

FC 19240

AMENDING ACCOUNTS

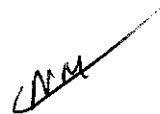
Polydoros Xenophontos
Chartered Accountant



SAT-7 MEDIA SERVICES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1999

A handwritten signature in black ink, appearing to be 'MM' or similar, with a long horizontal stroke extending to the right.

Polydoros K. Xenophontos FCA

Chartered Accountant

**Report and financial statements
for the period ended 31 December 1999**

Contents

	Page
Members of the Council and advisers	1
Report of the Members of the Council	2 - 3
Auditor's report	4
Income and expenditure account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 12
Additional information to the income and expenditure account	13 - 17
Analysis of Designated expenditure	18

**Members of the Council, company secretary, advisers
and registered office**

Members of the Council	:	Terence Ascott David Adams Nicolas Abou-Samah Habib Badr Jean Pierre Barry Sana Nassar Hanna Shahin
Company secretary	:	Scriba Secretarial Limited 70 Arsinoes street CY - 1010 Nicosia CYPRUS
Auditor	:	Polydoros Xenophontos FCA 70 Arsinoe street CY - 1010 Nicosia CYPRUS
Registered office	:	Julia House 3 Themistocles Dervis Street CY - 1066 Nicosia CYPRUS

Report of the members at the Council for the year ended 31 December 1999

The members of the Council submit their report together with the audited financial statements for the year ended 31 December 1999.

Country of incorporation

The company was incorporated in Cyprus on the 26 September 1995.

Activities

The company's principal activity is to produce and broadcast video films of Christian content to countries in the Middle East. The company is a non profit making organisation, derives its income from donations and utilises it to promote Christianity in the Middle East.

Company status

The company is limited by guarantee and has no share capital. The guarantors are the following:

	Amount of guarantee
	C£
Terence Ascott	9.994
David Adams	1
✓ Nicolas Abou - Samah	1
Habib Badr	1
✓ Jean Pierre Barry	1
Sana Nassar	1
✓ Hanna Shahin	1
	<hr/> 10.000 <hr/>

Results

The company's results during the year are shown on the income and expenditure account on page 5.


Members of the Council

The members of the Council at 31 December 1999 who will continue in office are shown on page 1.

Auditors

The auditor of the company Polydoros Xenophontos, has signified his willingness to continue in office. His remuneration will be fixed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'T. Ascott', with a horizontal line underneath.

Terence Ascott
Council Member

Nicosia
16 October 2000

Polydoros Xenophontos

Chartered accountant

Athienitis Building
8 Kennedy Avenue, Suite 305
CY-1087 Nicosia
P.O.Box 22390
CY - 1521 Nicosia
CYPRUS

Tel : +357 2 762776

Fax : +357 2 377389

e-mail : polydorx@cytanet.com.cy

SAT - 7 Media Servises Limited

Report of the auditors to the members of SAT - 7 Media Services Limited

We have audited the financial statements appearing on pages 5 to 12 and have obtained all the information and explanations we considered necessary. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper books of account have been kept by the Company and the financial statements which are in agreement therewith, give a true and fair view of the state of affairs of SAT - 7 Media Services Limited at 31 December 1999 and of its income and expenditure and cash flows for the year then ended in accordance with International Accounting Standards and comply with the provisions of the Companies Law, Cap. 113.



Polydoros K. Xenophontos FCA

**Chartered Accountant
Nicosia
16 October 2000**

**Income and expenditure account
for the year ended 31 December 1999**

	Note	1999 US\$	1998 US\$
Expenditure (page 14)		<u>2.426.696</u>	<u>2.678.407</u>
Transfer from undesignated reserves	9	(2.310.603)	(2.398.625)
Transfer from designated reserves	9	<u>(116.093)</u>	<u>(279.782)</u>
		<u>(2.426.696)</u>	<u>(2.678.407)</u>
Result for the period	4	<u>0</u>	<u>0</u>

The notes on pages 8 to 12 form part of these financial statements

Balance Sheet as at 31 December 1999

	Note	1999 US\$	1998 US\$
Assets employed			
Fixed assets	5	53.352	59.354
Current assets			
Deposits and prepayments	6	10.864	15.111
Other debtors	7	4.706	432.086
Bank and cash balances	10	16.144	624.392
Total current assets		31.714	1.071.589
Current liabilities			
Creditors and accruals	8	120.441	68.189
Total current liabilities		120.441	68.189
Net current assets		(88.727)	1.003.400
Net assets		(35.375)	1.062.754
Reserves			
Designated funds	9	(35.375)	568.242
Undesignated funds	9	0	494.512
Total reserves		(35.375)	1.062.754



Terence Ascott

)

)

Council

)

Members

)



David Adams

The notes on pages 8 to 12 form part of these financial statements

Cash Flow Statement
for the year ended 31 December 1999

	1999 US\$	1998 US\$
Cash flow from ordinary activities		
Result for the period	(35.375)	0
Adjustments not involving the movement of funds:b		
Depreciation	15.063	13.702
Assets written off	0	0
Interest received	(4.436)	(15.538)
Interest paid	23	121
Operating surplus before working capital changes	(24.725)	(1.715)
Increase / (decrease) in working capital		
Decrease in deposits and prepayments	4.247	7.005
Decrease / (increase) in other debtors	427.380	(312.175)
Increase in accruals	52.252	5.451
Cash generated from operating activities	459.154	(301.434)
Interest received	4.436	15.538
Interest paid	(23)	(121)
Net cash generated from operating activities	463.567	(286.017)
Cash flows used in investing activities		
Purchase of fixed assets	(9.432)	(11.022)
Disposal of fixed assets	371	0
Net cash used in investing activities	(9.061)	(11.022)
Cash flows from financing activities		
Designated donations fund	(568.242)	14.979
Undesignated donations fund	(494.512)	253.420
Net cash generated from financing activities	(1.062.754)	268.399
Net increase in cash and cash equivalents	(608.248)	(28.640)
Cash and cash equivalents at 1 January	624.392	653.032
Cash and cash equivalents at 31 December (Note 11)	16.144	624.392

Notes to the Financial Statements for the year ended 31 December 1999

1. Country of incorporation

The company was incorporated in Cyprus on 26 September 1995.

2. Activities

The company's principal activity is to produce and broadcast video films of Christian content to countries in the Middle East. The company is a non profit making organisation, derives its income from donations and utilises it to promote Christianity in the Middle East.

3. Principal accounting policies

A summary of the significant accounting policies adopted by the company is as follows :

Accounting convention

The financial statements have been prepared in accordance with with applicable International Accounting Standards. The financial statements are drawn up under the historical cost convention.

Exchange rates

The financial statements are expressed in United States dollars. Transactions in foreign currencies are translated to United States dollars at the rates ruling at the time of the transactions. Balances of assets and liabilities expressed in foreign currencies are translated to United States dollars at the rates of exchange ruling at the end of the financial period. Any resulting exchange gains or losses are accounted as income or expense in the year they are incurred.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand and bank balances and short term investments with maturity not exceeding three months, from the balance sheet date.

Fixed assets

The cost of fixed assets represents their purchase cost together with any incidental costs of acquisition. Assets with cost less than U.S.\$ 300 are being expensed in the year they are incurred. During 1999 all assets that were purchased at a cost under U.S.\$ 300 were written off.

Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, are :

	%
Furniture and fittings	10
Office equipment	10
Studio equipment	10
Computer hardware	20
Computer software	33 1/3

Notes to the Financial Statements for the year ended 31 December 1999

4. Results

	1999 US\$	1998 US\$
The result is stated after crediting :		
Interest received	4.412	15.150
and after charging :		
Audit fees	1.000	1.200
Interest paid	0	121
	1.000	1.321

5. Fixed assets

	Furniture and fittings US\$	Office equipment US\$	Studio equipment US\$	Computer hardware US\$	Computer software US\$	Total US\$
Cost						
1 January 1999	6.626	40.688	0	43.663	713	91.690
Additions	1.579	760	0	7.093	0	9.432
Disposals	0	529	0	0	0	529
31 December 1999	8.205	40.919	0	50.756	713	100.593
Depreciation						
1 January 1999	1.696	9.063	0	20.864	713	32.336
Disposals	0	158	0	0	0	158
Charge for the year	820	4.092	0	10.151	0	15.063
31 December 1999	2.516	12.997	0	31.015	713	47.241
Net book value						
At 31 December 1999	5.689	27.922	0	19.741	0	53.352
At 31 December 1998	4.930	31.625	0	22.799	0	59.354

**Notes to the Financial Statements
for the year ended 31 December 1999**

6. Deposits and prepayments

	1999	1998
	US\$	US\$
Deposits	8.479	8.478
Prepayments	2.385	6.633
Deposits and prepayments at 31 December	10.864	15.111

7. Other debtors

	1999	1998
	US\$	US\$
Other debtors	3.934	28.503
Advances to employees	772	5.498
MEM - U.K.	0	1.038
MEM - U.S.A.	0	131.552
SAT - 7 U.K.	0	67.563
SAT - 7 Lebanon	0	147.579
SAT - 7 Egypt	0	50.353
Other debtors at 31 December	4.706	432.086

8. Accruals and other payables

	1999	1998
	US\$	US\$
Sat - 7 International Trust	46.949	0
Inland revenue department	0	262
Social insurance department	0	573
Accruals	71.107	10.710
Other payables	2.385	56.644
Accruals and other payables at 31 December	120.441	68.189

Notes to the Financial Statements for the year ended 31 December 1999

9. Donations fund

	1999 US\$	1998 US\$
Undesignated donations fund		
Balance at 1 January	494.512	479.533
Donations received (page 13)	1.755.493	2.342.056
Other income (page 13)	25.223	71.548
	<u>2.275.228</u>	<u>2.893.137</u>
Transferred to income and expenditure account	(2.310.603)	(2.398.625)
	<u>(35.375)</u>	<u>494.512</u>
Designated donations fund		
Balance at 1 January	568.242	314.822
Donations received	163.697	533.202
	<u>731.939</u>	<u>848.024</u>
Transferred to related company for administration	(615.846)	0
Transferred to income and expenditure account	(116.093)	(279.782)
	<u>0</u>	<u>568.242</u>
Balance at 31 December	<u>(35.375)</u>	<u>1.062.754</u>

10. Analysis of donation funds

	1999 US\$	1998 US\$
Designated funds		
Production of the "The Good Path"	0	230.952
Equipment in Lebanon	0	151.344
Training Jerusalem Trust	0	2.043
Equipment purchases - Interact	0	0
Airtime sponsorship	0	0
Production - Arascope	0	92.668
Lakarmtstonen	0	17.875
Farm of dreams - Interact	0	65.360
News gathering list	0	8.000
Designated funds at 31 December	<u>0</u>	<u>568.242</u>

**Notes to the Financial Statements
for the year ended 31 December 1999****11. Cash and cash equivalents**

Cash and cash equivalents included in the cash flow statement comprise the following amounts :

	1999	1998
	US\$	US\$
Cash in hand	4.418	2.553
Bank balances	11.726	621.839
Cash and cash equivalents at 31 December	16.144	624.392

**Analysis of income
for the year ended 31 December 1999**

	1999	1998
	US\$	US\$
Income		
Designated fund donations		
	116.093	279.782
Undesignated donations		
Donations fund general	1.439.115	1.381.299
Partners' fee donations	69.604	339.601
Friends' fee donations	4.054	15.971
Donations in kind	0	62.330
Value of seconded staff	192.067	183.583
Value of programs donated	600	293.050
Other gifts	53	0
Air-time sponsorship	50.000	66.222
	1.755.493	2.342.056
Other income		
Resale of programs	0	0
Interest earned	4.436	15.538
Special projects and events	0	33.419
Advertising sales	0	9.000
Sale of services	3.560	4.967
Exchange gain	16.831	0
Miscellaneous income	396	8.624
	25.223	71.548
Total income	1.896.809	2.693.386

**Summary of Expenditure
for the year ended 31 December 1999**

	Page	1999 US\$	1998 US\$
<i>Expenditure</i>			
<i>Undesignated expenditure</i>			
Personnel remuneration and benefits	15	406.988	333.668
General administration	16	162.096	229.632
International development and marketing	17	74.008	393.978
Programming and broadcasting	17	1.783.604	1.721.129
Expenditure for designated projects	18	(116.093)	(279.782)
		<u>2.310.603</u>	<u>2.398.625</u>
<i>Designated expenditure</i>			
Expenditure on designated projects	18	116.093	279.782
		<u>116.093</u>	<u>279.782</u>
Total expenditure		<u><u>2.426.696</u></u>	<u><u>2.678.407</u></u>

**Analysis of expenses
for the year ended 31 December 1999**

	1999	1998
	US\$	US\$
<i>Personnel remuneration and benefits</i>		
Salaries	224.595	193.508
Social insurance	5.915	3.538
Casual labour	4.530	3.295
Other remuneration and benefits	17.080	11.340
Allowances	0	4.389
Freelance	0	0
Recruitment cost	15.563	3.580
Training cost of employees	194	6.147
Training cost of non-employees	7.885	4.521
Seconded personnel	109.700	103.350
Re imbursement personnel	21.107	0
Staff retreats	419	0
	406.988	333.668

**Analysis of expenses
for the year ended 31 December 1999**

	1999	1998
	US\$	US\$
<i>General administration</i>		
Office rent	30.000	47.000
Utilities	4.471	3.949
Mail	8.758	17.204
E - mail, fax, telephone	22.352	23.088
Bank charges	4.582	5.361
Interest paid	23	121
Freight and courier	6.502	0
Stationery and business printing	8.602	9.002
Minor equipment	1.917	11.230
Maintenance and repairs	2.717	2.980
Subscriptions	614	969
Insurance	379	1.528
Service charges	10.806	10.483
Legal fees	0	26.266
Taxes and licenses	1.683	4.949
Membership fees	351	340
Other business cost	2.605	6.962
Audit fees	1.000	1.200
Professional/consulting fees	3.673	5.823
Publications	5.248	11.135
Local travel	1.548	2.845
Motor vehicle expenses	340	0
Other travel costs	80	38
Board meetings	3.701	10.211
Meetings	1.004	0
Conferences and seminars	23.627	7.815
Realised exchange difference	0	5.413
Depreciation	15.063	13.702
Miscellaneous expenses	450	18
	162.096	229.632

**Analysis of expenses
for the year ended 31 December 1999**

	1999 US\$	1998 US\$
<i>International development and marketing</i>		
Audio visuals	2.350	3.189
Advertising	0	241
Exhibition	206	0
Other marketing costs	4.122	6.966
International travel	46.401	49.939
Hospitality	11.419	5.811
Audience relations costs	0	56.000
Fundraising costs	0	270.383
Bad debts	8.000	0
Prizes and promotion	1.310	902
Development and pre-development costs	200	547
	<u>74.008</u>	<u>393.978</u>
<i>Programming and broadcasting</i>		
Play-out, up-link and transponded	738.618	721.652
Pre-production costs	0	4.167
Production costs	134.832	137.702
Other production costs	288	5
"Abu Yousef's House"	88.219	45.779
Micro Enterprise Promotion	95.760	0
Music Project	1.650	0
Ultimate Production	2.400	0
Naa fina	3.350	0
Program acquisition	174.992	381.203
Dubbing	835	1.350
Subsidies	542.660	429.271
	<u>1.783.604</u>	<u>1.721.129</u>

**Analysis of designated project expenditure
for the year ended 31 December 1999**

	1999	1998
	US\$	US\$
<i>Expenditure on designated projects</i>		
"The good path"	62.657	50.111
Equipment purchase (Inter Act)	0	30.199
Training for TA	0	1.866
Equipment Lebanon	41.056	145.781
Productions	7.180	17.950
Airing - MEENA	0	17.875
Air time sponsorship	0	0
Equipment and production Egypt	0	0
"Farm of Dreams"	5.200	0
Air time sponsorship	0	16.000
	116.093	279.782