

The Advertising Standards Authority Limited

Registered number 00733214

**Report and Financial Statements
For the year ended 31 December 2015**

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COMPANIES HOUSE

Council Members and Directors

Lord Smith of Finsbury
Ms K E Bee
Mr A P Bookbinder
Ms R Childs
Ms R Donnelly
Mr D Hepworth
Mr W M Henderson (appointed 17 April 2015)
Mr J W Mayhead
Ms S J McCarthy (appointed 17 April 2015)
Sir M J Narey
Ms S E Peermohamed
Mr H P Pringle
Ms R C Sawtell (resigned 17 April 2015)
Mr A E Wilkes (resigned 17 April 2015)
Mr J S Younger

Secretary

Mr T Kelman (from 16 November 2015)
Mr T R Ellis (until 30 October 2015)

Auditors

Kingston Smith LLP
6th Floor Charlotte Building
17 Gresse Street
London W1T 1QL

Bankers

Lloyds Bank plc
32 Oxford Street
London W1A 2LD

Solicitors

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

Registered Office

Mid City Place
71 High Holborn
London WC1V 6QT

Report of the Council

The Council has pleasure in presenting its report and financial statements for the year ended 31 December 2015 with respect to the company The Advertising Standards Authority Limited (also known as the ASA).

With effect from 1 November 2004 the ASA assumed responsibility for standards in broadcast advertising media under the Deregulation and Contracting Out Act 1994. This necessitated the creation of a separate company – the Advertising Standards Authority (Broadcast) Limited (the ASAB) – to conduct the work and a separate company, mirroring the Advertising Standards Board of Finance Limited (ASBOF), to provide the finance. The financial statements presented here reflect the cost of non-broadcast activity only. Separate financial statements have been provided for the broadcast activity. Activity-specific costs have been allocated to the appropriate function; other non-specific function costs have been shared between the two companies on a pro-rata basis agreed between the two financing bodies.

Council Members and Directors

The names of the Council members and Directors who served during the year are shown on page 1 of this report. During the year two Directors, namely Mr W M Henderson and Ms S J McCarthy were newly appointed, and two Directors, namely Ms R C Sawtell and Mr A E Wilkes, retired by rotation at the end of their fixed term. These changes took place with effect from the Annual General Meeting of the Company held on 17 April 2015.

Principal activity

The principal activity of the ASA is to promote and enforce the highest standards of advertising in all non-broadcast media throughout the United Kingdom.

Financial statements

The results for the year and the state of the ASA's affairs are set out in the attached financial statements.

The ASA is a company limited by guarantee and has no share capital. The ASA is precluded by its memorandum from making any distribution to its members.

Review of activities

The costs of operating the ASA continue to be closely monitored by its Executive management team and the Board.

Report of the Council (continued)

Key risks and performance indicators

As part of its annual planning process, the management team produces Corporate Objectives, Key Performance Indicators (KPIs) and a Budget for the following year. It also updates its Risk Register, with risks rated by importance and likelihood and featuring corresponding control measures to mitigate them.

The most significant risks were: online advertising not being able to pay its way in the mid to long term as a result of insufficient paid-search funds collected by agencies; difficulties enforcing the CAP Code against 'owned' advertising online and non-evidence-based political threats to advertising self-/co-regulation of higher-risk products or services.

The control measures implemented were: to focus on speed of delivery, quality and productivity to deliver better value for money and to support ASBOF in its work to future-proof ASA funding for our online advertising regulatory work; to manage the 'owned' online advertising risk through fair, thorough but speedy case handling and effective implementation of our policy for applying online sanctions and to manage the threat to advertising self-regulation by demonstrating the importance of an evidence-based approach, distinguishing higher-risk product/service concerns from the ASA system's wider responsibility to ensure advertisements are not misleading, harmful or offensive and, in line with our new strategy, to be more proactive, including through our own research to identify and tackle problems early.

The ASA Board approved the Corporate Objectives, KPIs, Budget and Risk Register. It held the management team accountable for its performance against the KPIs, which included turnaround targets for the resolution of complaints about non-broadcast advertising. Those were reported to Ofcom and published on the ASA's website on a quarterly basis, were also published in the ASA's autumn Half-Year Statement and will again be published in its spring Annual Report.

Future developments

The ASA will continue to promote and enforce the highest standards of advertising in non-broadcast media.

Going concern

Directors have reasonable expectation that the ASA has adequate resources to continue operational existence for the foreseeable future, because of committed funding from ASBOF. As a result, the Directors have prepared these financial statements on a going concern basis.

Report of the Council (continued)**Risk and Audit Committee**

The Risk and Audit Committee comprises a Chairman, at least three other Directors and the Company Secretary. The Committee meets not less than twice a year with the ASA Chairman and Chief Executive in attendance and, once per year, the auditors also attend. The Committee reviews the draft financial statements and post-audit findings before their presentation to the Board. The Committee examines the ASA's revenues and costs and advises on areas such as business performance and risk management. It also monitors the ASA's internal controls and financial reporting. Any significant findings or identified weaknesses are closely examined so that appropriate action can be taken, monitored and reported to the Board. The Committee advises the Board on the appointment of external auditors.

Council Members' and Directors' statement as to disclosure of information to auditors

So far as each person who was a Council Member or Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Council Members and directors and the ASA's auditor, each Council Member and director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Kingston Smith LLP were appointed auditors to the ASA in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Qualifying third party indemnity provision

The ASA has granted an indemnity to its directors against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

By order of the Council



T Kelman
Company Secretary

Date: 22nd April 2016

Statement of Council Members' and Directors' responsibilities

The Council Members' and Directors' are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council Members and directors to prepare financial statements for each financial year. Under that law the council members and directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council Members and directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Council Members and directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council Members and Directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ADVERTISING STANDARDS AUTHORITY LIMITED

We have audited the financial statements of The Advertising Standards Authority Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of Council Members, directors and auditor

As explained more fully in the Council Members' and Directors' Responsibilities Statement [set out on page 5] the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report of the Council to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

Kingston Smith LLP

Valerie Cazalet (Senior Statutory Auditor)
for and on behalf of Kingston LLP, Statutory Auditor
6th Floor Charlotte Building
17 Gresse Street
London
W1T 1QL

Date *27 April 2016*

**Profit and loss account
for the year ended 31 December 2015**

	Notes	2015 £	2014 £
Income	2	5,007,302	5,190,860
Costs			
Staff costs	4i, ii	(3,147,397)	(3,193,045)
Depreciation	8	(48,913)	(61,680)
Other operating charges		(1,862,911)	(1,927,934)
		<u>(5,059,221)</u>	<u>(5,182,659)</u>
Operating (loss)/profit	3	(51,919)	8,201
			-
Other income	5	170,900	82,748
		<u>118,981</u>	<u>90,949</u>
Bank interest receivable	6	12,139	6,541
Profit on ordinary activities before taxation		131,120	97,490
Tax charge	7	(5,548)	(17,294)
Profit for the financial year		<u>125,572</u>	<u>80,196</u>

All of the activities of the company are classified as continuing.

**Statement of total recognised gains and losses
for the year ended 31 December 2015**

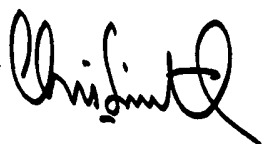
	2015 £	2014 £
Profit for the financial year	125,572	80,196
Total recognised gain relating to the year	<u>125,572</u>	<u>80,196</u>

Balance Sheet as at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	8	83,925	97,147
Current assets			
Debtors	9	444,818	433,210
Cash at bank and in hand		664,786	241,731
		1,109,604	674,941
Creditors: amounts falling due within one year	10	(624,869)	(410,190)
Net current assets		484,735	264,751
Total assets less current liabilities		568,660	361,898
Creditors: amounts falling due after more than one year	11	(313,441)	(232,251)
Net assets		255,219	129,647
Capital and reserves			
Profit and loss account	14	255,219	129,647

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

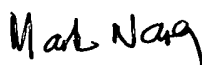
Approved by the Board and authorised for issue on 22 April 2016.



Lord Smith of Finsbury
Chairman of the Board



T Kelman
Company Secretary



Sir Martin Narey
Member of the Council

Notes to the financial statements as at 31 December 2015**1. Accounting policies****Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going concern

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, because of committed funding from ASBOF. As a result, the directors have prepared these financial statements on a going concern basis.

Revenue recognition

Cash received from ASBOF is credited to the profit and loss account in accordance with the amounts agreed with them for the financial year.

Income from seminars is recognised on the seminar date.

All expenditure is dealt with on an accruals basis.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Leasehold improvements	– over the remaining term of the lease to September 2019
Computer equipment	– 4 years
Motor vehicles	– 4 years
Office furniture and equipment	– 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes to the financial statements as at 31 December 2015**1. Accounting policies (continued)****Taxation (continued)**

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being recognised only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Leases

Rentals paid under operating leases are charged to income over the lease term.

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of change on the net obligation outstanding in each period.

Pensions

The company utilises a defined contribution pension scheme. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable.

2. Income

In the year to 31 December 2015, all income was generated in the United Kingdom.

3. Operating (loss)/profit

This is stated after charging:

	2015	2014
	£	£
Emoluments of Council members:		
Emoluments, attendance allowances and travel expenses	204,763	188,397
Auditors remuneration:		
- Audit	14,520	14,310
- Non audit	3,090	3,048
Depreciation	48,913	61,680
Operating lease rentals for land and buildings	379,872	452,322
Operating lease rentals for plant and machinery	2,517	2,729
Hire purchase finance charges	6,268	929

Notes to the financial statements as at 31 December 2015

4. i. Staff costs (including Council members' remuneration, see note 4. ii. below)

	2015 £	2014 £
Wages and salaries	2,673,357	2,700,920
Social security costs	281,501	284,012
Pension contributions to defined contribution scheme	127,673	144,006
Permanent Health Insurance cover premium	35,005	26,979
Life Assurance cover premium	15,053	18,555
Pension scheme wind up costs	14,808	18,573
	<u>3,147,397</u>	<u>3,193,045</u>

4. ii. Council members' remuneration

The total emoluments and fees paid to the Council members, including the Chairman, were £204,763 (2014 – £188,397). The emoluments (including benefits) in respect of the Chairman, being the highest paid director, were £86,597 (2014 – £67,565) and £1,532 (2014 – £1,376) to defined contribution pension schemes. Council members, other than the Chairman, were remunerated at £8,750 per annum.

5. Other income

	2015 £	2014 £
Advertising Bodies Pension Fund surplus (see note 12)	106,702	-
Seminar income	59,565	73,938
Copy Advice fees	3,950	8,810
E-Learning sales	683	-
	<u>170,900</u>	<u>82,748</u>

6. Finance costs

	2015 £	2014 £
Interest receivable	<u>12,139</u>	<u>6,541</u>

7. Tax charge

	2015 £	2014 £
Corporation tax charge for the year	-	16,228
Deferred tax charge for the year	5,548	1,066
	<u>5,548</u>	<u>17,294</u>

Notes to the financial statements as at 31 December 2015

8. Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Office furniture & equipment £	Total £
Cost:				
At 1 January 2015	902,468	1,278,521	454,332	2,635,321
Additions	4,057	23,659	7,975	35,691
Disposals	-	-	-	-
At 31 December 2015	906,525	1,302,180	462,307	2,671,012
Depreciation:				
At 1 January 2015	902,468	1,187,183	448,523	2,538,174
Charge for year	612	43,737	4,564	48,913
Disposals	-	-	-	-
At 31 December 2015	903,080	1,230,920	453,087	2,587,087
Net book value:				
At 1 January 2015	-	91,338	5,809	97,147
At 31 December 2015	3,445	71,260	9,220	83,925

Included above are assets held under finance leases contracts with a NBV of £24,119 (2014 - £37,143) and depreciation charge for the year of £13,024 (2014 - £740).

9. Debtors

	2015 £	2014 £
Due from the ASAB	39,938	40,591
Trade debtors	17,011	108,732
Sundry debtors and prepayments	267,603	264,775
Deferred tax asset	13,564	19,112
Advertising Bodies Pension Fund surplus	106,702	-
	<u>444,818</u>	<u>433,210</u>

Debtors due from the ASAB include an amount of £13,049 (2014 - £19,413) which is due after more than one year.

10. Creditors: amounts falling due within one year

	2015 £	2014 £
Net obligations under finance lease	25,442	26,738
Trade creditors	133,326	79,830
Other taxes and social security costs	175,967	175,401
Sundry creditors and accruals	290,134	111,993
Corporation tax	-	16,228
	<u>624,869</u>	<u>410,190</u>

Notes to the financial statements as at 31 December 2015**11. Creditors: amounts falling due after more than one year**

	2015	2014
	£	£
Net obligations under finance lease	28,366	42,201
Rent reserve	285,075	190,050
	<u>313,441</u>	<u>232,251</u>

Net obligations under finance lease

Repayable within one year	25,442	26,738
Repayable between one and five years	28,366	42,201
	<u>53,808</u>	<u>68,939</u>
Included in liabilities falling due within one year (note 10)	(25,442)	(26,738)
	<u>28,366</u>	<u>42,201</u>

12. Pension schemes**FRS 17 disclosures**

The pension costs for the company during the year were £127,673 (2014 – £144,006). The company utilises two schemes, a defined contribution scheme and a defined benefit scheme.

The defined contribution scheme was the IPA Portable Pension Plan until 5 April 2008 and a Self-Invested Personal Pension (SIPP) with Legal & General from 6 April 2008 until 31 December 2012. In 2014 the company introduced a flexible benefit scheme and changed the pension scheme to a Group Personal Pension Plan with Aegon. The company's contributions to this scheme are fixed at a maximum of 5% of pensionable salary for staff (15% for senior management). Members' contributions are variable.

The defined benefit scheme is the Advertising Bodies Pension Fund. The defined benefit scheme with Norwich Life Assurance Society was closed to new members from 16 July 1991. All members at 31 December 2015 were pensioners with pensions provided by annuity contracts. The Scheme is in the process of being wound up and a surplus net of 35% tax thereon amounting to £106,702 was received by the ASA in 2016.

13. Other financial commitments

The company has annual commitments under non-cancellable operating leases all of which expire in less than five years as set out in the table below.

	2015	2014
	£	£
Land and buildings	598,658	149,664
Other	1,586	1,586
	<u>600,244</u>	<u>151,250</u>

Notes to the financial statements as at 31 December 2015**14. Movements in reserves**

An analysis of the movements in reserves during the year is set out below:

	£
Retained profit per last year's audited report	129,647
Profit in year per profit and loss account	125,572
Profit carried forward	<u>255,219</u>

15. Related party transactions

During the year, the company charged the ASAB £860,818 (2014 – £926,641) for shared costs which were apportioned on staff headcount and workload.

At the balance sheet date the amount due from the ASAB was £39,938 (2014 - amount due from the ASAB £40,591).