

# **CHILDREN IN NEED LIMITED**

## **DIRECTORS REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2019**



Registered Company    2461031

# **Corporate information**

## **Year Ended 30 June 2019**

### **Secretary**

Peter Ranyard

### **Directors**

Glyn Isherwood

Luke Mayhew

Peter Ranyard

### **Principal Officers**

Simon Antrobus

Chief Executive

Karen Bass

Chief Operating Officer

Tommy Nagra

Director of Content

Joanne Ruddock

Director of Insight

Anna Whitton

Director of Impact

Claire Hoyle

Commercial Director

### **Auditors**

Ernst & Young LLP

2 St Peter's Square

Manchester

M2 3EY

### **Bankers**

HSBC Bank Plc

Fenchurch Street Branch

60 Fenchurch Street

London

EC3M 4BA

### **Solicitors**

Bates Wells Braithwaite LLP

Thames Exchange 10 Queen Street

London

EC4R 1BE

Fieldfisher LLP

35 Vine Street

London

EC3N 2AA

Mills & Reeve LLP

Fountain House, 130 Fenchurch Street

London

EC3M 5DJ

### **Registered Office**

Bridge House

Salford

M50 2BH

# **Directors' Report**

## **Year Ended 30 June 2019**

The Directors present their report and the financial statements for the year ended 30 June 2019. In accordance with section 414B of the Companies Act 2006, the company has taken advantage of the small companies' exemption in relation to the requirement to prepare a Strategic Report.

### **Directors**

The current directors are shown on Page 1. Anne Bulford resigned as Director on 5 April 2019 and Glyn Isherwood was appointed on 26 June 2019.

### **Principal activity**

The principal activity of the company continues to be the licensing and sale of merchandise marketed using the Pudsey Bear brand and logo. Pudsey Bear is the official logo of BBC Children in Need Appeal.

### **Review of business**

Sales in Children in Need Limited are derived from the sale of merchandise to the public and fundraisers through our online store and fundraising events. In addition, Corporate Partners purchase Children in Need product to support their fundraising activities as well as sell their own products licensed by Children in Need Limited.

Turnover in the year to 30 June 2019 increased by £52,446 (1.6%) compared to prior year due to the small growth in licensed income which relates to products developed with our Corporate Partners featuring the Pudsey brand.

### **Dividends**

The directors do not recommend the payment of a dividend (2018: nil). The company made an after tax profit for the period of £nil (2018: £nil).

### **Future developments**

The directors aim to continue to pursue a growth strategy and anticipate that the next year will show a further growth in sales from continuing operations, particularly of licensed products to our corporate partners.

### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and BBC Children in Need has indicated that it will not require repayment of the intercompany loan within one year from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **By Order of the Board**



Luke Mayhew, Director

15 October 2019

Registered Company No: 2461031

## **Directors' responsibilities statement**

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

Company law requires directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law).

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its activities.

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 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 CHILDREN IN NEED LIMITED**

### **Opinion**

We have audited the financial statements of Children in Need Limited (the 'company') for the year ended 30 June 2019 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILDREN IN NEED LIMITED**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILDREN IN NEED LIMITED**

### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

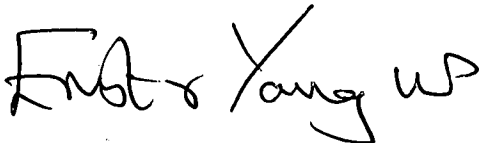
### **Auditor's responsibilities for the audit of the financial statements (continued)**

This report is made solely to the company's members, as a body, in accordance with Chapter 4 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young WP', is written over the printed name and company details.

Julian Yates (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
17 October 2019

# Income Statement

## For the year ended 30 June 2019

	Notes	Year to 30 June 2019 £	Year to 30 June 2018 £
Turnover	2	3,429,282	3,376,836
Cost of sales		(451,363)	(401,929)
Gross profit		2,977,919	2,974,907
Administration expenses		(251,433)	(201,855)
Gift Aid payment		(2,727,532)	(2,773,523)
Operating loss	3	(1,046)	(471)
Interest receivable and similar income	5	1,046	471
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	6	-	-
Result for the period		-	-

The profit and loss account represents the continuing operations of the company. There are no discontinued operations.

The company has no recognised gains and losses other than those included in the result above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the result for the year ended stated above, and their historical cost equivalents.



## Statement of Changes in Equity

### At 30 June 2019



	Called-up share capital	Profit and loss account	Shareholders equity
	£	£	£
At 1 July 2017	2	14,695	14,697
Result for the year	-	-	-
<b>At 30 June 2018</b>	<b>2</b>	<b>14,695</b>	<b>14,697</b>
At 1 July 2018	2	14,695	14,697
Result for the year	-	-	-
<b>At 30 June 2019</b>	<b>2</b>	<b>14,695</b>	<b>14,697</b>

# Statement of Financial Position

## At 30 June 2019

	Notes	As at 30 June 2019		As at 30 June 2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		13,267		25,233
<b>Current assets</b>					
Stock	8	100,555		129,701	
Debtors	9	2,973,145		1,297	
Cash at bank and in hand		401,206		3,607,806	
		<u>3,474,906</u>		<u>3,738,804</u>	
<b>Creditors: amounts falling due within one year</b>	10	(3,473,476)		(3,749,340)	
<b>Net current assets /(liabilities)</b>			1,430		(10,536)
<b>Net assets</b>			<u>14,697</u>		<u>14,697</u>
<b>Capital and reserves</b>					
Called up share capital	11		2		2
Profit and loss account	12		14,695		14,695
<b>Shareholders' funds</b>			<u>14,697</u>		<u>14,697</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements on pages 7 to 15 were approved by the board of directors on 15 October 2019 and signed on its behalf by:

GLYN ISHERWOOD  )  
 LUKE MAYHEW  ) Directors

## Statement of Changes in Equity

### At 30 June 2019



	Called-up share capital	Profit and loss account	Shareholders equity
	£	£	£
At 1 July 2017	2	14,695	14,697
Result for the year	-	-	-
<b>At 30 June 2018</b>	<b>2</b>	<b>14,695</b>	<b>14,697</b>
At 1 July 2018	2	14,695	14,697
Result for the year	-	-	-
<b>At 30 June 2019</b>	<b>2</b>	<b>14,695</b>	<b>14,697</b>

# Statement of Financial Position

## At 30 June 2019

	Notes	As at 30 June 2019		As at 30 June 2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		13,267		25,233
<b>Current assets</b>					
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GLYN ISHERWOOD  )  
LUKE MAYHEW  ) Directors

# Notes to the Financial Statements

## For the year to 30 June 2019

### I Accounting policies

#### Statement of compliance

Children in Need Limited is a limited liability company incorporated in England. The Registered Office is Bridge House, Media City UK, Salford M50 2BH.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 30 June 2019.

#### Basis of preparation

The financial statements of the company were authorised for issue on 15 October 2019.

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

The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £. The Company's presentational currency is the same as its functional currency.

#### Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements in accordance with FRS 102:

- the requirements of section 4 *Statement of Financial Position* paragraph 4.12(a)(iv);
- the requirements of section 7 *Statement of Cash Flows* and section 3 *Financial Statement Presentation* paragraph 3.17(d);
- the requirements of section 11 *Financial Instruments* paragraphs 11.39 to 11.48A; and
- the requirements of section 33 *Related Party Disclosures* paragraph 33.7

#### Turnover

Turnover is the combination of licensing income generated through sales of merchandise by a range of commercial partners, and trading income for merchandise items sold at events and online. Revenue from the online sale of goods and licensed income is recognised on receipt of payment and revenue from the sale of goods to corporate partners is recognised on despatch. In both cases this is where significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably and is probable that the economic benefits associated with the transaction will flow to the entity (see note 2).

# Notes to the Financial Statements

## For the year ended 30 June 2019 (continued)

### Accounting policies (continued)

#### Cost of sales

Cost of sales represents the cost to purchase merchandise sold in support of The BBC Children in Need Appeal.

#### Gift Aid payment

The profit generated by Children in Need Limited is transferred via Gift Aid to BBC Children in Need (Registered charity England & Wales no. 802052 and Scotland no. SC039557).

#### Tangible assets

Tangible assets costing more than £1,000 are capitalised, and recorded at cost less accumulated depreciation. Depreciation is provided on all tangible assets at rates calculated to write off the costs of each asset on a straight line basis over its expected useful life as follows:

IT equipment and software	3 years
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Further details of fixed assets are shown in Note 7.

#### Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

#### Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in administration expenses.

#### Loan from BBC Children in Need Appeal

The loan is a basic financial instrument and is recorded at fair value on both initial recognition and subsequent recognition. As the loan is repayable on demand fair value is equal to face value.

#### Going Concern

The directors have prepared these accounts on a going concern basis because its parent 'BBC Children in Need' has confirmed that it will not require repayment of the intercompany loan balance within one year from the date of signing these financial statements.

# Notes to the Financial Statements

## For the year ended 30 June 2019 (continued)

### 2 Turnover

Turnover, analysed by category, was as follows:

	Year to 30 June 2019 £	Year to 30 June 2018 £
Trading	692,443	632,271
Licensing	2,736,839	2,744,565
	<u>3,429,282</u>	<u>3,376,836</u>

### 3 Operating loss

	Year to 30 June 2019 £	Year to 30 June 2018 £
<i>Operating loss is stated after charging:</i>		
Depreciation	11,966	11,715
Auditors' remuneration – audit of financial statements	2,000	2,000
	<u></u>	<u></u>

### 4 Directors and employees

The Directors received no emoluments during the year (2018: none).

The Company has no employees but is charged an administration fee from BBC Children in Need in respect of any services provided. The fee for 2019 was £158,262 (2018: £162,754).

### 5 Interest receivable and similar income

	Year to 30 June 2019 £	Year to 30 June 2018 £
Bank interest received	<u>1,046</u>	<u>471</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019 (continued)

### 6 Taxation

No provision for taxation is required for 2019 (2018: no provision) due to nil taxable income.

### 7 Tangible assets

	IT equipment & software
<b><u>Cost</u></b>	
As at 1 July 2018	74,637
Additions	-
Disposals	-
As at 30 June 2019	74,637
<b><u>Accumulated depreciation</u></b>	
As at 1 July 2018	49,404
Charge For the Year	11,966
Disposals	-
As at 30 June 2019	61,370
<b><u>Net book value</u></b>	
As at 1 July 2018	25,233
As at 30 June 2019	13,267

### 8 Stock

	Year to 30 June 2019 £	Year to 30 June 2018 £
Stock to be sold	100,555	129,701

Stock recognised in cost of sales during the year as an expense was £336,215 (2018: £285,010).

### 9 Debtors

	Year to 30 June 2019 £	Year to 30 June 2018 £
Trade debtors	2,969,293	1,297
Prepayments	3,852	-
	2,973,145	1,297



## Notes to the Financial Statements

### For the year ended 30 June 2019 (continued)

#### 10 Creditors: amounts falling due within one year

	Year to 30 June 2019 £	Year to 30 June 2018 £
Amounts owed to group undertakings	2,945,508	3,241,399
Trade creditors	4,491	5,745
Accruals	-	-
VAT	523,477	502,196
	<u>3,473,476</u>	<u>3,749,340</u>

Included within the amount owed to group undertakings of £2,945,508 (2018: £3,241,399) is the gift aid payment to BBC Children in Need for £2,727,532 (2018: 2,773,523) and an intercompany loan with BBC Children in Need for £350,000 (2018: £450,000).

#### 11 Called up share capital

	Year to 30 June 2019 £	Year to 30 June 2018 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

#### 12 Profit and loss account

	Year to 30 June 2019 £	Year to 30 June 2018 £
At 1 July 2018	14,695	14,695
Result for the year	-	-
At 30 June 2019	<u>14,695</u>	<u>14,695</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019 (continued)

### 13 Reconciliation of movements in shareholders' funds

	Year to 30 June 2019 £	Year to 30 June 2018 £
Opening shareholders' funds	14,697	14,697
Result for the year	-	-
Closing shareholders' funds	14,697	14,697

### 14 Related parties

During the year the Company entered into transactions with a related party, in the ordinary course of business. Trading balances outstanding at 30 June 2018 are as follows:

	Year to 30 June 2019 £	Year to 30 June 2018 £
Parent company	2,945,508	3,241,399

The Company has taken advantage of the exemption under paragraph 33.1a of FRS 102 not to disclose transactions with the parent company as it is wholly owned.

#### Key Management Personnel

All principal officers who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. The costs are borne by BBC Children in Need and details of the recharge are included note 4.

### 15 Ultimate parent undertaking

The Company is a wholly owned subsidiary of BBC Children in Need (Registered Charity number 802052 and Registered Company number 4723022).

Children in Need Limited assigns its taxable profit to BBC Children In Need through the making of corresponding payment under the provisions of HM Revenue and Customs Gift Aid Scheme.

The consolidated accounts of the group are available to the public and may be obtained from BBC Children in Need, Bridge House, Salford, M50 2BH.