

B B C WORLD SERVICE TRUST

Annual Report 2009/10

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OVERVIEW

This year saw a period of consolidation and structural review, designed to strengthen internal processes, make lines of accountability clearer and to enhance links to and from country teams. While the emphasis has been on building the existing offer, The BBC World Service Trust ("BBC WST") also further strengthened its financial position as a consequence of investing in both financial processes and seeking more realistic recognition of management and support costs from donors. The year further reinforced BBC WST's position as the leading UK charity using media and communication in the pursuit of development and human rights.

Annual expenditure on charitable activities reached £26.6 million, with BBC WST designing and delivering integrated projects to meet complex development objectives and discrete training events. The impact of some of these projects in strengthening the media in developing countries and using communications to advance development is outlined in the pages that follow.

BBC WST's research feeds into the development and implementation of effective projects around the world and has won further external recognition this year with prizes for 'Africa Talks Climate', a project that integrates communication and research. The links between communication, policy and research have grown across the year with these overarching functions providing strong support to the projects based around the world. Across the past two years the charity has become well-known for its policy work exploring the role of media and communications within development and humanitarian activity. This policy impact has again increased over the past year through a combination of publications, new media work (including a 'policy window' blog in partnership with the Communications Initiative), and events and presentations at high-profile events. Research, communication and policy work has fed into knowledge-sharing internally and helped stimulate a working environment in which innovative projects are developed.

Across the past 12 months the considerable work on improving financial information has paid significant dividends and the organisation is now in a better financial position.

The Executive Director, Caroline Nurse and Chair, Richard Sambrook, continued to work with staff and trustees to consolidate the work, improve processes and find new sources of funding. In line with the 'How We Work' (2009-2012) strategy paper, BBC WST has concentrated 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.

We know that the overall purpose of our work is even more apposite than when the organisation was founded over 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 and Climate change. As part of the implementation of restructuring plans in the London office, new emphasis has been placed on building capacity to share thematic knowledge internally and externally and a new central team has been created to bring together policy and practice.

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 the five themes, we aim to provide information 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 of those people 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 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 2009/10 OBJECTIVES

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

Aim: A structured and well managed portfolio of projects, aligned with our five themes, that adheres to BBC editorial guidelines, and that delivers our mission and public benefit.

At country and regional level, we have worked with local partners to design and deliver projects within our five thematic areas. A new climate change strategy has been completed and the Livelihoods strategy is in process. All five strategies will be reviewed now that the new policy and thematic team is in place. This team will build capacity to share thematic knowledge internally and externally to bring together policy and practice. Across our training, infrastructure support and programme-making – using drama, debate and advertising formats across radio, television and multimedia – we have been improving systems to ensure the highest editorial standards. This has included new guidelines on where we work and advice on project design. Our research and learning capacity allows us to continue to review our work and seek maximum and long-lasting impact.

2) Strengthen research, knowledge sharing and policy

Aim: To capitalise on our distinctive research capacity and further develop our policy work.

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. This year as well as using our research function to inform our programme-making, we have delivered stand-alone research projects within the media sector. 'Africa Talks Climate', a research and communication project, has made a significant contribution to the climate debate by providing evidence of public opinion (over 1,000 citizens spanning ten sub-Saharan countries) in an under-researched area. It has had significant impact with both policy and general public audiences. The Policy Briefing series now includes a publication on the role of media in climate change. 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

Aim: To strengthen our partnerships with other parts of the BBC and with the development sector.

A new team is in place to focus on building opportunities to collaborate with colleagues across the BBC, to promote staff placements, elicit staff support through fundraising, pursue broadcast opportunities, and to foster ways of linking up and sharing knowledge and expertise. Externally we have extended partnerships in the development sector, engaging more actively with BOND (British Overseas NGOs for Development) and implementing projects in association with other international non-governmental organisations (NGOs) as well as with local civil society and media partners. A new humanitarian project launched in partnership with Internews and a consortium of humanitarian NGOs.

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

Aim: A culture of clear decision-making combined with open communication. We will articulate and share clear HR policies, and provide additional support and safeguards in hostile environments.

Work has started on the terms and conditions of staff within country programmes to ensure that we are compliant with local labour laws and supporting staff appropriately. Feedback from staff reflects satisfaction at a more open style and a more secure and motivated workforce.

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

Aim: To manage costs, particularly those that are not directly project related. Recover an increasing proportion of management and overhead costs from project funding.

We are establishing a US company to enable further opportunities for fundraising in the USA and have launched a big gift fundraising campaign in the UK. New financial criteria now help guide us to decide what type of projects are taken on and a higher proportion of central costs are now recovered from projects. We exceeded the target for expenditure and carried out £26.6m of charitable activities reaching people in Africa, Asia and other parts of the world. This was a 33% increase on the previous year. Unrestricted reserves were increased by £1.1m.

6) Strengthening our communications

Aim: To raise the profile of BBC WST within the BBC and beyond and to support business development.

In June 2009 a pan-BBC event called 'Global News Live' saw BBC WST working closely with colleagues from the Global News Division and BBC Nations and Regions to raise awareness of and support for the BBC's international development charity. A 'sensory tent' with a soundscape highlighting our humanitarian work and voices by Sir David Attenborough toured regional BBC offices, while a world music concert interspersed with video clips of our work was held at BBC TV Centre. In October 2009, our tenth anniversary month events included high profile presence at European Development Days in Stockholm, Fringe Party Conference events and media features and coverage. To close the year we linked with BBC World Service and BBC World News to highlight our work linked to climate change at COP 15 in Copenhagen. In addition the new 'Janala' livelihoods project for Bangladesh received extensive international media coverage across the year and also raised awareness of our work to diaspora audiences in the UK. The rebrand work continued across the year and is now scheduled to take place early in 2011.

OUR ACHIEVEMENTS IN THE FINANCIAL YEAR 2009/10

Across the past financial year we have worked on 123 projects in more than 30 countries funded by over 40 funders. Our projects are always shaped by audience research to define what type of media will best provide access to life-changing information. Our knowledge of audiences in 2009/10 enabled us to work in partnerships that reached and assisted large numbers of people across multi-media platforms. In Bangladesh for example the *BBC Janala* mobile telephone service delivered over 1.5 million lessons in a mobile phone campaign as part of 'English in Action', while over 17 million people watched *Sanglap*, the TV debate programme. In India over 4.5 million people visited the *Condom Condom* website; while in Afghanistan the radio soap *New Home, New Life* had 14 million listeners.

Some of our achievements have been externally recognised through awards. In November 2009, the BBC WST's presenter of Nepal's popular TV and radio debate show *Sajha Sawal* ('Common Questions'), was awarded the 'Today's Youth Asia Young Achievers' Award'. In the same month the Iran team won 'Best Online or Distance Learning Project' at the 2009 E-Learning Awards for their work on their pioneering online learning resource, *ZigZagAcademy*. In March 2010, the World Service Trust's Bangladesh team won two awards at the BBC Global Reith Awards, in recognition of the recently launched English in Action project. Our *Condom Condom* HIV/Aids prevention project in India was Highly Commended in the Best mobile or cross-media production category at the Association for International Broadcasting in November 2009 and won the Best Communications Strategy category at the Festival of Media Awards in April 2009.

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. A new pan-African (Angola, Sierra Leone and Tanzania) project funded by DFID's Governance and Transparency Fund aims to promote accountability, transparency and participation through partnership with public broadcasters in Africa. This 'National Conversation' is being delivered in partnership with the Nation Media Group and the Mo Ibrahim Foundation. Whilst project activities vary between countries, all focus on developing the capacity of media partners to produce interactive programme formats which adhere to BBC journalism standards, improve the interface between citizen and state, and amplify the voice of ordinary people in the political process. As learning and best practice are to be shared with the wider governance sector the project has especially strong processes for regular evaluation.

BBC Bangladesh *Sanglap* ('Dialogue') has been running in partnership with the BBC Bengali service since November 2005. These *Question Time*-style programmes on BBC World Service radio and on national television have been successful in enabling audiences to hold politicians to account. Over 130 programmes have now been aired, reaching over 20 million people. In this, the project's final year, in

addition to 39 debates with phone-ins, there have been five specials, plus ten *This Week in Parliament* pilot programmes. The impact has been significant, with multiple 'copycat' programmes now on air as a result. In an endline survey, of those questioned, 86% said they felt the programme has improved political debate in Bangladesh, and 78% believed the programmes had helped to ensure transparency and accountability. BBC *Sanglap* became the joint most popular political talkshow, followed closely by *This Week in Parliament*. We have also been working with the state broadcaster – BTV – to improve technical infrastructure and the journalism skills of its staff. Within seven months in 2009/10 there were over 200 days of tuition with experts from the BBC. Bangladesh now has a significantly calmer political environment than when the project started and successful elections took place in December 2008. There has been a gradual hand-over of the production from the World Service Trust to the Bengali Service over the last three years. The World Service is currently considering options for continuing the programme.

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. Trainees have come from diverse ethnic, geographical and religious backgrounds. Research activities to monitor impact have included: base/endline trainee survey; a research paper measuring the impact of social networking on learning performance (collective learning); web log analysis to track trainee engagement with the online 'ZigZag Academy.' Trainees have fed back that they now understand the difference between being an activist and a journalist, and that they are now better able to report with impartiality and objectivity, characteristics that were lacking in so much of the blogging during the summer of 2009 and since.

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. It has a weekly reach of 32% of 15- to 65-year-olds, which 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. This year we have been transitioning the project to transfer ownership from BBC WST into Iraqi hands during 2010/11.

Health is another major area. A particular focus has been maternal and child health and promoting gender equality and empowering women. In Nepal radio drama, discussion programmes, training and community outreach activities are being combined to promote positive maternal and child health. To facilitate the public hearings and subsequent discussions run by community facilitators, BBC WST has produced a 60-minute drama around two sisters, one of whom dies in childbirth. In India, in another project incorporating drama as a tool for social change, gender empowerment and reproductive health

are the focus. A 156-part Hindi-language radio drama, *Life Gulmohar Style*, is broadcast three times a week on all five of All India Radio's FM Rainbow stations: Delhi, Mumbai, Jalandhar, Lucknow and Kanpur. It is also available to listen to online via the BBC Hindi service website and a dedicated project website. We have also been building our portfolio of projects dedicated to Millennium Development Goal 6: 'combat HIV/AIDS, malaria and other diseases'. In Cambodia we have been using radio to help people talk more openly about HIV risks and have been rolling out a new malaria campaign. Meanwhile, India's phenomenally successful 'condom, condom' campaign came to a close and BBC WST is now following up on the many requests from elsewhere in the world to use the condom normalisation campaign in different environments.

In the humanitarian area, we have been implementing a new partnership project with Internews that aims to enhance the effectiveness of humanitarian response through improved two-way communication with affected communities. In addition we worked with colleagues in the BBC's new Creole Service to respond quickly to earthquake-stricken Haiti in the immediate aftermath of the disaster. 'Connexion Haiti' provided up-to-date information about where people could find food aid, clean water, medical assistance and shelter.

Our livelihoods strategy will be finalised during 2010/11. A major livelihoods project is now in its second year developing the English language skills of young people in Bangladesh to enhance their livelihoods capacity. BBC Janala (Window) combines TV, mobile and web-based learning products. Take up has been huge, with the one-millionth mobile call received in December 2009. Since its launch in October 2009, the learning site www.bbcjanala.com has had 1.2m page impressions from over 120,000 visits and over 16,000 people have registered as members of the website. An additional 10,000 have also signed up for the newsletter.

Our climate change strategy was finalised and 'Africa Talks Climate', a major pan-African research and communication project was delivered this year. The project aimed to gauge public understanding of climate change across ten sub-Saharan countries. Discussions were held with over 1,100 citizens in 25 languages from Amharic in Ethiopia to Zulu in South Africa. A Policy Briefing and series of reports have been published, an interactive website hosts these and a range of film and other resources. TV debates and extensive media coverage have also played their part as have high profile ambassadors who include Senegalese musician Baaba Maal, Nobel Peace Prize Laureate Wangari Maathai, and author and activist Jonathon Porritt. The project has gained extensive profile at major events in Stockholm for European Development Days, in Copenhagen for COP 15 and in Nairobi for a regional launch attended by the Kenyan Prime Minister. We aim to use the evidence base the project has produced to help inform further media projects.

LOOKING AHEAD: OUR AIMS FOR 2010/11

We are now into the second year of our 'How we work' organisational strategy (2009-12). 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 2010/11:

WHAT WE WILL DO

1) Deliver our mission to enable people to have access to life-changing information

The overarching objective will focus on delivering our mission to provide information to people in the developing world to help them survive, shape their lives and thrive. Our goal will be to deliver more than 125 projects in over 30 countries across our five themes (governance, health, humanitarian, livelihoods and climate change). We will aim to reach more than 50 million people.

Measures:

- *Internal and external impact reports provide evidence of lasting positive change.*
- *Produce media outputs of high editorial quality.*
- *Extend partnerships and better quantify impact through these links.*
- *Deliver our projects within agreed budget and terms of compliance.*

HOW WE WILL DO IT

2) Reach and scope

We will clarify the geographic focus of our work and review all five thematic strategies. We will ensure that a strong pipeline of projects is in place for future years.

Measures:

- *Key documents produced with appropriate consultation and disseminated.*
- *Clarity among staff about size, scale, theme, methodology and location of new projects.*
Projects across Africa, Asia and Rest of World developed and delivered in line with policy documents and on scale envisaged in budget with emphasis on quality (including sound budgeting and allocation of costs) rather than on growth.
- *Forward plans for 2011/12 – 2013/14 show projects in pipeline that reflect policies on scope and size.*

3) Research, knowledge sharing and policy

We will use our new structure to enable clearer working relations between research and programme staff so that all projects use research effectively at a formative stage and so that we can measure the impact of our projects.

Measures:

- *Stand-alone research projects produce a surplus as in budget.*
- *Staff feel that research and project design and delivery is better integrated.*

The BBC World Service Trust (a company limited by guarantee) Trustees' report and consolidated financial statements 31 March 2010 Registered number: 3521587 Charity number: 1076235

- *Reports to DFID reflect the impact of policy programme and the increasing recognition among other donors of the importance of media development and development communications within overall development.*
- *Reports from some health events show that we are beginning to engage in this area.*
- *Funding will be secured for the continuation of the policy programme.*

4) Working with others

We will continue to strengthen relations with other parts of the BBC and with the development sector.

Measures:

- *Concrete examples of collaboration within BBC and beyond evident.*
- *Good working relations in place with other parts of the Global News Division at all levels. Schemes in place to access BBC talent and the channels well used.*
- *Clarity about who represents BBC WST at different fora of BOND.*
- *Policy reports to DFID reflect continued engagement.*
- *A growing portion of in-country projects being delivered in partnership with US or UK development actors.*

5) Striving for quality

Our emphasis this year will be more on quality than on growth.

Measures:

- *New ways of working are in place and understood by staff.*
- *At least one programme review is carried out and documented on each type of programme being produced in each country.*
- *External and internal evaluations of projects demonstrate that impact is being achieved across the range of projects.*

6) Keeping costs down and improving project costs recovery

We will carefully manage costs, particularly those that are not directly project related.

Measures:

- *The costs of all support sections of BBC WST do not exceed budget.*
- *Questions and demands for additional information from staff in country and London reflect increasing interest in, and understanding of, the financial situation of BBC WST and each part of it.*
- *NICRA (Negotiated indirect cost rate agreement) successfully negotiated and at least one application submitted to USAID using NICRA.*
- *Budgeted surplus delivered.*

7) Business Development

We will raise more unrestricted income in line with the budget.

Measures:

- *Unrestricted funding of £750,000 raised against expenditure of £334,000.*
- *At least two donations of £100,000 or more secured and Development Board in place.*
- *A strong pipeline of project proposals agreed, submitted or in preparation for 2011/2, 2012/3, 2013/4 and beyond.*
- *Two opportunities with mobiles worked through and exploited. Funding in place to support further work with mobiles.*

8) Communications

We will prepare for a rebrand in early 2011/12, launching a new name and logo and revamping the website.

Measures:

- *All colleagues and trustees on board with rebrand and materials produced to promote the new name and look.*
- *MDG work generates partnerships across BBC and significantly strengthens BBC WST engagement with BOND and other development NGOs.*
- *Clear plans in place about how to handle access to internal information for international staff and also for website redesign. Work on website underway.*

9) Information systems

We will implement a new management accounts format including country level information and a new monthly financial reporting process.

Measures:

- *New management accounts format in use throughout BBC WST.*
- *The new monthly financial reporting process is working well and is widely understood.*
- *Plan for system improvements for 2011/12 in place and owned.*

10) Support and develop staff

We will build on our more accountable structure to continue to develop a culture of clear decision making combined with open communication and will focus on performance development and performance management this year.

Measures:

- *The staff survey will reflect understanding and acceptance of accountability and that support is available to develop performance and deliver effectively.*
- *100% completion of appraisals in London and 80% in countries.*
- *Quality review of sample performance reviews reflects that performance development has been discussed and realistic objectives set for year.*
- *Training budget will be used and next year's appraisals will record that performance development activities have taken place.*
- *Overall principles for local staff terms and conditions agreed and handbook produced in line with those principles and local labour law in at least half the countries where we operate.*

FINANCIAL REVIEW

The income and expenditure account for the year ended 31 March 2010 shows a surplus (net incoming resources) of £1.1m in comparison with a surplus of £0.6m in the year ended 31 March 2009 and deficits in the two preceding years. This reflects the continued concerted effort made to attribute costs appropriately to projects. The surplus significantly improves the BBC WST's reserves.

Total income increased in the year to £28.2m (2009: £20.9m) with grant funding increasing by over 38% to £27.1m. In particular the Asia region saw grant funding increase by £3.4m to £11.6m and the Rest of the World region saw grant funding increase by £3.1m to £9.2m.

These high levels of funding are not expected to be maintained in 2010/11 and lower grant funding is expected. As a consequence a lower level of surplus is forecast for the year ending 31 March 2011.

Total expenditure increased in the year to £27.1m (2009: £20.3m). Expenditure on our charitable activity, providing public benefit by changing lives through media development and development communications represented a healthy 98.5% of total expenditure (2009: 98.7%).

The consolidated cash flow statement shows that cash has increased by £2.5m during the year as BBC WST has improved its management of cash. Greater focus has been given to obtaining cash from more donors in advance of project expenditure. Debtors have remained at the same level of £5.3m at 31 March 2010 (£5.3m at 31 March 2009) despite the 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 in 2011/12. Our strategy to increase the voluntary income of BBC WST is particularly challenging against this global economic background, but research suggests that carefully targeted fundraising can work for BBC WST 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 net incoming resources of £1.1m net assets in the consolidated balance sheet increased to £2.1m at 31 March 2010 (2009: £1.0m).

The Board of Trustees review the reserves policy on an annual basis in the context of BBC WST's multi year plans and a review of the risks and opportunities for BBC WST. The Board of Trustees considers that BBC WST should hold reserves in the general fund (total unrestricted funds less designated funds) in the range of £2m to £2.5m. This range is based upon an analysis of the financial risks faced by BBC WST.

The Board of Trustees decided to designate three funds at 31 March 2010:

1. The Technology led change fund of £300,000 in order to enable efficiencies and greater effectiveness of operations which will include the development and enhancement of internal processes and systems.
2. The partnership fund of £175,000 in order to support local partner organisations in the countries in which BBC WST operates.
3. The tangible fixed asset fund of £166,000 representing the net book value of BBC WST's tangible fixed assets.

Further details are set out in note 16 to the financial statements.

Total unrestricted funds held at 31 March 2010 amounted to £2,112,000 (31 March 2009: £966,000) of which reserves in the general fund amounted to £1,321,000 (31 March 2009: £816,000). The Board of Trustees is encouraged that total unrestricted funds have increased significantly. However, the reserves in the general fund are below the target range of £2m to £2.5m, and the Board of Trustees has instructed management to continue to build up reserves in the year ending 31 March 2011 and in the following years.

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 BBC WST and the group has adequate resources to continue in operational existence for the foreseeable future. The Board of Trustees has identified no material uncertainties that cast significant doubt about the ability of BBC WST to continue as a going concern as is further explained in Note 1 of the Financial Statements.

OUR ORGANISATION

Staff and volunteers

The quality and creativity of our outputs are directly attributable to the calibre and expertise of our staff. In 2009/10 BBC WST employed an average of 589 staff, with 83 based in the London office. Of the staff based outside London, 41% are in the Rest of World region, 23% in Africa, and 36% in Asia. This includes 29 expatriate staff who have specialist skills in media and or international development, and who are originally from UK, Denmark, Germany, Belgium, USA, Canada, Nepal, Sudan, Nigeria 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.

We advertise most 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. 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), as such the financial statements have been delivered to the Registrar of Companies. The BBC WST was established under its Memorandum of Association with the objects and powers of a 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 £10. Each Trustee is a subscriber to the Memorandum of Association and accordingly the BBC WST had nine subscribers at the end of the year 2009/10.

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 20; they meet at quarterly intervals. 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 BBC WST in action. Regular knowledge sharing sessions provide trustees with the opportunity to gain up to date information on particular issues as part of ongoing training.

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 central support functions of Business Development, Communications, Policy and Thematic, Finance, Human Resources, IT and the Director are based. A Senior Management Team (SMT) of eight senior staff 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, Director of Research, and Head of Policy and Thematic.

In addition to the UK office there are BBC WST offices in 14 countries (Angola, Afghanistan, Bangladesh, Cambodia, Ethiopia, India, Kenya, Nepal, Nigeria, Sierra Leone, South Sudan, Tanzania, Uganda, Vietnam), managed by Country Directors and Heads of Project, 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. The restructuring process has reduced the

number of London-based Project Managers working within regions and clarified that responsibility for delivery rests in the geographic management line. A streamlined group of Senior Project Managers and Assistant Project Managers now support Regional Directors and Country Directors through project life cycles, providing logistical support and, in part, seeking further business development. In addition four staff now provide thematic support in the Policy and Thematic team.

The Research and Learning (R&L) team has been restructured to provide closer management support to R&L staff through the creation of a Senior Research Operations Manager post. This will also provide more time for the Research Director to pursue fundraising opportunities supported by a new dedicated Business Development Research Manager. The new structure should ensure the quality of the research we are delivering to help shape and measure the impact of World Service Trust projects while also increasing our capacity to secure and deliver stand alone research projects on media and communications in development, some of which will be delivered at surplus.

Across the financial year 2009/10 there was significant investment in developing project management and organisational systems and processes. An international finance workshop brought together finance staff from around the world to strengthen skills and share experiences. An initiative entitled 'Finance Forward' has introduced new finance tools and helped roll out new ways of working across BBC WST and will facilitate more linked-up processes, prevent duplication of effort and build, and share, staff skills.

Risk Management

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 year.

Disclosure of information to auditors

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 charity's auditors are unaware; and each trustee has taken all the steps that he ought to have taken as a trustee to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES OF THE BOARD OF THE BBC WORLD SERVICE TRUST IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

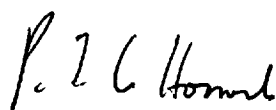
Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 15 July 2010 and signed on its behalf by:



Peter Horrocks, Chair

TRUSTEES, SENIOR STAFF AND ADVISORS

Patrons

Glenys Kinnock MEP

Edward McMillan-Scott MEP

Trustees

Peter Horrocks* (joined the Board as Chair from 26 April 2010)

Richard Sambrook* (stood down as Chair and trustee 26 April 2010)

George Alagiah* (joined board 25 January 2010)

Michael C. McCulloch †

Prof Patrick Vaughan

Bhupendra Mistry †

Susan Robinson-King

Richard Manning (Vice-chair from 26 April 2010)

Richard Thomas*†

Zarin Patel*

Dr Michael C Williams (stood down from the Board 20 April 2009)

Company secretary

Lindsey North*

* BBC representative

† Member of Finance and Audit Committee

Executive Team

Caroline Nurse – Executive Director

Awo Ablo – Director of Business Development

Kirsty Cockburn – Director of Communications

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

Caroline Ford – Regional Director, Africa (from March 2010)

Caroline Howie – Regional Director, Asia

Richard Lucas – Interim Regional Director, Africa (January to April 2010)

Andrew Lawrence – Director of Finance and Business Services

David Mowbray – Interim Regional Director, Africa (until December 2009)

Gerry Power – Director of Research and Learning

James Deane – Head of Policy and Thematic

Auditors

KPMG LLP, Chartered Accountants, Registered Auditors, 8 Salisbury Square, London, EC4Y 8BB.

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 2010 set out on pages 24 to 38. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and 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 trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities on page 19.

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, have been properly prepared in accordance with UK Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. 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 adequate accounting records, if the charitable company's financial statements are not in agreement with accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

Basis of audit opinion

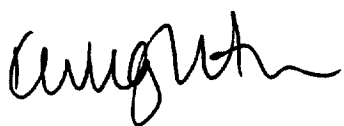
We have conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2010 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 UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



16 August 2010

K Wightman (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

8 Salisbury Square

London

EC4Y 8BB

Consolidated Statement of Financial Activities

(including the income and expenditure account) for the year ended 31 March 2010

		Unrestricted funds 2010	Restricted funds 2010	Total 2010	Total 2009
	Note	£'000	£'000	£'000	£'000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	978	-	978	1,279
Investment income	3	3	-	3	32
<i>Incoming resources from charitable activities:</i>					
Grant funding for specific charitable activities	4	2,355	24,702	27,057	19,560
Other incoming resources	5	166	-	166	-
Total incoming resources		3,502	24,702	28,204	20,871
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	6	(192)	-	(192)	(75)
<i>Charitable activities</i>					
Changing lives through media and communication:					
Africa	6	(513)	(4,677)	(5,190)	(5,260)
Asia	6	(692)	(10,502)	(11,194)	(7,866)
Rest of World	6	(675)	(8,467)	(9,142)	(6,324)
Cross cutting activities	6	(65)	(1,056)	(1,121)	(568)
Total charitable activities		(1,945)	(24,702)	(26,647)	(20,018)
<i>Governance costs</i>	6	(219)	-	(219)	(186)
Total resources expended		(2,356)	(24,702)	(27,058)	(20,279)
Net incoming resources		1,146	-	1,146	592
Reconciliation of funds					
Total funds brought forward		966	-	966	374
Total funds carried forward	16, 17	2,112	-	2,112	966

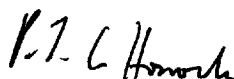
The statement of financial activities includes all gains and losses recognised during the year. All incoming resources and resources expended derive from continuing activities.

Consolidated and BBC World Service Trust Balance Sheets*at 31 March 2010*

	<i>Note</i>	Group 2010 £'000	Group 2009 £'000	Trust 2010 £'000	Trust 2009 £'000
Fixed assets					
Tangible assets	9	166	-	164	-
Investments	10	-	-	20	18
		<u>166</u>	<u>-</u>	<u>184</u>	<u>18</u>
Current assets					
Debtors	11	5,304	5,321	5,057	5,084
Cash at bank and in hand	12	6,762	4,231	6,643	4,228
		<u>12,066</u>	<u>9,552</u>	<u>11,700</u>	<u>9,312</u>
Liabilities					
Creditors: amounts falling due within one year	13	(9,575)	(8,074)	(9,227)	(7,852)
Net current assets		<u>2,491</u>	<u>1,478</u>	<u>2,473</u>	<u>1,460</u>
Total assets less current liabilities		<u>2,657</u>	<u>1,478</u>	<u>2,657</u>	<u>1,478</u>
Provisions for liabilities	14	(545)	(512)	(545)	(512)
Net assets		<u>2,112</u>	<u>966</u>	<u>2,112</u>	<u>966</u>
Funds					
Unrestricted funds	16, 17	2,112	966	2,112	966
Restricted funds	16	-	-	-	-
Total Funds	16	<u>2,112</u>	<u>966</u>	<u>2,112</u>	<u>966</u>

The notes on pages 27 to 38 form part of these financial statements.

The financial statements on pages 24 to 38 were approved by the Board of Trustees on 15th July 2010 and were signed on its behalf by:



Peter Horrocks
Chair

Consolidated Cash Flow Statement
for the year ended 31 March 2010

		Total	Total
		2010	2009
	<i>Note</i>	£'000	£'000
Net cash inflow from operating activities	<i>19</i>	2,528	1,666
Returns on investments and servicing of finance			
Investment income		3	32
Increase in cash	<i>20</i>	2,531	1,698

Notes (forming part of the financial statements)

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.

a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 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.

The Financial Review in the Trustees Report reviews the finances of BBC WST and the group in the year ended 31 March 2010 in comparison to the prior and earlier years.

The BBC WST Group has a healthy cash balance as set out in note 12 and has a large proportion of grant funding required for 2010/11 and 2011/12 contracted with donors. The Trustees Report explains how the BBC WST is structured and managed and how the major risks are managed.

The Board of Trustees has a reasonable expectation that BBC WST has adequate resources to continue in operational existence for the foreseeable future. Thus the Board of Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) 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 2010.

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 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own statement of financial activities.

c) 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 £10. 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.

d) 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)

1 Accounting Policies (continued)

e) Incoming Resources

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.

f) 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.

g) 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.

h) 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.

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.

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 reasonable basis. The expenditure charged for the Trust therefore represents the contributions payable to the scheme in the year.

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.

Notes (continued)

1 Accounting Policies (continued)

i) Fixed assets and depreciation

Tangible Fixed assets are normally stated at cost less accumulated depreciation. Assets costing more than £2,000 with an expected useful life of more than one year are capitalised. Depreciation is provided in order to write off the cost of tangible fixed assets over their estimated useful economic lives, on a straight line basis, as follows:

Fixtures and equipment	3 years
Motor vehicles	4 years

2 Voluntary income

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

	Total 2010 £'000	Total 2009 £'000
BBC Group	594	590
BBC World Service	150	450
Norwegian Agency for Development Cooperation (Norad)	174	128
Swiss Development Corporation	37	76
Individuals / Other	23	35
	978	1,279

3 Investment income

	2010 £'000	2009 £'000
Bank interest receivable	3	32

4 Incoming resources from charitable activities:

	Total 2010 £'000	Total 2009 £'000
Grant funding for specific charitable activities		
Africa Region	4,992	4,726
Asia Region	11,625	8,200
Rest of World	9,239	6,097
Cross cutting activities	1,201	537
	27,057	19,560

5 Other incoming resources

During the year the group reviewed its assets and following an exercise to value the items has recognised £166,000 as at 31 March 2010 as detailed in note 9.

Notes (continued)

6 Resources expended

	Direct project costs 2010 £'000	Project staff costs 2010 £'000	Allocation of support costs 2010 £'000	Total 2010 £'000	Total 2009 £'000
<i>Cost of generating funds:</i>					
Costs of generating voluntary income	181	-	11	192	75
<i>Charitable activities</i>					
Changing lives through media and communication					
Africa	2,892	1,785	513	5,190	5,260
Asia	7,453	3,049	692	11,194	7,866
Rest of World	5,879	2,588	675	9,142	6,324
Cross cutting activities	633	423	65	1,121	568
Total costs of charitable activities	16,857	7,845	1,945	26,647	20,018
<i>Governance costs</i>	45	88	86	219	186
Total resources expended	17,083	7,933	2,042	27,058	20,279

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:

	Total 2010 £'000	Total 2009 £'000	Basis of apportionment
<i>Support activity</i>			
Programme support	493	659	Specific allocation by region
General management	424	463	Pro-rata by direct project expenditure
Financial management	277	375	Pro-rata by direct project expenditure
Information technology	248	222	Pro-rata by direct project expenditure
Premises and facilities	600	602	Pro-rata by direct project expenditure
	2,042	2,321	

As permitted by section 408 of the Companies Act 2006, the individual company's statement of financial activities has not been included in these financial statements. The gross income for the Trust is £27,010,000 and the net result for the Trust is a surplus of £1,144,000.

	2010 £'000	2009 £'000
Audit of financial statements of subsidiaries pursuant to legislation in UK	27	25
Audit of financial statements of subsidiaries pursuant to legislation in India	11	6
	38	31

Notes (continued)**7 Trustees and employees**

Members of the Board of Trustees (who are all directors within the meaning of the Companies Act 2006) receive no remuneration for their services. Trustees' expenses of £3,068 (2009: £2,790) during the year relates to the reimbursement of travel costs incurred while carrying out their duties for the Trust. Expenses were paid to two trustees (2009: 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 6 are either incurred in the form of payments to the BBC for these staff members or internationally by project based payrolls.

8 Staff costs

	2010 £'000	2009 £'000
Costs of staff on UK contracts		
Wages and salaries	4,117	3,637
National insurance	374	342
Pension costs	549	565
Other staff costs	108	127
	<u>5,148</u>	<u>4,671</u>

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

	2010	2009
£60,000-£69,999	4	4
£70,000-£79,999	1	3
£80,000-£89,999	3	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 (2009: 9).

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

	2010	2009
Programme activities (charitable)		
Africa	132	160
Asia	214	138
Rest of World	239	210
Cross cutting activities	3	3
Governance of the Trust	1	1
	<u>589</u>	<u>512</u>

The average number of persons, including part time staff, employed across the year on UK contracts in the UK and overseas was 112 (2009: 95). The number of staff, including part time staff, employed locally on overseas contracts was 477 (2009: 417) at a cost of £3,311,338 (2009: £3,256,493).

Total staff costs of £8,459,338 (2009: £7,926,706) are split in Note 6 between staff costs directly attributable to activities and staff costs included within support costs and allocated to activities and governance.

Notes (continued)

9 Tangible fixed assets

	Fixtures and Equipment £'000	Motor Vehicles £'000	Total £'000
Group			
Cost or valuation			
At 1 April 2009	-	-	-
Additions	15	151	166
At 31 March 2010	15	151	166
Net book value			
At 1 April 2009	-	-	-
At 31 March 2010	15	151	166
Trust			
Cost or valuation			
At 1 April 2009	-	-	-
Additions	15	149	164
At 31 March 2010	15	149	164
Net book value			
At 1 April 2009	-	-	-
At 31 March 2010	15	149	164

During the year ended 31 March 2010 a review took place of assets that were held at offices outside the UK. This review indicated that there were now tangible fixed assets with a material value that required capitalisation in accordance with the fixed asset and depreciation policy set out in note 1i.

At 31 March 2010 a number of tangible fixed assets were capitalised where the original cost was not ascertainable. These tangible fixed assets, with a value of £166,000, have been included as additions at a reasonable estimate of each asset's fair value. These tangible fixed assets will be depreciated in accordance with the fixed asset and depreciation policy in 2010/11 and future years.

The value of these tangible fixed assets has been included in the Statement of Financial Activities as Other incoming resources in the year ended 31 March 2010

10 Fixed asset investment

	Trust 2010 £'000	Trust 2009 £'000
Investment in BBC WST Limited		
Cost	55	55
Less: Cumulative impairment	(35)	(37)
	20	18

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 (2009: £nil).

	Trust 2010 £'000	Trust 2009 £'000
Investment in Southern Iraq Company for Radio and TV Broadcasting Limited		
Cost	1	1
Less: Cumulative impairment	(1)	(1)
	-	-

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.

Notes (continued)

11 Debtors

	Group 2010 £'000	Group 2009 £'000	Trust 2010 £'000	Trust 2009 £'000
Trade debtors	2,592	3,323	2,592	3,265
Amounts due from subsidiary and associated undertakings	-	49	-	49
Other debtors	141	17	87	17
Prepayments	379	380	371	315
Accrued income (see note 15)	2,192	1,552	2,007	1,438
	5,304	5,321	5,057	5,084

All debtors fall due within one year in the current year and prior year.

12 Cash at bank and in hand

	Group 2010 £'000	Group 2009 £'000	Trust 2010 £'000	Trust 2009 £'000
Cash held at bank in UK	5,541	3,470	5,466	3,470
Cash held at bank and in hand overseas	1,221	761	1,177	758
	6,762	4,231	6,643	4,228

13 Creditors: amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Trust 2010 £'000	Trust 2009 £'000
Trade creditors	2,486	195	2,486	195
Amounts due to subsidiary and associated undertakings	1,003	817	1,050	861
Other creditors	342	381	318	366
Accruals	673	698	615	672
Deferred income (see note 15)	5,071	5,983	4,758	5,758
	9,575	8,074	9,227	7,852

14 Provisions for liabilities

Group and Trust	Overseas Employment Tax £'000	Project Costs £'000	Total £'000
At 1 April 2009	359	153	512
Released during the year	(198)	(87)	(285)
Charged to SOFA	130	188	318
At 31 March 2010	291	254	545

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. 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. It is expected that the majority of these obligations will be paid during the year ending 31 March 2011.

Notes (continued)

15 Accrued and Deferred income

The most significant projects for which income was deferred and accrued are detailed below. In the year to 31 March 2010 the Group had 123 active projects.

	Total Deferred Income	Total Accrued Income	Amount received	Project Expenditure and other movements	Total Deferred Income	Total Accrued Income
	2009 £'000	2009 £'000	2010 £'000	2010 £'000	2010 £'000	2010 £'000
ADB Vietnam project	0	(173)	528	(355)	0	(0)
ADB Vietnam Research Project	60	0	59	(218)	0	(99)
AET LARS	0	(123)	105	18	0	0
AET Somali Secondary Sector Education	0	(131)	185	(14)	40	0
Afghan Education Projects (excl DFID)	921	0	537	(960)	553	(55)
* Afghan Education Projects (DFID)	0	0	89	(178)	0	(89)
Africa Talks Climate Change	0	0	175	(149)	26	0
AUSAID Cambodia Health Campaign	0	0	168	(5)	163	0
BESIS Somalia	0	(78)	15	(179)	0	(241)
BHC India Phase II	0	0	23	(80)	0	(57)
British Council Climate Change Africa	329	0	85	(405)	9	0
CA Sudan	29	0	0	(29)	0	0
Cambodia MoE study on Climate Change	0	0	15	(2)	13	0
CFC Nigeria PH	0	(110)	237	(110)	16	0
* CHASE Humanitarian Communications	0	0	1,000	(13)	987	0
CHF Sudan	0	35	0	(54)	0	(19)
CoE Azerbaijan Curriculum Development	102	0	98	(148)	52	0
* DFID Nepal Good Governance	0	0	0	(30)	0	(30)
* DFID AMDI - phase 2	0	(108)	37	72	0	0
* DFID Bangladesh Sanglap IIC extension	0	(60)	2,701	(2,615)	26	0
* DFID Darfur Lifeline Project	0	0	494	(494)	0	0
* DFID English In Action Bangladesh	80	0	4,855	(5,776)	0	(842)
* DFID Global Transparency Fund	150	0	733	(897)	0	(14)
* DFID ICD Policy and Research	28	0	487	(400)	115	0
* DFID Iraq Al Mirbad	2	0	901	(903)	0	0
* DFID Nepal Gender Based Violence	0	0	0	(14)	0	(14)
* DFID Sudan Elections	0	(143)	170	(28)	0	(0)
Dutch Government Iran Project	435	0	952	(884)	503	0
ENR Nigeria ENR to HIV/AIDS	5	0	715	(848)	0	(128)
Ethiopiaid Reproductive Health	145	0	0	(113)	32	0
EU Afghan Women	288	0	0	(288)	0	0
EU Bosnia Public Broadcasting	0	0	0	(213)	0	(213)
EU Central Asia Project	302	0	73	(375)	0	0
EU Georgia Public Broadcaster	29	0	79	(108)	0	0
EU Nepal Maternal & Child Health	0	0	136	(64)	72	0
EU Nigeria ECHO	129	0	20	(149)	0	0
EU Palestine Media Support	272	0	29	(301)	0	0
EU RTS Serbia	24	0	293	(317)	0	0
EU Serbia - EU Integration	0	0	136	(113)	22	0
EU Turkmenistan Media	0	0	460	(203)	258	0
EU Uganda Rural Governance	236	0	108	(439)	0	(95)
** FCO Charles Taylor Trial	59	0	0	(7)	52	0
** FCO Ethiopia Topical Discussion	24	0	0	(18)	6	0
** FCO Moldova Conflict Resolution	4	0	6	(10)	0	0
** FCO Media Platforms	0	(7)	3,798	(3,743)	49	0
** FCO South America project	19	0	62	(81)	0	0
** FCO Turkmenistan	37	0	50	(81)	6	0
Ford Foundation Kashmir project	39	0	53	(148)	0	(56)
Gates AMDI Phase 3	494	0	0	(473)	20	0
Gates Condom Promotion Project	0	(49)	469	(373)	47	0
Gender Equality Drama (David and Lucile Packard Foundation, John D. and Catherine T. MacArthur Foundation, UNFPA)	186	0	33	(183)	35	0
Global Fund Cambodia GF 6 Malaria Yr1	42	0	75	(108)	9	0
Global Fund Cambodia R5 Phase 2	0	(34)	232	(198)	0	(0)
Irish Aid Burma	4	0	0	(4)	0	(0)
Irish Aid Sudan	20	0	0	(20)	0	0
Irish aid Vietnam Strengthen the culture	89	0	0	(88)	0	0
Macarthur Charles Taylor Trials	133	0	0	(133)	0	0
Nippon/Kizuna Foundation Cambodia	0	0	43	(4)	39	0
Norway Southern Sudan Calling	0	0	214	(210)	4	0
NSA Angola Ecclesia	437	0	0	(293)	144	0
PHFI NACO Support	0	0	501	(302)	199	0
Somali Lifeline - 18 Programmes	0	0	107	(142)	0	(34)
UNDP KAP Study Cambodia	0	0	11	(3)	9	0
UNDP Nepal Phase II	97	0	729	(837)	0	(11)
UNICEF Addressing Malnutrition Nigeria	0	0	622	(67)	555	0
US Dept of State Bonded Labour India	0	0	0	(72)	0	(72)
USAID Governing Justly & Democratically	0	0	378	(268)	109	0
Other (41 projects)	731	(571)	2,309	(1,692)	899	(123)
	5,983	(1,552)	26,391	(27,943)	5,071	(2,192)

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

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

Notes (continued)

16 Funds Analysis

	Balance at 1 April 2009 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Balance at 31 March 2010 £'000
Unrestricted funds:					
Designated funds:					
Afghan Education Project fund	150	-	-	-	150
Technology led change fund	-	-	-	300	300
Partnership fund	-	-	-	175	175
Tangible fixed assets fund	-	-	-	166	166
Total designated funds	150	-	-	641	791
General funds	816	3,502	(2,356)	(641)	1,321
Total Unrestricted funds	966	3,502	(2,356)	-	2,112
Total Restricted funds	-	24,702	(24,702)	-	-
Total Funds	966	28,204	(27,058)	-	2,112

The Board of Trustees Report explains why the group and the Trust hold unrestricted funds and the adequacy of these funds at the year end. The reserves policy will be reviewed 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 April 2011, there would need to be an initial working capital balance.

The Board of Trustees has designated £300,000 in the Technology led change fund as they have recognised with the growth of the charity that it is important to invest resources in organisational change which will include the development and enhancement of internal processes and systems. These funds are expected to be invested within the period to March 2013.

The Board of Trustees has designated £175,000 in the Partnership fund. This fund will support local partner organisations in the countries in which the Trust operates. These funds are expected to be invested within the period to March 2013.

The Board of Trustees has designated £166,000 in the Tangible fixed asset fund. The Tangible fixed asset fund represents the net book

At 31 March 2010 general funds of £1,321,000 were held.

17 Analysis of group net assets between funds

	Tangible fixed assets £'000	Net current assets £'000	Provisions for liabilities £'000	Total funds £'000
Restricted funds	-	254	(254)	-
Designated funds	166	450	-	616
General funds	-	1,612	(291)	1,321
Total Funds at 31 March 2010	166	2,316	(545)	1,937

18 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 or 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.

19 Reconciliation of net movement in funds to net cash inflow from operating activities

	2010 £'000	2009 £'000
Net incoming resources	1,146	592
Investment income	(3)	(32)
Other incoming resources relating to recognition of fixed assets	(166)	-
Decrease in debtors	17	195
Increase in creditors including deferred income	1,501	822
Increase in provisions	33	89
Cash inflow from operating activities	2,528	1,666

Notes (continued)

20 Reconciliation of movement in cash

	2010 £'000	2009 £'000
Net increase in cash in the year	2,531	1,698
Cash at the start of the year	4,231	2,533
Cash at the end of the year	6,762	4,231

21 Commitments

There were no capital commitments at the end of the current or prior financial years.

22 Pension costs

a) Group Pension Plans

A number of BBC World Service Trust employees are members of the BBC Group's pension schemes. These comprise the BBC Pension Scheme (a defined benefit scheme), a small unfunded plan (the unfunded scheme, which is closed to new members) and the Group Personal Pension Scheme (a defined contribution scheme).

The BBC Pension Scheme provides salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds; there are three sections to the BBC Pension Scheme, Old Benefits and New Benefits both provide benefits based on final salary (subject to differing inflation caps) and the Career Average Benefits section, which is the section open to new entrants. The pension scheme trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities.

As the BBC reports under IFRS, the BBC World Service Trust, following the provisions within FRS17: Retirement Benefits for accounting in respect of Group schemes, accounts for the scheme as if it were a defined contribution scheme. This is because it is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The pension cost for this scheme therefore represents contributions payable by the Group to the scheme and the costs amounted to £525,436 in the year (2009: £547,484). No contributions were prepaid or accrued at 31 March 2010 (2009: £nil; 2008: £nil).

The actuarial valuation was updated for IAS 19 purposes to 31 March 2010 by Towers Watson, consulting actuaries. There are no significant differences between IAS 19 and FRS 17. This valuation identified a deficit of £1,640.9 million in the scheme at 31 March 2010 (2009: deficit £138.6 million; 2008: surplus £528.4 million). Additional disclosure about the scheme and its financial position under IAS 19 is presented below:

b) Pension asset/(liability) included in the balance sheet of the BBC Group

	Pension asset			Pension liability		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
BBC Pension Scheme	-	-	528.4	(1,640.9)	(138.6)	-
Unfunded Scheme	-	-	-	(6.2)	(4.7)	(5.1)
Total	-	-	528.4	(1,647.1)	(143.3)	(5.1)

c) BBC Pension Scheme

The BBC Pension Scheme is the main pension plan of the Group and covers the majority of employees. This plan provides salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds (referred to as BBC Pension Scheme Trustees).

Notes (continued)

22 Pension costs (continued)

c i) Scheme financial position

	2010	2009	2008	2007	2006
IAS 19 valuation	£m	£m	£m	£m	£m
Scheme assets	8,154.8	6,454.0	8,042.0	8,117.9	7,843.4
Scheme liabilities	(9,795.7)	(6,592.6)	(7,513.6)	(7,788.6)	(7,675.9)
(Deficit)/surplus	(1,640.9)	(138.6)	528.4	329.3	167.5

c ii) Changes in the present value of plan liabilities

The table below illustrates the movement on the plan liabilities during the year. The key things which affect this are the additional year of pension benefits earned (and employee contributions made), interest charged on existing liabilities, any gains or losses relating to participants leaving the pension scheme, changes in assumptions made and benefits paid out during the year.

	2010	2009	2008
	£m	£m	£m
Opening present value of plan liabilities	6,592.6	7,513.6	7,788.6
Current service cost	128.2	161.8	164.8
Past service (income)/cost	(301.5)	24.2	21.5
Gains on curtailments	-	(10.0)	-
Interest on pension plan liabilities	463.4	508.4	413.6
Experience (gains)/losses arising on plan liabilities	(33.2)	(171.3)	149.1
Changes in assumptions underlying plan liabilities	3,266.1	(1,138.1)	(786.0)
Contributions by plan participants	7.2	14.2	53.1
Benefits paid	(327.1)	(310.2)	(291.1)
Closing present value of plan liabilities	9,795.7	6,592.6	7,513.6

c iii) Changes in the fair value of plan assets

The table below illustrates the movement on the plan assets during the year. The key things which affect this are the additional year of contributions made, changes in the value of the pension plan assets (including the investment return) and benefits paid during the year.

A salary sacrifice arrangement was introduced on 1 June 2008 for Old and New Benefit members and 1 November 2006 for Career Average Benefit members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions.

	2010	2009	2008
	£m	£m	£m
Opening fair value of plan assets	6,454.0	8,042.0	8,117.9
Expected rate of return on plan assets	443.4	626.0	562.7
Actuarial gains/(losses) on plan assets	1,363.0	(2,094.0)	(584.6)
Contributions by employer	214.3	176.0	184.0
Contributions by plan participants	7.2	14.2	53.1
Benefits paid	(327.1)	(310.2)	(291.1)
Closing present value of plan liabilities	8,154.8	6,454.0	8,042.0

Notes (continued)

22 Pension costs (continued)

c iv) Funding the Scheme

As a result of the 2007 actuarial valuation by Towers Watson, it was agreed between the BBC and the BBC Pension Scheme Trustees that employer contributions would increase to 19.35% from 1 July 2008. Employee contributions for Old and New Benefit members rose from 6% to 6.75% from 1 April 2009 and will rise to 7.5% from 1 April 2010 and employer contributions decreased from 19.35% to 18.6% from 1 April 2009 and will decrease to 17.85% from 1 April 2010. Employee contributions for Career Average Benefit members are set at 4%.

An interim valuation was performed as at 1 April 2009. The next formal actuarial valuation is expected to be performed as at 1 April 2010.

	Projection				
	2011	2010	2009	2008	2007
Contribution rates	%	%	%	%	%
Employer	17.85	18.6	18.8/19.35	18.8	7.5
Employee (Old and New Benefits)	7.5	6.75	6.0	6.0	5.5/6.0
Employee (Career Average Benefits)	4.0	4.0	4.0	4.0	4.0**
Underlying cost of scheme to BBC as % of pensionable salaries*	17.85	18.6	18.8/19.35	18.8	19.3/18.8

*Excludes the cost effectively paid for by the employee and the salary sacrifice element.

**The Career Average Benefit scheme started on 1 November 2006.

Group Personal Pension Scheme and other schemes

The BBC also operates its own defined contribution pension schemes, including those operated in the USA and Australia. The pension cost represents contributions payable by BBC World Service Trust to the funds and this amounted to £23,343 in the year (2009: £17,362).

23 Related party transactions

During the year, the Trust procured some services from BBC World Service and other BBC entities on an arms length basis.

Unrestricted donations received from the BBC World Service and BBC are detailed in note 2. In addition, funding for specific charitable projects was received from BBC World Service of £90,456.

At 31 March 2010, an amount of £1,002,519 (2009: £816,869) was owing to the BBC Group. This amount owing is non-interest bearing and repayable on demand. At 31 March 2010 nothing was due to the Trust from BBC Worldwide Limited (2009: £49,496).