
MEDIA TRUST
REPORT AND FINANCIAL
STATEMENTS

Year ended 30 June 2019

MEDIA TRUST

REPORT AND FINANCIAL STATEMENTS 2019

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TRUSTEES' REPORT

The Trustees present their annual report, together with the audited financial statements of Media Trust ("the Trust") for the year ended 30 June 2019.

ESTABLISHMENT

The Media Trust was established in the Falkland Islands on 16 June 1989 in accordance with the Media Trust Ordinance 1989. The Trust commenced publishing in October 1989. It took over the radio station from the Falkland Islands Government ('FIG') in August 2005 and continued to broadcast throughout the Falkland Islands.

RESULTS AND DIVIDENDS

The surplus for the year was £33,339 (2018 surplus - £29,437). The balance on the capital account carried forward is £200,865 (2018 - £167,526).

BASIS OF PREPARATION

As at 30 June 2019 the Trust has net current assets of £178,895 (2018: £138,851) and cash of £174,653 (2018: £129,665). The Trust is set up primarily to break even after receipt of grant income. The Trust is funded primarily through retained earnings and grant income from FIG.

As a consequence of the funding received and approved for the year to 30 June 2019 and the previously unspent reserves, the Trustees believe that the Trust is well placed despite the current uncertain economic outlook and accordingly the financial statements have been prepared on a going concern basis.

REVIEW OF THE BUSINESS

The business continues to operate as in previous years, with three sub entities that operate autonomously. It does not have an aim to make large profits, but always sets a budget to break even. It has made a profit in the radio station element and expects Penguin News to revert to profits/break even next year, the core body that does not have an income generator.

The Penguin News and FIRS have reviewed their income streams and whilst it is pleasing to see profits increase, there continues to be monitoring of the income levels and budgeted expenditure.

It is hoped that a further profit can be achieved in the next 12 months. Covid 19 has hit the world hard, and the impacts on the Falklands are unknown. However, the Media Trust is in a good position as its income does not directly rely on the productivity of the primary industries of the Falklands (e.g. tourism, fishing etc) or elsewhere. A review of future forecasts has been made, and the Trustee's do not think it will have a material impact on any area of the Media Trust. The radio station (FIRS) relies on the FIG subvention for the majority of its income, and we do not expect this to change going forward. If subventions are reduced in the future, FIRS could return to the previous model of playing more external content from the BBC and BFBS (as in previous years) which saw significant reduction in salary costs. The Penguin News derives its income largely from paper sales and from advertising. There was a reduction in advertising at the start of the Covid-19 outbreak, but this looks to have been temporary and was offset in part by government advertising as part of their safety and information campaign. Any reduction in income going forward could be offset by increasing the price of the paper or advertising.

TRUSTEES

The Trustees during the year and subsequent to 30 June 2019 were as follows:

Mark Pollard – Resigned 5 November 2018

Melanie Gilding – Resigned 5 November 2018

Stacy Bragger – Resigned 5 November 2018

Farrah Peck – Appointed 28 February 2017

Daniel Fowler – Appointed 28 February 2017

James Bates – Appointed 9 May 2016

Tiphonie May – Appointed 9 May 2016

Jennifer Cockwell – Appointed 9 August 2018

Nigel Leach – Appointed 9 August 2018

In accordance with The Media Trust Ordinance 1989, the Trustees shall hold office for a period of four years but, subject to the Ordinance, are eligible for re-appointment.

Signed on behalf of the Board of Trustees on 6 July 2020

Chair



STATEMENT OF TRUSTEES' RESPONSIBILITIES

In accordance with the Falkland Islands Finance and Audit Ordinance 1988 the Trustees have prepared financial statements for each financial year in accordance with the accounting requirements of the Falkland Islands of the state of affairs of the Trust at the end of the financial year and of the surplus or deficit of the Trust for that period. In preparing those financial statements, the Trustees 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 the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Media Trust Ordinance 1989. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for preparing the financial statements.

Independent auditor's report to the Trustees of Media Trust

Opinion

We have audited the financial statements of Media Trust (the 'Trust') for the year ended 30 June 2019 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is the Media Trust Ordinance 1989, the Finance and Audit Ordinance 1988 and the accounting policies set out therein.

In our opinion, the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 30 June 2019 and of its surplus for the year then ended; and
- have been prepared in accordance with the requirements of the Media Trust Ordinance 1989, the Finance and Audit Ordinance 1988.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Trust's financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 9 and non- adjusting post balance sheet events on page 13.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the Falkland Islands.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the Trust's activities, customers, suppliers and the wider economy.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Board Report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 4, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

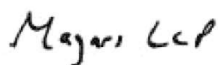
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an 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 Trust and the Trust's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

Our audit work has been undertaken so that we might state to Trustees those matters we are required to state to them in an 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 Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol, BS1 6DP

7 July 2020

MEDIA TRUST

PROFIT AND LOSS ACCOUNT Year ended 30 June 2019

	Note	Media Trust 2019 £	Penguin News 2019 £	FIRS 2019 £	Total 2019 £	Media Trust 2018 £	Penguin News 2018 £	FIRS 2018 £	Total 2018 £
TURNOVER	2	-	209,032	25,452	234,484	-	201,728	32,917	234,645
Distribution costs		-	(2,574)	(12,621)	(15,195)	-	(2,430)	(24,028)	(26,458)
Administrative expenses		(4,753)	(207,454)	(245,863)	(458,070)	(4,691)	(213,845)	(235,989)	(454,525)
Surplus/(Deficit) before other operating income		(4,753)	(996)	(233,032)	(238,781)	(4,691)	(14,547)	(227,100)	(246,338)
Other operating income	3	-	52	272,068	272,120	-	165	275,610	275,775
SURPLUS/(DEFICIT) FOR THE YEAR	4, 9	(4,753)	(944)	39,036	33,339	(4,691)	(14,382)	48,510	29,437

All amounts relate to continuing operations.

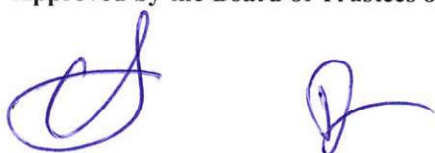
The Media Trust has no recognised gains or losses other than the above results.

MEDIA TRUST

BALANCE SHEET At 30 June 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible fixed assets	6	21,970	28,675
CURRENT ASSETS			
Debtors	7	39,426	46,123
Cash at bank and in hand		174,653	129,665
		214,079	175,788
CREDITORS			
Amounts falling due within one year	8	(35,184)	(36,937)
NET CURRENT ASSETS		178,895	138,851
NET ASSETS		200,865	167,526
CAPITAL			
Capital account	9	200,865	167,526

Approved by the Board of Trustees on 6 July 2020



Trustees

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 30 June 2019****1. ACCOUNTING POLICIES**

The principal accounting policies adopted by the Trust, which have been applied consistently in the current and preceding year, are described below.

The financial statements have been prepared in accordance with United Kingdom accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

As at 30 June 2019 the Trust has net current assets of £178,895 and cash of £174,653. The Trust is set up primarily to break even after receipt of grant income. The Trust is funded primarily through retained earnings and grant income from the Falkland Islands Government.

As a consequence of the funding received and approved for the year to 30 June 2019 and the previously unspent reserves, the Trustees believe that the Trust is well placed despite the current uncertain economic outlook and accordingly the financial statements have been prepared on a going concern basis.

The Media Trust is in a good position as its income does not directly rely on the productivity of the primary industries of the Falklands (e.g. tourism, fishing etc) or elsewhere. A review of future forecasts has been made, and the Trustees do not think it will have a material impact on any area of the Media Trust. The radio station (FIRS) relies on the FIG subvention for the majority of its income, and we do not expect this to change going forward. If subventions are reduced in the future, FIRS could return to the previous model of playing more external content from the BBC and BFBS (as in previous years) which saw significant reduction in salary costs. The Penguin News derives its income largely from paper sales and from advertising. There was a reduction in advertising at the start of the Covid-19 outbreak, but this looks to have been temporary and was offset in part by government advertising as part of their safety and information campaign. Any reduction in income going forward could be offset by increasing the price of the paper or advertising.

Cash flow

The financial statements do not include a cash flow statement because the Trust, as a small entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No. 1 (Revised 1996) 'Cash Flow Statements'.

Turnover

Turnover represents income from sales of the Penguin News, sale of advertising and broadcast material by FIRS, internet sales, sales of promotional items and advertising revenue.

Subscription income received in advance is deferred and subsequently recognised within turnover in the profit and loss account evenly over the subscription period.

Grant funding

Grant income is recognised in the period to which it is received unless certain conditions are required to be met before it becomes unconditional. Where this is the case the grant is credited to the profit and loss account as the related expenditure is incurred.

Pension costs

The Trust makes contributions to money purchase pension schemes on behalf of certain employees. The assets of the schemes are held separately from those of the Trust. Contributions payable for the year are charged to profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates to write off the cost of each asset on a straight-line basis at the following annual rates:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 June 2019

Fixtures and fittings	15%
Motor Vehicles	25%
Equipment	25%

2. TURNOVER

During the year, the Trust engaged in two classes of business in one location, that of newspaper publishers and radio broadcasters in the Falkland Islands. Revenues from these separate sources are shown on the face of the profit and loss account.

3. OTHER OPERATING INCOME

	Media Trust 2019 £	Penguin News 2019 £	FIRS 2019 £	Total 2019 £	Total 2018 £
Bank interest	-	52	68	120	98
Deferred training income	-	-	-	-	3,677
Grants received	-	-	272,000	272,000	272,000
	<u>-</u>	<u>52</u>	<u>272,068</u>	<u>272,120</u>	<u>275,775</u>

The Media Trust received £272,000 (2018: £272,000) from FIG as a direct subsidy for FIRS. In the year ending June 2010 it also received £21,000 from the BBC to assist with training expenses, however only £2,577 was released to the profit and loss with the balance being deferred to match training expenses as they are incurred. In 2011 a further £748 has been released to the profit and loss, with a further £1,335 being released in 2014. In 2018, a further £3,677 was released.

4. SURPLUS/(DEFICIT) FOR THE YEAR

	Media Trust 2019 £	Penguin News 2019 £	FIRS 2019 £	Total 2019 £	Total 2018 £
The surplus/(deficit) for the year is stated after charging:					
Auditors' remuneration	2,030	-	-	2,030	5,150
Trustees' remuneration	-	108,330	191,427	299,757	290,084
Wages and salaries	-	12,847	16,743	29,590	23,734
Pension costs and other staff costs	-	2,112	8,382	10,494	8,691
Depreciation	-	-	-	-	-
	<u>-</u>	<u>122,289</u>	<u>206,552</u>	<u>328,841</u>	<u>327,579</u>

5. TAXATION

In accordance with the Media Trust Ordinance 1989, the income of the Trust is exempt from any form of taxation in the Falkland Islands.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 June 2019

6. TANGIBLE FIXED ASSETS

Cost	At 1 July 2018 £	Additions £	Disposals £	At 30 June 2019 £
Fixtures and fittings	9,110	374	-	9,484
Equipment	57,413	3,415	-	60,828
Motor vehicles	4,610	-	-	4,610
	<u>71,133</u>	<u>3,789</u>	<u>-</u>	<u>74,922</u>
Accumulated depreciation	At 1 July 2018 £	Charge for the year £	Disposals in the year £	At 30 June 2019 £
Fixtures and fittings	8,009	390	-	8,399
Equipment	29,839	10,104	-	39,943
Motor vehicles	4,610	-	-	4,610
	<u>42,458</u>	<u>10,494</u>	<u>-</u>	<u>52,952</u>
Net book value	At 1 July 2018 £			At 30 June 2019 £
Fixtures and fittings	1,101			1,085
Equipment	27,574			20,885
Motor vehicles	-			-
	<u>28,675</u>			<u>21,970</u>

7. DEBTORS

	2019 £	2018 £
Amounts due within one year:		
Trade debtors (net of provision)	21,224	20,740
Prepayments and accrued income	18,202	25,383
	<u>39,426</u>	<u>46,123</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 June 2019

8. CREDITORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade creditors	2,188	2,701
Prepaid subscriptions and deferred income	17,463	17,306
Accruals and other creditors	15,533	16,930
	<u>35,184</u>	<u>36,937</u>

9. RESERVES

The movement on reserves during the year was as follows:

	Capital account £
At 1 July 2018	167,526
Surplus for the year	33,339
	<u>200,865</u>
At 30 June 2019	<u>200,865</u>

10. RELATED PARTY TRANSACTIONS

With the exception of subscriptions to the Penguin News, which all Trustees have, the following transactions were undertaken with Trustees during the year. None received a discount due to their status as Trustees.

	Purchases from	Sales to
Farrah Peck	Nil	Nil
Daniel Fowler	Nil	Nil
James Bates	Nil	Nil
Tiphonie May	Nil	Nil
Jennifer Luxton	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 June 2019

11. OTHER FINANCIAL COMMITMENTS

At 30 June 2019 Media Trust was committed to making the following payments under non-cancellable operating leases in the next financial year:

	Land and Buildings		Other	
	2019	2018	2019	2018
	£	£	£	£
Operating leases which expire:				
Within 1 year	4,800	3,600	-	-
Within 2 to 5 years	-	-	-	-
After 5 years	-	-	-	-
	<u>4,800</u>	<u>3,600</u>	<u>-</u>	<u>-</u>

In 2018, Media Trust entered into a contract to obtain printing services for £54,290.28 per annum which expires 31 May 2021.

No other post balance sheet events occurred with the exception of Covid 19, and this has been covered in the accounting policy on page 9 and the Trustee's report on page 3, where it concluded that the financial impact is minimal to the Trust.