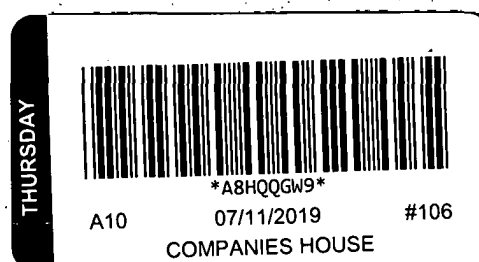


The Award Scheme Limited

Directors' Report and Financial Statements for the Year Ended 31 March 2019

Company Number: 2173914



The Award Scheme Limited

Directors:

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

Peter Westgarth (*Resigned 31-Mar-19*)
Malcolm Offord
Philip Treleven
David Oates

Company Secretary:

David Oates

Company Number:

2173914

Registered Office:

Gulliver House
Madeira Walk
Windsor
Berkshire
SL4 1EU

Independent auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers:

Lloyds Bank
8-10 Waterloo Place
London SW1Y 4BE

Solicitors:

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

The Award Scheme Limited

Directors' Report for the Year ended 31 March 2019

The Directors submit their annual report together with the audited financial statements for the year ended 31st March 2019. This report has been prepared in accordance with FRS102 and the Companies Act 2006 for small companies.

Principal Activities

The Award Scheme Limited's ("ASL") principal activities' are the sale and distribution of participant places, publications concerned with the promotion and operation of The Duke of Edinburgh's Award (also referred to as the "DofE" or the "Charity") and the collection of licence fees from licensed operators and commercial licensees.

Directors

The Directors are as stated on page 1. No Director had any financial interest in the company.

Political Contributions

The Company made no political donations or incurred any political expenditure during the year.

Review of the Year to March 2019

Business Review

The company supports The Duke of Edinburgh's Award through licensing, the sale of Welcome Packs to participants and through the provision of information and material to the Charity's licensed operators, volunteers and participants.

Results

2019 has been another record breaking year for the The Duke of Edinburgh's Award, with just short of 288,000 young people embarking on a DofE programme up 4.3% on the year before. This takes the Duke of Edinburgh's Award one step closer to realising its Diamond Ambition of 350,000 young people starting their DofE journey each year by 2020/21.

ASL have increased their turnover by 16% overall, with a growth in the licensing and participation income of 16% being supported by increases in turnover of operating and commercial income. Our commercial team formed a new relationship with JD Outdoor Group, a group of companies that include Go Outdoors, Millets, Blacks, Ultimate Outdoor and Tiso and we look forward to working with them over the next few years to offer DofE participants and associated adults cost savings and discounts on expedition kit and outdoor equipment.

A profit for the financial year of £9.7 million (2018: £8.4 million) was achieved on a turnover of £11 million (2018: £9.5 million). Profits of £9.7 million were gift aided to The DofE and £9,676 made as a charitable donation to The Duke of Edinburgh's International Award Foundation ("IAF").

Technical guidance was issued by the ICAEW in October 2014 requiring that, where a wholly owned trading subsidiary gift aids its taxable profits to its parent charity, the payments are treated as distributions in the same way as dividends. The Award Scheme Limited has previously entered into a deed of covenant to transfer profits to its parent, The Duke of Edinburgh's Award. As such, The Award Scheme Limited has an obligation to make this distribution at 31 March 2019 and has recognised this obligation within its financial statements.

Future

The company will continue to carry out trading activities in support of the DofE and The Duke of Edinburgh's International Award Foundation.

Dividend

No dividend is proposed to be paid by the company (2018: nil).

The Award Scheme Limited

Directors' Report for the Year ended 31 March 2019 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the 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 their profit or loss for that period. In preparing these 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate 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 enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



David Oates
Secretary
17 September 2019

Registered Office:
Gulliver House, Madeira Walk, Windsor, Berkshire, SL4 1EU

The Award Scheme Limited

Independent auditor's report to the members of The Award Scheme Limited

Opinion

We have audited the financial statements of The Award Scheme Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that reports and we do not express an audit opinion thereon.

The Award Scheme Limited

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London

E14 5GL

Date:

26 September 2019

The Award Scheme Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover	2	11,049,205	9,542,613
Cost of Sales		(747,981)	(537,187)
Gross Profit	2	10,301,224	9,005,426
Distribution Costs		(88,338)	(84,750)
Administrative Expenses		(15,000)	(14,000)
Other Operating Costs		(535,115)	(515,928)
Profit for the financial year		9,662,771	8,390,748

The Company has no recognised gains and losses other than the result above.

Statement of Changes in Equity

	Share Capital £	Profit and loss account £	Total £
Opening balance at 1 April 2018	2	88,194	88,196
Profit for the year	-	9,662,771	9,662,771
Distribution of Gift Aid to The Duke of Edinburgh's Award	-	(9,653,095)	(9,653,095)
Charitable donation payable to the Duke of Edinburgh's International Award Foundation	-	(9,676)	(9,676)
Closing balance at 31 March 2019	2	88,194	88,196

	Share Capital £	Profit and loss account £	Total £
Opening balance at 1 April 2017	2	88,194	88,196
Profit for the year	-	8,390,748	8,390,748
Distribution of Gift Aid to The Duke of Edinburgh's Award	-	(8,381,253)	(8,381,253)
Charitable donation payable to the Duke of Edinburgh's International Award Foundation	-	(9,495)	(9,495)
Closing balance at 31 March 2018	2	88,194	88,196

The Directors have early adopted the amendments to FRS 102 issued by the FRC in December 2017 relating to the tax effects of gift-aid payments from subsidiaries of charities to their charitable parents. As such a tax charge and deferred tax have not been recognised in the 2019 accounts and the 2018 comparatives have been restated to be consistent with this revised treatment.

The Award Scheme Limited

Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed Assets			
Tangible assets	3	685	644
Current assets			
Stock		139,985	192,908
Debtors	4	1,250,140	987,862
Cash at bank and in hand		2,115,898	1,836,616
Total Current Assets		3,506,023	3,017,386
Current liabilities			
Creditors: amounts falling due within 1 year	5	(3,418,512)	(2,929,834)
Net current assets		87,511	87,552
Net Assets		88,196	88,196
Capital and Reserves			
Called up and paid share capital	6	2	2
Profit and loss account	7	88,194	88,194
		88,196	88,196

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

The financial statements on pages 6 to 12 were approved by the board of directors on 17 September 2019 and were signed on its behalf by:



David Oates
Director
The Award Scheme Limited
Companies House Registration No 02173914

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Accounting Policies

(a) Basis of Accounting

The Award Scheme Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 2173914 and the registered address is Gulliver House, Madeira Walk, Windsor, SL4 1EU.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The Company's parent undertaking, The Duke of Edinburgh's Award includes the Company in its consolidated financial statements. The consolidated financial statements of The Duke of Edinburgh's Award are available to the public and may be obtained from Gulliver House, Madeira Walk, Windsor, SL4 1EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Directors have adopted the amendments to FRS 102 issued by the FRC in December 2017 relating to the tax effects of gift aid payments from subsidiaries of charities to their charitable parents. As such a tax charge and deferred tax have not been recognised in the 2019 accounts or 2018 comparatives.

(b) Going Concern

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Turnover

Turnover from sale of good is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, which is considered to be the point of delivery. Turnover on licence fee income is recognised over the period for which the licence is granted.

(d) Stocks

Stocks of products are held at the lower of cost and fair value less costs to sell. Stock relate to finished goods only.

(d) Fixed Assets and Depreciation

Computer systems, PCs, laptops and networks are capitalised on initial purchase. Replacement systems are capitalised; replacement parts are expensed. Other tangible fixed assets, including incidental expenses of acquisition are capitalised. Consumable items are expensed in the year they are incurred.

Depreciation of fixed assets is charged on a straight-line basis on cost as follows:

Fixtures and fittings	25% per annum
Computer licences, systems, hardware and software	33% per annum

(e) Leased Assets

Annual rentals on operating leases are charged to the profit and loss account on a straight-line basis over the lease term. The company has no finance leases. Lease incentives are recognised in profit or loss over the term of the lease as an integral part of the total lease expense.

The Award Scheme Limited

Notes to the Financial Statement for the Year Ended 31 March 2019 (continued)

- (f) **Related Parties**
The company is a wholly owned subsidiary of The Duke of Edinburgh's Award, and therefore is exempt under FRS102, paragraph 33.1A, Related Parties Transactions, from disclosing transactions with the DoE.
- (g) **Pension Costs**
On 1 April 2014 the charity introduced a new defined contribution pension scheme for its employees, managed by Scottish Widows. This cost £36.6k (2018: £34k) is included within total staff costs.
- (h) **Expenditure**
All expenditure is accounted for on an accruals basis. A management fee is charged to the company by The Duke of Edinburgh's Award to cover financial and administration support. The fee is calculated based on the number of employees working on Award Scheme Limited business.
- (i) **VAT**
Expenditure is recorded net of VAT to the extent that it is recoverable.
- (j) **Gift Aid**
Technical guidance was issued by the ICAEW in October 2014 requiring that, where a wholly owned trading subsidiary gift aids its profits to its parent charity, the payments are treated as distributions in the same way as dividends. Award Scheme Limited has previously entered into a deed of covenant to transfer profits to its parent, The Duke of Edinburgh's Award. As such, Award Scheme Limited has an obligation to make this distribution at 31 March 2014 and has recognised this obligation within its financial statements and correctly recognised this as an expense.
- (k) **Significant accounting estimates and judgements**
Management have not applied any accounting estimates or judgements when preparing these financial statements.
- (l) **Financial Instruments**
Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

2 Turnover and Gross Profit for the Year

	Turnover 2019 £	Gross Profit 2019 £	Turnover 2018 £	Gross Profit 2018 £
Licensing and Participation	9,537,054	9,319,238	8,223,783	8,054,247
Operational Income	859,545	509,747	687,447	411,463
Commercial Income	652,606	472,239	631,383	539,716
	<u>11,049,205</u>	<u>10,301,224</u>	<u>9,542,613</u>	<u>9,005,426</u>

Other operating costs include recharged staff costs which comprise:	2019	2018
	£	£
Wages & salaries	359,327	336,433
Social security costs	34,252	33,645
Pension costs	36,580	34,031
Other staff costs	783	9,805
	<u>430,942</u>	<u>413,914</u>

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

Turnover and Gross Profit for the Year (continued)

The average monthly full time equivalent number of staff during the year was 12 (2018: 9) all of whom are engaged in operational activities and are located in the UK. ASL employees hold The Duke of Edinburgh's Award employment contracts and their costs are recharged to ASL by The Duke of Edinburgh's Award.

All sales are made in the UK with the exception of £37,040 (2018: £28,547) that are made overseas on behalf of The Duke of Edinburgh's Award International Award Foundation ("IAF").

The audit fees for The Award Scheme Limited are borne by The Duke of Edinburgh's Award and disclosed in the group financial statements. For the year ended 31 March 2019 the fees for the group were £38,760 (2018: £38,000). The amount relating to The Award Scheme Limited is £9,690 (2018: £9,500).

3 Fixed Assets

	Fixtures, Fittings & Equipment £	Computer Equipment £	Computer Software £	Total £
Cost at 1 April 2018	23,643	6,724	23,008	53,375
Additions	624	-	-	624
Cost at 31 March 2019	24,267	6,724	23,008	53,999
Depreciation at 1 April 2018	(22,999)	(6,724)	(23,008)	(52,731)
Charge for the year	(583)	-	-	(583)
Depreciation at 31 March 2019	(23,582)	(6,724)	(23,008)	(53,314)
Net book value at 31 March 2018	644	-	-	644
Net book value at 31 March 2019	685	-	-	685

4 Debtors

	2019 £	2018 £
Trade debtors	1,035,482	803,113
Prepaid Expenses	35,918	53,019
Accrued income	178,740	131,730
	1,250,140	987,862

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

5 Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	100,963	162,532
Amounts due to parent company	3,023,779	2,509,556
Other creditors	9,676	9,495
Accruals and deferred income	257,990	213,416
Received on behalf of parent company	26,104	34,835
	<u>3,418,512</u>	<u>2,929,834</u>

The amount due to parent company is the balance owed on the gift aid at the end of the year. Gift aid payments are made to the parent company throughout the financial year. It is not secured on the assets of the company and is payable within 9 months of the year end. The intercompany balance does not attract interest and is repayable on demand.

6 Called Up Share Capital

	2019	2018
	£	£
Authorised: 1000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid: 2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

7 Profit & Loss Reserve

	2019	2018
	£	£
Balance as at 1 April	88,194	88,194
Retained profit or loss for the year	-	-
Balance as at 31 March	<u>88,194</u>	<u>88,194</u>

8 Directors' Emoluments

None of the directors received any fees or emoluments in respect of their services to the company (2018: £nil). A portion of Directors remuneration is included in the £15,000 management charge shown under Administrative Expenses (2018: £14,000) in the Profit & Loss account.

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2019 (continued)

9 Lease Commitment

Non-cancellable operating lease rentals are payable as follows:

	2019 £	2018 £
Land & Buildings		
Less than 1 year	22,400	22,400
2 to 5 years	-	22,400
After 5 years	-	-
Total rentals under operating leases charged as expense in the SOFA	22,400	22,400

10 Contingent Liabilities

There were no contingent liabilities or financial commitments (2018: £Nil).

11 Related Party Transactions

The company is exempt under FRS102 paragraph 33.1A, Related Party Transactions, from disclosing transactions with The Duke of Edinburgh's Award.

The Award Scheme Limited has donated £9,676 (2018: £9,495) to the International Award Foundation (IAF) for sales of IAF branded materials. IAF ceased being a connected charity during the year ended 31st March 2015.

12 Parent Undertaking

The immediate parent and controlling party is The Duke of Edinburgh's Award (a registered charity). Copies of the Charity's consolidated financial statements may be obtained from the Company Secretary at Gulliver House, Madeira Walk, Windsor, Berkshire, SL4 1EU.