

The Award Scheme Limited

Directors' Report and Financial Statements for the Year Ended 31 March 2018

Company Number: 2173914

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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
Malcolm Offord
Philip Treleven
David Oates (appointed 27th July 2017)
George Jenkins (resigned 27th July 2017)

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 2018

The Directors submit their annual report together with the audited financial statements for the year ended 31st March 2018. 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 2018

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

2018 has been another record breaking year for the The Duke of Edinburgh's Award, with just short of 276,000 young people embarking on a DofE programme up 1.7% 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 7% overall, with a growth in the licensing and participation income of 9% being offset by a small expected reduction in turnover of operating and commercial income. We now have 3,019 licensed organisations, up 16% on the previous year. The number of centres where young people can embark on their DofE is now a massive 10,014 nationwide meaning we are reaching more people than ever before. Whilst the turnover for DofE for Business fell because fewer people were being put through the award by their employers, the number of business that have started offering their employees and apprentices the opportunity to do an award has increased and we welcome Tarmac, St James Place Wealth Management, UK Power Networks and Lookers Plc.

A profit for the financial year of £8.4 million (2017: £7.7 million) was achieved on a turnover of £9.5 million (2017: £8.9 million). Profits of £8.4 million were gift aided to The DofE and £9,691 gift aided 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 2018 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 (2017: nil).

The Award Scheme Limited

Directors' Report for the Year ended 31 March 2018 (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 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 the profit or loss of the company 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 the 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
24 September 2018

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

The Award Scheme Limited

Independent auditor 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 2018 which comprise the Profit and Loss Account and Other Comprehensive income, the Statement of Changes in Equity, the Balance Sheet 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 2018 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

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 that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

The Award Scheme Limited

Directors' responsibilities

As explained more fully in their statement set out on page [X], 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.

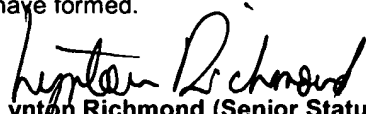
Auditor's responsibilities

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

28 September 2018

The Award Scheme Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	2	9,542,613	8,899,474
Cost of Sales		(537,187)	(610,548)
Gross Profit	2	9,005,426	8,288,926
Distribution Costs		(84,750)	(80,595)
Administrative Expenses		(14,000)	(16,000)
Other Operating Costs		(515,928)	(481,111)
Profit for the financial year		8,390,748	7,711,220

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 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 and The Duke of Edinburgh's Award International Award Foundation	-	(8,390,748)	(8,390,748)
Closing balance at 31 March 2018	2	88,194	88,196

	Share Capital £	Profit and loss account £	Total £
Opening balance at 1 April 2016	2	88,194	88,196
Profit for the year	-	7,711,219	7,711,220
Distribution of Gift Aid to The Duke of Edinburgh's Award and The Duke of Edinburgh's Award International Award Foundation	-	(7,711,219)	(7,711,220)
Closing balance at 31 March 2017	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 2018 accounts and the 2017 comparatives have been restated to be consistent with this revised treatment.

The Award Scheme Limited

Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	3	644	4,333
Current assets			
Stock		192,908	170,875
Debtors	4	987,862	1,167,887
Cash at bank and in hand		1,836,616	725,559
Total Current Assets		3,017,386	2,064,321
Current liabilities			
Creditors: amounts falling due within 1 year	5	(2,929,834)	(1,980,458)
Net current assets		87,552	83,863
Net Assets		88,196	88,196
Capital and Reserves			
Called up and paid share capital	6	2	2
Revenue reserve	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 24 September 2018 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 2018

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.

(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.

(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 DoFE.

The Award Scheme Limited

Notes to the Financial Statement for the Year Ended 31 March 2018 (continued)

(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 (£30k) 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 2018 £	Gross Profit 2018 £	Turnover 2017 £	Gross Profit 2017 £
Licensing and Participation	8,223,783	8,054,247	7,528,397	7,343,248
Operational Income	687,447	411,463	736,124	353,766
Commercial Income	631,383	539,716	634,953	591,911
	<u>9,542,613</u>	<u>9,005,426</u>	<u>8,899,474</u>	<u>8,288,925</u>
Other operating costs include recharged staff costs with comprise:			2018 £	2017 £
Wages & salaries			336,433	305,056
Social security costs			33,645	30,390
Pension costs			34,031	29,824
Other staff costs			9,805	5,031
			<u>413,914</u>	<u>370,301</u>

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

Turnover and Gross Profit for the Year (continued)

The average monthly full time equivalent number of staff during the year was 9 (2017: 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 £28,547 (2017: £24,937) 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 2018 the fees for the group were £38,000 (2017: £38,000). The amount relating to The Award Scheme Limited is £9,500 (2017: £9,500).

3 Fixed Assets

	Fixtures, Fittings & Equipment £	Computer Equipment £	Computer Software £	Total £
Cost at 1 April 2017	23,643	6,724	23,008	53,375
Additions	-	-	-	-
Disposals	-	-	-	-
Cost as at 31 March 2018	23,643	6,724	23,008	53,375
Depreciation at 1 April 2017	(19,512)	(6,521)	(23,008)	(49,041)
Charge for the year	(3,487)	(203)	-	(3,690)
Depreciation as at 31 March 2018	(22,999)	(6,724)	(23,008)	(52,731)
Net book value at 31 March 2017	4,131	202	-	4,333
Net book value at 31 March 2018	644	-	-	644

4 Debtors

	2017 £	2017 £
Trade debtors	803,113	1,023,430
Prepaid Expenses	53,019	24,437
Accrued income	131,730	120,020
	987,862	1,167,887

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

5 Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	162,532	115,219
Amounts due to parent company	2,509,556	1,551,964
Other creditors	9,495	4,858
Accruals and deferred income	213,416	235,372
Received on behalf of parent company	34,835	73,045
	<u>2,929,834</u>	<u>1,980,458</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

	2018	2017
	£	£
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

	2018	2017
	£	£
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 (2017: £nil). A portion of Directors remuneration is included in the £16,000 management charge shown under Administrative Expenses (2017: £21,000) in the Profit & Loss account.

The Award Scheme Limited

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

9 Lease Commitment

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£	£
Land & Buildings		
Less than 1 year	22,400	22,400
2 to 5 years	22,400	44,800
After 5 years	-	-

10 Contingent Liabilities

There were no contingent liabilities or financial commitments (2017: £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 £9,495 (2017: £4,858) 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.