
MEDIA TRUST
REPORT AND FINANCIAL
STATEMENTS
Year ended 30 June 2022

MEDIA TRUST

REPORT AND FINANCIAL STATEMENTS 2022

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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 2022.

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 £10,786 (2021: deficit £43,549). The balance on the capital account carried forward is £178,004 (2021: £188,790).

BASIS OF PREPARATION

As at 30 June 2021 the Trust has net current assets of £157,269 (2021: £179,836) and cash of £153,421 (2021: £188,278). 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 2022 and 2023 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 the radio station (FIRS) and the newspaper (Penguin News) saw a deficit again for the financial year 2021/22 but much reduced over the previous year.

As anticipated, the Penguin News is recovering after difficult Covid19-affected years, when sales and advertising were both down on normal years. Revenue from both streams has increased this past year, and it is expected that this trend will continue as the Falklands return to a more normal footing, with the expected return of international tourism this austral summer and the economic boost that brings. Operationally, the business remains stable. There has been no major change in the staffing levels or structure, or indeed individuals, and we are not anticipating any changes in the coming year. After staffing and salary costs, the next biggest expenditure is printing costs, and this remains steady with the contract running until mid-2026 so should not pose any risk. Lastly, the cost of advertising has not been increased, nor has the sales cost of the paper, and whilst there are no current plans to increase these costs, the option remains if additional revenue does not materialise to turn a profit in 2022/23.

FIRS also returned a deficit this year, but somewhat smaller than the previous year. FIRS was awarded the full subvention it requested for 2022/23 and still has reasonable cash reserves, so is in a good position to deal with this deficit. Like the Penguin News, FIRS has also seen a continued reduction in advertising revenues compared to pre-Covid levels, and a change in government policy regarding advertising has not helped. Salaries are by far the biggest expenditure of the radio station and this has remained largely the same, despite a slight change in staffing arrangements. There was an under spend in salaries compared to the budget line, which reflects some vacant posts (now filled) and one senior role that was discontinued in January 2022 and is under review. This surplus was in part absorbed by some additional broadcasting equipment and unexpected maintenance which do not expect to be repeated in the coming year. As ever, FIRS is still committed to having a complete schedule of live broadcasting between 7am and 10pm, but reserves the right to reduce this as a cost-saving measure if required. There are no significant changes expected to the operation of FIRS in the coming year and beyond.

MEDIA TRUST

TRUSTEES' REPORT (CONTINUED)

TRUSTEES

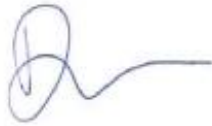
The Trustees during the year and subsequent to 30 June 2022 were as follows:

Daniel Fowler
James Bates
Nigel Leach
Tiphonie May (resigned April 22)
Jennifer Luxton (resigned February 22)
Deborah James (appointed January 22)
Matthew Eccles (appointed January 22)

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 03/02/2023

Chair

A handwritten signature in blue ink, appearing to be 'D Fowler', with a long horizontal flourish extending to the right.

Daniel Fowler

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.

MEDIA TRUST

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 2022 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant 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 2022 and of its deficit for the year then ended;
- 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 trust'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 other information comprises the information included in the Trustees report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MEDIA TRUST (CONTINUED)

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 5, 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 Trustees 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 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 trustees 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 trust and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the trust is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the trust which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Media Trust Ordinance 1989, the Finance and Audit Ordinance 1988.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

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

MEDIA TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF MEDIA TRUST (CONTINUED)

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
Mazars LLP (Feb 15, 2023 12:25 GMT)

Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol, BS1 6DP
Date: Feb 15, 2023

MEDIA TRUST

PROFIT AND LOSS ACCOUNT Year ended 30 June 2022

	Note	Media Trust 2022 £	Penguin News 2022 £	FIRS 2022 £	Total 2022 £	Media Trust 2021 £	Penguin News 2021 £	FIRS 2021 £	Total 2021 £
TURNOVER	2	-	203,816	22,230	226,046	-	185,760	22,982	208,742
Distribution costs		-	(1,408)	(13,672)	(15,080)	-	(2,600)	(17,536)	(20,136)
Administrative expenses		(8,273)	(203,652)	(288,904)	(500,829)	(11,389)	(209,924)	(283,400)	(504,713)
(Deficit)/Surplus before other operating income		(8,273)	(1,244)	(280,346)	(289,863)	(11,389)	(26,764)	(277,954)	(316,107)
Other operating income	3	2,464	8	276,605	279,077	534	9	272,015	272,558
(DEFICIT)/SURPLUS FOR THE YEAR	4, 9	(5,809)	(1,236)	(3,741)	(10,786)	(10,855)	(26,755)	(5,939)	(43,549)

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 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible fixed assets	6	<u>20,735</u>	<u>8,954</u>
CURRENT ASSETS			
Debtors	7	40,501	30,965
Cash at bank and in hand		<u>153,421</u>	<u>188,278</u>
		193,922	219,243
CREDITORS			
Amounts falling due within one year	8	<u>(36,653)</u>	<u>(39,407)</u>
NET CURRENT ASSETS		<u>157,269</u>	<u>179,836</u>
NET ASSETS		<u>178,004</u>	<u>188,790</u>
CAPITAL			
Capital account	9	<u>178,004</u>	<u>188,790</u>

Approved by the Board of Trustees on 03/02/23

Trustees



Daniel Fowler, Chair

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 June 2022

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 2022 the Trust has net current assets of £157,269 and cash of £153,421. 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 2023 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 2022

3. OTHER OPERATING INCOME

	Media Trust 2022 £	Penguin News 2022 £	FIRS 2022 £	Total 2022 £	Total 2021 £
Bank interest	-	8	-	8	24
Deferred training income	2,464	-	-	2,464	534
Profit on fixed asset disposal	-	-	4,605	4,605	-
Grants received	-	-	272,000	272,000	272,000
	<u>2,464</u>	<u>8</u>	<u>276,605</u>	<u>279,077</u>	<u>272,558</u>

The Media Trust received £272,000 (2021: £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. (DEFICIT)/SURPLUS FOR THE YEAR

	Media Trust 2022 £	Penguin News 2022 £	FIRS 2022 £	Total 2022 £	Total 2021 £
The (deficit)/surplus for the year is stated after charging:					
Auditors' remuneration	5,630	-	-	5,630	7,600
Trustees' remuneration	-	-	-	-	-
Wages and salaries	-	115,704	225,082	340,786	340,198
Pension costs and other staff costs	-	10,654	14,863	25,517	27,465
Depreciation	-	1,089	9,487	10,576	10,840
	<u>5,630</u>	<u>127,447</u>	<u>249,432</u>	<u>383,693</u>	<u>378,103</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 2022

6. TANGIBLE FIXED ASSETS

Cost	At 1 July 2021 £	Additions £	Disposals £	At 30 June 2022 £
Fixtures and fittings	9,509	-	-	9,509
Equipment	53,493	9,357	-	62,850
Motor vehicles	4,610	13,000	(4,610)	13,000
	<u>67,612</u>	<u>22,357</u>	<u>(4,610)</u>	<u>85,359</u>
	At 1 July 2021 £	Charge for the year £	Disposals in the year £	At 30 June 2022 £
Accumulated depreciation				
Fixtures and fittings	8,879	354	-	9,233
Equipment	45,169	6,972	-	52,141
Motor vehicles	4,610	3,250	(4,610)	3,250
	<u>58,658</u>	<u>10,576</u>	<u>(4,610)</u>	<u>64,624</u>
	At 1 July 2021 £			At 30 June 2022 £
Net book value				
Fixtures and fittings	630			276
Equipment	8,324			10,709
Motor vehicles	-			9,750
	<u>8,954</u>			<u>20,735</u>

7. DEBTORS

	2022 £	2021 £
Amounts due within one year:		
Trade debtors	29,019	19,657
Prepayments and accrued income	11,482	11,308
	<u>40,501</u>	<u>30,965</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Year ended 30 June 2022****8. CREDITORS**

	2022	2021
	£	£
Amounts falling due within one year:		
Trade creditors	2,462	2,969
Prepaid subscriptions and deferred income	20,373	23,567
Accruals and other creditors	13,818	12,871
	<u>36,653</u>	<u>39,407</u>

9. RESERVES

The movement on reserves during the year was as follows:

	Capital account £
At 1 July 2021	188,790
Deficit for the year	<u>(10,786)</u>
At 30 June 2022	<u>178,004</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
Deborah James	Nil	Nil
Matthew Eccles	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 June 2022

11. OTHER FINANCIAL COMMITMENTS

At 30 June 2022 Media Trust was committed to making the following payments under non-cancellable operating leases in the next financial year:

	Land and Buildings		Other	
	2022	2021	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 17 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 15 and the independent auditors' report thereon.

ANALYSIS OF COSTS AND EXPENSES - UNAUDITED

Year ended 30 June 2022

	Media Trust 2022 £	Penguin News 2022 £	FIRS 2022 £	Total 2022 £	Total 2021 £
DISTRIBUTION & PRODUCTION COSTS					
Postage	-	1,408	-	1,408	2,600
Production costs	-	-	13,672	13,672	17,536
	<u>-</u>	<u>1,408</u>	<u>13,672</u>	<u>15,080</u>	<u>20,136</u>
ADMINISTRATIVE EXPENSES					
General expenses:					
Wages and salaries	-	115,704	225,082	340,786	340,198
Pension costs and other staff costs	-	10,654	14,863	25,517	27,465
Recruitment	-	-	-	-	-
Printing, paper and stationery	-	55,150	2,729	57,879	62,932
Telephone and fax	-	3,291	10,793	14,084	14,321
Motor running expenses	-	1,743	1,748	3,491	2,465
Rent and rates	-	4,800	324	5,124	5,252
Insurance	-	1,967	3,216	5,183	5,627
Training	-	-	2,464	2,464	-
Sundry expenses	-	8,288	17,233	25,521	21,292
	<u>-</u>	<u>201,597</u>	<u>278,452</u>	<u>480,049</u>	<u>479,552</u>
Financial expenses:					
Audit	5,630	-	-	5,630	7,600
Book-keeping and legal costs	2,643	929	613	4,185	5,320
Bank charges	-	37	338	375	1,269
Consultancy	-	-	-	-	-
Bad debt expense	-	-	14	14	132
	<u>8,273</u>	<u>966</u>	<u>965</u>	<u>10,204</u>	<u>14,321</u>
Depreciation:					
Fixtures and fittings	-	-	-	-	-
Equipment	-	1,089	6,237	7,326	10,840
Motor vehicles	-	-	3,250	3,250	-
	<u>-</u>	<u>1,089</u>	<u>9,487</u>	<u>10,576</u>	<u>10,840</u>
Total Administrative Expenses	<u>8,273</u>	<u>203,652</u>	<u>288,904</u>	<u>500,829</u>	<u>504,713</u>