
MEDIA TRUST
REPORT AND FINANCIAL
STATEMENTS
Year ended 30 June 2020

MEDIA TRUST

REPORT AND FINANCIAL STATEMENTS 2020

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MEDIA TRUST

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 2020.

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 £31,474 (2019: £33,339). The balance on the capital account carried forward is £232,339 (2019: £200,865).

BASIS OF PREPARATION

As at 30 June 2020 the Trust has net current assets of £219,929 (2019: £178,895) and cash of £87,340 (2019: £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 FIG.

As a consequence of the funding received and approved for the years to 30 June 2020 and 2021 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 surpluses, but always sets a budget to break even or better. Falklands Radio has made a surplus, Penguin News has achieved breakeven, while the core body does not have an income generator.

Both Penguin News and FIRS have reviewed their income streams and whilst it is pleasing to see surpluses increase, there continues to be monitoring of the income levels and budgeted expenditure while concentrating on maintaining quality of service.

It is hoped that a further surplus can be achieved in the year ended 30 June 2021. Covid 19 has hit the world hard, and the impacts on the Falklands remain 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 2020 were as follows:

Farrah Peck

Daniel Fowler

James Bates

Tiphonie May

Jennifer Luxton

Nigel Leach

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 02/03/21

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 2020 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 2020 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.

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

Independent auditor's report to the Trustees of Media Trust (continued)

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

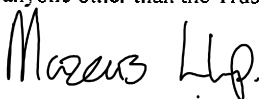
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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

4 March 2021

MEDIA TRUST

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2020

	Note	Media Trust 2020 £	Penguin News 2020 £	FIRS 2020 £	Total 2020 £	Media Trust 2019 £	Penguin News 2019 £	FIRS 2019 £	Total 2019 £
TURNOVER	2	-	200,529	30,550	231,079	-	209,032	25,452	234,484
Distribution costs		-	(2,437)	(15,255)	(17,692)	-	(2,574)	(12,621)	(15,195)
Administrative expenses		(9,940)	(197,529)	(259,006)	(466,475)	(4,753)	(207,454)	(245,863)	(458,070)
Surplus/(Deficit) before other operating income		(9,940)	563	(243,711)	(253,088)	(4,753)	(996)	(233,032)	(238,781)
Other operating income	3	-	50	284,512	284,562	-	52	272,068	272,120
SURPLUS/(DEFICIT) FOR THE YEAR	4, 9	(9,940)	613	40,801	31,474	(4,753)	(944)	39,036	33,339

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 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible fixed assets	6	<u>12,410</u>	<u>21,970</u>
CURRENT ASSETS			
Debtors	7	172,733	39,426
Cash at bank and in hand		<u>87,340</u>	<u>174,653</u>
		260,073	214,079
CREDITORS			
Amounts falling due within one year	8	<u>(40,144)</u>	<u>(35,184)</u>
NET CURRENT ASSETS		<u>219,929</u>	<u>178,895</u>
NET ASSETS		<u><u>232,339</u></u>	<u><u>200,865</u></u>
CAPITAL			
Capital account	9	<u><u>232,339</u></u>	<u><u>200,865</u></u>

Approved by the Board of Trustees on 02/03/21



Trustees

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 June 2020

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 2020 the Trust has net current assets of £219,929 and cash of £87,340. The Trust is set up primarily to break even after receipt of grant income. The Trust is funded primarily through subscription and advertising earnings and grant income from the Falkland Islands Government.

As a consequence of the funding received and approved for the year to 30 June 2020 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.

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:

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 June 2020

3. OTHER OPERATING INCOME

	Media Trust 2020 £	Penguin News 2020 £	FIRS 2020 £	Total 2020 £	Total 2019 £
Bank interest	-	50	92	142	120
Deferred training income	-	-	-	-	-
Grants received	-	-	284,420	284,420	272,000
	<u>-</u>	<u>50</u>	<u>284,512</u>	<u>284,562</u>	<u>272,120</u>

The Media Trust received £284,420 (2019: £272,000) from FIG as a direct subsidy for FIRS. In the year ending June 2010 it received £21,000 from the BBC to assist with training expenses, and this is released to the profit and loss with the balance being deferred to match training expenses as they are incurred.

4. SURPLUS/(DEFICIT) FOR THE YEAR

	Media Trust 2020 £	Penguin News 2020 £	FIRS 2020 £	Total 2020 £	Total 2019 £
The surplus/(deficit) for the year is stated after charging:					
Auditors' remuneration	4,070	-	-	4,070	2,030
Trustees' remuneration	-	-	-	-	-
Wages and salaries	-	109,692	204,531	314,223	299,757
Pension costs and other staff costs	-	10,057	14,795	24,852	29,590
Depreciation	-	1,307	8,253	9,560	10,494
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 2020

6. TANGIBLE FIXED ASSETS

Cost	At 1 July 2019 £	Additions £	Disposals £	At 30 June 2020 £
Fixtures and fittings	9,484	-	(259)	9,225
Equipment	60,828	-	(14,460)	46,368
Motor vehicles	4,610	-	-	4,610
	<u>74,922</u>	<u>-</u>	<u>(14,719)</u>	<u>60,203</u>
	At 1 July 2019 £	Charge for the year £	Disposals in the year £	At 30 June 2020 £
Accumulated depreciation				
Fixtures and fittings	8,399	392	(259)	8,532
Equipment	39,943	9,168	(14,460)	34,651
Motor vehicles	4,610	-	-	4,610
	<u>52,952</u>	<u>9,560</u>	<u>(14,719)</u>	<u>47,793</u>
Net book value	At 1 July 2019 £			At 30 June 2020 £
Fixtures and fittings	1,085			693
Equipment	20,885			11,717
Motor vehicles	-			-
	<u>21,970</u>			<u>12,410</u>

7. DEBTORS

	2020 £	2019 £
Amounts due within one year:		
Trade debtors (net of provision)	21,198	21,224
Prepayments and accrued income	151,535	18,202
	<u>172,733</u>	<u>39,426</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 June 2020**8. CREDITORS**

	2020	2019
	£	£
Amounts falling due within one year:		
Trade creditors	2,158	2,188
Prepaid subscriptions and deferred income	20,175	17,463
Accruals and other creditors	17,811	15,533
	<u>40,144</u>	<u>35,184</u>

9. RESERVES

The movement on reserves during the year was as follows:

	Capital account £
At 1 July 2019	200,865
Surplus for the year	31,474
	<u>232,339</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
Nigel Leach	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 June 2020

11. OTHER FINANCIAL COMMITMENTS

At 30 June 2020 Media Trust was committed to making the following payments under non-cancellable operating leases in the next financial year:

	Land and Buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Operating leases which expire:				
Within 1 year	4,800	4,800	-	-
Within 2 to 5 years	-	-	-	-
After 5 years	-	-	-	-
	<u>4,800</u>	<u>4,800</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.

ADDITIONAL FINANCIAL INFORMATION - UNAUDITED

The additional information on page 14 is prepared from the accounting records of the Trust and is unaudited. It should be read in conjunction with the statutory financial statements set out on pages 7 to 13 and the independent auditors' report thereon.

MEDIA TRUST

ANALYSIS OF COSTS AND EXPENSES - UNAUDITED Year ended 30 June 2020

	Media Trust 2020 £	Penguin News 2020 £	FIRS 2020 £	Total 2020 £	Total 2019 £
DISTRIBUTION & PRODUCTION COSTS					
Postage	-	2,437	140	2,577	2,574
Production costs	-	-	15,115	15,115	12,621
	<u>-</u>	<u>2,437</u>	<u>15,255</u>	<u>17,692</u>	<u>15,195</u>
ADMINISTRATIVE EXPENSES					
General expenses:					
Wages and salaries	-	109,692	204,531	314,223	299,757
Pension costs and other staff costs	-	10,057	14,795	24,852	29,590
Recruitment	-	-	-	-	-
Printing, paper and stationery	-	56,309	2,831	59,140	66,090
Telephone and fax	-	3,201	11,806	15,007	13,919
Motor running expenses	-	1,670	1,147	2,817	2,507
Rent and rates	-	4,934	323	5,257	4,200
Insurance	3,205	1,049	775	5,029	5,534
Training	-	-	-	-	-
Sundry expenses	39	8,147	13,029	21,215	22,297
	<u>3,244</u>	<u>195,059</u>	<u>249,237</u>	<u>447,540</u>	<u>443,894</u>
Financial expenses:					
Audit	4,070	-	-	4,070	2,030
Book-keeping and legal costs	2,500	640	1,070	4,210	785
Bank charges	126	209	446	781	685
Consultancy	-	-	-	-	-
Bad debt expense	-	314	-	314	182
	<u>6,696</u>	<u>1,163</u>	<u>1,516</u>	<u>9,375</u>	<u>3,682</u>
Depreciation:					
Fixtures and fittings	-	-	-	-	-
Equipment	-	1,307	8,253	9,560	10,494
Motor vehicles	-	-	-	-	-
	<u>-</u>	<u>1,307</u>	<u>8,253</u>	<u>9,560</u>	<u>10,494</u>
Total Administrative Expenses	<u>9,940</u>	<u>197,529</u>	<u>259,006</u>	<u>466,475</u>	<u>458,070</u>