

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

FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2004



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

Artillery House
11-19 Artillery Row
London
SW1P 1RT

Auditors

Kingston Smith
141 Wardour Street
London
W1F 0UT

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 2004.

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

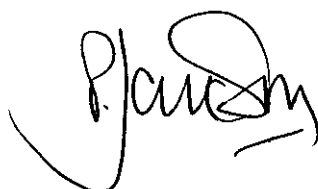
Kingston Smith have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act, it is proposed that they be re-appointed auditors to the company for the coming year.

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

Date:

27.10.05

X  X Director

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 2004, 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.

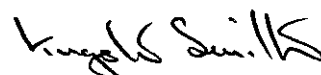
Basis of Audit Opinion

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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KINGSTON SMITH
Chartered Accountants
and Registered Auditors

141 Wardour Street
London W1F 0UT

28 October 2005.

Media Smart UK Limited
Profit and Loss Account
for the year ended 31 December 2004

	Note	2004	2003
		£	£
Turnover			
Funding	2 (b)	271,667	211,667
Operating expenses	3	354,988	214,515
Operating loss	4	(83,321)	(2,848)
Bank interest receivable		1,555	635
Loss on ordinary activities before taxation		(81,766)	(2,213)
Taxation	5	—	—
Retained loss for the year transferred to reserves		(81,766)	(2,213)

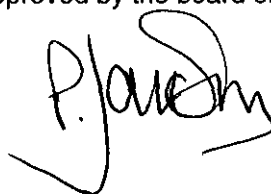
All results derive from continuing operations.

Media Smart UK Limited
Balance Sheet at 31 December 2004

	Note	2004	2003
		£	£
Current Assets			
Debtors	6	25,120	1,290
Cash at bank and in hand		<u>130,055</u>	<u>54,332</u>
		155,175	55,622
Creditors: amounts falling due within one year	7	<u>(277,316)</u>	<u>(95,997)</u>
Net Current Liabilities		<u>(122,141)</u>	<u>(40,375)</u>
Total Assets less Current Liabilities		<u>(122,141)</u>	<u>(40,375)</u>
Reserves			
Retained loss at 1 January		(40,375)	(38,162)
Retained loss for the year		<u>(81,766)</u>	<u>(2,213)</u>
Retained loss at 31 December		<u>(122,141)</u>	<u>(40,375)</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 27 October 2005

X  X

Director

Media Smart UK Limited
Notes to the Financial Statements
for the year ended 31 December 2004

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) Going concern

The company receives funding on an annual basis and as such £66,667 of income received at 31 December 2004 was deferred into 2005. The current forecast for 2005 shows a net operating surplus and cash balances which, the directors believe, will enable the company to meet its liabilities as and when they fall due. Accordingly the directors believe it appropriate to prepare these financial statements on a going concern basis.

(c) 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

	2004 £	2003 £
Operating expenses comprises:		
Educational Resource Pack	182,685	68,697
Promotional costs	8,675	2,499
Research	9,700	—
Media Relations	1,400	—
Website costs	—	6,987
Legal and professional fees	141,865	122,800
Office and administration costs	8,950	11,730
Press cutting service	1,647	1,588
Bank charges	66	44
Sundry	—	170
	<u>354,988</u>	<u>214,515</u>

4. Operating loss

	2004 £	2003 £
The operating loss is stated after charging:		
Auditors' remuneration	<u>2,530</u>	<u>2,475</u>

Media Smart UK Limited
Notes to the Financial Statements
for the year ended 31 December 2004 (continued)

5. Taxation

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

6. Debtors

	2004	2003
	£	£
Funding outstanding	25,000	–
Other debtors	–	–
Prepayments and accrued income	120	1,290
	<u>25,120</u>	<u>1,290</u>

7. Creditors: amounts falling due within one year

	2004	2003
	£	£
Other creditors	72,634	15,000
Accruals and deferred income	199,349	76,260
Taxation and social security	5,333	4,737
	<u>277,316</u>	<u>95,997</u>