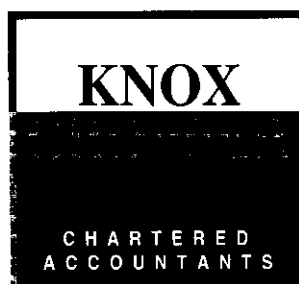


THE MEDIA TRUST
(Limited by Guarantee)

Company Reg No. 2895790

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31st MARCH 2005



THE MEDIA TRUST**DIRECTORS' REPORT****LEGAL AND ADMINISTRATIVE DETAILS**

The Media Trust was incorporated as a company limited by guarantee on 8th February 1994. The company was registered as a charity with the Charity Commission on 12th December 1994. The governing instrument is the Memorandum and Articles of Association.

Reg. Charity No.	1042733
Reg. Company No.	2895790
Reg. Office	Cheapside House 138 Cheapside London EC2V 6BB

The directors of the company who are also the charity trustees are:

M. Green (Chairman)	
J. Snow (Deputy Chairman)	
A. Ball	
B. D. Airey	(Appointed December 2004)
D. Carrington	(Retired July 2005)
N. Coker	(Retired July 2005)
P. Coulter	
S. Davies	
G. Dyke	
J. Reed	
T. Simpson	(Resigned December 2004)
M. Thompson	
A. Whyte	

Honorary Treasurer
R. Yasue

Company Secretary:	
R. Yasue	(Resigned December 2004)
K. Stanley	(Appointed December 2004)

Chief Executive
C. Diehl

Directors are invited to stand for election by the board to ensure a range of media and charity sector skills are represented. The Directors recognise the importance of training and induction and are putting a formal programme in place over the next year. Day to day management is devolved to the executive management team.

PROFESSIONAL ADVISORS**Solicitors:**

Bates, Wells and Braithwaite
Cheapside House
138 Cheapside
London EC2V 6BB

Bankers:

Co-operative Bank
City of London Business
Centre, 9 Prescott Street,
London E1 8SG

Auditors:

Knox Cropper
16 New Bridge Street
London EC4V 6AX

THE MEDIA TRUST**DIRECTORS' REPORT (Continued)****OBJECTS**

The objects for which the company is established, as set out in the Memorandum of Association, are:

- a. To promote the efficient and effective application of resources for charitable purposes by the provision of advice on the use of all forms of communication media; and
- b. To advance the education and training of the public and in particular members of charitable and non-charitable voluntary organisations in all forms of communication media.

ACTIVITIES AND DEVELOPMENTS DURING THE YEAR

Our aim in 2004-05 was to expand our services with the development and implementation of the Community Newswire and interactive services, whilst maintaining our existing services in volume and quality.

Campaigns, training and communications services

Our services to charities expanded this year with the launch of the Community Newswire (funded by the Home Office Active Communities Directorate) which now covers 20 stories a day, feeding them to the desks of journalists across England using The Press Association service. Additionally as a consortium member of the Year of the Volunteer 2005 campaign we have been managing a marketing campaign to increase awareness and the number of volunteers for the charity and voluntary sector. Our core services of seminars (4103 delegates) and online matching (737 volunteers recruited) continue to perform strongly. Our speed dating events, where up to 15 advisors and up to 15 charities meet, have been a notable success in terms of matching media industry support with charities and publicity.

Film production

For the second year running, our team won the IVCA Gold Award for the Charity and Public Welfare category for a film for Breast Cancer Care. They also won a Silver award for best script for a film for the charity Shelter. Other highlights this year were the Mad for Arts series, shown on Channel five, and the ten promotional films for charities for Sky's Make it Big campaign. The Volunteer Production Unit (funded by the Home Office Active Communities Directorate) made 29 films for small charities using donated services from individuals in the film production business.

Community Channel

Our service this year moved onto daytime Freeview, and on Sky moved into the News and Documentaries section of the EPG. The Channel launched the UK's first interactive television service to raise money and volunteers for charities. This was highly successful in raising over £750,000 for the DEC tsunami appeal. Our audience reached 1 million for the first time, driven by innovative programmes such as the Jon Snow interviews with Gordon Brown and Richard Curtis, Charity Chic (promoting the role of charity shops), and cross promotion from other broadcasters on tie-in programmes such as Restoration (BBC), With a Little Help from my Friends (ITV). Our Mad for Arts project for Culture Online generated 1.5m viewers for the TV series on Five and 80,000 unique website users and is expected to expand with further TV programmes and a national exhibition this year.

Future Developments

Our aim is to deliver an effective high impact campaign for the Year of the Volunteer 2005 and strengthen our funding whilst maintaining our services. We are a member of the ICT Consortium bidding under the Change Up programme for the ICT hub.

THE MEDIA TRUST**DIRECTORS' REPORT (Continued)****FINANCIAL POSITION**

Total income increased by 89%, £1.3m of which related to the Year of the Volunteer 2005. The Home Office Active Community Direct Grant Directorate continues to provide vital funding for our services, notably the Community Channel.

RISK ASSESSMENT

The Trustees review the risks to which the organisation is exposed throughout the year and systems have been established to mitigate those risks. The risks cover all potential threats to the business including, financial, legal and reputational

RESERVES

The unrestricted general reserve of £239,785 represents approximately two months of total expenditure (excluding the Community Channel which operates through a subsidiary company), and just under six months of core expenditure. Our target is for reserves to cover six months of core expenditure including the increased cost of new premises in 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

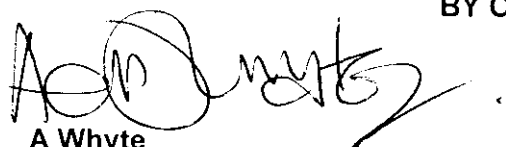
The directors have chosen to implement the new Accounting for Charities SORP.

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the income and expenditure of the Company for that period. In preparing those financial statements, the Directors are 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 have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



**A Whyte
Trustee**

5th July 2005

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF****THE MEDIA TRUST**

We have audited the financial statements of the Media Trust for the year ended 31st March 2005 which comprise the Statement of Financial Activities, incorporating the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Directors' Report the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards 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 Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 affairs of the Company and of the Group as at 31st March 2005 and of the income and expenditure of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**16 New Bridge Street
London EC4V 6AX**

Knox Cropper
**Knox Cropper
Chartered Accountants
Registered Auditors**

5th July 2005

THE MEDIA TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2005

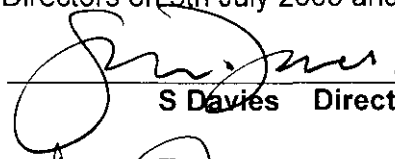
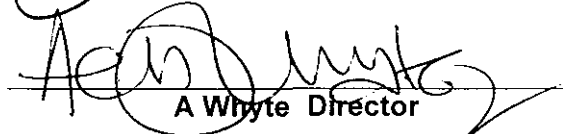
	Notes	----- 2005 ----- Unrestricted Funds £	Restricted Funds £	Total Funds £	2004 Total Funds £
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Voluntary income	2	177,595	-	177,595	109,000
Investment income		17,692	-	17,692	2,244
		<u>195,287</u>	<u>-</u>	<u>195,287</u>	<u>111,244</u>
Incoming Resources From Charitable Activities					
Community Channel	3	409,308	1,661,929	2,071,237	1,205,408
Voluntary sector campaigns		-	1,019,428	1,019,428	-
Film production		594,595	79,500	674,095	770,207
Training and communications services		262,712	455,500	718,212	490,068
		<u>1,266,615</u>	<u>3,216,357</u>	<u>4,482,972</u>	<u>2,465,683</u>
TOTAL INCOMING RESOURCES		<u>1,461,902</u>	<u>3,216,357</u>	<u>4,678,259</u>	<u>2,576,927</u>
RESOURCES EXPENDED					
Costs of Generating Funds					
Costs of generating voluntary income	4	35,000	-	35,000	20,000
Charitable Activities					
Community Channel		404,317	1,406,218	1,810,535	928,444
Voluntary sector campaigns		-	19,228	19,228	-
Film Production		588,421	127,500	715,921	688,118
Training and communications services		221,776	407,300	629,076	523,977
Premises charge		44,000	-	44,000	30,000
		<u>1,258,514</u>	<u>1,960,246</u>	<u>3,218,760</u>	<u>2,170,539</u>
Governance costs		<u>20,000</u>	<u>17,500</u>	<u>37,500</u>	<u>25,000</u>
TOTAL RESOURCES EXPENDED		<u>1,313,514</u>	<u>1,977,746</u>	<u>3,291,260</u>	<u>2,215,539</u>
Net Income/(Expenditure) for the year		<u>148,388</u>	<u>1,238,611</u>	<u>1,386,999</u>	<u>361,388</u>
Fund balances brought forward		<u>101,805</u>	<u>651,946</u>	<u>753,751</u>	<u>392,363</u>
Fund balances carried forward		<u>£250,193</u>	<u>£1,890,557</u>	<u>£2,140,750</u>	<u>£753,751</u>

All recognised gains and losses are included in the above statement of financial activities.

THE MEDIA TRUST
CONSOLIDATED AND COMPANY BALANCE SHEET
AS AT 31ST MARCH 2005

	Notes	Group 2005 £	2004 £	Company 2005 £	2004 £
FIXED ASSETS	7	<u>80,578</u>	<u>38,164</u>	<u>10,367</u>	<u>15,674</u>
CURRENT ASSETS					
Work in progress		56,758	-	27,843	-
Debtors	8	193,684	188,582	78,575	145,879
Cash at Bank and in Hand		<u>2,212,709</u>	<u>856,466</u>	<u>2,090,470</u>	<u>856,313</u>
		<u>2,463,151</u>	<u>1,045,048</u>	<u>2,196,888</u>	<u>1,002,192</u>
CREDITORS					
Amounts falling due within one year	9	<u>(402,979)</u>	<u>(329,461)</u>	<u>(866,570)</u>	<u>(755,969)</u>
NET CURRENT ASSETS		<u>2,060,172</u>	<u>715,587</u>	<u>1,330,318</u>	<u>246,223</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£2,140,750</u>	<u>£753,751</u>	<u>£1,340,685</u>	<u>£261,897</u>
FUNDS					
Restricted	11				
Held by company		1,100,900	165,500	1,100,900	165,500
Retained by subsidiary		<u>789,657</u>	<u>486,446</u>		-
		<u>1,890,557</u>	<u>651,946</u>	<u>1,100,900</u>	<u>165,500</u>
Unrestricted General Reserve					
Held by Company		239,785	96,397	239,785	96,397
Retained by Subsidiary		<u>10,408</u>	<u>5,408</u>	-	-
		<u>250,193</u>	<u>101,805</u>	<u>239,785</u>	<u>96,397</u>
TOTAL FUNDS		<u>£2,140,750</u>	<u>£753,751</u>	<u>£1,340,685</u>	<u>£ 261,897</u>

Approved by the Board of Directors on 5th July 2005 and signed on their behalf by :


S Davies Director

A Whyte Director

THE MEDIA TRUST**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2005****1. ACCOUNTING POLICIES**

- (a) The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting and Financial Reporting Standards and the Statement of Recommended Practice : Accounting by Charities (2005).
- (b) Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the useful economic lives of the assets concerned which are predominantly 3 years.
- (c) Grants and Donations are accounted for on a received basis.
- (d) Donations in Kind are included in the income and expenditure account at their economic value to the Company where quantifiable and measurable.
- (e) Services income is accounted for when the service is delivered.
- (f) Overhead costs are allocated by reference to the resources used and the percentage of time spent by employees.
- (g) Work in progress represents recoverable costs incurred on film productions and multi media projects not yet delivered.
- (h) Rentals applicable to operating leases, where substantially all the benefits and risk of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term.
- (i) Under Financial Reporting Standard No. 1 the company is not required to produce a Cash Flow Statement.
- (j) Consolidation: The Community Channel Limited is a subsidiary of The Media Trust and is consolidated in accordance with Financial Reporting Standard No. 2. The statement of financial activities is consolidated on a line by line basis.

2. VOLUNTARY INCOME

	2005 Total £	2004 Total £
Corporate donations and sponsorship	133,595	79,000
Donation in kind - premises	44,000	30,000
Total	£177,595	£109,000

The group receives a wide range of discounted and donated services from the media industry, particularly BSkyB, BBC, Telewest, ntl and News International, which include bandwidth, programming, staff secondments and cross promotion both on air and in press advertisements and listings. These services have not been included in the Statement of Financial Activities because their value is not readily quantifiable or measurable. The Trust's corporate members include the BBC, BSkyB, Channel 4, Discovery Networks Europe, Guardian Media Group, ITV, MTV Networks UK & Ireland, News International, Newsquest Media Group, Romeike, Turner Broadcasting System Europe, Weber Shandwick, WPP.

THE MEDIA TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2005

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	-----2005-----					
	Community Channel £	Voluntary Sector Campaigns £	Film Production £	Training and Community Newswire £	Total £	Total 2004 £
Home Office Active Communities Directorate	1,661,929	1,019,428	50,000	363,000	3,094,357	1,180,000
Big Lottery Fund	-	-	-	85,000	85,000	335,000
Coalfields Regeneration Trust	-	-	15,000	-	15,000	-
Screen Yorkshire	-	-	13,500	-	13,500	-
Bridge House Trust	-	-	-	-	-	60,000
City Parochial Foundation	-	-	-	7,500	7,500	22,500
Other grants	-	-	1,000	-	1,000	50,800
Fee income	409,308	-	594,595	262,712	1,266,615	817,383
Total	<u>£2,071,237</u>	<u>£1,019,428</u>	<u>£674,095</u>	<u>£718,212</u>	<u>£4,482,972</u>	<u>£2,465,683</u>

The Trust received a grant of £1 million in 2004-05 to run a marketing campaign from April to December 2005 promoting the Year of the Volunteer 2005. This has resulted in a £1m of cash inflow and income in 2004 which will be expended in 2005-06 and accounts for the significant increase in cash at bank at the year end. The grants from the Home Office, Big Lottery Fund, Coalfields Regeneration Trust, Screen Yorkshire, Bridge House Trust and City Parochial Foundation are restricted.

THE MEDIA TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2005

4. ANALYSIS OF RESOURCES EXPENDED

	----- 2005 -----			2004
	Direct costs	Support costs	Total	Total
	£	£	£	£
Generating funds	-	35,000	35,000	20,000
Community Channel	1,644,035	166,500	1,810,535	928,444
Voluntary sector campaigns	17,765	1,463	19,228	-
Film production	612,921	103,000	715,921	688,118
Training and communications services	564,539	64,537	629,076	523,977
Premises charge	-	44,000	44,000	30,000
Governance	-	37,500	37,500	25,000
Total resources expended	£2,839,260	£452,000	£3,291,260	£2,215,539

5. NET INCOMING RESOURCES IS STATED AFTER CHARGING:

	Group	
	2005	2004
	£	£
Depreciation	£43,722	£48,022
Audit Fee	£4,250	£4,000

6. STAFF COSTS

	Group	
	2005	2004
	£	£
Salaries and Wages	1,084,357	665,309
Social Security Costs	114,874	68,894
Pension Costs	4,308	-
	£1,203,539	£734,203

	No.	No.
The average number of staff employed during the period was:	40	29
Employees whose remuneration exceeded £60,000		
Range:		
£60,000 - £70,000	1	1

The position of channel controller, previously held by an employee, was held in the current year by a member of staff on secondment to the Community Channel. No director received remuneration and travel expenses of £20 were paid in the period.

THE MEDIA TRUST**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2005****7. FIXED ASSETS**

	Group Equipment		Company Equipment	
	2005	2004	2005	2004
	£	£	£	£
Cost :				
Balance brought forward	235,831	220,029	118,737	118,471
Additions	86,136	15,802	8,709	266
Balance carried forward	<u>321,967</u>	<u>235,831</u>	<u>127,446</u>	<u>118,737</u>
Depreciation:				
Balance brought forward	197,667	149,645	103,063	87,183
Charge for year	43,722	48,022	14,016	15,880
Balance carried forward	<u>241,389</u>	<u>197,667</u>	<u>117,079</u>	<u>103,063</u>
Net book value	<u>£80,578</u>	<u>£38,164</u>	<u>£10,367</u>	<u>£15,674</u>

8. DEBTORS

	2005	2004	2005	2004
	£	£	£	£
Trade Debtors	78,388	120,020	62,369	120,020
Prepayments and Accrued Income	102,157	54,246	15,706	24,439
Amounts due from group				
Undertakings	-	-	-	-
Other Debtors	13,139	14,316	500	1,420
	<u>£193,684</u>	<u>£188,582</u>	<u>£78,575</u>	<u>£145,879</u>

9. CREDITORS

	2005	2004	2005	2004
Trade Creditors	76,699	65,590	16,861	47,920
Other Creditors including taxation				
And social security	56,638	62,025	56,639	55,151
Accruals & Deferred	269,642	201,846	160,607	103,878
Amounts due to group				
Undertakings	-	-	632,463	549,020
	<u>£402,979</u>	<u>£329,461</u>	<u>£866,570</u>	<u>£755,969</u>

10. OPERATING LEASES

At 31st March 2005 the Company had annual commitments under non-cancellable operating leases as follows:

Expiry date		
Within one year	-	-
Between one and five years	5,984	5,208
In more than five years	-	-
	<u>£5,984</u>	<u>£5,208</u>

THE MEDIA TRUST**NOTES TO THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31ST MARCH 2005****11. RESTRICTED FUNDS**

	Brought Forward	Transfers	Movement in Year		Carried Forward
			Income	Expenditure	
	£	£	£	£	£
Production					
Home Office	113,000	(65,000)	50,000	(98,000)	-
Other	-	-	29,500	(29,500)	-
Training and Communications Services					
Home Office	-	-	363,000	(297,100)	65,900
Big Lottery Fund	25,000	-	85,000	(75,200)	34,800
Other	27,500	-	7,500	(35,000)	-
Voluntary Sector Campaigns					
Home Office	-	-	1,019,428	(19,228)	1,000,200
Community Channel					
Home Office	486,446	65,000	1,661,929	(1,423,718)	789,657
	<u>£651,946</u>	<u>£ -</u>	<u>£3,216,357</u>	<u>(£1,977,746)</u>	<u>£1,890,557</u>

The transfer of funds was with the permission of the Home Office.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds		Total Funds
	£	Company	Subsidiary	£
Fixed Assets	10,367	-	70,211	80,578
Net Current Assets	239,826	1,100,900	719,446	2,060,172
	<u>£250,193</u>	<u>£1,100,900</u>	<u>£789,657</u>	<u>£2,140,750</u>

13. TAXATION

The company, as a registered charity, is not liable for Income Tax or Corporation Tax because its income falls within the various exemptions available to registered charities.

14. CAPITAL COMMITMENTS

There were £21,019 of capital commitments at the period end (2004 - Nil).

15. SUBSIDIARY COMPANY

The Media Trust is the ultimate parent company of The Community Channel Limited which is a company limited by guarantee incorporated in England and Wales.

THE MEDIA TRUST**NOTES TO THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31ST MARCH 2005****16. RELATED PARTY TRANSACTIONS**

As described in note 2, the Media Trust is supported by a number of major media organisations including BSkyB, BBC, Telewest, ntl and News International. These organisations facilitate programme transmission through the free provision of bandwidth and also provide a range of other support services some of which are provided on normal commercial terms with others provided at reduced rates. The non-executive directors of the Media Trust include directors and senior managers of some of these media organisations who have been appointed because of their experience and knowledge of the sector.