
MEDIA TRUST
REPORT AND FINANCIAL
STATEMENTS

Year ended 30 June 2021

MEDIA TRUST

REPORT AND FINANCIAL STATEMENTS 2021

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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 2021.

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 deficit for the year was £43,549 (2020: surplus £31,474). The balance on the capital account carried forward is £188,790 (2020: £232,339).

BASIS OF PREPARATION

As at 30 June 2021 the Trust has net current assets of £179,836 (2020: £219,929) and cash of £188,278 (2020: £87,340). 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 2021 and 2022 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

Both FIRS and the PN saw a deficit for the financial year 2020/21 which was disappointing following the previous years' surpluses.

Expectations that advertising revenues would recover at the Penguin News did not fully materialise in this financial year (2020/21). The continuation of Covid-19 and its local effects on tourism and agriculture, alongside concerns for the effects of Brexit on the fishing industry, meant the local economy was less buoyant than expected and this was reflected in advertising sales. International tourists also contribute to paper sales so their continued absence meant sales were not as high as they might have been. Going forward, there are a number of things that will help us address deficits. The last quarter of the financial year saw the renegotiation and signing of the contract with the printers, which has led to savings in the cost of production of the paper. The new contract also provides the option to increase the size of the paper in a cost-effective manner when conditions allow. In the short term, this coming financial year coincides with a general election in the Islands, which provides the paper with additional government advertising revenue alongside an expected increase in advertising and sales which will help address the deficit. Lastly, the Penguin News and Media Trust has so far resisted increasing the cost of the paper and/or advertising in recent years and we will consider if this is now appropriate.

FIRS also saw a deficit this year but has sufficient reserves to absorb this for this year.

Payroll costs have continued to rise, and we will consider whether to reinstate more external content (as in previous years from the BBC and BFBS) to reduce salary expenditure. The station manager has acknowledged that advertising revenues in the budget were set too high and unrealistic, resulting in less income than forecast, and contributing to the deficit. There has been some adjustment to the budget to reflect this but further work is required and the Trust will work with the station manager to deliver on a balanced budget for 2021/22.

As in other years, the remainder (and majority) of revenue stream comes from government subsidy and is not reliant on productivity of the primary industries (i.e. fishing, farming, tourism). FIG had stated that subvention requests for this coming year (21/22) should not increase beyond what was originally forecast, and we expect this to continue for coming years and provide a stable income stream to guide the budgeting process.

TRUSTEES' REPORT (CONTINUED)

TRUSTEES

The Trustees during the year and subsequent to 30 June 2021 were as follows:

Farrah Peck
Daniel Fowler
James Bates
Tiphonie May
Jennifer Luxton (resigned 14.02.2022)
Nigel Leach
Matthew Eccles
Deborah James

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

Chair 

24.03.2022

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 2021 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 2021 and of its deficit 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

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

In preparing the financial statements, the trustees 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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Media Trust Ordinance 1989, the Finance and Audit Ordinance 1988.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

This report is made solely to the trust's members as a body. 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.



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

30 March 2022

MEDIA TRUST

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2021

	Note	Media Trust 2021 £	Penguin News 2021 £	FIRS 2021 £	Total 2021 £	Media Trust 2020 £	Penguin News 2020 £	FIRS 2020 £	Total 2020 £
TURNOVER	2	-	185,760	22,982	208,742	-	200,529	30,550	231,079
Distribution costs		-	(2,600)	(17,536)	(20,136)	-	(2,437)	(15,255)	(17,692)
Administrative expenses		(11,389)	(209,924)	(283,400)	(504,713)	(9,940)	(197,529)	(259,006)	(466,475)
(Deficit)/Surplus before other operating income		(11,389)	(26,764)	(277,954)	(316,107)	(9,940)	563	(243,711)	(253,088)
Other operating income	3	534	9	272,015	272,558	-	50	284,512	284,562
(DEFICIT)/SURPLUS FOR THE YEAR	4, 9	(10,855)	(26,755)	(5,939)	(43,549)	(9,940)	613	40,801	31,474

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 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible fixed assets	6	<u>8,954</u>	<u>12,410</u>
CURRENT ASSETS			
Debtors	7	30,965	172,733
Cash at bank and in hand		<u>188,278</u>	<u>87,340</u>
		219,243	260,073
CREDITORS			
Amounts falling due within one year	8	<u>(39,407)</u>	<u>(40,144)</u>
NET CURRENT ASSETS		<u>179,836</u>	<u>219,929</u>
NET ASSETS		<u>188,790</u>	<u>232,339</u>
CAPITAL			
Capital account	9	<u>188,790</u>	<u>232,339</u>

Approved by the Board of Trustees on 24.03.2022



Trustees

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 30 June 2021****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 2021 the Trust has net current assets of £179,836 and cash of £188,278. 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 2022 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 2021

3. OTHER OPERATING INCOME

	Media Trust 2021 £	Penguin News 2021 £	FIRS 2021 £	Total 2021 £	Total 2020 £
Bank interest	-	9	15	24	142
Deferred training income	534	-	-	534	-
Grants received	-	-	272,000	272,000	284,420
	<u>534</u>	<u>9</u>	<u>272,015</u>	<u>272,558</u>	<u>284,562</u>

The Media Trust received £272,000 (2020: £284,420) 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. (DEFICIT)/SURPLUS FOR THE YEAR

	Media Trust 2021 £	Penguin News 2021 £	FIRS 2021 £	Total 2021 £	Total 2020 £
The (deficit)/surplus for the year is stated after charging:					
Auditors' remuneration	7,600	-	-	7,600	4,070
Trustees' remuneration	-	-	-	-	-
Wages and salaries	-	114,635	225,563	340,198	314,223
Pension costs and other staff costs	-	10,355	17,110	27,465	24,852
Depreciation	-	1,215	9,625	10,840	9,560
	<u>-</u>	<u>126,205</u>	<u>252,298</u>	<u>378,103</u>	<u>358,705</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 2021

6. TANGIBLE FIXED ASSETS

Cost	At 1 July 2020 £	Additions £	Disposals £	At 30 June 2021 £
Fixtures and fittings	9,225	-	-	9,225
Equipment	46,368	7,384	-	53,752
Motor vehicles	4,610	-	-	4,610
	<u>60,203</u>	<u>7,384</u>	<u>-</u>	<u>67,587</u>
	At 1 July 2020 £	Charge for the year £	Disposals in the year £	At 30 June 2021 £
Accumulated depreciation				
Fixtures and fittings	8,532	392	-	8,924
Equipment	34,651	10,448	-	45,099
Motor vehicles	4,610	-	-	4,610
	<u>47,793</u>	<u>10,840</u>	<u>-</u>	<u>58,633</u>
	At 1 July 2020 £			At 30 June 2021 £
Net book value				
Fixtures and fittings	693			301
Equipment	11,717			8,653
Motor vehicles	-			-
	<u>12,410</u>			<u>8,954</u>

7. DEBTORS

	2021 £	2020 £
Amounts due within one year:		
Trade debtors	19,657	21,198
Prepayments and accrued income	11,308	151,535
	<u>30,965</u>	<u>172,733</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 30 June 2021**8. CREDITORS**

	2021 £	2020 £
Amounts falling due within one year:		
Trade creditors	2,969	2,158
Prepaid subscriptions and deferred income	23,567	20,175
Accruals and other creditors	12,871	17,811
	<u>39,407</u>	<u>40,144</u>

9. RESERVES

The movement on reserves during the year was as follows:

	Capital account £
At 1 July 2020	232,339
Deficit for the year	(43,549)
	<u>188,790</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 2021**11. OTHER FINANCIAL COMMITMENTS**

At 30 June 2021 Media Trust was committed to making the following payments under non-cancellable operating leases in the next financial year:

	Land and Buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
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 2021, Media Trust entered into a contract to obtain printing services for £52,020 per annum for three years, increasing by 3% p.a. for the next two years, which will expire on 31 May 2026.

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 6 to 12 and the independent auditors' report thereon.

MEDIA TRUST**ANALYSIS OF COSTS AND EXPENSES - UNAUDITED**
Year ended 30 June 2021

	Media Trust 2021 £	Penguin News 2021 £	FIRS 2021 £	Total 2021 £	Total 2020 £
DISTRIBUTION & PRODUCTION COSTS					
Postage	-	2,600	-	2,600	2,577
Production costs	-	-	17,536	17,536	15,115
	<u>-</u>	<u>2,600</u>	<u>17,536</u>	<u>20,136</u>	<u>17,692</u>
ADMINISTRATIVE EXPENSES					
General expenses:					
Wages and salaries	-	114,635	225,563	340,198	314,223
Pension costs and other staff costs	-	10,355	17,110	27,465	24,852
Recruitment	-	-	-	-	-
Printing, paper and stationery	-	62,028	904	62,932	59,140
Telephone and fax	-	3,325	10,996	14,321	15,007
Motor running expenses	-	1,795	670	2,465	2,817
Rent and rates	-	4,934	318	5,252	5,257
Insurance	-	2,165	3,462	5,627	5,029
Training	-	-	-	-	-
Sundry expenses	-	7,991	13,301	21,292	21,215
	<u>-</u>	<u>207,228</u>	<u>272,324</u>	<u>479,552</u>	<u>447,540</u>
Financial expenses:					
Audit	7,600	-	-	7,600	4,070
Book-keeping and legal costs	3,587	900	833	5,320	4,210
Bank charges	202	485	582	1,269	781
Consultancy	-	-	-	-	-
Bad debt expense	-	96	36	132	314
	<u>11,389</u>	<u>1,481</u>	<u>1,451</u>	<u>14,321</u>	<u>9,375</u>
Depreciation:					
Fixtures and fittings	-	-	-	-	-
Equipment	-	1,215	9,625	10,840	9,560
Motor vehicles	-	-	-	-	-
	<u>-</u>	<u>1,215</u>	<u>9,625</u>	<u>10,840</u>	<u>9,560</u>
Total Administrative Expenses	<u>11,389</u>	<u>209,924</u>	<u>283,400</u>	<u>504,713</u>	<u>466,475</u>