

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

**FINANCIAL STATEMENTS**  
**FOR THE**  
**YEAR ENDED 31 DECEMBER 2005**



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# 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 LLP  
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 2005.

### 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  
Graham Brown

### Statement of Directors' 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 profit 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

On 1st May 2006, Kingston Smith transferred their business to Kingston Smith LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Kingston Smith as extending to Kingston Smith LLP under the provision of section 26(5) of the Companies Act 1989. Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provision of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

### Disclosure of information to Auditors

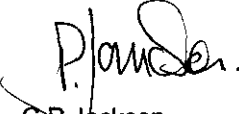
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Small company rules

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 January 2005).

Artillery House  
11-19 Artillery Row  
London  
SW1P 1RT

On behalf of the Board

  
C.P. Jackson  
Director

Date:

24.10.06

## **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 2005, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), 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 (Generally Accepted Accounting Practice).

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 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.

### **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 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.

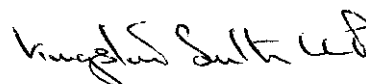
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information contained in the Directors' Report is consistent with the financial statements.

141 Wardour Street  
London  
W1F 0UT

Date: 27 October 2006



KINGSTON SMITH LLP  
Chartered Accountants  
and Registered Auditors

**Media Smart UK Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 2005**

|                                                                    | Note  | 2005                | 2004                  |
|--------------------------------------------------------------------|-------|---------------------|-----------------------|
|                                                                    |       | £                   | £                     |
| <b>Turnover</b>                                                    |       |                     |                       |
| Funding                                                            | 2 (b) | 283,333             | 271,667               |
| Operating expenses                                                 | 3     | 184,920             | 354,988               |
| Bad Debt Provision                                                 |       | 50,000              | —                     |
|                                                                    |       | <hr/>               | <hr/>                 |
| <b>Operating profit/(loss)</b>                                     | 4     | 48,413              | (83,321)              |
| Bank interest receivable                                           |       | 1,426               | 1,555                 |
|                                                                    |       | <hr/>               | <hr/>                 |
| <b>Profit/(loss) on ordinary activities before taxation</b>        |       | 49,839              | (81,766)              |
| Taxation                                                           | 5     | —                   | —                     |
| <b>Retained profit/(loss) for the year transferred to reserves</b> |       | <hr/> <u>49,839</u> | <hr/> <u>(81,766)</u> |

All results derive from continuing operations.

**Media Smart UK Limited**  
**Balance Sheet at 31 December 2005**

|                                                       | Note | 2005                   | 2004                    |
|-------------------------------------------------------|------|------------------------|-------------------------|
|                                                       |      | £                      | £                       |
| <b>Current Assets</b>                                 |      |                        |                         |
| Debtors                                               | 6    | 24,311                 | 25,120                  |
| Cash at bank and in hand                              |      | <u>35,677</u>          | <u>130,055</u>          |
|                                                       |      | 59,988                 | 155,175                 |
| <b>Creditors: amounts falling due within one year</b> | 7    | <u>(132,290)</u>       | <u>(277,316)</u>        |
| <b>Net Current Liabilities</b>                        |      | <u>(72,302)</u>        | <u>(122,141)</u>        |
| <b>Total Assets less Current Liabilities</b>          |      | <u><u>(72,302)</u></u> | <u><u>(122,141)</u></u> |
| <b>Reserves</b>                                       |      |                        |                         |
| Retained loss at 1 January                            |      | (122,141)              | (40,375)                |
| Retained profit/(loss) for the year                   |      | <u>49,839</u>          | <u>(81,766)</u>         |
| Retained loss at 31 December                          |      | <u><u>(72,302)</u></u> | <u><u>(122,141)</u></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 January 2005).

Approved by the board on

  
C P Jackson  
Director 24.10.06

**Media Smart UK Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2005**

**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 January 2005). These accounting policies have remained unchanged from the previous financial period.

**(b) Going concern**

The company receives funding on an annual basis and as such £58,333 of income received at 31 December 2005 was deferred into 2006. The current forecast for 2006 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**

|                                 | <b>2005</b>    | <b>2004</b>    |
|---------------------------------|----------------|----------------|
|                                 | <b>£</b>       | <b>£</b>       |
| Operating expenses comprises:   |                |                |
| Educational Resource Pack       | 35,630         | 182,685        |
| Promotional costs               | 27,316         | 8,675          |
| Research                        | 5,875          | 9,700          |
| Media Relations                 | —              | 1,400          |
| Legal and professional fees     | 107,910        | 141,865        |
| Office and administration costs | 7,975          | 8,950          |
| Press cutting service           | 137            | 1,647          |
| Bank charges                    | 77             | 66             |
| Sundry                          | —              | —              |
|                                 | <u>184,920</u> | <u>354,988</u> |

**4. Operating profit/loss**

|                                                     | <b>2005</b>  | <b>2004</b>  |
|-----------------------------------------------------|--------------|--------------|
|                                                     | <b>£</b>     | <b>£</b>     |
| The operating profit/loss is stated after charging: |              |              |
| Auditors' remuneration                              | <u>2,600</u> | <u>2,530</u> |

**Media Smart UK Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2005 (continued)**

| <b>5. Taxation</b>        | <b>2005</b>       | <b>2004</b>       |
|---------------------------|-------------------|-------------------|
|                           | <b>£</b>          | <b>£</b>          |
| Domestic current year tax |                   |                   |
| U.K. corporation tax      | —                 | —                 |
|                           | <u>          </u> | <u>          </u> |
|                           | <u>          </u> | <u>          </u> |

There is no corporation tax liability for the year as a result of offsetting this year's taxable profit against trading losses brought forward.

| <b>6. Debtors</b>              | <b>2005</b>   | <b>2004</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>£</b>      | <b>£</b>      |
| Funding outstanding            | 24,146        | 25,000        |
| Prepayments and accrued income | 27            | 120           |
| Taxation and social security   | 138           | —             |
|                                | <u>24,311</u> | <u>25,120</u> |
|                                | <u>24,311</u> | <u>25,120</u> |

| <b>7. Creditors: amounts falling due within one year</b> | <b>2005</b>    | <b>2004</b>    |
|----------------------------------------------------------|----------------|----------------|
|                                                          | <b>£</b>       | <b>£</b>       |
| Other creditors                                          | 67,111         | 72,634         |
| Accruals and deferred income                             | 65,179         | 199,349        |
| Taxation and social security                             | —              | 5,333          |
|                                                          | <u>132,290</u> | <u>277,316</u> |
|                                                          | <u>132,290</u> | <u>277,316</u> |