

THE AWARD SCHEME LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2000

Company Number: 2173914



THE AWARD SCHEME LTD

DIRECTORS: Sir Tom Farmer, CBE (Chairman)
Michael Kingshott
Lady Ryder, MBE
Michael Gretton CB
Andrew Hodges
Janet Shepherd

SECRETARY: Andrew Hodges

COMPANY NUMBER: 2173914

REGISTERED OFFICE: Plumtree Court
London
EC4A 4HT

HONORARY AUDITORS: PricewaterhouseCoopers
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 2000.

PRINCIPAL ACTIVITIES

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.

During the year ownership of the company was transferred from The Duke of Edinburgh's Award, a charitable trust, to The Duke of Edinburgh's Award, a company limited by guarantee.

BUSINESS REVIEW

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

Core products have reached the majority of the established existing market but new and repeat orders of current products were lower than the previous year. This reflects the anticipation of new products scheduled to be produced in the year to 31 March 2001.

During the year the company ran a national raffle, the net proceeds of which were distributed to The Duke of Edinburgh's Award.

A new membership scheme (Link) run on behalf of the parent charity, The Duke of Edinburgh's Award, was started during the year.

RESULTS

A profit after interest, but before donations to the Duke of Edinburgh's Award, of £92,710 (1999: £17,305) was achieved on the year's trading. £8,609 has been distributed under the terms of a deed of covenant to the charity, The Duke of Edinburgh's Award. The difference has been taken to revenue reserve.

The company was 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. From 1 April 2000 all charitable donations will be paid gross.

DIRECTORS

The directors, who served throughout the year, are as stated on page 1.

The beneficial ownership of the entire issued share capital of The Award Scheme Ltd is held by 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 AWARD SCHEME LTD

DIRECTORS' REPORT – CONTINUED

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 2000. 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.

YEAR 2000

A strategy to ensure millennium compliance was undertaken during the year. The directors confirm that no operational or administrative problems were found.

AUDITORS

PricewaterhouseCoopers have been appointed as auditors. The company has elected to dispense with the appointment of auditors annually pursuant to the provisions of the Companies Act 1985 (S386).

By order of the board



Andrew Hodges
Secretary

Registered Office:
Plumtree Court,
London EC4A 4HT

4 July 2000

THE AWARD SCHEME LTD

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

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6NN

11th July 2000

THE AWARD SCHEME LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 £	1999 £
TURNOVER		674,873	531,310
Cost of sales		(353,251)	(295,389)
GROSS PROFIT		321,622	235,921
Distribution costs		(73,161)	(60,968)
Management charge	1	(20,000)	(20,000)
Other operating charges	1	(137,774)	(140,775)
OPERATING PROFIT FOR THE YEAR		90,687	14,178
Interest receivable		2,023	3,127
PROFIT FOR THE YEAR		92,710	17,305
Donations to The Duke of Edinburgh's Award			
- Raffle		(82,666)	-
- Profit covenanted		(8,609)	(18,867)
PROFIT/(LOSS) RETAINED	6	1,435	(1,562)

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 2000

	Note	2000 £	1999 £
FIXED ASSETS	2	9,207	15,433
CURRENT ASSETS			
Stocks		93,499	68,839
Debtors: amounts falling due within one year	3	77,218	101,227
Cash at bank and in hand		127,474	23,920
		<hr/>	<hr/>
		298,191	193,986
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	4	177,379	80,835
		<hr/>	<hr/>
NET CURRENT ASSETS		120,812	113,151
		<hr/>	<hr/>
NET ASSETS		130,019	128,584
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Revenue reserve	6	130,017	128,582
		<hr/>	<hr/>
		130,019	128,584
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 5 to 11 were approved by the board of directors on 4 July 2000 and were signed on its behalf by:

DIRECTOR



THE AWARD SCHEME LTD

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. It also includes raffle ticket sales and subscriptions to Award Link, which are accounted for when received.

(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.

(g) Related Party

The company is a wholly owned subsidiary of The Duke of Edinburgh's Award, and therefore is exempt under FRS8, Related Parties Transactions, from disclosing transactions with the Award.

THE AWARD SCHEME LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

1 TURNOVER AND PROFIT FOR THE YEAR

Turnover and operating profit analysed further

	Turnover 2000 £	Gross profit 2000 £	Turnover 1999 £	Gross profit 1999 £
Sale of goods	545,994	212,299	531,310	235,921
Raffle	101,936	82,666	-	-
Award Link subscriptions	26,943	26,657	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	674,873	321,622	531,310	235,921
	<hr/>	<hr/>	<hr/>	<hr/>

The operating profit is arrived at after charging:

	2000 £	1999 £
Lease rental	16,895	16,281
Management charge	20,000	20,000
Depreciation	8,408	7,644
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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	100,294	97,275
Social security costs	9,079	9,036
Other pension costs	3,315	3,055
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	112,688	109,366
	<hr/>	<hr/>

The average number of employees during the year was 6 (1999: 6) 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 2000 (CONTINUED)

2	FIXED ASSETS	Fixtures & Fittings	Computer Equipment	Total
		£	£	£
	Cost at 1 April 1999	9,466	21,450	30,916
	Additions in the year	2,182	-	2,182
	Disposals in the year	(1,550)	(3,185)	(4,735)
		<hr/>	<hr/>	<hr/>
	Cost at 31 March 2000	10,098	18,265	28,363
		<hr/>	<hr/>	<hr/>
	Depreciation at 1 April 1999	5,903	9,580	15,483
	Charge for the year	2,407	6,001	8,408
	Eliminated on disposal	(1,550)	(3,185)	(4,735)
		<hr/>	<hr/>	<hr/>
	Depreciation at 31 March 2000	6,760	12,396	19,156
		<hr/>	<hr/>	<hr/>
	Net book value at 31 March 2000	3,338	5,869	9,207
		<hr/>	<hr/>	<hr/>
	Net book value at 31 March 1999	3,563	11,870	15,433
		<hr/>	<hr/>	<hr/>
3	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2000	1999
			£	£
	Trade debtors		65,733	96,072
	Other debtors		9,335	-
	Prepayments		2,150	5,155
			<hr/>	<hr/>
			77,218	101,227
			<hr/>	<hr/>

THE AWARD SCHEME LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (CONTINUED)

	2000 £	1999 £
4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	70,746	8,166
Amounts due to parent undertaking	99,489	56,770
Amounts due to a connected charity	180	865
Net tax on covenants and interest	3,795	5,750
Other creditors	425	3,183
Accruals and deferred income	2,744	6,101
	<hr/>	<hr/>
	177,379	80,835
	<hr/>	<hr/>

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

5 CALLED UP SHARE CAPITAL

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	128,582	130,144
Retained profit/(loss) for the year	1,435	(1,562)
	<hr/>	<hr/>
Balance at 31 March	130,017	128,582
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7 DIRECTORS' EMOLUMENTS

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

8 LEASE COMMITMENT

Between 2 and 5 years, being the annual rental on leased property

17,120	17,120
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THE AWARD SCHEME LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (CONTINUED)

9 CONTINGENT LIABILITIES

There were no contingent liabilities or significant financial commitments (1999: £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 Company Secretary at Gulliver House, Madeira Walk, Windsor, Berks, SL4 1EU.

11 SUBSIDIARY UNDERTAKING

The directors of Knockout Limited applied to Companies House for the company to be struck off the register. The company was struck off on 14 September 1999. The net assets were valued at £Nil.

12 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 £3,315 (1999: £3,055) which has been charged to the profit and loss account.