

**Internet Watch Foundation Limited
(A Company Limited by Guarantee)**

**Financial Statements
For the year ended 31 March 2003**

Company Registration Number 3426366

Internet Watch Foundation Limited **(A Company Limited by Guarantee)**

Financial Statements

Year ended 31 March 2003

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Internet Watch Foundation Limited

(A Company Limited by Guarantee)

Officers and Professional Advisers

The Board of Directors

Mr R Darlington (Chairman)
Mr J M Reynolds
Mr M H Stephens
Mr J A Carr
Mr N P Williams
Mr R P A Perry
C M de Stemple
Ms C Milne
Mr H Lamb
Ms E Ascroft
Ms S Livingstone

Company Secretary

Mr P E T Robbins

Registered Office

East View
5 Coles Lane
Oakington
Cambridge
CB4 5BA

Auditors

Peters Elworthy & Moore
Chartered Accountants
& Registered Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank PLC
Bene't Street
Cambridge
CB2 3PZ

Internet Watch Foundation Limited

(A Company Limited by Guarantee)

The Directors' Report

Year ended 31 March 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Business Review

The company has not commenced trading and there is no intention to commence trading in the foreseeable future.

Expenses of the company have been met by its subsidiary, Internet Watch Limited which trades as 'Internet Watch Foundation'.

Directors

The directors who served during the year were as follows:

Mr R Darlington		Mr J M Reynolds	
Mr M H Stephens		Mr J A Carr	
Mr N P Williams		Mr G B Davies	(Resigned 26 June 2002)
Mr R P A Perry		C M de Stemple	
Ms C Milne		Mr H Lamb	
Ms E Ascroft	(Appointed 18 July 2002)		
Ms S Livingstone	(Appointed 31 December 2002)		

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit for that period. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently.

Make judgements and estimates that are reasonable and prudent.

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors Peters Elworthy & Moore have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

Signed by order of the directors

Mr P E T Robbins
Company Secretary

Approved by the directors on 27 January 2004.

Internet Watch Foundation Limited

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Independent Auditors' Report to the Shareholders

Year ended 31 March 2003

We have audited the financial statements which comprise the Balance Sheet and related notes which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 company's shareholders those matters we are required to state to them in an auditors' 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 company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

**Internet Watch Foundation Limited
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Independent Auditors' Report to the Shareholders (continued)

Year ended 31 March 2003

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003, and have been properly prepared in accordance with the Companies Act 1985.

PETERS ELWORTHY & MOORE

**Chartered Accountants and
Registered Auditors**

**Salisbury House
Station Road
Cambridge
CB1 2LA**

Date: 27 January 2004

Internet Watch Foundation Limited
(A Company Limited by Guarantee)

Balance Sheet

31 March 2003

	2003	2002
	£	£
Investments		
Investment in Subsidiary	2	2
Creditors: Amounts falling due within one year		
Amounts owed to subsidiary undertaking	<u>(2)</u>	<u>(2)</u>
Net Assets	<u>Nil</u>	<u>Nil</u>
Reserves	<u>Nil</u>	<u>Nil</u>

These financial statements were approved by the directors on the 27 January 2004 and are signed on their behalf by:

Mr R Darlington

The notes on page 6 form part of these financial statements

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Notes to the Financial Statements

Year ended 31 March 2003

1 Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidated financial statements

The company is exempt from preparing consolidated financial statements on the grounds that the group qualifies as a small group.

2 Investments

Internet Watch Foundation Limited is the holding company of Internet Watch Limited a company incorporated in England and Wales and owns all the issued share capital.