

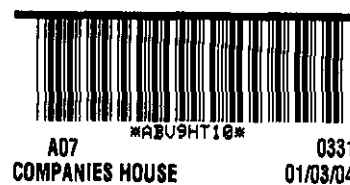
The Angel Foundation

Trustees' report and consolidated
financial statements

Registered number 3818138

Charity number 1079501

31 March 2003



Legal and administrative information

Constitution

The Angel Foundation is a charitable company limited by guarantee and a registered charity governed by its memorandum and articles of association. Charity number 1079501.

Trustees

The trustees of the charitable company ('the charity') are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

RA Stephen
WJ Stephen
U Eckman (resigned 19 October 2002)
S Beik
M Speirs (appointed 19 October 2002)
F Frangipane (appointed 19 October 2002)

None of the trustees has an interest in the shares of the charity's trading associate.

Secretary

PV Le Druillenec

Chief executive

RA Stephen

Registered office

Crown House
Borough Road
Sunderland
SR1 1HW

Solicitors

Merrit & Co
The Manor House
83 High Street
Yarm
Stockton on Tees
TS15 9BG

Auditors

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Bankers

Barclays Bank plc
Tees Corporate Banking Centre
Teesdale Business Park
Stockton on Tees
TS17 6YJ

Contents

Trustees' report	1
Statement of trustees' responsibilities	3
Independent auditors' report to the members of The Angel Foundation	4
Consolidated statement of financial activities (including income and expenditure account)	5
Consolidated and charity balance sheets	6
Consolidated cash flow statement	7
Notes	8

Trustees' report

The Trustees, who are also directors for Companies Act purposes, present their annual report and the audited financial statements of the charity for the year ended 31 March 2003.

Objects of the charity

The objects of the charity are the advancement of the Christian religion and education, and the relief of poverty, distress and sickness.

Trustees

The Trustees who served during the year are named below:

R.A. Stephen	
W.J. Stephen	
U. Eckman	(resigned 19 October 2002)
S. Beik	
M. Speirs	(appointed 19 October 2002)
F. Frangipane	(appointed 19 October 2002)

Constitution

The charity is registered in England as a company limited by guarantee.

Development, Activities and Achievements.

The financial year ended 31 March 2003 has seen continued expansion of the charity's activities consistent with the charitable and spiritual aims of the organisation. The extension of the world wide vision has seen its practical execution in the establishment of regional offices in India, Southern Africa, and the USA in addition to the installation of global broadcasting facilities from Israel.

The decision by the Trustees in December 2001 to offer the programmes free to viewers rather than by subscription resulted in an increase in partner revenue which will be used to ensure that the Gospel continues to be made available through the charity's broadcasting and associated activities.

Significant continued support was also provided by the charity during the year to hospital, education and community projects in Africa.

Since the year end the charity has been cash generative, in particular running an extremely successful Mission Week and is anticipating a healthy surplus for the year ending 31 March 2004. For this reason, with a further strengthened balance sheet and based on the assumptions detailed in note 1 to the financial statements the Trustees believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Risk management

The Trustees are satisfied that the major risks to which the charity is exposed have been identified. Systems and procedures have been established which in the opinion of the Trustees mitigate these risks. Specifically, the strategic business plan will allow for the diversification of activities and related funding with a view to reducing exposure to external risks.

The charity has set high operational standards consistent with its objects and these are maintained through rigorous internal procedures for the authorisation of transactions and commitments. These procedures are periodically reviewed in the light of the changing needs of the charity.

Trustees' report *(continued)*

Investment powers

As provided for by its memorandum of association the charity may invest those funds as are not immediately required for the furtherance of its objects in such investments, securities or property as may be thought fit.

Reserves policy

The absence of an adequate level of reserves is a matter of concern to the Trustees. It is their intention to address the issue by the generation of a cash surplus within the current financial year. This will be complimented by a fundraising initiative aimed at raising additional financial support for various capital projects being considered.

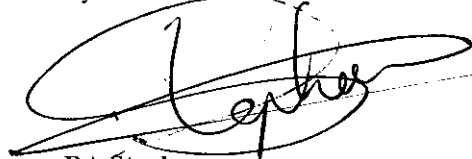
Employees

The Trustees are committed to providing a safe working environment that is conducive to good practice, consistent with its objectives and in accordance with statutory requirements. The charity aims to provide a comprehensive policy of equal opportunities in employment to ensure that no job applicant or employee receives less favourable treatment on any grounds not relevant to good employment practice.

Auditors

Ryecroft Glenton ceased to be auditors on 9 April 2003 and the Trustees thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the re-appointment of KPMG LLP as auditors of The Angel Foundation is to be proposed at the forthcoming Annual General Meeting.

By order of the trustees

A handwritten signature in black ink, appearing to read 'Stephen', is written over a faint, circular, dotted-line stamp.

RA Stephen
Trustee

Crown House
Borough Road
Sunderland
SR1 1HW

27 October 2003

Statement of trustees' responsibilities

Company and Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of its surplus or deficit for that year. 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;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of The Angel Foundation

We have audited the financial statements on pages 5 to 22.

This report is made solely to the charity's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Trustees, who are also the directors of The Angel Foundation for the purposes of Company Law, are responsible for preparing the trustees' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the assumptions of the Trustees on the continuation and adequacy of the bank loan and overdraft, the recoverability of certain debtor balances and the availability of, and the timing of the settlement of, other loans. In view of the significance of these assumptions we consider that they should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 2003 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP.

KPMG LLP
Chartered Accountants
Registered Auditor

27 October 2003

Consolidated statement of financial activities (including income and expenditure account)

for the year ended 31 March 2003

	Note	Unrestricted funds 2003 £	Unrestricted funds 2002 £
Income and expenditure			
Incoming resources			
Broadcast of Christian television programmes	3	3,052,211	4,053,793
Activities for generating funds	4	39,015	37,696
Donations and gifts		4,172,519	3,869,558
Investment income	5	788	6,759
Total incoming resources		7,264,533	7,967,806
Resources expended			
Cost of generating funds	6	(462,844)	(711,129)
Merchandise costs		-	(5,376)
Net incoming resources		6,801,689	7,251,301
Charitable expenditure			
Costs of the broadcast and production of Christian television programmes	7	(6,340,799)	(6,550,463)
Tithe donations		(178,736)	(122,978)
Management and administration costs	8	(762,018)	(864,747)
Total charitable expenditure		(7,281,553)	(7,538,188)
Net outgoing resources		(479,864)	(286,887)
Minority interests	19	(179,275)	1,249,737
Share of associate profits	14	34,716	-
Profit on disposal of subsidiary	14	422,796	-
Movement in total deficit for the year – net (expenditure)/income for the year		(201,627)	962,850
Total deficit brought forward		(570,120)	(1,532,970)
Total deficit carried forward	18	(771,747)	(570,120)

The incoming resources and resulting net movement in funds arise from continuing operations.

The group has no recognised gains or losses other than the net movement in funds for the year.

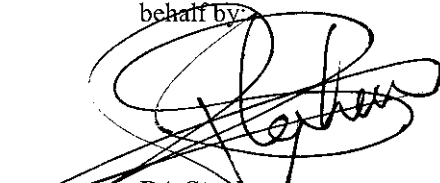
Consolidated and charity balance sheet

at 31 March 2003

		Group		Charity	
	Note	2003	2002	2003	2002
		£	£	£	Restated £
Fixed assets					
Tangible assets	12	922,849	1,945,690	922,849	1,945,690
Intangible assets	13	-	-	1,422,200	2,844,440
Investments	14	34,716	-	-	-
		<u>957,565</u>	<u>1,945,690</u>	<u>2,345,049</u>	<u>4,790,130</u>
Current assets					
Debtors	15	4,938,954	757,212	4,938,954	3,793,058
Cash at bank and in hand		172,860	205,651	172,860	184,625
		<u>5,111,814</u>	<u>962,863</u>	<u>5,111,814</u>	<u>3,977,683</u>
Creditors: amounts falling due within one year	16	<u>(2,857,873)</u>	<u>(1,815,362)</u>	<u>(2,857,873)</u>	<u>(1,749,355)</u>
Net current assets/(liabilities)		<u>2,253,941</u>	<u>(852,499)</u>	<u>2,253,941</u>	<u>2,228,328</u>
Total assets less current liabilities		<u>3,211,506</u>	<u>1,093,191</u>	<u>4,598,990</u>	<u>7,018,458</u>
Creditors: amounts falling due after more than one	17	<u>(3,983,253)</u>	<u>(3,674,466)</u>	<u>(3,983,253)</u>	<u>(3,674,465)</u>
Net (liabilities)/assets		<u>(771,747)</u>	<u>(2,581,275)</u>	<u>615,737</u>	<u>3,343,993</u>
Funds					
Unrestricted	18	(771,747)	(570,120)	615,737	3,343,993
Minority interests	19	-	(2,011,155)	-	-
		<u>(771,747)</u>	<u>(2,581,275)</u>	<u>615,737</u>	<u>3,343,993</u>

The figures for the charity for 2002 have been restated to reflect a transfer of film rights from Dream Family Network Limited (see note 2).

These financial statements were approved by the board of trustees on ~~27 October~~ 2003 and were signed on its behalf by:


RA Stephen
Director

Consolidated cash flow statement
for the year ended 31 March 2003

	<i>Note</i>	2003 £	2002 £
Cash flow statement			
Cash flow from operating activities	21	(441,210)	289,113
Returns on investments and servicing of finance	22	(7,566)	(191,524)
Capital expenditure and financial investment	22	(419,727)	(1,212,910)
		<hr/>	<hr/>
Cash (outflow)/inflow before management of liquid resources and financing		(868,503)	(1,115,321)
Financing	22	835,712	1,067,141
		<hr/>	<hr/>
Decrease in cash in the period		(32,791)	(48,180)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
	23		
Decrease in cash in the period		(32,791)	(48,180)
Cash inflow from increase in debt financing		(835,712)	(1,067,141)
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(868,503)	(1,115,321)
Increase in debt financing due to allocation of interest payable		(158,135)	-
		<hr/>	<hr/>
Movement in net debt in the period		(1,026,638)	(1,115,321)
Net debt at the start of the period		(3,975,970)	(2,860,649)
		<hr/>	<hr/>
Net debt at the end of the period		(5,002,608)	(3,975,970)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000), and the Companies Act 1985, and under the historical cost accounting rules.

The financial statements are prepared on a going concern basis which the Trustees believe to be appropriate based on the following assumptions:

Adequacy and continuation of the bank loan and overdraft

The overdraft facility has recently been reviewed by the bank and renewed for a further 12 months from the date of approval of these financial statements. The Trustees have prepared cashflow forecasts for this twelve month period which support their view that the Charity can operate within available facilities.

Recoverability of debtor balances due to the Charity

At 31 March 2003 the Charity was owed £2.2 million by its associated undertaking The Dream Family Network Limited. The Trustees believe that this amount will be repaid in full and are in possession of a business plan for The Dream Family Network Limited which details how advertising revenue earned can be maximised and used to reduce this indebtedness in the near future. The debtor balance due from Angel Christian Television Trust Inc ('ACTT'), a religious broadcaster based in the USA, at 31 March 2003 was £2.4 million. Since that date £0.98m of this loan has been repaid to the Charity by ACTT and the Trustees are confident that once ACTT commences broadcasting in the USA in the spring of 2004 further significant revenues will be generated and used to repay this indebtedness.

Timing of repayment of other loans made to the Charity

The Trustees are confident that they are operating within the various requirements of the terms of the loans detailed in note 17 and therefore that early settlement of the amounts will not be required.

These financial statements do not include any adjustments that would result from the basis of these assumptions being inappropriate.

Basis of consolidation

The consolidated financial statements include the financial statements of the charity and its subsidiary undertakings, and the group's share of the results of associated undertakings, made up to 31 March 2003. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence.

Goodwill is amortised to nil by equal annual instalments over its estimated useful life.

A separate Statement of Financial Activities, or income and expenditure accounts, for the charity itself is not presented because the Charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land and buildings	-	5% per annum
Short leasehold property improvements	-	25% per annum
Studio equipment	-	25% per annum
Motor vehicles	-	25% per annum
Digital boxes	-	25% per annum
Office equipment	-	25% per annum
Computer equipment	-	25% per annum

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets purchased by the charity are amortised to nil by equal annual instalments over their useful economic lives.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of financial activities.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the statement of financial activities on a straight line basis over the period of the lease.

Incoming resources

Donations

Voluntary income and donations are accounted for as received by the charity. Tax recoverable on donations is accrued in the year of those donations.

Broadcast of Christian television programmes

Income from the broadcast of Christian television programmes represents net invoiced services, excluding Value Added Tax.

Advertising revenue is shown gross with the associated costs included in expenditure.

Expenditure

Resources expended are allocated to a particular activity where the costs relate directly to that activity. Expenditure on management and administration of the charity includes all expenditure not directly related to the charitable activities.

Notes (continued)

1 Accounting policies (continued)

Unrestricted funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available to be used in accordance with the charitable objects at the discretion of the Trustees.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Prior year adjustment

On 31 December 2001 the majority of the assets and liabilities of The Dream Family Network Limited were transferred to The Angel Foundation. The agreement for the transfer included the transfer of the stock of film rights held by The Dream Family Network Limited, however the transfer of these film rights was incorrectly not reflected in the March 2002 accounts of the charity. This error is material to the March 2002 accounts for the charity and therefore the correction has been reflected through these financial statements by way of a prior year adjustment which includes the restatement of the comparative figures in the charity. The effects of the correction of the error in the charity as at 31 March 2002 and the year then ended are summarised below:

	£
Profit and loss account	
Increase in administrative expenses for amortisation of film rights	355,560
	<hr/>
Balance sheet	
Increase in intangible fixed assets	2,844,440
Decrease in debtors	(3,200,000)
	<hr/>
Decrease in net assets	(355,560)
	<hr/>

3 Income from the broadcast of Christian television programmes

	2003 £	2002 £
Telecast sponsorship	1,488,367	2,352,260
Subscriber income	1,344,882	1,386,635
Advertising	218,962	314,898
	<hr/>	<hr/>
	3,052,211	4,053,793
	<hr/>	<hr/>

Notes (continued)

4 Activities for generating funds

	2003 £	2002 £
Merchandise sales	15,358	5,710
Miscellaneous income	9,118	20,353
Consultancy fees	-	500
Rental income	14,539	9,890
Advertising income	-	1,243
	<hr/> 39,015 <hr/>	<hr/> 37,696 <hr/>

5 Investment income

	2003 £	2002 £
Bank deposit interest	788	6,759
	<hr/>	<hr/>

6 Costs of generating funds

	2003 £	2002 £
Printing	15,470	43,831
Repairs and maintenance	-	2,079
Promotion costs	14,099	335
Tour and conference expenses	347,621	339,068
Establishment costs (ministry and overseas)	-	11,342
Motor expenses	-	1,055
Outreach Angel appeal costs	-	48,388
Travelling and subsistence	41,355	60,879
Telephone	-	8,517
Postage and stationery	44,299	43,799
Staff costs	-	126,748
Freeland fees and temporary staff	-	24,292
Sundry expenses	-	796
	<hr/> 462,844 <hr/>	<hr/> 711,129 <hr/>

Notes (continued)

7 Costs of the broadcast and production of Christian television programmes

	2003 £	2002 £
Cost of subscriber equipment	-	646
Warehouse and distribution costs	-	594
Transmission costs	1,618,997	2,707,383
Programme production	428,505	311,885
Studio equipment depreciation	429,560	421,200
Programme acquisitions	84,151	44,371
Licences	92,546	73,286
Digital boxes depreciation	222,171	137,718
Repairs and maintenance	101,883	90,180
Promotion costs	484,534	232,984
Entertainment	-	3,740
Motor expenses	33,411	33,743
Car lease costs	29,017	11,092
Car hire	2,164	24,307
Travelling and subsistence	267,394	133,504
Telephone	45,335	85,869
Postage and stationery	197,934	89,130
Establishment costs	214,779	182,419
Staff costs	1,819,719	1,801,429
Freelance fees and temporary staff	183,129	145,492
Sundry expenses	15,263	13,494
Subscriber management costs	-	5,997
Library depreciation	70,307	-
	<hr/> 6,340,799	<hr/> 6,550,463

8 Management and administration costs

	2003 £	2002 £
Repairs and maintenance	23,476	19,906
Entertainment	-	1,882
Motor expenses	-	10,100
Car lease costs	-	2,985
Car hire	-	431
Travelling and subsistence	33,661	60,723
Telephone	81,461	38,279
Postage and stationery	37,926	38,784
Establishment costs	-	24,545
Staff costs	-	93,443
Freelance fees and temporary staff	59,718	47,167
Sundry expenses	-	1,631
Legal and professional	61,329	48,010
Bank charges and interest	249,192	267,750
Audit fees – Ryecroft Glenton (former auditors)	31,667	18,950
Audit fees – KPMG LLP (current auditors)	15,000	-
Depreciation	168,498	162,583
Gain on sale of vehicles	-	(400)
Lease finance charges	90	5,688
Exchange rate differences	-	22,290
	<hr/> 762,018	<hr/> 864,747

Notes (continued)

9 Remuneration of trustees

	2003 £	2002 £
Trustees' emoluments	64,980	88,130
Charity contributions to money purchase pension schemes	-	1,476
Number of trustees who are accruing benefits under money purchase pension schemes	-	1

Expenses amounting to £68,569 were reimbursed to two trustees in respect of travel and subsistence in the fulfilment of their executive duties.

10 Staff numbers and costs

The average number of persons employed by the charity (including trustees) during the year was as follows:

Number of employees	
2003	2002
99	118

The aggregate payroll costs of these persons were as follows:

	2003 £	2002 £
Wages and salaries	1,909,963	1,869,144
Social security costs	177,559	151,000
Other pension costs	-	1,476
	2,087,522	2,021,620

No employee received remuneration of more than £50,000.

11 Interest payable and similar charges

	2003 £	2002 £
On bank loans and overdrafts	49,037	4,216
On all other loans	109,008	187,070
Finance charges payable in respect of finance leases	8,354	5,688
Other charges	90	1,309
	166,489	198,283

Notes (continued)

12 Tangible fixed assets

	Freehold land and property £	Leasehold property improvements £	Equipment £	Motor vehicles £	Office furniture £	Computer equipment £	Total £
Group and charity							
<i>Cost</i>							
At 1 April 2002	289,295	30,175	1,452,864	104,597	26,727	318,984	2,222,642
Additions	-	-	301,857	-	4,410	199,248	505,515
Disposals	-	(30,175)	(152,881)	-	-	-	(183,056)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	289,295	-	1,601,840	104,597	31,137	518,232	2,545,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>							
At 1 April 2002	4,884	287	149,928	52,661	7,784	61,408	276,952
Charge for year	16,152	17,783	1,159,629	26,700	9,216	133,890	1,363,370
On disposals	-	(18,070)	-	-	-	-	(18,070)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	21,036	-	1,309,557	79,361	17,000	195,298	1,622,252
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>							
At 31 March 2003	268,259	-	292,283	25,236	14,137	322,934	922,849
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	284,411	29,888	1,302,936	51,936	18,943	257,576	1,945,690
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Fixed assets include the following in respect of assets held on finance leases:

	2003		2002	
	Net book value £	Depreciation charge for year £	Net book value £	Depreciation charge for year £
Studio equipment	97,993	37,383	33,652	15,936
Motor vehicles	12,505	13,608	26,113	1,134
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Intangible assets

Charity

<i>Cost</i>	Film rights £
At beginning of year – as originally stated	-
Prior year adjustment	3,200,000
	<hr/>
At beginning of year – as restated	3,200,000
Additions	-
	<hr/>
At end of year	3,200,000
	<hr/>
<i>Amortisation</i>	
At beginning of year – as originally stated	-
Prior year adjustment	355,560
	<hr/>
At beginning of year – as restated	355,560
Charge for the year	1,422,240
	<hr/>
At end of year	1,777,800
	<hr/>
Net book value	
At 31 March 2003	1,422,200
	<hr/>
At 31 March 2002 – as restated	2,844,440
	<hr/>

The prior year adjustment relates to the transfer of film rights from the charity's former subsidiary The Dream Family Network Limited (see note 2).

Notes (continued)

14 Fixed asset investments

Investment in associate

Group	£
At 1 April 2002	-
Share of net liabilities on acquisition	(960,492)
Share of profits	34,716
	<hr/>
At 31 March 2003	(925,776)
	<hr/>
Goodwill	
At 1 April 2002	-
Arising on acquisition	960,492
	<hr/>
At 31 March 2003	960,492
	<hr/>
Net book value	
At 31 March 2003	34,716
	<hr/>
At 31 March 2002	-
	<hr/>

The Angel Foundation originally held 1,070 ordinary shares of £1 each, representing 78.3% of the issued share capital of The Dream Family Network Limited, a company registered and operating in England. It also holds 3,000,000 preference shares of £1 each in the same company. The shares were all acquired at nil consideration by deed of gift.

The group considers that it effectively disposed of its subsidiary undertaking on 13 January 2003 when the charity sold 488 ordinary shares in The Dream Family Network Limited to Angel Christian Television Trust Inc for nil consideration. At the date of disposal the net liabilities of The Dream Family Network Limited were £2,254,676. In addition there was a debit balance on minority interests of £1,831,882. As a result of the deconsolidation of this subsidiary an effective profit on disposal of £422,796 arose.

The group has retained a shareholding of 42.6% which is now treated in the group accounts as an associated undertaking.

Charity

The investment in The Dream Family Network Limited is held at cost of £nil.

Notes (continued)

15 Debtors

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	As restated £
Trade debtors	117,388	254,388	117,388	138,776
Amounts owed by group and associate undertakings	2,173,184	-	2,173,184	3,151,458
Other debtors	2,586,425	206,553	2,586,425	206,553
Prepayments and accrued income	61,957	296,271	61,957	296,271
	<u>4,938,954</u>	<u>757,212</u>	<u>4,938,954</u>	<u>3,793,058</u>

The amounts owed by associated undertakings in the current year represents the amounts owed by The Dream Family Network Limited. As disclosed in note 1 the Trustees believe this amount to be recoverable based on the future plans of that entity for the maximisation of future advertising revenues. Included in other debtors is an amount of £2,483,048 which is due from Angel Christian Television Trust Inc. As disclosed in note 1 the trustees believe this amount to be recoverable based on the future trading prospects of this not for profit organisation.

16 Creditors: amounts falling due within one year

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts (see note 17)	787,371	268,556	787,371	268,556
Other loans (see note 17)	367,045	218,925	367,045	218,925
Obligations under finance leases and hire purchase contracts (see note 17)	37,799	19,674	37,799	19,674
Trade creditors	905,657	594,631	905,657	542,178
Amounts owed to associate undertakings	81,492	-	81,492	-
Taxation and social security	38,403	55,104	38,403	41,550
Accruals and deferred income	640,106	658,472	640,106	658,472
	<u>2,857,873</u>	<u>1,815,362</u>	<u>2,857,873</u>	<u>1,749,355</u>

Notes (continued)

17 Creditors: amounts falling due after more than one year

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	1,302,870	1,335,185	1,302,870	1,335,185
Other loans	2,629,136	2,308,325	2,629,136	2,308,325
Obligations under finance leases and hire purchase contracts	51,247	30,956	51,247	30,955
	<u>3,983,253</u>	<u>3,674,466</u>	<u>3,983,253</u>	<u>3,674,465</u>

The bank loan from Barclays Bank plc is repayable in equal monthly instalments of £11,839 and bears an interest rate of 1% over bank base rate. In conjunction with the overdraft facility this loan is the subject of a guarantee from The Goshen Trust in the amount of £1.75m.

Other loans include:

- £2 million from The Goshen Trust which is repayable in August 2005, is non-interest bearing, and is unsecured.
- £325,409 from Janute Limited which is repayable in equal monthly instalments of £25,000. The loan bears interest at a rate of 10% and is secured by a charge over the charity's fixed assets.
- £670,772 from Assemblies of God which is repayable in equal monthly instalments of £6,250 and bears an interest rate of 10%. The loan is secured on the charity's freehold interest in Crown House.

Analysis of debt:

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Debt can be analysed as falling due:				
In one year or less, or on demand	1,154,416	487,481	1,154,416	487,481
Between one and two years	434,226	440,306	434,226	440,306
Between two and five years	893,411	2,496,342	893,411	2,496,342
In five years or more	2,604,369	706,862	2,604,369	706,862
	<u>5,086,422</u>	<u>4,130,991</u>	<u>5,086,422</u>	<u>4,130,991</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Within one year	37,799	19,674	37,799	19,674
In the second to fifth years	51,247	30,956	51,247	30,955
	<u>89,046</u>	<u>50,630</u>	<u>89,046</u>	<u>50,629</u>

Notes (continued)

18 Funds

Group	Unrestricted funds £
At 1 April 2002	(570,120)
Net outgoing resources for the year	(201,627)
	<hr/>
At 31 March 2003	(771,747)
	<hr/>

Charity

	Unrestricted funds £
At 1 April 2002 – as originally stated	3,699,553
Prior year adjustments (see note 2)	(355,560)
	<hr/>
At 1 April 2002 – as restated	3,343,993
Net outgoing resources for the year	(2,728,256)
	<hr/>
At 31 March 2003	615,737
	<hr/>

19 Minority interests

	2003 £	Group 2002 £
At 1 April 2002	(2,011,155)	(761,418)
Share of profit/(loss) for year	179,275	(1,249,737)
Disposal of subsidiary undertaking	1,831,880	-
	<hr/>	<hr/>
At 31 March 2003	-	(2,011,155)
	<hr/>	<hr/>

Notes (continued)

20 Commitments

- (a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group		Charity	
	2003	2002	2003	2002
	£	£	£	£
Contracted	-	-	-	-

- (b) In addition to the above, at the end of the financial year the Group had entered into commitments amounting to £nil (2002: £nil) in respect of finance leases and similar hire purchase contracts, the inception of which occurs after the year end.

- (c) Annual commitments under non-cancellable operating leases are as follows:

	2003		2002	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Group				
Operating leases which expire:				
Within one year	-	14,254	-	14,000
In the second to fifth years inclusive	-	32,853	-	33,000
	-	47,107	-	47,000

	2003		2002	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Charity				
Operating leases which expire:				
Within one year	-	14,254	-	14,000
In the second to fifth years inclusive	-	32,853	-	33,000
	-	47,107	-	47,000

Notes (continued)

21 Reconciliation of net outgoing resources to operating cash flows

	2003 £	2002 £
Net outgoing resources	(479,864)	(286,887)
Depreciation	1,363,370	721,100
Loss on disposal of fixed assets	164,986	-
Interest received	(788)	(6,759)
Interest paid	158,135	192,595
Interest element of finance lease rental payments	8,354	5,688
Decrease in stocks	-	43,092
Increase in debtors	(1,927,066)	(187,168)
Increase/(decrease) in creditors	271,663	(192,548)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(441,210)	289,113
	<hr/>	<hr/>

22 Analysis of cash flows

	2003 £	2002 £
Returns on investment and servicing of finance		
Interest received	788	6,759
Interest paid	-	(192,595)
Interest element of finance lease rental payments	(8,354)	(5,688)
	<hr/>	<hr/>
	(7,566)	(191,524)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(419,727)	(1,213,310)
Sale of tangible fixed assets	-	400
	<hr/>	<hr/>
	(419,727)	(1,212,910)
	<hr/>	<hr/>
Financing		
Increase in borrowing	1,238,559	4,257,053
Repayment of borrowings	(402,847)	(3,189,912)
	<hr/>	<hr/>
	835,712	1,067,141
	<hr/>	<hr/>

Notes *(continued)*

23 Analysis of net debt

	At 1 April 2002	Cash flow	Other non-cash changes	At 31 March 2003
	£	£	£	£
Cash in hand, at bank	205,651	(32,791)	-	172,860
Debt due after one year	(3,643,510)	(394,449)	105,953	(3,932,006)
Debt due within one year	(487,481)	(402,847)	(264,088)	(1,154,416)
Finance leases	(50,630)	(38,416)	-	(89,046)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,975,970)	(868,503)	(158,135)	(5,002,608)
	<hr/>	<hr/>	<hr/>	<hr/>