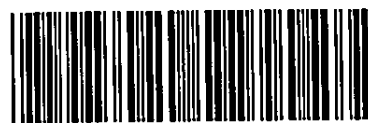

CHILDNET
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2010

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CHILDNET
(A company limited by guarantee)

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CHILDNET
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
for the year ended 31 March 2010

Trustees

Dr Alice Swann (resigned 19 May 2009)
Mr Barry Taylor (resigned 5 May 2010)
Mr Vaughn Armstrong (resigned 1 November 2009)
Mrs Tink Palmer, Chair from 19 May 2009
Mr Graham Wallace
Mr Karl Peter Hopwood
Mr Peter Stevens

Company registered number

03958416

Charity registered number

1080173

Registered office

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

Company Secretary

John Ryan

Chief Executive Officer

William Gardner

Auditors

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

Bankers

Barclays Bank Plc
PO Box 449
Dartford
Kent
DA1 1FE

CHILDNET
(A company limited by guarantee)

TRUSTEES' REPORT
for the year ended 31 March 2010

The Trustees (who are also directors of the charity for the purposes of the Companies Act) submit their annual report and the audited financial statements of Childnet International (the company) for the year ended 31 March 2010. The Trustees confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

• **CONSTITUTION**

The company is registered as a charitable company limited by guarantee (registered charity number 1080173) and was set up by a Memorandum of Association on 28 March 2000. On 1 April 2000 the net assets and activities of the charitable trust Childnet International, which had been founded in 1995, were transferred to Childnet, having the same objects and trustees at that date.

The above mentioned 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.

There have been no changes in the objectives since the last annual report.

• **METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

Childnet had 7 trustees on 1 April 2009 and following two resignations had 5 as at 31 March 2010.

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 periodic Trustee audits in which areas of expertise are reviewed and new candidates identified.

• **POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

Each Trustee is given a full induction which includes:

- (i) Going through the job description (there are separate detailed job descriptions for Chair and Honorary Treasurer)
- (ii) Advice from the Charity Commission on their duties
- (iii) Full set of Company papers including policies on equal opportunities, child protection, staff computer use, ethos and values and staff contracts
- (iv) Offered training on their role and duties as well as provided with support in their work from the staff, including updates on legislation and best practice within the voluntary sector
- (v) Trustees now have to complete full CRB clearance as part of their appointment

• **ORGANISATIONAL STRUCTURE AND DECISION MAKING**

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

CHILDNET
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TRUSTEES' REPORT (continued)
for the year ended 31 March 2010

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 the Policy and Communications Manager and, with support from the Childnet Business Manager, the financial management of the organisation

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 authorised by the Chair of Trustees, and this process is verified separately by the Honorary Treasurer.

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.

Alice Swann retired from her position as Chair of the Childnet Trustees in May 2009 and was replaced by Tink Palmer.

● **RELATED PARTY RELATIONSHIPS**

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 continued to grow throughout the 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.

● **RISK MANAGEMENT**

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. A more thorough review is ongoing and is scheduled to be completed in August 2010. 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

- (i) Appointing an Honorary Treasurer to review accounts, financial reporting and business management
- (ii) Further updating and maintenance of Staff contracts
- (iii) Ensuring that all new Childnet staff and trustees were checked by the Criminal Records Bureau, with enhanced clearance where appropriate

CHILDNET
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TRUSTEES' REPORT (continued)
for the year ended 31 March 2010

(iv) Updating the Childnet Child Protection Policy in light of Childnet's own advice to others about moderation and online child protection

(v) Retaining the services of an Independent Financial Advisor in respect of pension and life assurance arrangements

(vi) Ensuring that all contracts signed by Childnet with sponsors or partners are reviewed by the Business Manager and Childnet's solicitor where appropriate 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

OBJECTIVES AND ACTIVITIES

• POLICIES AND OBJECTIVES

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

In all the work undertaken by Childnet it is Childnet's aim to maintain its independence, leadership and reputation

The charity continues to express its core purpose as "helping to make the internet a great and safe place for children"

(i) Access - Helping children and young people to use the net constructively, access positive online resources and help them create quality content

(ii) Awareness - Helping children and young people acquire new "net literacy" skills, giving advice to organisations, parents, teachers and carers about internet safety

(iii) Protection - Helping to protect children and young people and prevent them from being exploited in the online environment provided by new technologies

(iv) Policy - Helping all sectors develop effective policy responses in line with the rapidly changing communications technology

• GRANT MAKING POLICIES

Childnet does not currently have programmes which involve making grants on a regular basis. 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 2009-10 year

ACHIEVEMENTS AND PERFORMANCE

• REVIEW OF ACTIVITIES

The following gives a quarterly breakdown of the activities carried out by Childnet during April 2009 – 31st March 2010. The trustees confirm that they have paid due regard to the Charity Commission guidance on public benefit in deciding what activities the charity should undertake

Throughout this period certain work is ongoing, including the schools outreach work, where the Education team go out to schools across the country to talk to children, parents and schools staff about the internet and new technologies and how to use them safely and responsibly. Two members of the Education staff, Lindsey Dickinson and Catherine Carter, both moved on in October, and were replaced by Pippa Green in September 2009 and Lindsay Bower in January 2010. In the course of the year, the team reached in excess of 20,000 children

CHILDNET
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TRUSTEES' REPORT (continued)
for the year ended 31 March 2010

Also, Childnet's membership of the UK Council for Child Internet Safety continued throughout the year, where Childnet attends all four of the working groups, on Public Awareness, Education, Video games and the Industry Working Group. Childnet has been a key and active member of each of these groups, representing our experience and children's voice in these policy making forums. We have also assisted by supporting the UKCCIS public awareness campaign, ZIP it, BLOCK it, FLAG it, and doing media work around the launch of this government campaign in February 2010.

Several of Childnet's educational resources, such as the Know IT All for parents CD Rom, the Let's Fight it Together anti-cyberbullying DVD for example, had several reprints as they are continually ordered to the point where they are out of stock.

Childnet have done a range of media activity to help inform and empower end users, including TV such as Sky News and radio such as Radio 4 and 5. We have also developed Childnet's presence on social networking sites like Facebook and Twitter. Childnet have also responded to key consultations, including by the Information Commissioner, and Professor Tanya Byron's second review.

Childnet have also presented at a wide range of conferences, some of which are detailed below, taking the message out to those that need to hear it.

April – June 2009

Childnet developed and launched the Know IT All for Primary resource for Primary Schools. Tanya Byron came and launched this at Anson Primary School in North London.

Childnet's Annual Review document was published and sent out.

Childnet carried out some training, both of Club Penguin staff, and for Google staff.

The policy document written by Childnet for the Department for Children, Schools and Families, on the cyberbullying of schools staff, which we worked closely with the Teacher Unions, was launched by Ed Balls in the NASUWT conference in April. This can be found on the Digizen website (www.digizen.org).

Childnet staff presented at several conferences, and even chaired one in London. These were mostly in the UK, though also in Latvia, where Lucinda Fell, Childnet's Policy and Communications Manager spoke to INSAFE members.

The CEO of Childnet attended the EU Council of Ministers meeting in Prague.

July - September 2009

The CEO of Childnet assisted the work of Edith Cowan University in Perth Australia on cyberbullying, sharing the experience and work that Childnet had done on this work in the UK. He also travelled to Sydney to launch an adaptation of one of Childnet's Films for the Australian Communication and Media Authority. The same film was also adapted and released in New Zealand following work with a NGO there called NetSafe, by a German NGO, Klicksafe, and a Danish NGO, Red Barnet, for use in their respective countries. The Welsh Assembly also worked with Childnet to make the film available as a bilingual resource in Wales.

Childnet worked with a Mexican NGO to adapt the Know IT All for Primary resource for schools there. Childnet won the Nominet Award for Personal Safety in July, for the new Kidsmart website which had been launched in February.

The CEO travelled to Malaysia where he spoke at the CyberSecurity conference, hosted by the Malaysian Government.

October – December 2009

The Childnet team were active in the UK Council for Child Internet Safety Summit, attended by the Prime Minister Gordon Brown, where we appeared on the panels of two workshops, and also premiered a drama activity where we had worked with children from a primary school who performed to all the delegates.

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2010

Childnet held a Youth IGF workshop at Portcullis House in Westminster, bringing a number of children from all over the country to interact with Parliamentarians and internet industry representatives. The event enabled children to have a direct voice on policy issues.

In November, three Childnet staff attended the Internet Governance Forum in Sharm el-Sheikh in Egypt, taking two young people from the UK, and linking up with the Cyber Peace Initiative in Egypt, and running a workshop, enabling children to articulate their views on the themes of the IGF, Openness, Access, Diversity and Security to the 'ears' of policy makers. Childnet also had a stand there to share the work we do with a range of international stakeholders.

The CEO of Childnet was also a panellist at the Family Online Safety Institute conference in Washington in November. Whilst in Washington, he also attended and presented at also a meeting of the Online Safety Technology Working Group (under the Department of Commerce's National Telecommunications and Information Administration (NTIA)). He also presented at an EC and Council of Baltic Sea States conference in Moscow on children and the internet, and presented at an event in Cumbria to school staff and head teachers on preventing and responding to cyberbullying. Childnet's Education Manager was a moderator for the young people's panel at the Safer Internet Forum in Luxembourg, which brought representative young people from all over Europe together to discuss internet safety education and policy.

Childnet worked with a British MP, Derek Wyatt, to explore entering a petition to update the UN Convention on the Rights of the Child on its 20th anniversary, to ensure it reflected the new technological landscape and reflecting the importance of technology to children's rights.

Childnet worked with the Anti-Bullying Alliance and developed the packs that were sent out to every school in the country for Anti-Bullying week, and for which the theme was cyberbullying. Childnet also advised and assisted in the work of organising the week.

January - March 2010

Childnet brought a number of children and young people to Parliament, as part of the Youth IGF Project, where we showed what the Youth IGF project had achieved to leading industry as well as Parliamentarians.

On Safer Internet Day, Childnet launched some new resources for schools, including a toolkit for secondary schools, to encourage and assist in the teaching of internet safety. Childnet also worked with SignPost to make available a Childnet resource Know IT All for Primary in British Sign Language. Childnet also developed a film to help promote and raise awareness of the range of resource available for schools to assist in the teaching of internet safety.

The CEO was invited and attended the central Safer Internet Day event held by the European Commission at the European Parliament in Strasbourg.

April 2010 onwards

In January 2011 Childnet will become the Safer Internet Centre, and much time this year was spent in building the application and the plans once the application to the European commission was successful. As a result Childnet staff have attended events to build key relationships here, including to the INSAFE meeting in Lisbon in March.

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

1) Increase Childnet's profile with end users and to establish Childnet as UK leader in all online child protection issues and to ensure that Childnet is considered the foremost expert voice on this subject matter. Childnet was appointed the UK Safer Internet Centre by the EC during this time and this position will officially start in January 2011.

2) Maintain the international programme and develop new partnerships overseas including working with international fora (e.g. IGF), contributing to different strategic international initiatives and continuing to make our resources multi-lingual.

CHILDNET
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TRUSTEES' REPORT (continued)
for the year ended 31 March 2010

3) Developing strong 'stand alone' resources - It is crucial that Childnet grows and develops 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

● **FACTORS RELEVANT TO ACHIEVE OBJECTIVES**

Under the leadership of Will Gardner Childnet's CEO, the organisation has continued to make a very real and tangible impact in the lives of children - and those who work with them - both in the UK and elsewhere. Two members of the education have left Childnet to move abroad, but two new team members have been taken on board and have been through a thorough induction, training and development programme, enabling Childnet to address over 20,000 children in 12 months. The team continue to meet regularly to focus on and reassess key priorities, and continue to make sound progress in delivering the key deliverables and targets set out in the business plan.

FINANCIAL REVIEW

● **RESERVES POLICY**

For the year ending 31 March 2010, the Directors and Trustees had previously set a reserves policy objective of having a level of unrestricted reserves sufficient to cover 3 months operational costs at any one time. This is estimated currently to be around the region of £90,000. This was reviewed during the year. It was decided that this level should remain in place.

● **PRINCIPAL FUNDING**

During the year the total incoming resources of the charity amounted to £569,679 (2009 £741,361) and total resources expended were £593,920 (2009 £725,291). This resulted in a deficit of £24,241 for the year (2009 surplus £16,070). The reserves therefore stood at £149,889 at the year end (2009 £174,456), of which £28,983 was restricted and £120,906 was unrestricted (2009 £11,167 and £163,289 respectively).

Going forward the Directors and Trustees have acknowledged with the Auditors that there is a significant challenge in being able to continue to fundraise, especially for unrestricted income, 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 at least the end of March 2011 and all the Directors, Trustees and staff are actively reviewing all areas of the charity's activities and future operations and options.

● **MATERIAL INVESTMENTS 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.

PLANS FOR THE FUTURE

● **FUTURE DEVELOPMENTS**

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

- (i) Continuing to review the make up of the Trustee body and recruit additional trustees
- (ii) Continuing to strengthen our internal monitoring and evaluation processes
- (iii) Ensuring that the organisation continues to have strong reference and participation from children and young people

CHILDNET
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TRUSTEES' REPORT (continued)
for the year ended 31 March 2010

(iv) Strengthening the fundraising and promotion of the organisation with the appointment or appropriate outsourcing of fundraising personnel

(v) Continuing to regularly review the strategic direction of the organisation

(vi) Developing staff through regular training and supervision and ensure that all internal policies are constantly updated

(vii) Formally review Childnet's international strategy

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Childnet International for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

So far as each of the Trustees is aware at the time the report is approved

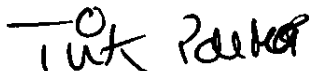
- there is no relevant audit information of which the company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITORS

A resolution proposing that Baldwin Scofield & Co be re-appointed as auditors of the company will be put to the Annual General Meeting

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the Trustees on 5 August 2010 and signed on its behalf, by



Mrs Tink Palmer

CHILDNET
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDNET

We have audited the financial statements of Childnet for the year ended 31 March 2010 set out on pages 11 to 21. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The Trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the information given in the Trustees' report is not consistent with those financial statements, the company has not kept adequate accounting records, if the company's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' report and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' report. 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 other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

CHILDNET
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHILDNET

OPINION

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been prepared in accordance with the Companies Act 2006

Baldwin Scofield & Co

BALDWIN SCOFIELD & CO

Chartered Accountants
Statutory Auditors

3 Newhouse Business Centre
Old Crawley Road
Horsham
West Sussex
RH12 4RU

5 August 2010

CHILDNET
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2010

	Note	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	20,928	368,509	389,437	517,715
Investment income	3	-	899	899	5,180
Incoming resources from charitable activities	4	923	178,420	179,343	218,466
TOTAL INCOMING RESOURCES		21,851	547,828	569,679	741,361
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	5	-	180	180	355
Charitable activities	11	19,032	570,633	589,665	719,074
Governance costs	7	-	4,075	4,075	5,862
TOTAL RESOURCES EXPENDED	10	19,032	574,888	593,920	725,291
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		2,819	(27,060)	(24,241)	16,070
Transfers between Funds	17	14,997	(14,997)	-	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		17,816	(42,057)	(24,241)	16,070
Gains and losses on revaluations of fixed assets for the charity's own use	14	-	(326)	(326)	(34)
Gains and losses on revaluations of investment assets		-	-	-	1,666
NET MOVEMENT IN FUNDS FOR THE YEAR		17,816	(42,383)	(24,567)	17,702
<i>Total funds at 1 April 2009</i>		<i>11,167</i>	<i>163,289</i>	<i>174,456</i>	<i>156,754</i>
TOTAL FUNDS AT 31 MARCH 2010		28,983	120,906	149,889	174,456

The notes on pages 14 to 21 form part of these financial statements

CHILDNET
(A company limited by guarantee)

SUMMARY INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2010

	Note	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
TOTAL INCOME		21,851	547,828	569,679	741,361
LESS: TOTAL EXPENDITURE		19,032	574,888	593,920	725,291
Net income/(expenditure) for the year before transfers		<u>2,819</u>	<u>(27,060)</u>	<u>(24,241)</u>	<u>16,070</u>
Transfers between funds	17	<u>14,997</u>	<u>(14,997)</u>	<u>-</u>	<u>-</u>
Income less expenditure for the year		<u>17,816</u>	<u>(42,057)</u>	<u>(24,241)</u>	<u>16,070</u>
NET INCOME / (EXPENDITURE) FOR THE YEAR	17	<u>17,816</u>	<u>(42,057)</u>	<u>(24,241)</u>	<u>16,070</u>

The notes on pages 14 to 21 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2010

	Note	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
NET INCOME / (EXPENDITURE) FOR THE YEAR	17	17,816	(42,057)	(24,241)	16,070
Gains and losses on disposals of fixed assets for the charity's own use		-	(326)	(326)	(34)
Gains and losses on revaluations of investment assets		-	-	-	1,666
TOTAL GAINS AND LOSSES RECOGNISED SINCE 1 APRIL 2009	17	<u>17,816</u>	<u>(42,383)</u>	<u>(24,567)</u>	<u>17,702</u>

There is no difference between the income/(expenditure) on ordinary activities for the year stated above and its historical cost equivalent

The notes on pages 14 to 21 form part of these financial statements

CHILDNET
(A company limited by guarantee)
Registered number: 03958416

BALANCE SHEET
as at 31 March 2010

	Note	£	2010 £	2009 £
FIXED ASSETS				
Tangible fixed assets	14		2,567	4,575
CURRENT ASSETS				
Debtors	15	137,299	113,179	
Cash at bank and in hand		138,225	199,954	
		<u>275,524</u>	<u>313,133</u>	
CREDITORS: amounts falling due within one year	16	(128,202)	(143,252)	
NET CURRENT ASSETS			<u>147,322</u>	<u>169,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>149,889</u>	<u>174,456</u>
CHARITY FUNDS				
Restricted funds	17	28,983	11,167	
Unrestricted funds	17	120,906	163,289	
			<u>149,889</u>	<u>174,456</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 43 of the Charities Act 1993. The Trustees acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2010 and of its loss for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 5 August 2010 and signed on their behalf, by



Mrs Tink Palmer

The notes on pages 14 to 21 form part of these financial statements

CHILDNET
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

1.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

CHILDNET
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	- 25.00% straight line
Computer equipment	- 33.33% straight line

1.7 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. VOLUNTARY INCOME

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Donations	20,928	35,093	56,021	117,639
Grants	-	333,416	333,416	400,076
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	20,928	368,509	389,437	517,715

3. INVESTMENT INCOME

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Investment income	-	899	899	5,180
	<hr/>	<hr/>	<hr/>	<hr/>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Charity incoming resources	923	178,420	179,343	218,466
	<hr/>	<hr/>	<hr/>	<hr/>

CHILDNET
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

5. COSTS OF GENERATING VOLUNTARY INCOME

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Professional services	-	180	180	355

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Charitable activities	19,032	570,633	589,665	719,074

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2010 £	Other costs 2010 £	Total 2010 £	Total 2009 £
Charitable activities	302,400	287,265	589,665	719,074

7. GOVERNANCE COSTS

	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Audit	2,000	2,000	2,500
Trustees' meetings	2,075	2,075	3,362
	<u>4,075</u>	<u>4,075</u>	<u>5,862</u>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

8. DIRECT COSTS

	Total 2010 £	Total 2009 £
Staff costs	3,968	8,590
Consultancy	4,068	10,549
Hire of premises	155	(912)
Design & print	171,496	287,732
Website	16,382	17,654
Motor & travel	28,260	24,462
Depreciation	3,448	4,033
Leasing charges	2,353	2,579
Other	1,507	3,136
Wages and salaries	145,668	139,345
National insurance	26,653	28,727
Pension cost	19,972	13,514
	<u>423,930</u>	<u>539,409</u>

9. SUPPORT COSTS

	Total 2010 £	Total 2009 £
Publicity & marketing	5,366	-
Postage, printing, stationery	4,965	5,935
Telephone & commun's	4,025	4,023
Rent & rates	18,538	18,469
Heating & lighting	1,302	1,546
Repairs & renewals	4,534	5,066
Insurance	4,289	6,774
Legal	2,950	2,905
Bank charges & interest	304	387
Meetings	206	1,430
Leasing charges	2,221	3,187
Other	2,425	493
Courier services	4,503	3,897
Wages and salaries	110,107	125,554
	<u>165,735</u>	<u>179,666</u>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2010 £	Other costs 2010 £	Total 2010 £	Total 2009 £
Costs of generating voluntary income	-	180	180	355
COSTS OF GENERATING FUNDS	-	180	180	355
Charitable activities	302,400	287,265	589,665	719,074
Governance	-	4,075	4,075	5,862
	<u>302,400</u>	<u>291,520</u>	<u>593,920</u>	<u>725,291</u>

11 ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2010 £	Support costs 2010 £	Total 2010 £	Total 2009 £
Charitable activities	<u>423,930</u>	<u>165,735</u>	<u>589,665</u>	<u>719,074</u>

12 NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets - owned by the charity	3,448	4,033
Audit	2,000	2,500
Pension costs	<u>19,972</u>	<u>13,514</u>

During the year, no Trustees received any remuneration (2009 - £NIL)

2 Trustees received reimbursement of expenses amounting to £1817 in the current year, (2009 - 3 Trustees - £2970)

During the year professional service fees of £1,055 were paid to Marie Collins Foundation in respect of Mrs Tink Palmer, a trustee

CHILDNET
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

13. STAFF COSTS

Staff costs were as follows

	2010 £	2009 £
Wages and salaries	255,775	264,900
Social security costs	26,653	28,727
Other pension costs	19,972	13,514
	<u>302,400</u>	<u>307,141</u>

The average monthly number of employees during the year was as follows

	2010 No	2009 No
	<u>9</u>	<u>10</u>

No employee received remuneration amounting to more than £60,000 in either year

14 TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
COST	
At 1 April 2009	32,331
Additions	1,766
Disposals	(6,297)
	<u>27,800</u>
At 31 March 2010	<u>27,800</u>
DEPRECIATION	
At 1 April 2009	27,756
Charge for the year	3,448
On disposals	(5,971)
	<u>25,233</u>
At 31 March 2010	<u>25,233</u>
NET BOOK VALUE	
At 31 March 2010	<u>2,567</u>
At 31 March 2009	<u>4,575</u>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

15. DEBTORS

	2010 £	2009 £
Trade debtors	134,333	110,585
Other debtors	600	1,000
Prepayments and accrued income	2,366	1,594
	<u>137,299</u>	<u>113,179</u>

**16 CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010 £	2009 £
Trade creditors	40,962	42,959
Social security and other taxes	27,753	32,203
Other creditors	4,978	1,220
Accruals and deferred income	54,509	66,870
	<u>128,202</u>	<u>143,252</u>

17 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds - all funds	163,289	547,828	(574,888)	(14,997)	(326)	120,906
RESTRICTED FUNDS						
BECTA	2,291	-	(17,288)	14,997	-	-
TDA/Micro	66	923	(617)	-	-	372
Chat Danger	1,122	-	(529)	-	-	593
AT&T	7,688	-	-	-	-	7,688
Disney	-	20,928	(598)	-	-	20,330
	<u>11,167</u>	<u>21,851</u>	<u>(19,032)</u>	<u>14,997</u>	<u>-</u>	<u>28,983</u>
Total of funds	<u>174,456</u>	<u>569,679</u>	<u>(593,920)</u>	<u>-</u>	<u>(326)</u>	<u>149,889</u>

The charity runs projects to develop and distribute training materials and publications dealing with good governance of internet usage. Where grant funding is sought for a project it is recorded in a separate restricted fund. The direct project costs and certain overheads are allocated to each fund as incurred.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2010

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	163,289	547,828	(574,888)	(14,997)	(326)	120,906
Restricted funds	11,167	21,851	(19,032)	14,997	-	28,983
	<u>174,456</u>	<u>569,679</u>	<u>(593,920)</u>	<u>-</u>	<u>(326)</u>	<u>149,889</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2010 £	Unrestricted funds 2010 £	Total funds 2010 £	Total funds 2009 £
Tangible fixed assets	-	2,567	2,567	4,576
Current assets	79,483	196,039	275,522	313,132
Creditors due within one year	(50,500)	(77,700)	(128,200)	(143,252)
	<u>28,983</u>	<u>120,906</u>	<u>149,889</u>	<u>174,456</u>