

B B C WORLD SERVICE TRUST

Annual Report 2008/09

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OVERVIEW

This year saw major changes in the leadership of the BBC World Service Trust (BBC WST) with Stephen King and Nigel Chapman moving to new posts outside the BBC. Nigel (Chair from January 2001) and Stephen (Director from April 2001) led during a period of exceptional growth and established the BBC WST as the leading UK charity using media and communication in the pursuit of development and human rights.

As annual expenditure for charitable purposes rose above £20 million for the first time, the BBC WST increasingly designed and delivered integrated projects to meet complex development objectives as well as delivering discrete training events. The impact of some of these in strengthening the media in developing countries and using communications to advance development is outlined in the pages that follow.

The BBC WST's research feeds into the development and implementation of effective projects around the world and has won external recognition this year in its own right. The charity is well known for its policy work exploring the role of media and communications within development and humanitarian activity and has increased its credibility within the development sector over the past 18 months on account of this work. Both the research and policy work feed into knowledge-sharing internally and help create a vibrant working environment in which innovative projects can be developed.

Financial performance improved from the previous year and a reasonable contribution was made to reserves at year end. This reflects considerable work on improving financial information and allocation of costs and marks the first step in making the organisation more financially secure.

October 2009 will be the tenth anniversary of the BBC WST. During the past decade, the charity has grown rapidly in scope, reach, income and staffing. The next challenge is to ensure that the organisation has the internal capacity to match the number and ambition of projects and the breadth of work.

The new Director, Caroline Nursey, (from March 2009) and Richard Sambrook (Chair, also from March 2009), will work with staff and trustees to consolidate, improve processes and find new sources of funding between 2009 and 2012. We will concentrate on increasing unrestricted income rather than seeking overall growth and will further improve the recovery of costs from donors, develop surplus-generating activities and strive for greater efficiency and effectiveness in all operations.

As a prerequisite for fundraising, we will explore a new name that better describes our work. The current name is often confused with the BBC Trust or the BBC World Service and suggests that we are a grant-giving charity rather than one that designs and delivers projects.

We know that the overall purpose of our work is even more apposite than when the organisation was founded ten years ago. We will continue to deliver high-quality work that is recognised by others within the development community and by media organisations as making a valuable contribution towards promoting development and better standards of governance in developing countries.

BOARD OF TRUSTEES' REPORT

OBJECTS AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the BBC WST are:

- the education and training of journalists and all others engaged in the broadcast media in the principles and practice of journalism, programme production, broadcasting and related media skills including ethics and codes of conduct, technical presentation and writing skills, interviewing techniques, press and news conferences, relevant law and newsroom roles and responsibilities so as to promote high standards of balance, fairness, integrity and professionalism; and,
- the education of the public in the arts and sciences, including health, law, social policy, public administration, history, politics, economics, environmental protection, languages and in the availability of education, and in particular through raising public awareness on subjects such as sexual and reproductive health issues by producing public service announcements, discussion programmes and drama and broadcasting and other dissemination of educational films and radio and television programmes and the publication of other educational material for the benefit of the public.

The BBC WST carries out these objects by:

- delivering projects that transform lives through media - using media and communications to promote development and human rights in a range of countries in Africa, Asia, the Middle East and, to a lesser extent, in Eastern Europe and the former Soviet Union. Our projects use radio, television and modern media to reach target audiences and employ drama, debate, current affairs formats, advertising spots and blogs to reach development objectives as well training journalists and others.
- working in alliance with others towards our vision. Within the BBC, we are extending our reach with broad audiences by working closely with the language services of the World Service in making many of our programmes and, where appropriate, in providing material that will be broadcast by them. We also work with other development actors within the British and

international development community to broaden our circle of influence through our policy work in particular and with academic institutions in the UK and the countries where we work. We work with civil society organisations, local media organisations and with governments.

We have established that we will achieve greatest impact and public benefit by focusing on five thematic areas and prioritising the first three of these: - Humanitarian, Governance and human rights (in particular strengthening media so that it can hold its own government and others to account), Health, Livelihoods, Climate change.

Across all five thematic areas, we aim to be inclusive and seek to be aware of gender and diversity and to design and implement our strategies and projects accordingly to reach beneficiaries across the world. We are committed to exploring this area further within our knowledge sharing activities.

Across all five thematic areas, we aim to enable debate and conversation and to strengthen media and communications. All this work has public benefit in the way it contributes to improved governance in addition to the targeted work within the governance theme.

To achieve our mission and maximise impact, we seek to intervene at four societal levels: Populations, Practitioners, Organisations and Systems (although individual projects do not necessarily work at all levels). We believe that intervention at all these levels will combine to bring about lasting change in the lives of poor people.

We also seek to design our projects around four activity sets which are research, media development, production and outreach (wherever possible designing projects that incorporate all four of these).

The beneficiaries of our work are the audiences who hear or watch our radio, television or online programmes, and journalists and others who are recipients of training and mentoring. All those receive our services without charge.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the BBC WST's aims and objectives and in planning future activities. The BBC WST is committed to strengthening the media in developing countries and using media and communications to reduce poverty and promote human rights globally.

REVIEW OF 2008/09 OBJECTIVES

1) Commitment to quality

Aim: To produce high-quality media and communication for development outputs that will bring about positive and measurable change to people's lives.

Our charitable expenditure of more than £20 million has delivered a range of projects that reduce poverty or promote human rights in Africa, Asia, the Middle East and, (but to a lesser extent) in Eastern Europe and the former Soviet Union. The quality of work has been recognised through external awards, including two Reith awards for the team in Nepal. The impact of each project has been measured according to criteria agreed with donors that look not only at the audiences reached by each piece of work, but at the changes in people's behaviour resulting from their access to information and ideas. This helps us maximise public benefit by matching identified and quantifiable need with appropriate output.

2) Strengthen monitoring and evaluation

Aim: Ensure that the BBC WST demonstrates impact and strengthens organisational learning.

All our work is underpinned by rigorous research to inform each stage of project delivery and to measure impact, so that we know the public benefit of each intervention. BBC WST has a network of more than 50 researchers worldwide, largely drawn from and based in the countries and communities in which BBC WST works. This research capacity underpins the design and assessment of all project work, and focuses particularly on identifying the demand side of the development issues we cover and exploring how media can meet those demands. Our research capacity was recognised externally during the year when the Research and Learning Group received the Professional Services accolade at the annual BBC Global News Reith Awards. This recognised the way in which staff have worked together across the world and supported design and delivery of projects.

3) Influence policy change around the role of media in development

Aim: Ensure that the BBC WST plays a leadership role in policy and research around the role of media in development.

Our policy work has had significant impact during the year with the production of several well-received papers and leadership in conferences and meetings. A baseline survey of donors and other key actors recognised a significant engagement gap around the role of media and communications in development and ensuring that the Accra Conference on Aid delivery recognised the importance of media and communications was one step in addressing this. A policy briefing reviewing the role of media in the violence in Kenya following the elections in early 2008 was particularly timely and the initial print run of 3,000 copies was quickly exhausted. Another policy briefing paper - 'Left in the dark' - linked presentations to the UN in New York and elsewhere highlighted the information needs of people in the wake of natural and conflict related disasters and has been embraced by a range of humanitarian agencies who now see this as a key component in a humanitarian response.

4) Strengthen communication and knowledge management processes

Aim: To celebrate our achievements and raise our profile through activities that make the BBC WST's work more efficient, effective and visible.

It was agreed that the first step should be to raise the profile of the WST within the BBC and plans were prepared for communications work to start early in 2009/10 as part of the tenth anniversary

activities. Internal communication improved significantly and a working group was set up to identify ways to improve systems and methods of working.

5) Develop our organisational management and governance

Aim: To strengthen our planning processes to make our work more efficient, transparent and accountable:

- reviewing our budgeting and planning processes
- rolling out a consistent and new approach to project management.

Significant progress was made in this area with processes set up to share financial management information across the organisation and new procedures and criteria were introduced for the preparation of project budgets. This contributed towards the improved financial performance in the year. Project management checkpoints were rolled out with a training programme to all staff in the regional teams in the UK and this approach has now been widely adopted.

6) Finance our work

Aim: To meet our financial objectives for the year:

- increasing expenditure on charitable activities by 5% to £19m
- diversifying sources of unrestricted income, and
- building reserves.

We exceeded the target for expenditure and carried out £20m of charitable activities reaching people in Africa, Asia and other parts of the world. This was an 11% increase on the previous year. Planning was completed to diversify unrestricted income fundraising that has started in 2009/10. Unrestricted reserves were increased by £0.6m.

OUR ACHIEVEMENTS IN THE FINANCIAL YEAR 2008/09

Many of our achievements have been externally recognised through awards. In June, the BBC WST received an award for Business Excellence from GBC (the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria), for its work to increase awareness about HIV and AIDS in India. The Afghan Education Project's children's department was awarded a Silver Medal at the New York Festival Radio Broadcasting Awards 2008. BBC WST was shortlisted for the 'Most Admired Charity' category of Third Sector magazine's annual awards in October. *Under the Sign of the Earth*, one of the TV documentaries produced as part of a BBC WST programme on social integration, was judged best documentary about an ethnic community at the annual SIMFEST festival. BBC WST won three awards at the annual Reith awards in March: Best non-English Language Service – Output (the Nepal drama team for *Sweet Tales of the Sarangi*); Team of the Year – Journalism and Production (Nepal); and, Professional Services (Research and Learning Group).

Overall impact is difficult to aggregate across the many projects implemented during the year across our five themes in a way that is meaningful. We present our financial analysis by geographical region. A few examples illustrating impact of specific projects are outlined below.

The largest area of work is governance. One of our most innovative initiatives has been to enable journalists from Sierra Leone and Liberia to report on the International Criminal Court's trial of the former president of Liberia, Charles Taylor. Feedback suggests that this has had considerable public benefit, helping many West Africans feel linked to the trial process although it has been taking place in the Hague: we hope that this will make it more likely that they will accept the eventual verdict and that this will contribute to stability in the region.

The 'ZigZag' journalism training project for Iranians continued across the year, combining face-to-face and online training with an innovative, youth-oriented website. The combined package creates an alternative middle-ground information source within Iran's polarised media scene. New media is embraced not only in delivering the project (online training, virtual newsrooms, website) but also in conducting the research. Research using online surveys, interviews and web metric analysis is exploring the project's multiple audiences (trainee journalists, registered users and visitors) and how new media has facilitated learning and communication.

Al-Mirbad Radio in Iraq was launched in Basra in the summer of 2005 and has become one of the most recognised and listened-to radio stations across the south of the country. Results of an audience survey received in September show that Al-Mirbad dominates the radio scene in the south: it has a weekly reach of 32% of 15- to 65-year-olds. This means 700,000 people are benefiting, listening weekly and hearing output that is not dominated by one ethnic or religious grouping unlike most other broadcasting in Iraq.

In Bangladesh, *Question Time*-style programmes on BBC World Service radio and on national television have been successful in enabling audiences to hold politicians to account. In July and August, seven live *Sanglap*-style debates were produced featuring the candidates standing in the mayoral elections in four cities. Approximately 21 million members of the public viewed at least one of the programmes. At the end of December 2008, Bangladesh held a national election, widely regarded as free and fair. Bangladeshi commentators noted that for the first time many voters appeared to have made their choices not simply on the basis of the dynastic connections of the two party leaders, but on the policies and performances of the rival parties. This is precisely the change in the political culture that Bangladesh *Sanglap* set out to achieve.

Health is another major area, and a key achievement this year was the 'Condom, Condom' campaign conducted in four states in India. The focus of the campaign is to get men talking about condoms because research shows they are then more likely to use them consistently. The project reached 50.1

million men in the four states (against a target of 48 million) and then went on to reach 150 million men in the reproductive age group (15–49 years) nationally when the Government of India adopted the campaign and used the project's outputs (TV and radio) for its own condom promotion efforts. To date, the government has spent approximately US\$4.5 million purchasing airtime to broadcast the BBC WST's advertisements which greatly increases the project's impact and marks a major endorsement of BBC WST's work. The mobile ringtone, which formed part of the campaign, was a huge success, with over 500,000 requests to download it in India and abroad, and the campaign website www.condomcondom.org has received over four million hits worldwide since its launch in August 2008. Impact research suggests that 31% of the men reached have modified their condom use as a result of the project and this should help reduce the spread of HIV in India.

In the humanitarian area, we worked with the BBC World Service to broadcast lifesaving information as part of the response to the cyclone in Burma and also continued to broadcast to displaced people in Darfur. A particular achievement was to produce programming in Darfur on the very sensitive subject of gender based violence. This drew on a 12-month extensive multi-method programme of research into gender-based violence in Darfur and the findings were shared at an international conference on reproductive health in emergencies, hosted by Marie Stopes International.

Our livelihoods strategy is being finalised, but a major project has already been launched in this area aiming to develop the English language skills of young people in Bangladesh to enhance their livelihoods capacity. The project demonstrates how research underpins all our projects. In total, 8,300 people took part in in-depth, one-to-one interviews. This baseline survey provided data on perceptions of language learning barriers (and motivators) to learning English, and current exposure to English-language media. Working with BBC Learning English, formative research informed the development of an English-language learning syllabus and tested reaction to pilot productions of short English audio magazine and news programmes. In addition to this, 36 focus groups were arranged to inform the development of the TV drama and 16 for the youth magazine programme. Further formative research looked at mobile phone and Internet usage to establish consumption patterns, pricing options and how these platforms could be employed to teach English to Bangladeshis. A survey of more than 3,000 mobile phone users across Bangladesh was completed in August 2008. The findings were shared with key partners.

Our climate change strategy is also being finalised, but we have already started work in Africa to explore attitudes to climate change through a major research and communications initiative being implemented in partnership with the British Council. 'Africa Talks Climate' aims to understand knowledge, perceptions and experiences of climate change amongst citizens, opinion formers and policymakers in Africa. Research has been completed in Nigeria as a pilot through focus groups and interviews with policymakers and is already helping to identify the entry points that will make it possible to engage Africans in national, regional and international conversations on climate change.

LOOKING AHEAD: OUR AIMS FOR 2009/10

A new three-year organisational strategy will steer our work from 2009-12 and will seek to develop BBC WST's systems and funding models so that they can support the continued production of high quality outputs that have real development impact. The strategy is designed to consolidate the position of BBC WST after its first decade and to equip it for the next phase. Drawing on the strategy, BBC WST will pursue the following objectives during 2009/10.

1) Striving for quality in all that we do and defining our reach and scope

Working at country and regional level, we will work with local partners to design and deliver projects within our governance, health, humanitarian, livelihoods and climate change strategies and we will review all five strategies during the year. Across our training and programme-making – using drama, debate and advertising formats across radio, television and multimedia – we will maintain systems to ensure the highest editorial standards and we will use our research and learning capacity to review our work and seek maximum impact.

2) Capitalise on our distinctive research capacity and further develop our policy work

As well as using our research function to inform our programme-making, we will also deliver stand-alone research projects within the media sector and will experiment with implementing some of these on a surplus-making basis to cross subsidise other areas of work. We will continue with our policy programme and engage with donors and other non-governmental organisations to explore the role of media in development.

3) Working with others

We will strengthen our partnerships with the BBC World Service and other parts of the BBC. We will also strengthen our relations within the development sector, engaging with BOND (British Overseas NGOs for Development) and actively seeking out ways to implement projects in partnership with other international non-governmental organisations as well as with local civil society and media partners. By working together we will provide broader public benefit by pooling resources, sharing and gaining knowledge and avoiding duplication of effort.

4) Supporting and developing staff

We will develop a culture of clear decision-making combined with open communication. We will review terms and conditions of staff within country programmes to ensure that we are compliant with local labour laws and supporting staff appropriately.

5) Improving financial situation through raising unrestricted funds, keeping costs down, project cost recovery and better internal systems

We will establish a US subsidiary to enable further opportunities for fundraising in the USA and launch a big gift fundraising campaign in the UK. We will build on the work done during 2008/09 to maintain systems to allocate overhead costs to projects and engage staff in exploring ways to reduce costs. We will further develop internal systems and identify key performance indicators that will help us monitor performance.

6) Strengthening our communications

We will raise our profile within the BBC through a series of events as part of Global News Live early in the year and then focus on key external stakeholders through a series of tenth anniversary events in the autumn. We will explore a new name and brand for the organisation and communicate that widely.

FINANCIAL REVIEW

The income and expenditure account for the year ended 31 March 2009 shows a surplus (net incoming resources) of £592,000 in comparison with deficits in the two preceding years and this reflects the concerted effort made to attribute costs appropriately to projects. It is worth noting that the surplus was increased by one off gains on exchange rates of £164,000. The surplus significantly improves the BBC WST's reserves.

Total income increased in the year to £20.9m (2008: £17.9m) with grant funding increasing by 15% to £19.6m. In particular the Asia region saw grant funding increase by £3.0m to £8.2m.

Total expenditure increased in the year to £20.3m (2008: £18.3m). Expenditure on our charitable activity, providing public benefit by changing lives through media development and development communications represented a healthy 98.7% of total expenditure.

The consolidated cash flow statement shows that cash has increased by £1.7m during the year as BBC WST has improved its management of cash. Greater focus has been given during the year to the collection of debtors which results in a reduction in debtors to £5.3m at 31 March 2009 (£5.5m at 31 March 2008) despite the 15% increase in grant funding.

BBC WST has been to date less affected by the global economic crisis than many other charities as most of its income comes from project related grants from the UK government, the EC and other governments which have not yet cut back their funding. Applications to trusts and foundations have been affected and many have radically reduced the number of new grants that they make. We anticipate that the competition for foundation funding will remain high in the coming year and that government funding will also start to reduce and will be even more scarce in 2010/11. Our strategy to increase the unrestricted income of BBC WST is particularly challenging against this global economic background, but initial research suggests that carefully targeted fundraising can work for BBCWST even in the current environment.

We are grateful to all our donors who have supported our work.

Financial policies

Reserves

As a result of the surplus of £592,000 net assets in the consolidated balance sheet have increased to £966,000.

During the year the Board of Trustees reviewed the reserves policy. The review was carried out in the context of the review of risks and opportunities for BBC WST. The Board of Trustees considers that the Trust should hold reserves equivalent to approximately four months central costs (these being

costs incurred in London including both staff and facilities), equivalent to approximately £1.6m during the year ended 31 March 2009.

Unrestricted reserves held at 31 March 2009 amounted to £966,000 (31 March 2008: £374,000). The Board of Trustees are encouraged that the unrestricted reserves, which are set out in note 14, have increased. However, they consider that the unrestricted reserves remain below the level required by BBC WST, and have instructed management to continue to build up reserves in the year ending 31 March 2010 and in the following years. The Reserves policy is reviewed by the Board of Trustees on an annual basis.

In 2008/09 the Board of Trustees designated £150,000 in an Afghan Education Projects Fund recognising that at the time of the Afghan Education Project becoming an independent NGO, planned for 2010/11, there would need to be an initial working capital balance. At 31 March 2009 general funds were £816,000.

Investment Policy

Cash balances are set out in the consolidated statements and BBC WST balance sheets and in the notes of the financial statements. The objective of the investment policy is to maximise interest whilst limiting risk.

Going concern

The Board of Trustees is of the opinion that the BBC WST and the group has adequate resources to continue in operational existence for the foreseeable future.

OUR ORGANISATION

Staff and volunteers

The quality and creativity of our outputs are directly attributable to the calibre and expertise of our staff. In 2008/09 The BBC WST employed a total of 511 staff, with 73 based in the London office. Of the staff based outside London, 35% are in the Rest of World region, 27% in Africa, and 23% in Asia. This includes 28 expatriate staff who have specialist skills in media and or international development, and who are originally from UK, Germany, Belgium, US, Canada, Nepal, Palestinian Territories, and Australia.

The skill sets are diverse. In addition to attracting journalists and programme makers from elsewhere in the BBC and other media organisations, we have employed specialist development practitioners, trainers, producers, actors, development finance professionals, marketing and research experts from the private sector and more.

Conscious of our remit to provide public benefit we advertise many of our jobs locally, invest in building local skills, and a high proportion of our staff are based in countries where we work. We seek to develop local skills, so that our work can be sustained long-term, after our own in-country projects have concluded. As a consequence, wherever possible we recruit staff from the countries or regions where we operate. We are keen to ensure a positive and supportive working environment for our staff. A new People, Processes and Internal Communications working group now meets regularly. The BBC WST has volunteers and work experience placements on a regular basis.

Legal structure

The BBC WST is registered as a charity (registered number 1076235), and is incorporated as a company limited by guarantee (registered number 3521587). The BBC WST 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 sole member of the BBC WST, the BBC, undertakes to contribute to the Assets of the BBC WST 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 BBC WST 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 £1. Each Trustee is a subscriber to the Memorandum of Association and accordingly the BBC WST had nine subscribers at the end of the year 2008/09.

Subsidiary companies

The BBC WST has three subsidiary companies, which are all 100% owned by the BBC WST. The Marshall Plan of the Mind Inform did not trade during the year. Work in India during the year was transacted through the BBC WST Limited. Work in Iraq during the year was transacted through Southern Iraq Company for Radio and TV Broadcasting Limited.

Governance

The Trustees, who are also directors of the company, are listed on page 17; they meet at quarterly intervals for the despatch of business. 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.

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 Trustees have the power at any time, to appoint any person to be a Trustee, either to fill a casual vacancy or as an addition to the existing Trustees, so long as the number does not exceed the total

number of Trustees referred to in the Articles of Association. Trustees are selected following either advertisements or recommendations. An interview process is carried out by the Chairman of the Trustees and at least one other member of the Board. Nominations are then put forward to the full Board for approval. An induction programme is available for all Trustees as is internal training on duties and responsibilities. Trustees are also encouraged to visit BBC WST projects to obtain first hand experience of the BBC WST in action.

The Finance and Audit Committee is a sub-committee of the Board of Trustees and consists of three members. It meets at least four times a year.

Organisational structure and management

The BBC WST has its head office in London, UK, where core support functions of Business Development, Communications, Finance, Human Resources, IT and the Director are based. A Senior Management Team (SMT) of seven directors report to the Director of the BBC WST. The SMT roles comprise: three Regional Directors (Africa, Asia and Rest of World), Director of Business Development, Director of Communications, Director of Finance and Business Services, and Director of Research and Learning.

In addition to the UK office there are BBC WST offices in 13 countries (Angola, Afghanistan, Bangladesh, Cambodia, Ethiopia, India, Kenya, Nepal, Nigeria, Sudan, Tanzania, Uganda, Vietnam), managed by Regional Country Directors and Country Heads, appointed by and accountable to the UK office. The country offices work with local development organisations and media partners in delivering the work described above. In addition, London-based Project Managers work within regions and across groups of projects and themes, overseeing project life cycles, providing logistical support and seeking further business development.

Across the financial year 2008/09 there has been significant investment in developing project management and organisational systems and processes. These new ways of working are now being rolled out across the BBC WST and will facilitate more linked-up processes, prevent duplication of effort and build, and share, staff skills.

Risk Management

The BBC WST has identified the major risks affecting its work and has ranked these by likelihood and impact. A risk register has collated these and ranked them according to level of risk. The Trustees have assessed these risks and are satisfied that reasonable steps are being taken to mitigate exposure to them. The SMT reviews the register quarterly and is responsible for managing each risk identified. The Trustees review the risk register on an annual basis. The BBC WST operates an annual planning and budgeting system with an annual budget approved by the Trustees. Any significant changes to those plans need specific approval. Financial forecasts are made during the course of the year.

STATEMENT OF THE BOARD OF TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board of Trustees is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and BBC WST and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements the Board of Trustees is required to:

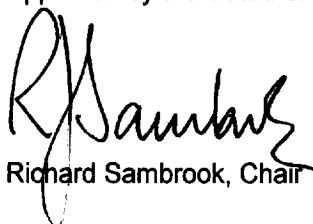
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained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

The Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and BBC WST and which enable them to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice: accounting and reporting by charities 2005. The Board of Trustees is also responsible for safeguarding the assets of the group and Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees who held office at the date of approval of this Trustees' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the BBC World Service 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 BBC World Service Trust's auditors are aware of that information;
- the Trustees are responsible for the maintenance and integrity of the BBC World Service Trust website; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 17 July 2009 and signed on its behalf by:


Richard Sambrook, Chair

TRUSTEES, SENIOR STAFF AND ADVISORS

Patrons

Glenys Kinnock MEP

Edward McMillan-Scott MEP

Trustees

Nigel Chapman* (Chair, stood down February 2009)

Richard Sambrook* (joined board February 2009, Chair from February 2009)

Zeinab Badawi* (stood down from board October 2008)

Michael C. McCulloch †

Dr Michael C. Williams (stood down from board April 2009)

Prof Patrick Vaughan

Bhupendra Mistry †

Susan Robinson-King

Richard Manning

Richard Thomas*†

Zarin Patel*

Company secretary

Lindsey North*

* BBC representative

† Member of Finance and Audit Committee

Executive Team

Stephen King – Director (stood down in December 2008)

Caroline Nursey – Director (from March 2009)

Awo Ablo – Director of Business Development

Kirsty Cockburn – Director of Communications

Simon Derry – Regional Director, Europe, FSU and Middle East

Caroline Howie – Regional Director, Asia; and Interim Director (January 2009 – March 2009)

Richard Lucas – Interim Regional Director, Asia (January 2009- March 2009)

Andrew Lawrence – Director of Finance and Business Services

David Mowbray – Interim Regional Director, Africa (from September 2008)

Gerry Power – Director of Research and Knowledge Management

Anna da Silva – Regional Director, Africa (on maternity leave from August 2008)

Auditors

KPMG LLP, Chartered Accountants, Registered Auditors, London.

Bankers

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

Registered Office

Bush House, PO Box 76, Strand, Aldwych, London WC2B 4PH

Registered number 3521587

Registered charity number 1076235

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 2009 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 page 16.

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 2009 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 August 2009

Consolidated Statement of Financial Activities

(including the income and expenditure account) for the year ended 31 March 2009

| | Note | Restricted funds 2009 £'000 | Unrestricted funds 2009 £'000 | Total 2009 £'000 | Total 2008 £'000 |
|--|--------|--------------------------------------|--|------------------------|------------------------|
| Incoming resources | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | |
| Voluntary income | 2 | - | 1,279 | 1,279 | 841 |
| Investment income | 3 | - | 32 | 32 | 29 |
| <i>Incoming resources from charitable activities:</i> | | | | | |
| Grant funding for specific charitable activities | 4 | 17,765 | 1,795 | 19,560 | 17,076 |
| Total incoming resources | | 17,765 | 3,106 | 20,871 | 17,946 |
| Resources expended | | | | | |
| <i>Cost of generating funds:</i> | | | | | |
| Costs of generating voluntary income | 5 | - | (75) | (75) | (79) |
| <i>Charitable activities</i> | | | | | |
| <i>Changing lives through media and communication:</i> | | | | | |
| Africa | 5 | (4,418) | (842) | (5,260) | (6,417) |
| Asia | 5 | (7,100) | (766) | (7,866) | (5,572) |
| Rest of World | 5 | (5,728) | (596) | (6,324) | (5,427) |
| Cross cutting activities | 5 | (519) | (49) | (568) | (590) |
| Total charitable activities | | (17,765) | (2,253) | (20,018) | (18,006) |
| <i>Governance costs</i> | 5 | - | (186) | (186) | (251) |
| Total resources expended | | (17,765) | (2,514) | (20,279) | (18,336) |
| Net incoming/(outgoing) resources | | - | 592 | 592 | (390) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | - | 374 | 374 | 764 |
| Total funds carried forward | 14, 15 | - | 966 | 966 | 374 |

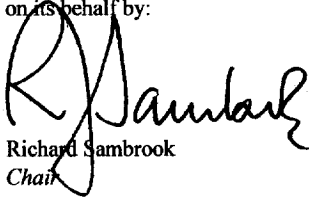
The statement of financial activities includes all gains and losses recognised during the year. All incoming resources and resources expended derive from continuing activities.

Consolidated and BBC World Service Trust Balance Sheets
at 31 March 2009

| | Note | Group 2009 £'000 | Group 2008 £'000 | Trust 2009 £'000 | Trust 2008 £'000 |
|--|-------|------------------------|------------------------|------------------------|------------------------|
| Fixed assets | | | | | |
| Investments | 8 | - | - | 18 | 18 |
| Current assets | | | | | |
| Debtors | 9 | 5,321 | 5,516 | 5,084 | 5,496 |
| Cash at bank and in hand | 10 | 4,231 | 2,533 | 4,228 | 2,479 |
| | | 9,552 | 8,049 | 9,312 | 7,975 |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 11 | (8,074) | (7,252) | (7,852) | (7,196) |
| Net current assets | | 1,478 | 797 | 1,460 | 779 |
| Provisions for liabilities | 12 | (512) | (423) | (512) | (423) |
| | | 966 | 374 | 966 | 374 |
| The funds of the group/Trust | | | | | |
| Unrestricted funds | 14,15 | 966 | 374 | 966 | 374 |
| Restricted funds | 14 | - | - | - | - |
| Total Funds | 14 | 966 | 374 | 966 | 374 |

The notes on pages 23 to 33 form part of these financial statements.

The financial statements on pages 20 to 33 were approved by the Board of Trustees on 17th July 2009 and were signed on its behalf by:


Richard Sambrook
Chair

Consolidated Cash Flow Statement

for the year ended 31 March 2009

| | | Total | Total |
|---|-------------|--------------|--------------|
| | | 2009 | 2008 |
| | <i>Note</i> | £'000 | £'000 |
| Net cash inflow/(outflow) from operating activities | 17 | 1,666 | (704) |
| Returns on investments and servicing of finance | | | |
| Investment income | 3 | 32 | 29 |
| Increase/(decrease) in cash | 18 | 1,698 | (675) |

Notes (forming part of the financial statements)
for the year ended 31 March 2009

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the BBC World Service Trust ('the Trust', 'Trust' or 'BBC WST') and its subsidiary undertakings made up to 31 March 2009.

The financial statements of BBC WST Limited, a company registered in England and Wales, the financial statements of BBC Marshall Plan of the Mind Inform, a close joint stock company registered in Russia, and the financial statements of the Southern Iraq Company for Radio and TV Broadcasting Limited, a company registered in Iraq, 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.

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 9 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. General Funds are those unrestricted funds that have not been set aside by Trustees for a particular purpose. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Notes *(continued)*

for the year ended 31 March 2009

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.

Incoming resources from charitable activities are grants specifically for the provision of goods and services to be provided as part of charitable activities or services to beneficiaries (paragraph 145e of SORP 2005). These 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 grants less the management fee are credited to restricted income within the SOFA, with unspent balances being carried forward to subsequent years within the relevant fund. Where grants allow a management fee to be earned the management fee is credited to unrestricted income within the SOFA. 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 2009

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.

2 Voluntary income

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

| | Total 2009 £'000 | Total 2008 £'000 |
|--|------------------------|------------------------|
| BBC Group | 590 | 415 |
| BBC World Service | 450 | 250 |
| Norwegian Agency for Development Cooperation (Norad) | 128 | 115 |
| Swiss Development Corporation | 76 | 37 |
| Individuals / Other | 35 | 24 |
| | <u>1,279</u> | <u>841</u> |

3 Investment income

| | 2009 £'000 | 2008 £'000 |
|--------------------------|---------------|---------------|
| Bank interest receivable | <u>32</u> | <u>29</u> |

4 Incoming resources from charitable activities:

| | Total 2009 £'000 | Total 2008 £'000 |
|--|------------------------|------------------------|
| Grant funding for specific charitable activities | | |
| Africa Region | 4,726 | 6,232 |
| Asia Region | 8,200 | 5,220 |
| Rest of World | 6,097 | 5,032 |
| Cross cutting activities | 537 | 592 |
| | <u>19,560</u> | <u>17,076</u> |

Notes (continued)
for the year ended 31 March 2009

5 Resources expended

| | Direct project costs 2009 | Project staff costs 2009 | Allocation of support costs 2009 | Total 2009 | Total 2008 |
|--|------------------------------|-----------------------------|-------------------------------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| <i>Cost of generating funds:</i> | | | | | |
| Costs of generating voluntary income | 69 | - | 6 | 75 | 79 |
| <i>Charitable activities</i> | | | | | |
| Changing lives through media and communication | | | | | |
| Africa | 2,620 | 1,798 | 842 | 5,260 | 6,417 |
| Asia | 4,656 | 2,444 | 766 | 7,866 | 5,572 |
| Rest of World | 2,984 | 2,744 | 596 | 6,324 | 5,427 |
| Cross cutting activities | 290 | 229 | 49 | 568 | 590 |
| Total costs of charitable activities | 10,550 | 7,215 | 2,253 | 20,018 | 18,006 |
| <i>Governance costs</i> | 39 | 85 | 62 | 186 | 251 |
| Total resources expended | 10,658 | 7,300 | 2,321 | 20,279 | 18,336 |

Governance includes audit costs, trustee meeting costs and a proportion of the cost of the Director, the Director of Finance and Business Services and finance staff. Support costs are allocated on an apportionment basis.

The support costs allocated and basis of apportionment were:

| <i>Support activity</i> | Total 2009 £'000 | Total 2008 £'000 | <i>Basis of apportionment</i> |
|-------------------------|------------------------|------------------------|--|
| Programme support | 659 | 674 | Specific allocation by region |
| General management | 463 | 572 | Pro-rata by direct project expenditure |
| Financial management | 375 | 348 | Pro-rata by direct project expenditure |
| Information technology | 222 | 224 | Pro-rata by direct project expenditure |
| Premises and facilities | 602 | 334 | Pro-rata by direct project expenditure |
| | <u>2,321</u> | <u>2,152</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 Trust is £19,120,000 and the net result for the Trust is a surplus of £592,000.

| | 2009 £ | 2008 £ |
|--|-----------|-----------|
| Audit of financial statements of subsidiaries pursuant to legislation in UK | 25 | 25 |
| Audit of financial statements of subsidiaries pursuant to legislation in India | 6 | 7 |
| | <u>31</u> | <u>32</u> |

Notes (continued)
for the year ended 31 March 2009

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 £2,790 (2008: £3,534) during the year relates to the reimbursement of travel costs incurred while carrying out their duties for the Trust. Expenses were paid to three trustees (2008: three). 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

| | 2009 | 2008 |
|---------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Costs of staff on UK contracts | | |
| Wages and salaries | 3,637 | 3,691 |
| National insurance | 342 | 348 |
| Pension costs | 565 | 448 |
| Other staff costs | 127 | 198 |
| | <u>4,671</u> | <u>4,685</u> |

Employees with emoluments of £60,000 and over fell into the following bands:

| | 2009 | 2008 |
|-----------------|------|------|
| £60,000-£69,999 | 4 | 1 |
| £70,000-£79,999 | 3 | 3 |
| £80,000-£89,999 | 2 | 2 |
| £90,000-£99,000 | 1 | 1 |

The number of employees whose emoluments were greater than £60,000 to whom retirement benefits are accruing under defined benefits schemes is 9 (2008: 6 restated).

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

| | 2009 | 2008 |
|--|------------|------------|
| Programme activities (charitable) | | |
| Asia | 138 | 82 |
| Africa | 160 | 180 |
| Rest of World | 210 | 133 |
| Cross cutting activities | 3 | 1 |
| Governance of the Trust | 1 | 2 |
| | <u>512</u> | <u>398</u> |

The average number of persons, including part time staff, employed across the year on UK contracts in the UK and overseas was 95 (2008: 97). The number of staff, including part time staff, employed locally on overseas contracts was 417 (2008: 354 restated) at a cost of £3,256,493 (2008: £2,258,530 restated).

Total staff costs of £7,926,706 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 2009

8 Fixed Asset Investment

| | Trust 2009 £'000 | Trust 2008 £'000 |
|-------------------------------|---|------------------------|
| Investment in BBC WST Limited | | |
| Cost | 55 | 55 |
| Less: Cumulative impairment | (37) | (37) |
| | <u>18</u> | <u>18</u> |

The BBC WST Limited is 100% owned by the BBC World Service Trust. The BBC Marshall Plan of the Mind Inform is 100% owned by the BBC WST Limited and did not trade in the year. The carrying value of BBC Marshall Plan of the Mind Inform in the accounts of BBC WST Limited is £nil (2008: £nil).

| | Trust 2009 £'000 | Trust 2008 £'000 |
|---|---|------------------------|
| Investment in Southern Iraq Company for Radio and TV Broadcasting Limited | | |
| Cost | 1 | 1 |
| Less: Cumulative impairment | (1) | (1) |
| | <u>0</u> | <u>0</u> |

Southern Iraq Company for Radio and TV Broadcasting Limited is a company incorporated and registered in Iraq in August 2004 and is 100% owned by the BBC World Service Trust.

9 Debtors

| | Group 2009 £'000 | Group 2008 £'000 | Trust 2009 £'000 | Trust 2008 £'000 |
|---|---|------------------------|---|------------------------|
| Trade debtors | 3,323 | 2,317 | 3,265 | 2,317 |
| Other debtors | 17 | 94 | 17 | 94 |
| Prepayments | 380 | 174 | 315 | 163 |
| Amounts due from subsidiary and associated undertakings | 49 | 0 | 49 | 0 |
| Accrued income (see note 13) | 1,552 | 2,931 | 1,438 | 2,922 |
| | <u>5,321</u> | <u>5,516</u> | <u>5,084</u> | <u>5,496</u> |

All debtors fall due within one year.

10 Cash at bank and in hand

| | Group 2009 £'000 | Group 2008 £'000 | Trust 2009 £'000 | Trust 2008 £'000 |
|--|---|------------------------|---|------------------------|
| Cash held at bank in UK | 3,470 | 1,296 | 3,470 | 1,296 |
| Cash held at bank and in hand overseas | 761 | 1,237 | 758 | 1,183 |
| | <u>4,231</u> | <u>2,533</u> | <u>4,228</u> | <u>2,479</u> |

Notes (continued)
for the year ended 31 March 2009

11 Creditors: amounts falling due within one year

| | Group 2009 £'000 | Group 2008 £'000 | Trust 2009 £'000 | Trust 2008 £'000 |
|---|---|---|---|---|
| Trade creditors | 195 | 221 | 195 | 221 |
| Amounts due to subsidiary and associated undertakings | 817 | 366 | 861 | 1,899 |
| Other creditors | 381 | 253 | 366 | 253 |
| Accruals | 698 | 676 | 672 | 357 |
| Deferred income (see note 13) | 5,983 | 5,736 | 5,758 | 4,466 |
| | 8,074 | 7,252 | 7,852 | 7,196 |

12 Provisions for liabilities

| | Group 2009 £'000 | Group 2008 £'000 | Trust 2009 £'000 | Trust 2008 £'000 |
|-------------------------|---|---|---|---|
| Overseas employment tax | 359 | 252 | 359 | 252 |
| Project costs | 153 | 146 | 153 | 146 |
| Dispute costs | 0 | 25 | 0 | 25 |
| | 512 | 423 | 512 | 423 |

The provision for overseas employment tax relates to employer and employee tax obligations in countries where the Trust is operating or has operated in the past. None of the provision held at 1 April 2008 has been credited to the income and expenditure account during the year. An additional £107,673 has been provided during the year in relation to new obligations and charged to the income and expenditure account. It is expected that the Trust will settle these employment tax obligations within the next five years.

The provision for project costs relates to costs that are not expected to be recovered and are therefore an obligation. £137,643 of the provision held at 1 April 2008 have been removed from provisions and costs to the same value have been incurred in the year relating to those provisions. Additional provisions of £143,899 have been provided during the year and charged to the income and expenditure account. It is expected that the majority of these obligations will be paid during the year ending 31 March 2010.

The provision for dispute costs has been reduced to nil at 31 March 2009 as the claims and legal costs provided for at 31 March 2008 have been settled during the year. As the provision at 31 March 2008 exceeded the claims and related costs £17,751 has been credited to the income and expenditure account during the year.

Notes (continued)
for the year ended 31 March 2009

13 Deferred income

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

| | Total Deferred Income 2008 £'000 | Total Accrued Income 2008 £'000 | Amount received 2009 £'000 | Project Expenditure and other movements 2009 £'000 | Total Deferred Income 2009 £'000 | Total Accrued Income 2009 £'000 |
|---|--|---|-------------------------------------|---|--|---|
| AEP - New Homes, New Lives | 371 | 0 | 1,933 | (1,477) | 827 | 0 |
| AET LARS | 0 | 0 | 53 | (175) | 0 | (123) |
| ** Afghan RTA Phase II GCPP | 168 | 0 | (168) | 0 | 0 | 0 |
| Afghan Women | 0 | 0 | 336 | (48) | 288 | 0 |
| ** Afghan Woman's Hour (extension) | 244 | 0 | 205 | (449) | 0 | 0 |
| * AMDI - phase 2 | 0 | (67) | 163 | (205) | 0 | (108) |
| AMDI Phase 3 Gates | 0 | 0 | 480 | 14 | 494 | 0 |
| Angola Ecclesia NSA | 0 | 0 | 443 | (6) | 437 | 0 |
| ** Azerbaijan ITV Training Phase II | 75 | 0 | 39 | (114) | 0 | 0 |
| * Bangladesh - English In Action | 0 | 0 | 2,789 | (2,710) | 80 | 0 |
| * Bangladesh Sanglap 2 | 81 | 0 | 1,161 | (1,242) | 0 | 0 |
| * Bangladesh Sanglap IIC - extension | 0 | 0 | 0 | (60) | 0 | (60) |
| Burma Irish Aid | 0 | 0 | 70 | (65) | 4 | 0 |
| Central Asia Support to Media | 161 | 0 | 435 | (294) | 302 | 0 |
| ** Charles Taylor Trial | 0 | 0 | 80 | (21) | 59 | 0 |
| Climate Change Africa | 0 | 0 | 341 | (11) | 329 | 0 |
| Condom Promotion Project | 1,146 | 0 | 0 | (1,196) | 0 | (49) |
| * Darfur - Lifeline Programming | 19 | 0 | 0 | (19) | 0 | 0 |
| * Darfur Lifeline Project | 0 | (102) | 325 | (224) | 0 | 0 |
| ** Ethiopia Topical Discussion | 0 | 0 | 40 | (16) | 24 | 0 |
| ** FCO Maldives Conflict Resolution | 0 | (2) | 65 | (59) | 4 | 0 |
| * Global Transparency Fund | 0 | 0 | 295 | (145) | 150 | 0 |
| * ICD Policy and Research Programme | 0 | (2) | 361 | (330) | 28 | 0 |
| In Touch for China | 28 | 0 | 19 | (47) | 0 | 0 |
| * INDIA HIV/AIDS 2 | 138 | 0 | 0 | (138) | 0 | 0 |
| Iran Phase II | 0 | 0 | 747 | (312) | 435 | 0 |
| * Iraq Al Mirbad Oct 07 - Sep 09 | 79 | 0 | 1,226 | (1,303) | 2 | 0 |
| * Iraq Al Mirbad Phase III | 0 | (94) | 0 | 94 | 0 | 0 |
| ** Maldives Election Reporting | 0 | (35) | 35 | 0 | 0 | 0 |
| ** Media Platforms | 0 | 0 | 150 | (157) | 0 | (7) |
| ** Montenegro Capacity Building | 38 | 0 | 50 | (87) | 0 | 0 |
| Nigeria C4C PII | 0 | 0 | 0 | (110) | 0 | (110) |
| * Nigeria HIV/AIDS | 35 | 0 | 17 | (52) | 0 | 0 |
| Palestine Media Support | 93 | 0 | 316 | (137) | 272 | 0 |
| REACH - 'Our World - Our Future' | 104 | 0 | 322 | (333) | 94 | 0 |
| ** Serbia Community Media | 99 | 0 | 0 | (99) | 0 | 0 |
| * Sierra Leone - Elections | 0 | (202) | 231 | (29) | 0 | 0 |
| Somali Secondary Sector Education | 0 | (7) | 0 | (123) | 0 | (131) |
| ** Sri Lanka Environment 2 | 0 | (31) | 31 | 0 | 0 | 0 |
| * Sudan Elections | 0 | (8) | 267 | (402) | 0 | (143) |
| Sudan Irish Aid | 116 | 0 | 0 | (96) | 20 | 0 |
| ** Turkmenistan FCO | 0 | 0 | 51 | (14) | 37 | 0 |
| Uganda Rural Governance | 0 | 0 | 262 | (26) | 236 | 0 |
| Vietnam Irish Aid Disaster Preparedness | 0 | 0 | 97 | (8) | 89 | 0 |
| Vietnam HIV Prevention | 0 | (26) | 503 | (649) | 0 | (173) |
| Other (40 projects) | 2,741 | (2,354) | 6,876 | (6,140) | 1,770 | (649) |
| | 5,736 | (2,931) | 20,644 | (19,019) | 5,983 | (1,552) |

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

** These projects were wholly funded by the Foreign and Commonwealth Office (FCO).

In the financial year to 31 March 2009 the group had 85 active projects. Those with the most significant activity and those funded by DFID and FCO have been separately listed.

Notes (continued)
for the year ended 31 March 2009

14 Funds Analysis

| | Balance at 1 April 2008 £'000 | Incoming resources £'000 | Outgoing resources £'000 | Transfers £'000 | Balance at 31 March 2009 £'000 |
|-------------------------------|-------------------------------------|--------------------------------|--------------------------------|--------------------|--------------------------------------|
| Unrestricted funds: | | | | | |
| Designated funds: | | | | | |
| Afghan Education Project Fund | 0 | 0 | 0 | 150 | 150 |
| Total designated funds | 0 | 0 | 0 | 150 | 150 |
| General funds | 374 | 3,106 | (2,514) | (150) | 816 |
| Total Unrestricted funds | 374 | 3,106 | (2,514) | 0 | 966 |
| Total Restricted funds | 0 | 17,765 | (17,765) | 0 | 0 |
| Total Funds | 374 | 20,871 | (20,279) | 0 | 966 |

In 2008/09 the Board of Trustees designated £150,000 in an Afghan Education Projects Fund recognising that at the time of the Afghan Education Project becoming an independent NGO, planned for 2010/11, there would need to be an initial working capital balance. At 31 March 2009 general funds were £816,000.

15 Analysis of group net assets between funds

| | Net current assets £'000 | Provisions for liabilities £'000 | Total funds £'000 |
|-------------------------------------|--------------------------------|--|----------------------|
| Restricted funds | 153 | (153) | 0 |
| Designated funds | 150 | 0 | 150 |
| General funds | 1,175 | (359) | 816 |
| Total Funds at 31 March 2009 | 1,478 | (512) | 966 |

16 Subsidiary undertakings

The Trust has three 100% owned subsidiary undertakings: The BBC WST Limited and BBC Marshall Plan of the Mind Inform, which were acquired on 1 October 1999, and the Southern Iraq Company for Radio and TV Broadcasting Limited which was incorporated and registered in Iraq in August 2004.

The BBC WST Limited is incorporated in Great Britain and registered in England and Wales.

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.

The Southern Iraq Company for Radio and TV Broadcasting is incorporated and registered in Iraq.

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

| | 2009 £'000 | 2008 £'000 |
|--|---------------|---------------|
| Net incoming/(outgoing) resources | 592 | (390) |
| Investment income | (32) | (29) |
| Decrease/(increase) in debtors | 195 | (1,381) |
| Increase in creditors including deferred income | 822 | 965 |
| Increase in provisions | 89 | 131 |
| Cash inflow/(outflow) from operating activities | 1,666 | (704) |

18 Reconciliation of movement in cash

| | 2009 £'000 | 2008 £'000 |
|---|---------------|---------------|
| Net increase/(decrease) in cash in the year | 1,698 | (675) |
| Cash at the start of the year | 2,533 | 3,208 |
| Cash at the end of the year | 4,231 | 2,533 |

Notes (continued)
for the year ended 31 March 2009

19 Commitments

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

20 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 full actuarial valuation of the scheme was prepared as at 1 April 2007 by Watson Wyatt, consulting actuaries. At 1 April 2007, the actuarial value of the assets was sufficient to cover 103% of the benefits due to members, after allowing for expected future increases in earnings.

As a result of the 2007 actuarial valuation by Watson Wyatt, it has been agreed between the BBC and the pension scheme trustees that:

- the employer contributions will decrease from 19.35% to 18.6% from 1 April 2009 and to 17.85% from 1 April 2010. Employee contributions will rise from 6% to 6.75% from 1 April 2009 and to 7.5% from 1 April 2010;
- the additional payments previously agreed as a result of the 1 April 2005 valuation are no longer required.

The next formal actuarial valuation is expected to be performed as at 1 April 2010 and the Trustees will obtain actuarial reports in the intervening years.

| Contribution rates | Employer % | Employee (Old and New Benefits) % | Employee (Career Average Benefits) % |
|--------------------|---------------|--|--|
| Projected 2010-11 | 17.85 | 7.5 | 4.0 |
| Projected 2009-10 | 18.6 | 6.75 | 4.0 |
| 2008-09 | 18.8 / 19.35 | 6.0 | 4.0 |
| 2007-08 | 18.8 | 6.0 | 4.0 |
| 2006-07 | 7.5 | 5.5 / 6.0 | 4.0* |

*The Career Average Benefit Scheme started on 1 November 2006

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 £547,484 in the year (2008: £439,698).

Notes *(continued)*
for the year ended 31 March 2009

20 Pension costs *(continued)*

The actuarial valuation was updated for FRS 17 purposes to 31 March 2009 by Watson Wyatt, consulting actuaries. This valuation identified a deficit of £138.6 million in the scheme at 31 March 2009 (2008: surplus of £528.4 million). Additional disclosure about the scheme and its financial position under FRS17 is provided in the BBC Annual Report and Accounts that can be found at bbc.co.uk/annualreport.

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 £17,362 in the current year (2008: £7,939).

21 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 2009, an amount of £816,869 (2008: £365,672) was owing to the BBC Group. This amount owing is non-interest bearing and repayable on demand. At 31 March 2009 an amount of £49,496 was due to the Trust from BBC Worldwide Limited.