

THE MEDIA TRUST
(Limited by Guarantee)

Company Reg No. 2895790

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31st MARCH 2004



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
D. Carrington
N. Coker
P. Coulter
S. Davies
G. Dyke (Appointed December 2003)
J. Reed
T. Simpson
M. Thompson
A. Whyte

Company Secretary:

D. Lumbard (Resigned March 2004)
R. Yasue (Appointed March 2004)

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

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.

THE MEDIA TRUST**DIRECTORS' REPORT (Continued)****ACTIVITIES AND DEVELOPMENTS DURING THE YEAR****Communications Advice**

We had another successful year running events for over 4,125 delegates and recruiting over 850 volunteers via our online matching service to be paired with voluntary organisations.

Production

Our team produced over 50 videos this year and won two major awards. These were the Gold Award in the Charity Films Award and the Grand Prix Award at the IVCA Awards 2004 for the video made for Addaction. A new Avid editing suite has expanded our technical facilities and range of services. A fifth series of voluntary matters was produced for broadcast on BBC2.

Community Channel

The Community Channel has quadrupled the amount of programming it produces and acquires and has extended its airtime to 24 hours a day on Sky and Telewest in the past year. Six hours daily transmission has also been secured on NTL and the Channel continues to be represented on Freeview. More than two thousand people a week respond to the Channel via the website, phone, text and e-mail. The Channel receives support worth in excess of £750k of in-kind support from across the broadcast industry through donations of bandwidth, programming and marketing. This is expected to exceed £1m this year with the implementation of an interactive service.

FUTURE PROJECTS

After the end of the year we have expanded our operations to include the launch of Community Newswire with the Press Association, commenced development of an interactive service for the Community Channel on Sky and have been commissioned by Culture Online (part of the Department for Culture, Media and Sport) to develop a multimedia website for people with mental health issues to talk about art which will also involve making films to be shown on broadcaster Five.

FINANCIAL POSITION

Total income increased by 16%. The Home Office Active Community Unit and the Community Fund continue 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 £101,805 represents approximately one month of total expenditure (excluding the Community Channel which operates through a subsidiary company), and just over four months of core expenditure. Our three-year target is for reserves covering six months of core expenditure.

THE MEDIA TRUST**DIRECTORS' REPORT (Continued)****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

R. Yasue
Company Secretary

12th July 2004

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 2004 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 2004 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**

12th July 2004

THE MEDIA TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2004

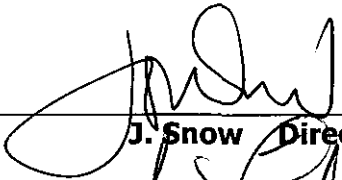
	Notes	----- Unrestricted Funds £	2004 Restricted Funds £	Total Funds £	2003 Total Funds £
INCOMING RESOURCES					
Grants and Donations	2	49,070	1,648,300	1,697,370	1,309,705
Sponsorship		10,110	-	10,110	23,000
Donations in Kind	1(d):3	30,000	-	30,000	30,000
Activities in furtherance of the Charity's objectives:					
Production Fees		540,207	-	540,207	603,486
Conference and Seminars		278,471	-	278,471	232,350
Interest and other income		20,769	-	20,769	21,449
TOTAL INCOME		<u>928,627</u>	<u>1,648,300</u>	<u>2,576,927</u>	<u>2,219,990</u>
RESOURCES EXPENDED					
Cost of Generating Funds					
Fundraising and Publicity		44,545	-	44,545	43,342
Direct Charitable Expenditure					
Activities in furtherance of the Charity's objectives:					
Production Costs	4	529,249	1,061,244	1,590,493	1,666,473
Communications Advice		304,228	193,680	497,908	486,321
Management and Administration		82,593	-	82,593	119,468
TOTAL EXPENDITURE		<u>960,615</u>	<u>1,254,924</u>	<u>2,215,539</u>	<u>2,315,604</u>
Net Incoming/(Outgoing) Resources	5	(31,988)	393,376	361,388	(95,614)
Fund balances brought forward		133,793	258,570	392,363	487,977
Fund balances carried forward		<u>£101,805</u>	<u>£651,946</u>	<u>£753,751</u>	<u>£392,363</u>

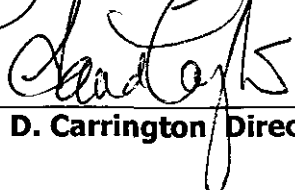
All recognised gains and losses are included in the above Statement of Financial Activities.

THE MEDIA TRUST**CONSOLIDATED AND COMPANY BALANCE SHEET****AS AT ENDED 31ST MARCH 2004**

	Notes	Group		Company	
		2004	2003	2004	2003
		£	£	£	£
FIXED ASSETS	7	<u>38,164</u>	<u>70,384</u>	<u>15,674</u>	<u>31,288</u>
CURRENT ASSETS					
Debtors	8	188,582	240,036	145,879	193,591
Cash at Bank and in Hand		<u>856,466</u>	<u>556,604</u>	<u>856,313</u>	<u>477,564</u>
		1,045,048	796,640	1,002,192	671,155
CREDITORS					
Amounts falling due within one year	9	<u>(329,461)</u>	<u>(474,661)</u>	<u>(755,969)</u>	<u>(524,970)</u>
NET CURRENT ASSETS		<u>715,587</u>	<u>321,979</u>	<u>246,223</u>	<u>146,185</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£753,751</u>	<u>£392,363</u>	<u>£261,897</u>	<u>£177,473</u>
FUNDS					
Restricted	11				
Held by company		165,500	43,680	165,500	43,680
Retained by subsidiary		<u>486,446</u>	<u>214,890</u>	<u>-</u>	<u>-</u>
		651,946	258,570	165,500	43,680
Unrestricted General Reserve					
Held by Company		96,397	133,793	96,397	133,793
Retained by Subsidiary		<u>5,408</u>	<u>-</u>	<u>-</u>	<u>-</u>
		101,805	133,793	96,397	133,793
Total Funds		<u>£ 753,751</u>	<u>£ 392,363</u>	<u>£ 261,897</u>	<u>£ 177,473</u>

Approved by the Board of Directors on 12th July 2004 and signed on their behalf by :-


J. Snow Director


D. Carrington Director

THE MEDIA TRUST**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31ST MARCH 2004****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.
- (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 : Where a regular annual grant is receivable from a donor over a specified number of years, an accrual is made for the grant if it has not been received by the year end. All other donations and grants 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.
- (e) Overhead costs are allocated to Direct Charitable Expenditure, to Fundraising and Publicity and to Management and Administration by reference to the percentage of time spent by employees on the various projects and activities.
- (f) Under Financial Reporting Standard No. 1 the company is not required to produce a Cash Flow Statement.
- (g) 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. GRANTS AND DONATIONS

	2004	2003
	£	£
Media Trust:		
Community Fund	85,000	149,705
Home Office Active Community Unit	230,000	230,000
Bridge House	60,000	60,000
Other	122,370	120,000
	<u>497,370</u>	<u>559,705</u>
Community Channel:		
Community Fund	250,000	350,000
Home Office Active Community Unit	950,000	400,000
	<u>1,200,000</u>	<u>750,000</u>
Total	<u>£ 1,697,370</u>	<u>£ 1,309,705</u>

3. DONATIONS IN KIND

Premises	30,000	30,000
	<u>£30,000</u>	<u>£30,000</u>

4. PRODUCTION COSTS

Media Trust	662,049	835,986
Community Channel	928,444	830,487
	<u>£1,590,493</u>	<u>£1,666,473</u>

5. NET INCOMING RESOURCES IS STATED AFTER CHARGING :

Depreciation	£ 48,022	£ 44,712
Audit Fee	<u>£ 4,000</u>	<u>£ 3,800</u>

THE MEDIA TRUST**NOTES TO THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31ST MARCH 2003****6. STAFF COSTS**

	Group	
	2004	2003
	£	£
Salaries and Wages	665,309	787,680
Social Security Costs	68,894	76,813
	<u>£734,203</u>	<u>£864,493</u>
	No.	No.
The average number of staff employed during the period was:	<u>29</u>	<u>26</u>
Employees whose remuneration exceeded £50,000		
Range: £50,000 – £60,000	1	-
£70,000 – £80,000	<u>-</u>	<u>1</u>

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 or expenses in the period.

7. FIXED ASSETS

	Group Equipment		Company Equipment	
	2004	2003	2004	2003
	£	£	£	£
Cost :				
Balance brought forward	220,029	184,172	118,471	87,435
Additions	15,802	35,857	266	31,036
Balance carried forward	<u>235,831</u>	<u>220,029</u>	<u>118,737</u>	<u>118,471</u>
Depreciation:				
Balance brought forward	149,645	104,933	87,183	74,858
Charge for year	48,022	44,712	15,880	12,325
Balance carried forward	<u>197,667</u>	<u>149,645</u>	<u>103,063</u>	<u>87,183</u>
Net book value	<u>£38,164</u>	<u>£70,384</u>	<u>£15,674</u>	<u>£31,288</u>

8. DEBTORS

	2004	2003	2004	2003
	£	£	£	£
Trade Debtors	120,020	162,316	120,020	162,316
Prepayments and Accrued Income	54,246	34,602	24,439	1,852
Amounts due from group undertakings	-	-	-	-
Other Debtors	14,316	43,118	1,420	29,423
	<u>£188,582</u>	<u>£240,036</u>	<u>£145,879</u>	<u>£193,591</u>

9. CREDITORS

	2004	2003	2004	2003
	£	£	£	£
Trade Creditors	65,590	132,939	47,920	94,280
Other Creditors including taxation and social security	62,025	135,187	55,151	127,937
Accruals	196,846	171,535	98,878	118,400
Deferred Income	5,000	35,000	5,000	35,000
Amounts due to group Undertakings	-	-	549,020	149,353
	<u>£329,461</u>	<u>£474,661</u>	<u>£755,969</u>	<u>£524,970</u>

THE MEDIA TRUST**NOTES TO THE ACCOUNTS (Continued)****FOR THE YEAR ENDED 31ST MARCH 2004****10. OPERATING LEASES**

At 31st March 2004 the Company had annual commitments under non-cancellable operating leases as follows:

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

11. RESTRICTED FUNDS

	Brought Forward	Movement in Year		Carried Forward
		Income	Expenditure	
	£	£	£	£
Production				
Home Office	-	230,000	(117,000)	113,000
Other	-	15,800	(15,800)	-
Communications Advice				
Community Fund	24,930	85,000	(84,930)	25,000
Other	18,750	117,500	(108,750)	27,500
Community Channel				
Home Office	214,890	950,000	(678,444)	486,446
Community Fund	-	250,000	(250,000)	-
	<u>£258,570</u>	<u>£1,648,300</u>	<u>(£1,254,924)</u>	<u>£651,946</u>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds		Total Funds
	£	Company	Subsidiary	£
Fixed Assets	15,674	-	22,490	38,164
Net Current Assets	86,131	165,500	463,956	715,587
	<u>£101,805</u>	<u>£165,500</u>	<u>£486,446</u>	<u>£753,751</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 no capital commitments at the period end (2003 - Nil).

THE MEDIA TRUST

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2004

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.