following bands:

	2007	2006
£40,000-£49,999	32	16
£50,000-£59,999	10	8
£60,000-£69,999	1	0
£70,000-£79,999	5	1
£80,000-£89,999	1	1

The number of employees whose emoluments were greater than £60,000 to whom retirement benefits are accruing under defined benefits schemes is 3 (2006: 2)

The average number of employees calculated on a full-time equivalent basis, analysed by function was:

	2007	2006
<b>Programme activities (charitable)</b>		
Asia	166	168
Africa	139	66
Middle East, Former Soviet Union and Europe	132	119
Governance of the charity	2	2
	<u>439</u>	<u>355</u>

The number of persons, including part time staff, employed on UK contracts in the UK and overseas was 91 (2006: 71). The number of staff, including part time staff, employed locally on overseas contracts was approximately 348 (2006: 284) at a cost of £1,594,254 (2006: £1,339,282)

Total staff costs of £5,899,772 are split in Note 5 between staff costs directly attributable to activities and staff costs included within support costs and allocated to activities and governance.

**Notes** (continued)  
for the year ended 31 March 2007

**8 Fixed Asset Investment**

	Trust 2007 £	2006 £
Investment in BBC WST Limited		
Cost	54,990	54,990
Less: Cumulative impairment	(8,953)	(8,953)
	<u>46,037</u>	<u>46,037</u>

The BBC World Service Trust Limited and Marshall Plan of the Mind Inform are 100% owned by the BBC World Service Trust. The subsidiaries did not trade in the current year. The carrying value of Marshall Plan of the Mind Inform is £nil (2006: £nil).

**9 Debtors**

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Amounts owed by the BBC Group	0	144,354	0	144,354
Trade debtors	2,432,205	1,544,203	2,432,205	1,544,203
Other debtors	188,850	167,426	188,850	167,426
Prepayments	96,354	218,033	96,354	218,033
Accrued income	1,417,594	1,465,758	1,417,594	1,465,758
	<u>4,135,003</u>	<u>3,539,774</u>	<u>4,135,003</u>	<u>3,539,774</u>

All debtors fall due within one year

**10 Cash at bank and in hand**

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Cash held at bank in UK	1,683,683	2,426,469	1,683,683	2,426,469
Cash held at bank overseas	1,524,321	1,123,020	1,524,321	1,123,020
	<u>3,208,004</u>	<u>3,549,489</u>	<u>3,208,004</u>	<u>3,549,489</u>

**11 Other creditors**

	Group 2007 £	Group 2006 £	Trust 2007 £	Trust 2006 £
Amounts owed to BBC WST Limited	0	0	46,037	46,037
Amounts owed to BBC World Service	150,796	65	150,796	65
Amounts owed to BBC Group	9,600	0	9,600	0
Trade creditors	269,056	268,991	269,056	268,991
Other creditors including taxation and social security:				
Overseas employment tax	319,458	363,442	319,458	363,442
Other creditors	199,830	184,200	199,830	184,200
Accruals	603,693	486,132	603,693	486,132
	<u>1,552,433</u>	<u>1,302,830</u>	<u>1,598,470</u>	<u>1,348,867</u>

**Notes** (continued)

for the year ended 31 March 2007

**12 Deferred income**

The most significant individual projects for which income was deferred are detailed below:

	Total Deferred Income 2006 £	Total Accrued Income 2006 £	Amount received 2007 £	Project Expenditure 2007 £	Total Deferred Income 2007 £	Total Accrued Income 2007 £
Africa Media Development *	0	(87,256)	369,836	(247,382)	35,198	0
Angola HIV/AIDS *	74,105	0	(74,105)	0	0	0
Angola HIV/AIDS Phase 2 *	0	(54,986)	260,161	(285,762)	0	(80,587)
Bangladesh Sanglap 2 *	0	0	470,349	(362,040)	108,309	0
Bangladesh Debates *	0	(60,126)	231,291	(115,949)	55,216	0
Burma Soap Year 3 *	0	(177,912)	377,760	(215,679)	0	(15,831)
Burma Tree of Life	0	0	88,410	(74,859)	13,551	0
Cambodia Aids *	0	(4,791)	247,193	(177,151)	65,251	0
Cambodia Global Fund	0	0	352,220	(158,721)	193,499	0
Charles Taylor - West Africa	0	0	160,000	(2,578)	157,422	0
Condom Promotion Project	0	0	1,175,906	(61,101)	1,114,805	0
Darfur DPA Dissemination *	0	0	140,885	(302,925)	0	(162,040)
ICD Advocacy Strategy Budget *	0	0	288,766	(100,834)	187,932	0
In Touch for China	47,525	0	111,675	(118,830)	40,370	0
India Environmental Reporting	99,249	0	25,033	(24,965)	99,317	0
India HIV/AIDs *	456,277	0	1,869,760	(2,144,489)	181,548	0
India Media Dark *	0	0	314,659	(274,545)	40,114	0
Iran Journalism Training	464,525	0	976,872	(555,587)	885,810	0
Iraq Reconstruction *	0	(450,879)	2,058,924	(1,381,325)	226,720	0
Nigeria HIV/AIDS *	267,072	0	1,775,403	(1,905,465)	137,010	0
Nigeria "Voices" *	285,120	0	834,526	(1,124,941)	0	(5,295)
Russia Prison Radio	0	(151,435)	155,650	(8,349)	0	(4,134)
South Iraq Company *	0	0	602,501	(517,156)	85,345	0
Sri Lanka FCO Training	0	0	15,000	(11,488)	3,512	0
Transitional Justice Africa	0	0	504,035	(51,210)	452,825	0
Other	2,944,365	(478,373)	3,990,070	(6,663,396)	942,373	(1,149,707)
	<b>4,638,238</b>	<b>(1,465,758)</b>	<b>17,322,780</b>	<b>(16,886,727)</b>	<b>5,026,127</b>	<b>(1,417,594)</b>

\* These projects were wholly funded by the Department for International Development (DFID).

**Notes** (continued)  
for the year ended 31 March 2007

**13 Funds Analysis**

	Restricted funds £	Unrestricted funds £	Total £
Balance at 1 April 2006	0	1,148,195	1,148,195
Incoming Resources	16,886,727	737,725	17,624,452
Outgoing Resources	(16,886,727)	(1,121,473)	(18,008,200)
<b>Balance at 31 March 2007</b>	<b>0</b>	<b>764,447</b>	<b>764,447</b>

**14 Analysis of group net assets between funds**

	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 31 March 2007 are represented by:			
Current assets	5,659,325	1,683,682	7,343,007
Current liabilities	(5,659,325)	(919,235)	(6,578,560)
<b>Total net assets at 31 March 2007</b>	<b>0</b>	<b>764,447</b>	<b>764,447</b>

**15 Subsidiary undertakings**

The Trust has two 100% owned subsidiary undertakings: BBC World Service Trust Limited and BBC Marshall Plan of the Mind Inform, which were acquired on 1 October 1999.

BBC WST Limited is incorporated in Great Britain and registered in England and Wales. Its principal activity is the making and broadcast of radio programmes for Russia, Romania and the Ukraine. BBC WST Limited (formerly BBC MPM Limited) did not trade in the period (2006: deficit of £nil).

BBC Marshall Plan of the Mind Inform is incorporated in Russia. It did not trade during the current and prior years.

The investment in BBC WST Limited is held directly; the investment in BBC Marshall Plan of the Mind Inform is held by BBC WST Limited.

**16 Reconciliation of net movement in funds to net cash outflow from operating activities**

	2007 £	2006 £
Net (outgoing)/incoming resources	(383,748)	360,285
Investment income	(69,007)	(32,279)
(Increase)/decrease in debtors	(595,229)	893,763
Increase/(decrease)in creditors including deferred income	637,492	(1,714,254)
<b>Cash outflow from operating activities</b>	<b>(410,492)</b>	<b>(492,485)</b>

**17 Reconciliation of movement in cash**

	2007 £	2006 £
Net decrease in cash in the year	(341,485)	(460,206)
Cash at the start of the year	3,549,489	4,009,695
<b>Cash at the end of the year</b>	<b>3,208,004</b>	<b>3,549,489</b>

**Notes** (continued)  
for the year ended 31 March 2007

**18 Commitments**

There were no capital commitments at the end of the financial year.

**19 Pension costs**

Many BBC World Service Trust employees are members of the BBC's pension schemes, the BBC Pension Scheme (a defined benefit scheme) and the Group Personal Pension Scheme (a defined contribution scheme).

**BBC Pension Scheme (Defined Benefit Scheme)**

The BBC Pension Scheme provides salary related pension benefits on a defined benefit basis from assets held in separate, trustee-administered funds.

The scheme is subject to independent valuation by a professionally qualified actuary at least every three years, on the basis of which the actuary certifies the rate of employer's contributions. These, together with the specified contributions payable by employees and proceeds from the scheme's assets, are expected to be sufficient to fund the benefits payable under the scheme. The most recent formal actuarial valuation of the scheme was prepared as at 1 April 2005 by Watson Wyatt, professionally qualified actuaries. At 1 April 2005, the actuarial value of the assets was sufficient to cover just over 100% of the benefits due to members, after allowing for expected future increases in earnings.

As a result of the 2005 market-based valuation by Watson Wyatt, it has been agreed between the BBC and the pension scheme trustees that the employer contributions will increase to 18.8% on 1 April 2007. It is proposed that employee contributions will rise from 6.0% to 7.5% on 1 September 2008, at which point, employer contributions will decrease from 18.8% to 17.3%. In addition, the BBC and the pension scheme trustees have agreed that the BBC Group will make good the estimated shortfall as at 1 April 2007 by making an additional payment of £23 million (index-linked) per annum from that date for a period of eight years (of which £1.5 million per annum (index-linked) will be paid by BBC World Service). Ordinarily the next formal actuarial valuation would be performed on 1 April 2008, however, it has been brought forward to 1 April 2007 and the contribution levels, including the additional payment, will be reviewed again once the results of that valuation are known.

Contribution rates

	Employer %	Employee %
Projected 2009	18.8/17.3	6.0/7.5
Projected 2008	18.8	6.0
2007	7.5	5.5/6.0
2006	6.0	5.5
2005	5.5	5.0
2004	5.0	4.5

The Trust, following the provisions within *FRS 17: Retirement Benefits*, accounts for the scheme as if it were a defined contribution scheme. This is because it is not possible to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The pension cost charged for this scheme therefore represents contributions payable by the Trust to the scheme and the costs amounted to £40,128 in the year (2006: £96,811).

The 1 April 2005 formal actuarial valuation was updated for FRS 17 purposes to 31 March 2007 by Watson Wyatt. This valuation identified a surplus of £340 million in the scheme at 31 March 2007 (2006 surplus of £170 million). Additional disclosure about the scheme and its financial position under FRS 17 is



**Notes** *(continued)*  
*for the year ended 31 March 2007*

**19 Pension costs** *(continued)*

provided in the BBC Annual Report and Accounts that can be obtained from the Head of the Executive Unit, The Media Centre, 201 Wood Lane, London W12 7TQ.

**Group Personal Pension Scheme (Defined Contribution Scheme)**

The BBC also operates its own defined contribution pension schemes, including those operated in the USA and Australia. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension cost represents contributions payable by the Trust to the funds and this amounted to £143,741 in the current year (2006: £16,614).

**20 Related party transactions**

During the year, the Trust procured some services from BBC World Service and other BBC companies on an arms length basis. At 31 March 2007, an amount of £150,796 (2006: £65) was owing to the BBC World Service. This amount owing is non-interest bearing and repayable on demand.