

THE AWARD SCHEME LTD.
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1997

Company Number: 2173914



THE AWARD SCHEME LTD.

DIRECTORS:

Hugh Hudson-Davies CVO (Chairman)
Michael Hobbs CBE
Andrew Hodges
Colin Shearer
Janet Shepherd

SECRETARY:

Andrew Hodges

COMPANY NUMBER:

2173914

REGISTERED OFFICE:

Plumtree Court
London
EC4A 4HT

HONORARY AUDITORS:

Coopers & Lybrand
1 Embankment Place
London
WC2N 6NN

THE AWARD SCHEME LTD.

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITY

The company's principal activities are the production, distribution and sale of publications concerned with the promotion and operation of The Duke of Edinburgh's Award and its related activities.

BUSINESS REVIEW

The company continues to support the parent charity by providing a high quality distribution service for publications.

RESULTS

A profit after interest of £45,325 (1996 £69,060) was achieved on the year's trading. £45,974 has been distributed under the terms of a deed of covenant to the charity, The Duke of Edinburgh's Award. The balance has been taken to the revenue reserve.

The company is required to withhold income tax on its payments to the charity and to pay the income tax to the Inland Revenue, the tax so paid being subsequently reclaimed by the charity.

DIRECTORS

The present directors who served throughout the year are as stated on page 1. Miss Maralyn Lewis resigned from the board on 12th March 1997.

The entire issued share capital of The Award Scheme Ltd. is held for the benefit of The Duke of Edinburgh's Award.

DIRECTORS RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

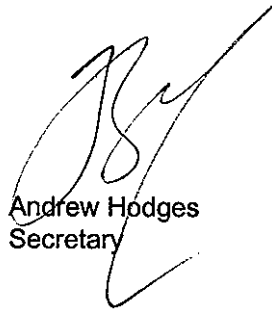
The directors are responsible for ensuring that proper accounting records are kept, and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

THE AWARD SCHEME LTD.

AUDITORS

A resolution to reappoint the honorary auditors Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'A. Hodges', written over the printed name and title.

Andrew Hodges
Secretary

Registered Office:
Plumtree Court,
London EC4A 4HT
10 July 1997

THE AWARD SCHEME LTD.

AUDITORS' REPORT TO THE MEMBERS OF THE AWARD SCHEME LTD.

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

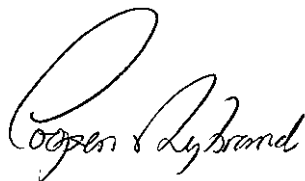
Basis of opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Coopers & Lybrand', is positioned above the printed name of the firm.

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
London

10 July 1997

THE AWARD SCHEME LTD.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997**

	Notes	1997 £	1996 £
TURNOVER		549,451	567,150
Cost of sales		(329,575)	(341,792)
GROSS PROFIT		219,876	225,358
Distribution costs		(42,318)	(44,896)
Management charge	1	(20,000)	(20,000)
Other operating charges	1	(114,998)	(97,374)
OPERATING PROFIT FOR THE YEAR	1	42,560	63,088
Interest receivable		2,765	5,972
PROFIT FOR THE YEAR		45,325	69,060
Profit covenanted to The Duke of Edinburgh's Award		(45,974)	(70,629)
(LOSS)/PROFIT RETAINED		(649)	(1,569)

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of gains and losses has been presented.

The accounts are prepared under the historical cost convention and represent only continuing operations.

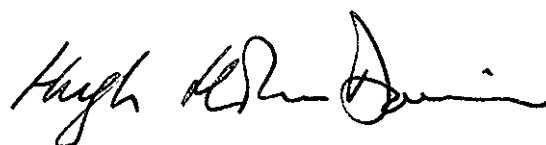
There is no difference between the operating profit for the year and the relevant profit for the year stated above, and their historical cost equivalents.

THE AWARD SCHEME LTD.

BALANCE SHEET AT 31 MARCH 1997

	Notes	1997 £	1996 £
FIXED ASSETS	2	4,748	2,483
CURRENT ASSETS			
Stocks		110,190	66,612
Debtors: amounts falling due within one year	3	154,859	173,492
Cash at bank and in hand		138,818	113,163
		<hr/>	<hr/>
		403,867	353,267
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	4	277,850	224,336
		<hr/>	<hr/>
NET CURRENT ASSETS		126,017	128,931
		<hr/>	<hr/>
NET ASSETS		130,765	131,414
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Revenue reserve	6	130,763	131,412
		<hr/>	<hr/>
		130,765	131,414
		<hr/>	<hr/>

The financial statements on pages 5 to 10 were approved by the board of directors on 10 July 1997 and were signed on its behalf by:



DIRECTOR

ACCOUNTING POLICIES

(a) **Basis of Accounting**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom.

(b) **Turnover**

Turnover comprises the value of goods sold and income received from sponsorship.

(c) **Stocks**

Stocks of products are held at the lower of cost and net realisable value.

(d) **Depreciation**

Depreciation of fixed assets is charged on a straight line basis on cost or valuation as follows;

Fixtures and Fittings	25% per annum
Computer equipment	33% per annum

(e) **Leased Assets**

Annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

(f) **Cash Flow Statement**

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Related Party

- (g) The Company is a wholly owned subsidiary of The Duke of Edinburgh's Award, and therefore is exempt from the disclosure requirements under FRS8, Related Parties Transactions.

THE AWARD SCHEME LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1 OPERATING PROFIT FOR THE YEAR

The operating profit is arrived at after charging:

	1997	1996
	£	£
Lease rental	14,478	5,910
Management charge	20,000	20,000
Depreciation	2,313	1,663
	<u> </u>	<u> </u>

The directors are grateful to the auditors who waived their fees.

The management charge is made to the company by The Duke of Edinburgh's Award in respect of the provision of accommodation, staff services and sundry office services.

Other operating charges include staff costs which comprise:-

Wages and salaries	72,585	75,819
Social security costs	6,989	8,182
Other pension costs	3,064	3,518
	<u> </u>	<u> </u>
	82,638	87,519

The average number of employees during the year was 6 (1996 - 7) all of whom are administrative and are located in the UK.

THE AWARD SCHEME LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997 ctd

2 FIXED ASSETS

	Fixtures & Fittings	Computer Equipment	1997 Total
	£	£	£
Cost at 1 April 1996	1,550	3,564	5,114
Addition in the year	4,199	379	4,578
Cost at 31 March 1997	<u>5,749</u>	<u>3,943</u>	<u>9,692</u>
Depreciation at 1 April	1,032	1,599	2,631
Charge for the year	1,061	1,252	2,313
Depreciation at 31 March 1997	<u>2,093</u>	<u>2,851</u>	<u>4,944</u>
Net book value at 31 March 1997	<u>3,656</u>	<u>1,092</u>	<u>4,748</u>
Net book value at 31 March 1997	<u>518</u>	<u>1,965</u>	<u>2,483</u>

3 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Trade debtors	125,746	168,486
Amounts due from a connected charity	20,485	4,859
Other debtors	5,240	-
Prepayments	<u>3,388</u>	<u>147</u>
	<u>154,859</u>	<u>173,492</u>

The amounts due from a connected charity are from The Duke of Edinburgh's Award International Foundation, a charity registered in the United Kingdom which has four Trustees in common with The Duke of Edinburgh's Award.

4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	27,692	93,001
Amounts due to The Duke of Edinburgh's Award	230,558	68,922
Net tax on covenants and interest	12,000	30,000
Other creditors	6,649	6,778
Accruals and deferred income	951	25,635
	<u>277,850</u>	<u>224,336</u>

THE AWARD SCHEME LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997 ctd

5 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
1000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

6 REVENUE RESERVE

Balance at 1 April	131,412	132,981
Retained (loss)/profit for the year	(649)	(1,569)
	<hr/>	<hr/>
Balance at 31 March	130,763	131,412
	<hr/>	<hr/>

7 DIRECTORS' EMOLUMENTS

None of the directors received any fees or emoluments in respect of their services to the company.

8 LEASE COMMITMENT

	1997 £	1996 £
More than 5 years, being the annual rental on leased property	8,000	5,800
	<hr/>	<hr/>

9 CONTINGENT LIABILITIES

There were no contingent liabilities. (1996 - nil)

10 PARENT UNDERTAKING

The Duke of Edinburgh's Award (a registered charity) is the ultimate parent. Copies of the Charity's accounts may be obtained from the Finance & Administration Director at Gulliver House, Madeira Walk, Windsor, Berks, SL4 1EU.

11 PENSION SCHEME

The company participates in The Pensions Trust, a defined contribution pension scheme for employees, membership of which is open to all employees over 21 who have completed a specified term of employment.

The cost of contributions during the year was £3,064 (1996 - £3,518) which has been charged to the profit and loss account.