

MEDIA SMART UK LIMITED
(A Company Limited by Guarantee)
Company No. 04387708

FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2003



Media Smart UK Limited

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Media Smart UK Limited

Company Information

Directors

Christopher Paul Jackson
Graham Brown

Secretary

Graham Brown

Registered Office

Abford House
15 Wilton Road
London
SW1V 1NJ

Auditors

Kingston Smith
Quadrant House
80-82 Regent Street
London
W1B 5RP

Media Smart UK Limited

Report of the Directors

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2003.

Principal activity and business review

The principal activity of the company is to develop media literacy amongst children.

Results and dividend

The results of the company for the period are set out on page 3.

Directors and their interests

The directors who served the company throughout the year were:

Christopher Paul Jackson

Steven John Warwick (resigned 16 April 2004)

Graham Brown (appointed 16 April 2004)

Statement of Director's Responsibilities

Company law requires the directors 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 loss of the company for that year.

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 and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 enables 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.

Auditors

Kingston Smith have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act, it is proposed that they be re-appointed auditors to the company for the coming year.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

On behalf of the Board



Director

Date: 8 September 2004

Independent Auditors' Report to the Members of Media Smart UK Limited

We have audited the financial statements of Media Smart UK Limited for the year ended 31 December 2003, which comprise the Profit and Loss 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the 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 the 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

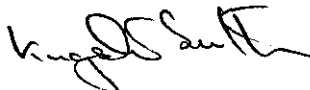
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Quadrant House
80-82 Regent Street
London W1B 5RP


KINGSTON SMITH
Chartered Accountants
and Registered Auditors

16 September 2004

Media Smart UK Limited
Profit and Loss Account
for the year ended 31 December 2003

	Note	2003	10 months to December 2002
		£	£
Turnover			
Funding	2 (b)	211,667	140,000
Operating expenses	3	214,515	178,162
Operating loss	4	(2,848)	(38,162)
Bank interest receivable		635	—
Loss on ordinary activities before taxation		(2,213)	(38,162)
Taxation	5	—	—
Retained loss for the year transferred to reserves		<u>(2,213)</u>	<u>(38,162)</u>

All results derive from continuing operations.

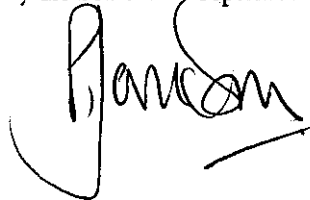
Media Smart UK Limited

Balance Sheet at 31 December 2003

	Note	2003	2002
		£	£
Current Assets			
Debtors	6	1,290	62,474
Cash at bank and in hand		<u>54,332</u>	<u>54,158</u>
		55,622	116,632
Creditors: amounts falling due within one year	7	<u>95,997</u>	<u>(154,794)</u>
Net Current Liabilities		<u>(40,375)</u>	<u>(38,162)</u>
Total Assets less Current Liabilities		<u>(40,375)</u>	<u>(38,162)</u>
Reserves			
Retained loss at 1 January		(38,162)	-
Retained loss for the year		<u>(2,213)</u>	<u>(38,162)</u>
Retained loss at 31 December		<u>(40,375)</u>	<u>(38,162)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the board on 8 September 2004



Director

Media Smart UK Limited

Notes to the Financial Statements

for the year ended 31 December 2003

1. Limited Liability

Media Smart Uk Limited is a company limited by guarantee. The Memorandum of Association restricts the liability of members on winding up to £1 unless their liability becomes unlimited through contravention of the Memorandum.

2. Principal Accounting Policies

(a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Financial Reporting Standard for Smaller Entities (effective June 2002). These accounting policies have remained unchanged throughout the period.

(b) Turnover

Turnover represents funding for the period receivable from members. Funding is credited to the profit and loss account on the basis of the financial year to which it relates.

3. Operating expenses

	2003	2002
	£	£
Operating expenses comprises:		
Educational Resource Pack	68,697	54,550
Promotional costs	2,499	29,905
Website costs	6,987	3,408
Legal and professional fees	122,800	83,952
Office and administration costs	11,730	6,070
Press cutting service	1,588	277
Bank charges	44	-
Sundry	170	-
	<u>214,515</u>	<u>178,162</u>

4. Operating loss

	2003	2002
	£	£
The operating loss is stated after charging:		
Auditors' remuneration	<u>2,475</u>	<u>2,400</u>

5 Taxation

There is no corporation tax liability for the year as a result of trading losses.

Media Smart UK Limited
Notes to the Financial Statements
for the year ended 31 December 2003 (continued)

6. Debtors	2003	2002
	£	£
Funding outstanding	–	50,000
Other debtors	–	4,231
Prepayments and accrued income	1,290	8,243
	<u>1,290</u>	<u>62,474</u>

7. Creditors: amounts falling due within one year	2003	2002
	£	£
Other creditors	19,737	75,191
Accruals and deferred income	76,260	79,603
	<u>95,997</u>	<u>154,794</u>