

England and Wales Cricket Board Limited

**Annual report and consolidated
financial statements**

Registered number 3251364

Year ended 31 January 2018



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Strategic report

The directors present their annual report and the audited financial statements for the year ended 31 January 2018.

In preparing this report, the directors have complied with s414c of the Companies Act 2006.

Principal activities, review of operations and future prospects

The group's turnover is derived primarily from cricket related activities carried out in England and Wales and in respect of participation by England teams in international events run by the International Cricket Council (ICC).

In addition to having a highly seasonal business, with the vast majority of income being earned in the summer, the business is also cyclical – with annual revenues varying significantly year on year – as a result of the occurrence of ICC international events and the scheduling of overseas teams touring England & Wales.

In 2017, ECB continued with the high levels of contributions to our cricket network and stakeholders. A special fee distribution of £1.3m was paid to each First Class County in either 2016 or 2017, relating to the 2018 home India series. A further special fee distribution of £1m is scheduled to be paid to each First Class County in either 2018 or 2019, relating to Cricket World Cup 2019. These previously unprecedented contributions, coupled with continued significant investment in strategic Participation and Growth initiatives, including the expansion of our first nationwide entry-level programme, resulted in a loss for the financial year of £30.2m (2016: £37.3m).

ECB's financial model has historically been based around a four-year business cycle, with each four-year period having one home Ashes Series and one tour by India to England and Wales. The 2017/18 financial year represents year four of the 2014-17 cycle. Relative to India (2014) and Ashes (2015) years, the final two years of the cycle generate significantly lower levels of revenue and in turn deliver losses to the group, which are funded through accumulated reserves.

ECB's main areas of administrative expenditure are:

- Fee payments to First Class Counties and other costs to reflect their role in leading and supporting the growth of cricket in their county and providing a pathway for our most talented players to prepare for international cricket
- Costs incurred to support England teams across our senior men's, women's, disability and Lions teams in the talent Pathway as well as Performance Centre
- Recreational and grassroots costs including Minor County and County Board cricket, Premier Leagues and capital and revenue grants to County Cricket Boards
- Administration costs incurred by ECB in its role to lead and support the growth of cricket in England and Wales

In 2018, there are scheduled to be seven men's Test Matches, five against India and two against Pakistan; eight Royal London One Day International Matches, five against Australia and three against India; and four Vitality Twenty20 International Matches, three against India and one against Australia.

In 2019, there are scheduled to be six men's Test Matches, five against Australia and one against the Test Match Associate winner; five Royal London One Day International Matches and one Vitality Twenty20 International Match against Pakistan. The ECB will also be hosting the ICC World Cup as well as the Physical Disability World Championship in 2019.

Looking further forward, ECB has secured significantly increased broadcast revenues for the period 2020-24. These increased revenues can support the growth of the game and sustainability of the First Class Counties, with investment linked to a new strategy for the game for the period 2020-24.

Strategic report (continued)

Group financial results and reserves

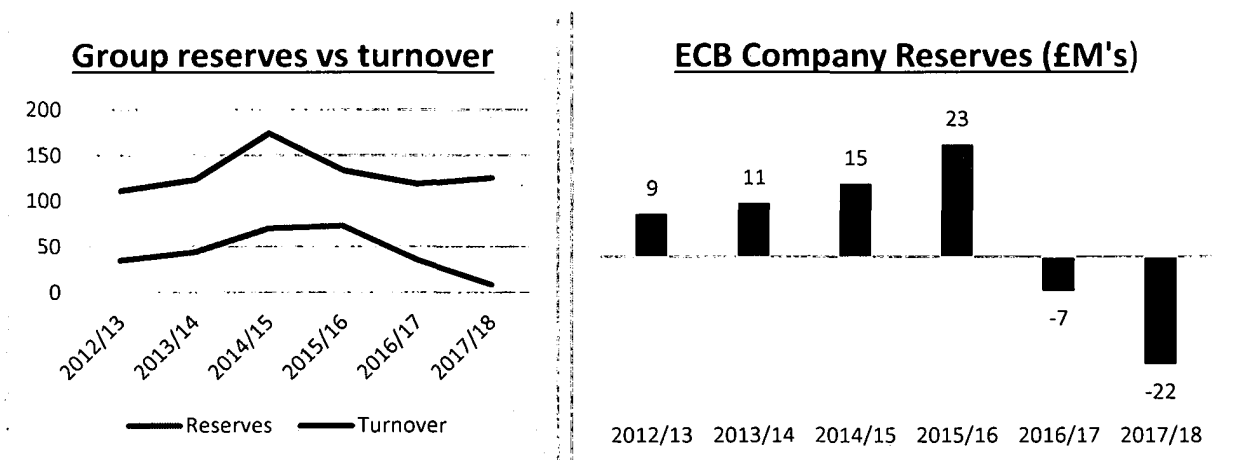
Turnover in the year amounted to £125.5m (2017: £118.9m). Cost of sales in the year amounted to £18.2m (2017: £19.5m).

The group's administrative expenditure at £137.8m remained broadly level with that of the prior year at £137.2m, reflecting the continued high level of distributions made to the First Class County network, and relatively flat central expenditure. Included in this expenditure was a payment of £2.5m to Glamorgan County Cricket Club in consideration for giving up the right to apply to host Test match cricket in the future.

The group made a loss on ordinary activities before taxation of £30.2m (2017: loss of £37.3m). The retained loss of £30.2m (2017: loss of £37.3m) has been transferred to reserves.

The overall group reserves at year end reduced to £8.6m, down from prior year reserves of £35.7m. This reduction has occurred at a faster rate than originally modelled due to the advanced time frame at which special fee distributions have been made to the First Class County network.

The Board continues to assess the appropriate level of group reserves, taking into account group revenue levels, principal business risks and uncertainties in the short, medium and long term, along with the requirements of the cricket network within England and Wales. Equity reserves in the short term are scheduled to remain below the desired 40% of turnover; this is however partly offset by significant cash holdings through the period and projected through 2018 and 2019.



KPI's

- Turnover up £6.6m as compared to 2017
- Consolidated loss before taxation was £7.1m lower than 2017
- ECB made distributions to the eighteen First Class Counties, the Marylebone Cricket Club ("MCC"), the Minor Counties Cricket Association ("MCCA"), the Minor County Clubs and the County Cricket Boards totalling £38.2m

Strategic report (*continued*)

Supplier payment policy

The company's policy, which is also applied by the group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, and to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 31 January 2018 were equivalent to 33 days (2017: 36 days) of purchases, based on the average daily amount invoiced by suppliers during the year.

Principal risks and uncertainties

During the period, the Audit Committee and Board reviewed on a quarterly basis the current Risk Register which:

- identifies risks faced;
- estimates the impact of these risks on the business (including financial and reputation impact); and
- considers how major risks can be managed/mitigated.

Major risks identified include:

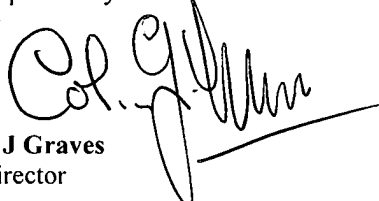
- loss of cricket due to events outside cricket's control, including the threat of terrorist attack and national mourning;
- the status of Test cricket;
- reliance on core income streams;
- integrity, including safeguarding, anti-doping and anti-corruption;
- significant breakdown in relations with overseas governing bodies.

Financial risk management objective and policies

The group has a policy whereby there are maximum limits that can be invested with any single financial institution. All of the financial institutions that hold cash deposits have 'A' ratings.

The group's credit risk is primarily attributable to its trade receivables and amounts receivable from First Class Counties, International Cricket Boards and other International Cricket Organisations. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence in a reduction in the recoverability of cash flows. The company holds contracts that expose it to the financial risks of changes in foreign currency exchange rates. The group uses foreign exchange forward contracts to hedge these exposures where appropriate.

Approved by the Board of Directors and signed on behalf of the Board by:


C J Graves
Director

11 April 2018

Directors' report

The following directors, together with where applicable the positions they hold with related parties, have served the company during the year and since the year end.

Members of the Board

Colin Graves
C Giles Clarke CBE DL (resigned 2 November 2017)
Martin Darlow
Matthew Fleming
Tom Harrison
Ian Lovett
Andrew Nash (resigned 7 March 2018)
Professor Lord Patel of Bradford OBE
Lucy Pearson
Jane Stichbury CBE QPM DL
Richard Thompson (resigned 27 March 2018)
James Wood
Peter Wright

Position with related parties

CEO Bedfordshire CB (resigned 31 January 2018)
Committee Member, Marylebone CC

Chairman, Somerset CCC (resigned 22 January 2018)

Chairman, Surrey CCC
Chairman, Devon CB (resigned 30 April 2017)
Committee Member, Nottinghamshire CCC

Scott Smith - Company Secretary

In addition, Giles Clarke is a Full Member representative Director of The International Cricket Council (ICC).

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

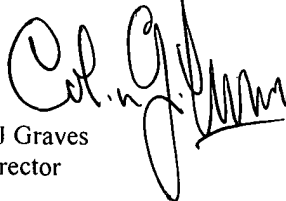
Auditor

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.


C J Graves
Director

11 April 2018

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 group and parent 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and parent 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 group or parent company or to cease operating, or have no realistic alternative to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGLAND AND WALES CRICKET BOARD LIMITED

Opinion

We have audited the financial statements of England and Wales Cricket Board Limited ("the company") for the year ended 31 January 2018 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company 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 group's and of the parent company's affairs as at 31 January 2018 and of the group's loss 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 group 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.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGLAND AND WALES CRICKET BOARD LIMITED (continued)

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6 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 group and parent 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 group or the parent 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.



Jonathan Russell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

16th April 2018

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 January 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	<i>1,2</i>	125,465	118,886
Cost of sales		(18,193)	(19,524)
		<hr/>	<hr/>
Gross profit		107,272	99,362
Administrative expenses		(137,761)	(137,166)
		<hr/>	<hr/>
Group operating loss		(30,489)	(37,804)
Other interest receivable and similar income	<i>6</i>	441	676
Interest payable and similar expenses	<i>7</i>	(123)	(187)
		<hr/>	<hr/>
Loss before taxation		(30,171)	(37,315)
Tax on profit	<i>8</i>	-	(2)
		<hr/>	<hr/>
Loss for the financial year		(30,171)	(37,317)
		<hr/>	<hr/>
Other comprehensive income			
Remeasurement of the net defined benefit surplus not recognised		(24)	(42)
Effective portion of changes in fair value of cash flow hedges		3,028	-
		<hr/>	<hr/>
Other comprehensive income for the year		3,004	(42)
		<hr/>	<hr/>
Total comprehensive income for the year		(27,167)	(37,359)
		<hr/>	<hr/>

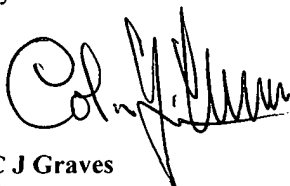
The notes on pages 15 to 30 form an integral part of the financial statements.

Consolidated Balance Sheet

at 31 January 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	9	1,096	1,538
Tangible assets	10	901	304
		<hr/>	<hr/>
		1,997	1,842
Current assets			
Stocks	12	1,352	33
Debtors including £3,748,000 (2017:£ 6,105,000) due after more than one year	13	26,761	23,957
Financial Instruments including £3,028,000 due after more than one year	14	3,028	-
Investments	15	25,831	43,751
Cash at bank and in hand		28,424	28,114
		<hr/>	<hr/>
Creditors: amounts falling due within one year	16	85,396 (30,217)	95,855 (61,602)
		<hr/>	<hr/>
Net current assets		55,179	34,253
		<hr/>	<hr/>
Total assets less current liabilities		57,176	36,095
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	17	(48,596)	(348)
		<hr/>	<hr/>
		(48,596)	(348)
		<hr/>	<hr/>
Net assets		8,580	35,747
		<hr/>	<hr/>
Reserves			
Profit and loss account		5,552	35,747
Cash flow hedging reserve		3,028	-
		<hr/>	<hr/>
Members' funds		8,580	35,747
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 11 April 2018 and were signed on its behalf by:


C J Graves
 Director


I N Lovett
 Director

Company registered number: 3251364

The notes on pages 15 to 30 form an integral part of the financial statements.

Company Balance Sheet

at 31 January 2018

	Note	£000	2018 £000	£000	2017 £000
Fixed assets					
Intangible assets	9		1,096		1,538
Tangible assets	10		901		304
			<hr/>		<hr/>
			1,997		1,842
Current assets					
Stocks	12	1,352		33	
Debtors including £1,726,000 (2017: £4,126,000) due after more than one year	13	23,991		20,071	
Financial Instruments including £3,028,000 due after more than one year	14	3,028		-	
Investments	15	28		5,028	
Cash at bank and in hand		23,055		27,012	
		<hr/>		<hr/>	
		51,454		52,144	
Creditors: amounts falling due within one year	16	(26,655)		(60,539)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			24,799		(8,395)
			<hr/>		<hr/>
Total assets less current liabilities			26,796		(6,553)
			<hr/>		<hr/>
Creditors: amounts falling due after more than one year	17	(48,596)		(348)	
		<hr/>		<hr/>	
			(48,596)		(348)
			<hr/>		<hr/>
Net liabilities			(21,800)		(6,901)
			<hr/>		<hr/>
Reserves					
Profit and loss account			(24,828)		(6,901)
Cash flow hedging reserve			3,028		-
			<hr/>		<hr/>
Members' funds			(21,800)		(6,901)
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 11 April 2018 and were signed on its behalf by:


C J Graves
Director


I N Lovett
Director

Company registered number: 3251364

The notes on pages 15 to 31 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

	Cash flow hedging reserve £000	Profit and loss account £000	Total reserves £000
Balance at 1 February 2016	-	73,106	73,106
Total comprehensive income for the period			
Loss	-	(37,317)	(37,317)
Other comprehensive income	-	(42)	(42)
Total comprehensive income for the period	-	(37,359)	(37,359)
Balance at 31 January 2017	-	35,747	35,747

	Cash flow hedging reserve £000	Profit and loss account £000	Total reserves £000
Balance at 1 February 2017	-	35,747	35,747
Total comprehensive income for the period			
Loss	-	(30,171)	(30,171)
Other comprehensive income	3,028	(24)	3,004
Total comprehensive income for the period	3,028	(30,195)	(27,167)
Balance at 31 January 2018	3,028	5,552	8,580

The notes on pages 15 to 30 form an integral part of the financial statements.

Company Statement of Changes in Equity

	Cash flow hedging reserve £000	Profit and loss account £000	Total reserves £000
Balance at 1 February 2016	-	22,910	22,910
Total comprehensive income for the period			
Loss	-	(29,769)	(29,769)
Other comprehensive income	-	(42)	(42)
Total comprehensive income for the period	-	(29,811)	(29,811)
Balance at 31 January 2017	-	(6,901)	(6,901)

	Cash flow hedging reserve £000	Profit and loss account £000	Total reserves £000
Balance at 1 February 2017	-	(6,901)	(6,901)
Total comprehensive income for the period			
Loss	-	(17,903)	(17,903)
Other comprehensive income	3,028	(24)	3,004
Total comprehensive income for the period	3,028	(17,927)	(14,899)
Balance at 31 January 2018	3,028	(24,828)	(21,800)

The notes on pages 15 to 30 form an integral part of the financial statements.

Consolidated Cash Flow Statement

for year ended 31 January 2018

	<i>Notes</i>	2018 £000	2017 £000
Cash flows from operating activities			
Loss for the year		(30,171)	(37,317)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		567	2,025
Foreign exchange gains		(54)	(225)
Interest receivable and similar income		(441)	(676)
Interest payable and similar charges		123	187
Pension scheme charges		125	133
Pension contributions paid	18	(149)	(175)
Taxation		-	2
 (Increase)/decrease in trade and other debtors	13	(2,804)	1,800
(Increase)/decrease in stocks	12	(1,319)	32
Increase in trade and other creditors	16	16,863	29,074
 Interest paid		(123)	(187)
Tax paid		-	(2)
 Net cash from operating activities		(17,383)	(5,329)
 Cash flows from investing activities			
Interest received		495	901
Acquisition of tangible fixed assets	10	(722)	(222)
Acquisition of other intangible assets	9	-	(746)
 Net cash from investing activities		(227)	(67)
 Net (decrease)/increase in cash and cash equivalents		(17,610)	(5,396)
Cash and cash equivalents at 1 February		71,865	77,261
 Cash and cash equivalents at 31 January		54,255	71,865
		2018 £000	2017 £000
 The cash and equivalents at 31 January is made up as follows:			
Investments		25,831	43,751
Cash at bank and in hand		28,424	28,114
 Cash and cash equivalents at 31 January		54,255	71,865

The notes on pages 15 to 30 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

England and Wales Cricket Board Limited (the “Company”) is a private company limited by guarantee and incorporated, domiciled and registered in England, in the UK. The registered address is Lord’s Cricket Ground, St John’s Wood, London, NW8 8QZ.

These Group and parent company 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 presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

Per FRS 102, a public benefit entity (PBE) is an entity whose primary purpose is for public and social benefit and not to provide a financial return to its members. The directors have assessed that the Group and Company meet this definition, thus have accounted for any interest free loans as concessionary loans under section PBE34 of FRS 102 for the purposes of these financial statements.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that financial instruments classified at fair value through the profit or loss are stated at their fair value.

1.2 Going concern

At the balance sheet date the Group had net current assets of £55.2 million (2017: £34.3 million), including deferred income balances of £67.6 million (2017 : £35.0 million) , and was holding combined cash and investments (including accrued interest) of £54.3 million (2017 : £71.9 million). The Group continues to have strong visibility of its broadcasting and sponsorship income for the period 2018-2024.

In consideration of the above, and having made appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources with particular reference to cash to continue in existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings, made up to 31 January 2018.

Under section 408 of the Companies Act 2016 the company is exempt from the requirement to present its own profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Basic 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. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Cash deposits are stated at cost.

1.6 Other Financial Instruments

Derivative financial instruments and cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

1.7 Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its useful economic life on the straight-line method. The estimated useful lives are as follows:

- Leasehold improvements 10 years
- Fixtures, fittings and office equipment 3 – 5 years

Notes (*continued*)

1 Accounting policies (*continued*)

1.8 Intangible fixed assets

Intangible fixed assets represent the purchase of perimeter advertising rights from certain First Class Counties covering the period from 2011 to 2019 and are stated at amortised cost. At the time of purchase, cost was split by year and amortisation is charged based on this split, subject to an increase if any impairment loss is recognised.

In addition to the perimeter advertising rights the Intangible fixed assets included the ECB website that was completed in October 2016.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.9 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.10 Stocks

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

1.11 Employee Benefits

The Group operates both a defined contribution pension scheme and a defined benefit pension scheme.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of Pound Sterling, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed triennially by a qualified actuary using the projected unit credit method, and updated at the balance sheet date. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Long Term Incentive Plan

Long Term Incentive Plan accrues annual contributions under which become payable after five years provided that the employee remains in full time employment.

Accounting policies (continued)

1.12 Turnover

The group's turnover is derived primarily from cricket related activities carried out in the UK and in respect of England Cricket Team tours, after deduction of value added tax. Revenue recognition policies for specific revenue streams are as follows:

Broadcasting revenue – turnover from broadcasting contracts is recognised in line with the contractual terms and period, which reflect the value of the rights provided in any given year to the broadcaster.

Sponsorship revenue – turnover from sponsorship agreements is recognised in line with the contractual terms and period, which reflect the value of the rights provided.

Match returns – turnover from staging agreements with grounds is recognised once matches have taken place, and in line with contractual terms.

Value in kind – turnover is recognised on a gross basis in respect of significant goods or services received from sponsors in return for sponsorship benefits, based on the fair value of the goods and services received by the ECB. The related costs are also shown gross to reflect the value of such goods and services.

Royalties – the ECB receives royalties from a number of partners with particular reference to the sales of products. Royalties are recognised in the period in which they are earned.

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.14 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

Notes (continued)

2 Turnover

	2018 £000	2017 £000
Rendering of services	125,465	118,886
Total turnover	<u>125,465</u>	<u>118,886</u>
	2018 £000	2017 £000
By geographical market:		
UK	120,169	113,982
Overseas	5,296	4,904
	<u>125,465</u>	<u>118,886</u>

In accordance with the Companies Act 2006, paragraph 68, schedule 1, the directors consider that the disclosure of turnover by activity would be seriously prejudicial to the interests of the company, and as such, has not been disclosed.

3 Expenses and auditor's remuneration

Included in loss are the following:

	2018 £000	2017 £000
Profit on foreign currency exchange	31	225
Operating lease rentals:		
Land & Buildings	346	320
Other Equipment	598	615
Depreciation of tangible fixed assets (note 10)	125	24
Amortisation of intangible fixed assets (note 9)	442	2,001
	<u></u>	<u></u>

Auditor's remuneration:

	2018 £000	2017 £000
Audit of these financial statements	59	59
<i>Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries</i>		
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	4	4
Taxation compliance services	14	14
Tax advisory services	31	56
Other assurance services	27	5
	<u></u>	<u></u>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Cricketers	40	42
Umpires	26	28
Development Staff	84	59
Coaching Staff	63	66
Business Administration	36	28
Commercial, Communications & Events	36	38
Game Support	36	25
Global Event Management	-	1
	<u>321</u>	<u>287</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	23,889	22,882
Social security costs	3,277	2,783
Other pension costs	2,114	2,156
	<u>29,280</u>	<u>27,821</u>

5 Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	605	536
Company contributions to money purchase pension plans	10	53
	<u>615</u>	<u>589</u>

The aggregate of remuneration of the highest paid director was £604,874 (2017:£ 536,705), and company pension contributions of £10,000 (2017:£ 52,790) were made to a money purchase scheme on his behalf.

No director is a member of the defined benefit pension scheme described in note 18.

6 Other interest receivable and similar income

	2018 £000	2017 £000
Investment income	441	676
	<u>441</u>	<u>676</u>

Notes (continued)

7 Interest Payable and similar expenses

	2018 £000	2017 £000
Total interest payable and similar expenses	123	187

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	2017 £000
<i>Current tax</i>		
Current tax on income for the period	-	(2)
Total current tax	-	(2)
Total tax	-	(2)

Analysis of current tax recognised in profit and loss

	2018 £000	2017 £000
UK corporation tax	-	-
Foreign tax	-	(2)
Total current tax recognised in profit and loss	-	(2)

A deferred tax asset has not been recognised in respect of tax losses carried forward and other timing differences, as in the opinion of the directors, it is not possible to conclude that it is more likely than not that any deferred tax asset would be recovered.

Reconciliation of effective tax rate

	2018 £000	2017 £000
Loss for the year	(27,143)	(37,317)
Total tax expense	-	2
Profit excluding taxation	(27,143)	(37,315)
Tax using the UK corporation tax rate of 19.17% (2017: 20%)	5,783	7,463
Non-deductible expenses	(50)	(35)
Tax exempt revenues	(2,351)	(1,582)
Deferred tax not provided	(3,382)	(853)
Foreign tax	-	(2)
Gain realised on dissolution of investment	-	(4,993)
Total tax expense included in profit or loss	-	(2)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was subsequently enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (*continued*)

9 Intangible fixed assets

Group and company

	Software £000	Perimeter Advertising £000	Total £000
Cost			
Balance at 1 February 2017 and 31 January 2018	585	3,449	4,034
Amortisation and impairment			
Balance at 1 February 2017	39	2,457	2,496
Amortisation for the year	117	325	442
Balance at 31 January 2018	156	2,782	2,938
Net book value			
At 31 January 2018	429	667	1,096
At 31 January 2017	546	992	1,538

Amortisation and impairment charge

The amortisation and impairment charge are recognised in the following line item in the profit and loss account:

	2018 £000	2017 £000
Cost of sales	442	2,001

10 Tangible fixed assets

Group and Company

	Leasehold improvements £000	Fixtures, fittings & equipment £000	Total £000
Cost			
Balance at 1 February 2017	334	357	691
Additions	621	101	722
Balance at 31 January 2018	955	458	1,413
Depreciation and impairment			
Balance at 1 February 2017	68	319	387
Depreciation charge for the year	88	37	125
Balance at 31 January 2018	156	356	512
Net book value			
At 31 January 2018	799	102	901
At 31 January 2017	266	38	304

Notes (continued)

11 Fixed asset investments

Fixed asset investments – Company

During 2005 the ECB became a £1 guarantor of the England and Wales Cricket Trust Limited, a company limited by guarantee and a registered charity, which was incorporated on 17 June 2005. The investment is held at cost in the company balance sheet and is treated as a wholly owned subsidiary for the purpose of the group accounts. The England and Wales Cricket Trust Limited is incorporated in England and Wales and its principal activity is to promote community participation in healthy recreation by providing facilities for playing cricket through charitable donations and interest free loans to amateur cricket clubs.

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Country of incorporation	Registered number	Principal activity	Class and percentage of shares held
England & Wales Cricket Trust Limited*	United Kingdom	1112540	Charity	£1 guarantor
Cricket World Cup 2019 Limited*	United Kingdom	09856949	Dormant	100% held Ordinary Shares

*Registered address for both England & Wales Cricket Trust Limited and Cricket World Cup 2019 Limited is Lord's Cricket Ground, St John's Wood London, NW8 8QZ.

12 Stocks

Group and Company

	2018 £000	2017 £000
Finished goods	1,352	33

Notes (continued)

13 Debtors

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Trade debtors	6,427	1,781	6,427	1,781
Other debtors	16,912	16,992	14,142	13,106
Prepayments and accrued income	3,422	5,184	3,422	5,184
	<u>26,761</u>	<u>23,957</u>	<u>23,991</u>	<u>20,071</u>
Due within one year	23,013	17,852	22,265	15,945
Due after more than one year	3,748	6,105	1,726	4,126
	<u>26,761</u>	<u>23,957</u>	<u>23,991</u>	<u>20,071</u>

14 Financial instruments

14 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2018 £000	2017 £000	Company 2018 £000	2017 £000
Assets measured at fair value through profit or loss	3,028	-	3,028	--

14 (b) Financial instruments measured at fair value

Derivative financial instruments and cash flow hedges

The group and company have entered into a forward contract exchanging US\$36,000,000 (2017: £nil) for pounds sterling, due to be settled on 19 December 2019. The forward contract is to hedge future cash flows contracted for 2019 so cash flow hedge accounting has been applied to this hedging instrument with gains or losses associated with the effective portion being recognised in other comprehensive income of £3,028,000 (2017: £nil).

The amounts for all financial assets and financial liabilities are carried at fair value based on their listed market price, as follows:

	Group Fair Value 2018 £000	Fair Value 2017 £000	Company Fair Value 2018 £000	Fair Value 2017 £000
Forward Contracts	3,028	-	3,028	-

Notes (continued)

15 Investments

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Cash deposits with terms less than one year	25,831	43,751	28	5,028
	<u>25,831</u>	<u>43,751</u>	<u>28</u>	<u>5,028</u>

16 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade creditors	4,829	5,252	4,829	5,252
Taxation and social security	1,121	914	1,121	914
Other creditors	1,597	16,792	1,597	16,792
Accruals and deferred income	22,670	38,644	19,108	37,581
	<u>30,217</u>	<u>61,602</u>	<u>26,655</u>	<u>60,539</u>
	<u>30,217</u>	<u>61,602</u>	<u>26,655</u>	<u>60,539</u>

17 Creditors: amounts falling due after one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Accruals and deferred income	48,596	348	48,596	348
	<u>48,596</u>	<u>348</u>	<u>48,596</u>	<u>348</u>
	<u>48,596</u>	<u>348</u>	<u>48,596</u>	<u>348</u>

Notes (continued)

18 Employee benefits

Defined benefit plans

Group and Company

The group operates a defined benefit pension scheme, the ECB Retirement and Death Benefits Scheme ("the Scheme"). Assets are held in independent trustee administered funds. Standard contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent full valuation of the Scheme was carried out as at 30 September 2016. The information below has been updated to 31 January 2018 by an independent professional actuary.

The standard monthly contributions made to the Scheme by the group were 34.2% of pensionable earnings, as per a contribution statement that came into force at the end of 2011. In total, contributions paid to the Scheme were £149,000 (2017: £178,000).

The surplus has been treated as irrecoverable for the purposes of the financial statements. FRS102 is not prescriptive in this area, as such the directors have reverted to the principles as set out in IFRIC14. Per the Scheme rules, there is a unilateral power for the Trustees to wind up the Scheme, which prevents recognition of the surplus on the grounds of a future refund. Furthermore, the value of the contributions due under the current funding agreement towards the accrual of benefits for active members exceeds the corresponding value of those benefits on the FRS102 basis (i.e. the service cost). Under IFRIC14, we consider it suitable to assume the current rate of contributions persists beyond the end of the period covered by the Schedule of Contributions. As such, this prevents the recognition of the surplus on the grounds of future contribution reductions.

The information disclosed below is in respect of the whole of the plans of the Group, for which the parent Company is legally responsible.

Net pension asset

	2018 £000
Defined benefit obligation	(20,797)
Plan assets	22,668
	<hr/>
Pension surplus	1,871
Related deferred tax asset	-
Irrecoverable surplus	(1,871)
	<hr/>
Net pension asset	-
	<hr/>

Movements in present value of defined benefit obligation

	2018 £000
At 1 February 2017	20,137
Current service cost	125
Interest expense	618
Remeasurement actuarial losses	422
Benefits paid	(505)
	<hr/>
At 31 January 2018	20,797
	<hr/>

Notes (continued)

18 Employee benefits (continued)

Movements in fair value of plan assets

	2018 £000
At 1 February 2017	21,491
Interest income	618
Remeasurement: return on plan assets less interest income	915
Contributions by employer	149
Benefits paid	(505)
	<hr/>
At 31 January 2018	22,668 <hr/>

Expense recognised in the profit and loss account

	2018 £000	2017 £000
Current service cost	125	133
Net interest on net defined benefit asset not recognised	-	-
	<hr/>	<hr/>
Total expense recognised in profit or (loss)	125	133 <hr/>

Notes (continued)

18 Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2018	2017
	Fair value	Fair value
	£000	£000
Asset class		
Equities	8,552	8,354
Government debt	1,999	1,782
Corporate bonds	9,437	9,020
Property	2,401	2,244
Cash and Deposits	279	91
	<hr/>	<hr/>
	22,668	21,491
	<hr/>	<hr/>
Actual return on plan assets	1,177	2,401
	<hr/>	<hr/>

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2018	2017
	%	%
Discount rate	2.60	3.10
Future pensionable salary increases	3.40	3.70
Inflation assumption (RPI)	3.40	3.70
	<hr/>	<hr/>

Last full actuarial valuation was performed on 30 September 2016. To measure the defined benefit obligation as at 31 January 2018, the Company employed an independent professional actuary to update the full actuarial valuation.

In valuing the liabilities of the pension fund at 31 January 2018, mortality assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 23.6 years (male), 25.5 years (female).
- Future retiree upon reaching 65: 24.8 years (male), 26.8 years (female).

Defined contribution plans

Group and Company

The group has made contributions to the ECB Group Pension Plan and the ECB Group Pension Plan for Professional Cricketers, both defined contributions schemes, amounting to £2,031,000 (2017: £2,006,000) and £83,000 (2017: £150,000) respectively.

Long term incentive plan

Included within accruals falling due after one year is an amount of £615,718 (2017: £nil) relating to a Long Term Incentive Plan. As at 31 January 2018 the fair value of the plan obligation, which will be cash settled in 2022, is calculated to be £3,180,035 (2017: £nil).

Notes (continued)

19 Operating leases

Group and Company

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings £000	Other £000	2018 Total £000	Land and buildings £000	Other £000	2017 Total £000
Less than one year	332	549	881	332	532	864
Between one and five years	850	808	1,658	1,163	619	1,782
More than five years	43	-	43	62	-	62
	<u>1,225</u>	<u>1,357</u>	<u>2,582</u>	<u>1,557</u>	<u>1,151</u>	<u>2,708</u>

During the year £944,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £935,000).

20 Related parties

Group and Company

Identity of related parties with which the Group has transacted

The directors have identified a number of cricketing organisations for which payments and receipts by the group represent a significant transaction.

1. The eighteen First Class Counties, the Marylebone Cricket Club ("MCC"), the Minor Counties Cricket Association ("MCCA"), the Minor County Clubs and the County Cricket Boards have charged the ECB amounts totalling £38,188,000 (2017: £66,567,000) in respect of fees for the provision of ground facilities and cricketers for matches under the control of ECB, amounts payable under the terms of memorandums of understanding, licence fees and other commercial agreements. As at 31 January 2018 the ECB owed these parties £ nil (2017: £nil) of unpaid fees. Such charges and fees include amounts in relation to the staging of international and domestic matches. The ECB has received income in relation to these matches of £10,260,956 (2017: £7,956,000). In addition, the EWCT paid grants totalling £8,397,635 (2017: £6,763,000) to the County Cricket Boards.
2. ECB has loans of £4,997,000 (2017: £7,639,000) in aggregate due from the eighteen First Class Counties and the Professional Cricketers' Association. Interest is charged on the loans at varying rates ranging from zero for short-term loan to base rate plus 2%.
3. The directors have identified the Irish Cricket Union, Cricket Scotland and the Professional Cricketers' Association as also being related and to which ECB has made payments. During the period, amounts totalling £2,082,000 (2017: £1,640,000) were paid to these organisations.
4. Premiums payable by ECB to Reigndei Limited, an insurance company beneficially owned by the eighteen first class counties, MCC and the MCCA, were £2,197,400 (2017: £2,053,125). Claims receivable during the year from Reigndei Limited amounted to £668,403 (2017: £3,767,992). As at 31 January 2018 the ECB was owed £nil from Reigndei Limited (2017: £nil).
5. The group made donations amounting to £1,000,000 (2017: £nil) to Chance to Shine during the year.
6. Colin Graves, the Chairman of the ECB Board, is the former Chairman of Yorkshire CCC. He has personally given a guarantee in favour of ECB under the 2011 to 2019 perimeter advertising agreement between the ECB and Yorkshire CCC. This was signed on 22 October 2010. The amount still outstanding is £681,359.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £2,726,041 (2017: £2,555,380).

Notes (continued)

21 Liability of members

England and Wales Cricket Board Limited is a company limited by guarantee and has no share capital. Each member has guaranteed to contribute a sum not exceeding £10 for payment of the company's debts and liabilities should the company be wound up. There were 41 members as at 31 January 2017 and 31 January 2018.

22 Sports Governance Code

The England & Wales Cricket Board received the following funding from public investors:

	2018	2017
	£000	£000
ESC Lottery Fund	1,679	3,588
Skills Funding Agency	235	339
Sports England	18	-
UK Sports England	12	-
	<hr/>	<hr/>
Total Received	1,944	3,927
	<hr/> <hr/>	<hr/> <hr/>

The ESC Lottery funding was used in the following areas:

	2018	2017
	£000	£000
Participation & Growth	362	501
SAC	379	266
Women Pathway	24	100
Women Talent Management	44	-
More Play	70	-
Capital funding	800	-
Player retention	-	2,100
Disabilities	-	480
	<hr/>	<hr/>
Total Spent	1,679	3,477
	<hr/> <hr/>	<hr/> <hr/>

Skills funding Agency

The total amount received was used to run the Apprenticeship Scheme for young cricketers.

Sports England & UK Sports Council

The funds received from both these investors was used to promote cricket in both England & Wales.