

CHILDNET

Company Registration No 3958416

Charity Registration No 1080173

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2007

BALDWIN SCOFIELD & CO
CHARTERED ACCOUNTANTS

SATURDAY



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CHILDNET
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2007

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CHILDNETCOMPANY AND CHARITY INFORMATION**INCORPORATION**

The company was incorporated on the 28th March 2000 as a company limited by guarantee. The company registration number is 3958416

CHARITY REGISTRATION

The company is registered with the Charity Commission under number 1080173

REGISTERED OFFICE

Studio 14
Brockley Cross Business Centre
96 Endwell Road
London SE4 2PD

DIRECTORS & TRUSTEES

Vaughn Armstrong
Thomas Bick (resigned 23 11 06)
Karl Hopwood (appointed 10 5.07)
Tink Palmer (appointed 1.1 07)
Alice Swann (Chair)
Barry Taylor
Sara Tindall
Graham Wallace (appointed 21.4 06)

SECRETARY

John Ryan

CHIEF EXECUTIVE OFFICER

Stephen Carrick-Davies

BANKERS

Barclays Bank Plc
Longfield Branch
PO Box 449
Dartford
Kent
DA1 1FE

AUDITORS

Baldwin Scofield & Co
Chartered Accountants
Registered Auditors
Unit 3 Newhouse Business Centre
Old Crawley Road
Horsham, West Sussex
RH12 4RU

DIRECTORS' AND TRUSTEES' REPORT

The Directors and Trustees submit their report and audited accounts for the period ended 31st March 2007

1) STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 Legal And Administrative Overview

The charity is incorporated as a company limited by guarantee and is registered with the Charity Commission. The charitable trust Childnet International was originally founded in 1995. On the 1st April 2000 the net assets and ongoing activities of this trust were transferred to the company which is also non-profit making and has the same objects and trustees. The affairs of the company are governed by its memorandum and articles of association.

1.2 Governing Document

Childnet is governed by its March 2000 Memorandum and Articles of Association. These documents outline the objectives of the charity including:

- (i) To advance the education of the public in any part of the world in all aspects of computer communications and Internet technology including the most effective software for the education and training of children,
- (ii) To advance the education and training of children in any part of the world in and by the use of computer communications and Internet technology,
- (iii) To protect the moral welfare of children in any part of the world by the promotion of measures directed to prevent their exposure to racist pornographic obscene or other harmful electronic computer and televisual material.

1.3 Organisational Structure and Management

The Board of Childnet is made up of the seven people listed on the previous page who have a range of relevant experience in education, marketing, child protection and the computing and telecommunications industries.

The Board delegates responsibility for the day to day management of the charity to the Chief Executive who is involved in all issues of strategic direction, management of staff and resources, policy along with a newly promoted Deputy Chief Executive, and - with support from the Childnet Business Manager, - the financial management of the organisation.

1.4 Trustees

At 1st April 2006 Childnet had 5 trustees and over the 12 months to 31 March 2007, two more joined and one retired (after just over 10 years of service). One more Trustee was appointed in May 2007 bringing the current complement back up to 7. A further trustee is due to join in October 2007. Trustees are selected against a clear job description and criteria which have been updated by the CEO and Trustees over the last few years. Trustees are recruited following an annual Trustee audit in which areas of expertise are reviewed and new candidates identified. Each Trustee is given a full induction which includes:

- ⇒ Going through the Job description (there are separate detailed job descriptions for Chair and Honorary Treasurer)
- ⇒ Advice from the Charity Commission on their duties
- ⇒ Full set of Company papers including policies on Equal Opportunities, Child Protection, Staff Computer use, Ethos and Values and Staff Contracts

- ⇒ Offered training on their role and duties as well as provided with support in their work from the staff - including updating on legislation and best practice within the voluntary sector
- ⇒ Trustees now have to complete full CRB clearance as part of their appointment

1 5 Organisational Structure

Childnet is run on a day to day basis by the Chief Executive Officer who reports to the Board of Trustees through the Chair of Trustees regularly. Trustees meet with the CEO and Business Manager (also the Company Secretary) formally 4 or 5 times a year. However communication takes place between the chair and CEO on a weekly basis. Reports are submitted from the CEO and Business Manager to each Trustee meeting outlining progress against targets and actions agreed. Full minutes of these meetings are taken and signed as an accurate record of each meeting at the beginning of the next meeting.

The CEO and Business Manager have authority to carry out the duties of the organisation, as agreed in the business plan and budget at the start of each financial year (1st April - 31st March). This includes the employing of staff, expenditure to carry out agreed project work as well as communication within and outside of the organisation. Spending limits are set and all expenditure over £3,000 is only made after approval from the Chair of Trustees.

The Honorary Treasurer meets with the CEO and Business Manager before each Trustee's meeting to review progress on expenditure and income. His written report is submitted to the trustees as a further check and balance.

During the year, the existing Policy and Research Manager was promoted to the position of Deputy Chief Executive so that more support could be given to the Management function.

1 6 Related Charities or Partnerships With Other Organisation

Childnet seeks to co-operate with many agencies around the world who share the objective of promoting safe and fun internet use for children. This is an area that has grown throughout this past year but none of these activities justify the reporting of a related party relationship or transaction.

Over this period of time Childnet did not operate any independent bodies or companies or trading subsidiaries. As an organisation Childnet has a number of formal and informal partnerships with other charities, funders and organisations. All formal partnerships and contractual relationships are reviewed by Childnet's Solicitor and approved by Trustees before signature.

1 7 Reserves Policy

For the year ending 31 March 2007, the Directors and Trustees had previously set a reserves policy objective of having at least £25,000 in unrestricted funds available at any one time. This policy is due to be reviewed alongside the setting of the 2008-09 budget to determine what is most appropriate for the organisation as it moves forward.

1 8 Risk Management Policy

The Directors and Trustees acknowledge their responsibility for the management of risk, and building on the previous full RISK audit that the Trustees completed in 2003 they have continued to work with senior staff in identifying and managing risks which Childnet might face as well as the responses to these risks. Elements of this were reviewed in November 2005 and again in July 2007. Childnet staff carried out a full Risk assessment in terms of the consequence of the loss of income and completed actions accordingly.

To manage elements of potential risk, Childnet maintained our retainer with our solicitor for continuous expert legal advice and ensured that we continued to keep abreast of potential risks and to include periodic monitoring and assessment of these risks in reports to Trustees. In addition the Childnet staff have worked to strengthen a number of policies and processes to do with financial management and risk analysis including

- ❑ Appointing an Honorary Treasurer to review accounts, financial reporting and business management
- ❑ Further updating and maintenance of Staff contracts
- ❑ Ensuring that all new Childnet staff and trustees were checked by the Criminal Records Bureau, with enhanced clearance where appropriate
- ❑ Updating the Childnet Child Protection Policy in light of Childnet's own advice to others about moderation and online child protection
- ❑ Retaining the services of an Independent Financial Advisor in respect of pension and life assurance arrangements
- ❑ Ensuring that all contracts signed by Childnet with sponsors or partners were reviewed by the Business Manager and Childnet's solicitor to ensure that there are proper safeguards in place for Childnet

In addition all The Directors and Trustees intend to revisit the risk assessment issues on a regular basis at Board meetings and continue to implement strategies to minimise the risks and ensure best practice

1.9 Investment Policy

Childnet does not currently have sufficient funds to justify a long-term investment policy. However, professional advice is sought on short-term commitment of funds to high interest bearing accounts for appropriate periods which bring the best return for the charity while maintaining liquidity.

Childnet also uses the services of an Independent Financial Advisor in making and implementing pension scheme decisions for its staff.

1.10 Grant Making Policy

Childnet does not have programmes which involve making grants on a regular basis. The Childnet Awards provided funds for prizes from that restricted income. Very rarely one off small grants may be made from unrestricted or restricted income in strict pursuance of the charity's objectives although none were made during the 2006-07 year.

2) OBJECTIVES AND ACTIVITIES

The principal activity of the charity is the promotion of children's interests in international communications by means of education, training and research.

The charity continues to express its core purpose as "*helping to make the internet a great and safe place for children*" with four key function areas:

- ❑ **Access** - Helping children and young people to use the net constructively, access positive online resources and help them create quality content
- ❑ **Awareness** - Helping children and young people acquire new "net Literacy" skills, giving advice to organisations, parents, teachers and carers about internet safety
- ❑ **Protection** - Helping to protect children and young people and prevent them from being exploited in the online environment provided by new technologies
- ❑ **Policy** - Helping all sectors develop effective policy responses in line with the rapidly changing communications technology

2.1 Review Of Activities During This Period

The following gives a month by month breakdown of the activities carried out by Childnet during April 2006 – 31st March 2007

APRIL 2006

Childnet launched a special “**SORTED**” online guide produced entirely by young people for young people on the issues of internet security. Housed on the Childnet website at www.childnet-int.org/sorted, this resource gives young people important information on how to protect themselves online from the dangers of viruses, phishing scams, spyware and trojans.

Childnet continued to develop its volunteer programmes through which Childnet staff trained individuals from various organisations to support parents and young people on how to use the internet safely and positively. A further N Ireland programme was developed under the “Springvale Community Outreach” initiative (SCOI) the Belfast Institute hosted the programme with Childnet training local teachers, ICT tutors and education & development workers in 4 interactive presentations called “Mind the Gap”.

Childnet also received the final report of the independent evaluation of Childnet’s “Getting To Know IT ALL” volunteer programme. This report conducted by the University of Bristol highlighted the positive impact and suitable model to expand. The results from “**GETTING TO KNOW IT ALL**” programme which the charity ran with partners Microsoft, MSN and the Police’s Virtual Global Task Force found that 98% of teachers interviewed said that they would recommend the presentation to another teacher.

MAY 2006

Childnet updated and expanded its parent internet safety leaflet and launched a special free leaflet campaign for primary schools. These leaflets, entitled ***Keeping Up With Children on the Internet*** were updated and help to inform parents about issues relating to the safe and secure use of internet and mobile technologies and encourage them to get involved in their children’s online activities. Over the last few years over 2 million of these leaflets have been used in schools in the UK and have been effective at providing parents with knowledge and information on the issues their children face every day online. The revised leaflet covers the following issues: potential risks faced by internet users – specifically children, the role of filters within internet safety education, mobile phone issues, the risks and strategies associated with new technologies such as downloading and file-sharing, and social networking, and how to communicate these issues to children.

During this period Childnet’s guide for parents on P2P, File-sharing and Downloading music issues was launched in Hong Kong by the IFPI and Government’s Intellectual Property Department. To date this leaflet has been updated, reprinted and distributed in 21 countries with different language versions in Spanish, German, Italian, Swedish and Portuguese. Originally produced for the Pro-Music Alliance representing an alliance of groups from across the music sector, the leaflet has now been supported and promoted by a range of partners world-wide including UNICEF, Save the Children Fund, libraries and school districts, parent associations, the media and retailers such as Virgin Megastores.

JUNE 2006

Childnet International launched its “Blogsafety” advice website and leaflet designed to help both parents, teachers and young people understand the new safety issues of Social Networking and Blogging sites. The leaflet and website were launched to coincide with an important event in Washington DC on June 22nd 2006, hosted by the National Centre for Missing and Exploited Children which brings together leaders of Social Networking companies (including MySpace, Facebook, Xanga) law enforcement, education, and children’s advocacy groups to address the safety issues of these new services for children and young people.

Stephen Carrick-Davies CEO of Childnet was invited to address this conference and share from Childnet's experience of producing award-winning educational resources both in the UK and world-wide

Childnet's "Getting to Know IT All" volunteer education programme that Childnet developed with partners Microsoft and the Virtual Global Task Force won an important Big Tick award from Business in the Community. At a packed reception at the King Edward Hall in the City of London the team received the award in the "BT Cause Related Business" category, which is supported by the Home Office and in association with Charities Aid Foundation

JULY 2006

Childnet launched its Parents' checklist guide for buying a phone for your child which gives parents an important checklist of questions to ask their Mobile Operator when purchasing a mobile phone so that you can ensure you have the tools and support to help protect children and make sure they get the most out of using their mobile phones safely. The UK Mobile Operators have recognised these risks and have taken steps to help you protect your child from potentially harmful content accessible via your mobile phone. There are also things you can do to block premium rate calls and texts.

Childnet also launched an important 'Friend or Foe' fun and interactive mobile quiz for mobile phones. Working with mobile content provider 'Mad Dog Mobile' Childnet believes that this is the world first interactive safety quiz for mobile phone users.

AUGUST 2006

Childnet launched two new guides for parents and carers on 'Searching the Internet' and 'Chatting Online'. Written by Childnet for the UK Home Office as a summary of important new publications produced by the Home Secretaries Task Force On Child Protection on the Internet, these guides are designed to help parents recognise good practice in order to help them help their children to find 'good' chatrooms and 'good' search providers, and find out how to keep safe while chatting or searching online.

SEPTEMBER 2006

Childnet continued to expand its volunteer programme this time working with the International Information Systems Security Certification Consortium [(ISC)²®], a non-profit global leader in educating and certifying information security professionals throughout their careers to launch a pilot Internet Security Education Programme for pupils in the UK. Internet safety presentations will be delivered free-of-charge by certified information security volunteers through (ISC)². The programme will begin in the UK in November and extend, according to interest, across Europe during 2007.

OCTOBER 2006

Childnet International completed and launched a major new education resource for parents called '**Know IT All for Parents**' aimed at helping parents better support their children's positive and safe use of the internet.

Commissioned by the Department for Education and Skills, the interactive CD ROM was produced by Childnet to be distributed to some 100,000 families who, over the next two years, will receive a computer as part of the Government's Computers for Pupils initiative. Based on Childnet's highly successful 'Know IT All' for schools and volunteering programmes this national resource will be a valuable resource to the CfP programme which aims to put computers into the homes of pupils who don't have one, in order to give them the same opportunities as their peers.

NOVEMBER 2006

Childnet worked with ICSTIS the premium rate regulator, to support the launch of PhoneBrain.co.uk, a new website designed to inform children and young people about premium rate services, which launches today 4th December. This site is particularly designed to inform children and make sure they know how to stay in control if they use these services and not run up big bills.

The site was produced by ICSTIS and Childnet helped to provide advice and help young people themselves have a say in the design and content of the site

DECEMBER 2006

Childnet launched its 2005/06 Annual Review document which was entitled Childnet's IMPACT report. The document includes a summary of Childnet's financial accounts for the last two years and highlights the work the organisation has completed in key areas including, working with young people, schools, parents, industry, law enforcement, as well as our impact internationally. The document summarised the key lessons Childnet has learnt as well as profiled some of the future work which the Childnet team plan to develop in the coming year both within the UK and internationally.

JANUARY 2007

Childnet announced that it has been awarded the contract by the Department for Education and Skills to research and provide guidance for schools on preventing and responding to cyberbullying. This first phase of this work will be carried out between January and April 2007. Childnet have been members of the Department's Cyberbullying TaskForce and will work closely with this group and wider organisations – including industry – as well as consulting closely with schools and young people themselves in developing this guidance for the Department.

Childnet also announced in January the start of an important pilot programme to help teachers in their initial teacher training become aware of the e-safety issues relating to their pupils' use of the internet in both the classroom and outside of the school. Working with lecturers in a number of teacher training institutions across England, the team are assessing a number of important education and awareness resources including Childnet's 'Know IT All' multi-media tools, and other resources which have been produced by Microsoft. The programme was designed to be piloted in January – March 2007 with over 400 teacher trainees as part of their teacher training programmes in Middlesex, Brighton, Canterbury and Southampton universities.

FEBRUARY 2007

Childnet announced that its Jenny's Story DVD resource which was originally launched in January 2005 has been updated and is now available from the Childnet office. Over the last 2 years the film has been used in very many schools and organisations both in the UK and internationally, and has proved highly effective at helping young people reflect on the dangers of chatting to strangers on the Internet. In updating the film and the accompanying Teacher's Guide Childnet has been able to incorporate feedback from young people and teachers as well as good practice guidance on using case studies, and signposting to the new Child Exploitation and Online Protection Centre (CEOP) where suspected grooming incidents can now be reported to the police.

Childnet also welcomed Safer Internet Day on 6th February 2007 and staff joined others in London for the UK Safer Internet Day conference and ran a workshop on cyber bullying at the Child Exploitation and Online Protection Centre CEOP.

Childnet also ran a special IMPACT event to launch the Impact review document and the completion of the first phase of a new improved 'Know IT All' for Parents. With support from Thales the event brought 80 key guests together to hear about the work of Childnet and the new KIA resource.

MARCH 2007

Following on from the pilot training in November 2006, Childnet trained a further 80 internet security experts from the International Information Systems Security Certification Consortium [(ISC)²®], to deliver internet safety and security presentations to secondary school pupils in the UK. Three training sessions were conducted by Childnet, two in London and one in York. This volunteer training model allows Childnet to continue to explore ways to disseminate knowledge to young people face to face. With the expectation that each volunteer visits at least 3 schools Childnet are able to reach over 200 secondary schools with information on internet safety and computer security.

In addition to this detailed activity Childnet staff continued to focus on three overriding strategic aims for the year that of

1) CHILDNET'S POSITIONING AND BRANDING

During the following year Childnet should continue to review how it is being perceived by a cross sector of stakeholders and recognize the power and quality of its brand and seek to consolidate the increasing range of project sub-brands

2) CHILDNET'S CHILD CENTRICITY

Over the year Childnet should continue to review how it maintains and develop its child-centricity and ensure that the charity differentiates itself from other organisations in this area. It is important that the organisation strengthens its work in this area and expands its direct consultation, participation and review by and for young people

3) DEVELOPING AN EFFECTIVE SCALEABLE BUSINESS MODEL

Over the year it is crucial that as Childnet grows it tests different business models and takes risks in moving forward and expanding without necessarily growing exponentially. This will include developing better "stand alone resources" and training programmes so that others can use the organisations resources and expertise and "cascade" these out to wider audiences and markets both in the UK and elsewhere

2.2 Achieving These Objectives

Despite the funding challenges for this year, under Stephen Carrick-Davies, Childnet's CEO, the organisation's impact and profile has continued to grow during this financial year and Childnet has been able to continue to make a significant and vital contribution to children's safe and positive use of the Internet around the world. Staff have been recruited, trained and developed to ensure that the aims set out in the business plan are met.

2.3 Quality Improvements

Childnet is committed to the highest quality of operations (internal procedures, governance, staff training and development etc). During the next 12 months the organisation is putting in place procedures which include:

- ⇒ Continuing to review the make up of the Trustee body and recruit additional trustees (to take the total level up to 8)
- ⇒ Continuing to strengthen our internal monitoring and evaluation processes
- ⇒ Ensuring that the organisation has stronger reference and participation from children and young people
- ⇒ Strengthening the fundraising and promotion of the organisation with appointment or appropriate outsourcing of fundraising personnel
- ⇒ Continuing to regularly review the strategic direction of the organisation
- ⇒ Developing staff through regular training and supervision and ensure that all internal policies are constantly updated
- ⇒ Formally review Childnet's international strategy

3) FINANCIAL ACTIVITIES AND POSITION AT THE YEAR END

The total incoming resources of the charity amounted to £812,347 (2006 - £441,501) and total resources expended were £723,273 (2006 - £458,817) resulting in a surplus for the period of £89,074 (2006 deficit of £17,316). The reserves at the year end stood at £155,017 (2006 - £65,943), of which £40,464 (2006 - £27,513) was restricted and £114,553 (2006 - £38,430) unrestricted.

Going forward the Directors and Trustees have acknowledged with the Auditors that there is a significant challenge in being able to continue to fundraise for Childnet's work as a non-crisis intervention charity. At the date of this report there is sufficient funding for the current operations to be maintained until the end of March 2008 and all the Directors, Trustees and staff are actively reviewing all areas of the charity's activities and future operations and options.

4) TRUSTEES' RESPONSIBILITIES

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and its financial position at the end of the year. In preparing these statements the trustees are required to


Select suitable accounting policies and apply them consistently,
Make judgements and estimates that are reasonable and prudent,
State whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 charity will continue in operation

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993 and its governing instrument. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

5) AUDITORS

A resolution for the reappointment of Baldwin Scofield and Co as auditors of the charity for the 2007-08 financial year will be discussed at the forthcoming annual general meeting of the Charity.

Approved by the Directors/Trustees on 10 October 2007
and signed on their behalf by


Dr Alice Swann
Chair of the Directors and Trustees

INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31ST MARCH 2007

We have audited the financial statements on pages 4 to 6 which have been prepared in accordance with 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, for the opinions we have formed.

Respective responsibilities of directors/trustees and auditors

As described in the Statement of Trustees' Responsibilities the trustees (who are also directors for the purposes of company law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

It is our responsibility 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 activities 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 Trustees' Report is not consistent with the financial statements, and 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 Trustees' Report and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2007

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2007, and its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the directors' report is consistent with the financial statements

. *Baldwin Scofield & Co*
. *17 October 2007*

Baldwin Scofield & Co
Registered Auditors and
Chartered Accountants
Unit 3 Newhouse Business Centre
Old Crawley Road
Horsham, West Sussex
RH12 4RU

CHILDNET

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
<u>Income and Expenditure</u>					
<u>Incoming Resources</u>					
Incoming resources from generated funds					
Voluntary income	3	30,220	-	30,220	150,113
Investment income	4	1,248	-	1,248	1,405
		<u>31,468</u>	<u>-</u>	<u>31,468</u>	<u>151,518</u>
Incoming resources from charitable activities	5	107,948	672,681	780,629	289,733
Other income	6	250	-	250	250
		<u>139,666</u>	<u>672,681</u>	<u>812,347</u>	<u>441,501</u>
Total incoming resources					
<u>Resources Expended</u>					
Cost of generating funds					
Costs of generating voluntary income	7	5,008	-	5,008	32,296
Charitable activities	8	153,003	545,270	698,273	399,568
Governance costs	10	19,992	-	19,992	26,953
		<u>178,003</u>	<u>545,270</u>	<u>723,273</u>	<u>458,817</u>
Total resources expended					
Net Incoming/(Outgoing) Resources before Transfers		(38,337)	127,411	89,074	(17,316)
Transfers between Funds		<u>114,460</u>	<u>(114,460)</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		<u>76,123</u>	<u>12,951</u>	<u>89,074</u>	<u>(17,316)</u>
Total funds brought forward		<u>38,430</u>	<u>27,513</u>	<u>65,943</u>	<u>83,259</u>
Total Funds carried forward		<u><u>114,553</u></u>	<u><u>40,464</u></u>	<u><u>155,017</u></u>	<u><u>65,943</u></u>

Total Recognised Gains and Losses

The company has no recognised gains or losses other than the surplus/(deficit) shown for the above two periods

The notes on pages 6a to 6g form an integral part of these accounts

CHILDNETBALANCE SHEET
AS AT 31ST MARCH 2007

	Note	£	<u>2007</u> £	<u>2006</u> £
<u>FIXED ASSETS</u>	12		3,113	1,991
<u>CURRENT ASSETS</u>				
Stock		1,256	6,216	
Debtors	13	362,485	23,113	
Cash at bank and in hand		280,773	192,143	
		<u>644,514</u>	<u>221,472</u>	
<u>CREDITORS</u>				
Amounts due in less than one year	14	<u>492,610</u>	<u>157,520</u>	
<u>NET CURRENT ASSETS</u>			<u>151,904</u>	<u>63,952</u>
			<u>155,017</u>	<u>65,943</u>
<u>FUNDS</u>				
Unrestricted Funds	15		114,553	38,430
Restricted Funds	15		40,464	27,513
			<u>155,017</u>	<u>65,943</u>

Approved by the Directors/Trustees on 10 October 2007 and signed on their behalf by

Alice Swann

Dr Alice Swann
Director/Trustee

The notes on pages 6a to 6g form an integral part of these accounts

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

1 ACCOUNTING POLICIES

Basis of accounting

The statements of accounts have been prepared in accordance with the provisions of the Companies Act 1985, Statement of Recommended Practice Accounting Reporting by Charities and applicable accounting standards. Where necessary the headings laid down in the Companies Act have been adapted to meet the special activities of the charity. The company qualifies as a small company under the Companies Act 1985 and the trustees have elected to take advantage of the exemption under FRS1 not to prepare a cash flow statement.

Income

Donations are accounted for when received by the company. Other income is accounted for on an accruals basis as far as it is prudent to do so.

Grants receivable

Revenue grants are credited to the income and expenditure account when received, unless they are in respect of a specific period, when they are placed in a restricted fund until used.

Support costs

These are allocated to or apportioned between activity cost categories on a basis consistent with the use of the resources.

Taxation

As a registered charity, the company benefits from Rates relief and is generally exempt from Income Tax and Capital Gains Tax, but not VAT. VAT which is not recoverable is included in the cost of those items to which it relates.

Depreciation

Depreciation is provided on the tangible fixed assets using the following rates in order to write off each asset over its estimated useful life:

Computer Equipment	- 33 33% per annum straight line
Other Equipment	- 25 00% per annum straight line

Stock

This is valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Leased assets

Fixed assets acquired under finance leases are included in the balance sheet at cost, appropriate provision being made for depreciation. The present value of the future rentals is shown as a liability. Interest payable in each period is charged to the income and expenditure account in proportion to the amount outstanding under the lease. Operating lease rentals are charged to the income and expenditure account as incurred.

Pensions

The company has a defined contribution pension scheme. The cost of the contributions made by the company to the scheme are charged to the income and expenditure account as incurred.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

2. Transactions with trustees and other connected persons

No remuneration was paid to the directors and trustees, or to any person or persons known to be connected with them.

Travel and incidental costs of £1,499 to attend trustees' meetings were paid to or on behalf of Dr Alice Swann

3. Voluntary income

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Donations	21,750	-	21,750	89,425
Grants (Core funding)	8,470	-	8,470	60,500
Tax recovered	-	-	-	188
	<u>30,220</u>	<u>-</u>	<u>30,220</u>	<u>150,113</u>

4. Investment income

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Interest	1,248	-	1,248	1,405
	<u>1,248</u>	<u>-</u>	<u>1,248</u>	<u>1,405</u>

5. Incoming resources from charitable activities

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Project grants	-	664,776	664,776	221,525
Educational fees	53,057	-	53,057	44,522
Educational materials	51,602	7,346	58,948	22,238
Expenses recovered	3,289	559	3,848	1,448
	<u>107,948</u>	<u>672,681</u>	<u>780,629</u>	<u>289,733</u>

6. Other income

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
IR rebate	250	-	250	250
	<u>250</u>	<u>-</u>	<u>250</u>	<u>250</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

7. Costs of generating voluntary income

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Professional services	2,316	-	2,316	3,993
Support costs	2,692	-	2,692	28,303
	<u>5,008</u>	<u>-</u>	<u>5,008</u>	<u>32,296</u>

8. Charitable activities

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Staff costs	33,873	167,332	201,205	196,457
Consultancy	4,891	32,523	37,414	15,145
Hire of Premises	165	6,500	6,665	-
Design & print (net)	23,562	299,060	322,622	101,379
Website	2,319	13,763	16,082	10,895
Motor and travel	11,542	5,167	16,709	7,758
Depreciation	1,460	626	2,086	2,964
Support costs	75,191	20,299	95,490	62,183
Other	-	-	-	2,787
	<u>153,003</u>	<u>545,270</u>	<u>698,273</u>	<u>399,568</u>

9 Support costs

	Generating Voluntary Inc	Charitable Activities	2007	2006
	£	£	£	£
Staff costs	1,106	28,778	29,884	43,791
Publicity & Marketing	-	13,144	13,144	1,985
Postage, printing & stationery	47	6,671	6,718	3,997
Telephone & commun's	124	4,315	4,439	6,842
Rent & rates	649	16,887	17,536	15,278
Heating & lighting	47	1,215	1,262	1,302
Repairs & renewals	190	5,308	5,498	5,067
Insurance	222	5,772	5,994	3,554
Legal	-	3,772	3,772	3,000
Courier services	-	1,143	1,143	787
Meeting expenses	-	136	136	-
Leasing charges	105	2,739	2,844	1,495
Bank charges & interest	23	695	718	476
Accountancy	22	578	600	447
Other	157	4,337	4,494	2,465
	<u>2,692</u>	<u>95,490</u>	<u>98,182</u>	<u>90,486</u>

CHILDNET

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

10. Governance costs

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Staff costs	15,693	-	15,693	22,342
Audit	1,550	-	1,550	1,500
Trustees' meetings	1,499	-	1,499	1,861
Legal	1,000	-	1,000	1,000
Postage, printing & stationery	250	-	250	250
	<u>19,992</u>	<u>-</u>	<u>19,992</u>	<u>26,953</u>

11. Staff costs

	2007	2006
	£	£
Salaries	211,432	194,697
Employers' national insurance	20,879	21,231
Pension contributions	14,471	16,710
	<u>246,782</u>	<u>232,638</u>

The average weekly number of full time equivalent employees was 6.
 No employee received remuneration exceeding £60,000

12. TANGIBLE ASSETS

	Computer Equipment	Other Equipment	Total
	£	£	£
Cost			
As at 1 4.06	35,639	14,601	50,240
Additions	3,208	-	3,208
Disposals	-	-	-
As at 31.3 07	<u>38,847</u>	<u>14,601</u>	<u>53,448</u>
Depreciation			
As at 1 4 06	33,742	14,507	48,249
Charge for the period	1,992	94	2,086
On disposals	-	-	-
As at 31.3 07	<u>35,734</u>	<u>14,601</u>	<u>50,335</u>
Net Book Value			
As at 31.3.07	<u>3,113</u>	<u>-</u>	<u>3,113</u>
as at 31.3 06	<u>1,897</u>	<u>94</u>	<u>1,991</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

13 DEBTORS

	2007	2006
	£	£
Sundry Debtors & Prepayments	362,235	23,032
Accrued Income	250	81
	<u>362,485</u>	<u>23,113</u>

14 CREDITORS

	2007	2006
	£	£
Amounts falling due within 1 year:		
Sundry Creditors	219,804	28,941
Accruals	101,417	107,087
Income Prepaid	99,564	-
Taxes & Social Security	71,825	21,492
	<u>492,610</u>	<u>157,520</u>

15 FUNDS

	Incoming Resources	Resources Expended	Transfers	Balance b fwd	Balance c fwd
	£	£	£	£	£
Restricted					
Kidsmart	-	(16,745)	(10,883)	27,628	-
Know IT All	2,268	(359)	(1,909)	-	-
DFES Leaflets	-	7,980	(7,836)	(144)	-
DFES Translation	-	12,569	(12,597)	28	-
DFES KIA Par 1	127,896	(102,653)	(25,243)	-	-
DFES KIA Par 2	472,700	(371,424)	(57,224)	-	44,052
Blogging	1,585	(3,908)	2,323	-	-
Cyberbullying	26,200	(26,439)	(1,468)	-	(1,707)
TDA/Micro	42,021	(41,411)	(2,485)	-	(1,875)
NCC	559	(2,171)	1,612	-	-
Other	(548)	(709)	1,250	1	(6)
	<u>672,681</u>	<u>(545,270)</u>	<u>(114,460)</u>	<u>27,513</u>	<u>40,464</u>
Unrestricted					
General	139,666	(178,003)	114,460	38,430	114,553
	<u>812,347</u>	<u>(723,273)</u>	<u>-</u>	<u>65,943</u>	<u>155,017</u>

Kidsmart is an internet safety awareness website for primary and secondary school children, teachers and parents. Childnet also offers extensive Kidsmart activity days in both primary and secondary schools

Know IT All (for schools) is an interactive CD, created between Childnet and Microsoft, which was distributed free of charge to all secondary schools in the UK in 2005/6

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

15 FUNDS (continued)

The DfES Leaflets was funding specifically designed to help Childnet promote and distribute to parents internet safety leaflets free of charge, aimed primarily at parents of primary school children

DfES Translation was preliminary work on translating some elements of Know IT All to make it suitable for minority audiences

DfES KIA for Parents 1 - is the design, creation and production of 100,000 interactive CDROMs for the internet safety aspect of the DfES Computers for Pupils project.

DfES KIA for Parents 2 - is the redesign of version 1 to include additional functions and languages , young people's content and advice for teachers as well as the production of 1 lm copies which were then available free of charge by the DfES to maintained schools in England.

Blogging - the design, creation and production of Blog safety leaflets and micro website to now be included with the overall Kidsmart range of resources

Cyberbullying - reviewing, researching and drafting guidance on tackling cyberbullying in schools as the first phase of work successfully tendered for the DfES The programme also included running 2 national conferences and the production of a film on cyberbullying.

TDA/Micro - a pilot scheme in partnership with the Training and Development Agency, supported as well by Microsoft to identify the needs of ICT trainee teachers in relation to e-safety education

NCC - research into online consumerism as it affects children with support from the National Consumer Council

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Current Assets £	Transfers etc £	Total £
Restricted Funds				
BECTA	-	7,447	(7,447)	-
GTKIA	-	(15,000)	15,000	-
Kidsmart	803	(8,990)	8,187	-
DFES KIA Parents 1	-	(30,730)	30,730	-
DFES KIA Parents 2	-	89,887	(45,835)	44,052
DFES Cyberbullying 1	-	(12,627)	10,920	(1,707)
DFES Cyberbullying 2	-	(19,000)	19,000	-
TDA/Micro	-	(30,997)	29,122	(1,875)
Other	-	(3,205)	3,199	(6)
	803	(30,487)	70,148	40,464
Unrestricted:				
General	2,310	182,391	(70,148)	114,553
	3,113	151,904	-	155,017

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2007

17 COMMITMENTS AND CONTINGENT LIABILITIES

Pension Scheme

The assets of the pension scheme are held separately from those of the charity in an independently administered fund. The pension cost represents contributions payable by the charity to the fund and amounted to £14,471 (2006 £16,710). Contributions totalling £3,278 (2006 £5,969) were payable at the year-end and are included in creditors.

18 SUBSEQUENT EVENTS

VAT Inspection

Following the VAT Inspection in May 2006 and subsequent inspection in June 2007, although not material, full provision has been made in these financial statements for the liability arising under the misapplication of non-business and partial exemption regulations.