


5017678

**The Broadcast Advertising Standards Board of Finance
Limited**
(A company limited by guarantee and not having
a share capital)

Report and Financial Statements

30 June 2006

 **ERNST & YOUNG**



The Broadcast Advertising Standards Board of Finance Limited
(A company limited by guarantee and not having a share capital)

Registered No. 05017678

Directors

Martin Boase
Andrew Brown
Michael Earnshaw
Ishaq Fatani
Winston Fletcher (Chairman)
Duncan George
Stephen Hemsted
Andrew McCarthy
Michael O'Brien
Hamish Pringle
James Wildman

Secretary

Stephen Hemsted

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Lloyds TSB Bank PLC
324/326 Regent Street
London W1R 5AA

Solicitors

Addleshaw Goddard
150 Aldersgate Street
London EC1A 4EJ

Registered Office

Bloomsbury House
74/77 Great Russell Street
London WC1B 3DA

Directors' report

The directors present their report and financial statements for the year ended 30 June 2006. The comparative period was from the date of incorporation, (16 January 2004) to 30 June 2005

Results and dividends

The profit for the year, after taxation, amounted to £64,000 (period ended 30 June 2005 – loss of £83,000). The company is precluded by its memorandum from making any distribution to its members.

Principal activity

The Broadcast Advertising Board of Finance ('basbof') is an independent body set up by the advertising industry. The associations represented on the Board of Directors are:

The Advertising Association
The Broadcast Advertising Clearance Centre
The Commercial Radio Companies Association
The Incorporated Society of British Advertisers
The Institute of Practitioners in Advertising
The Satellite and Cable Broadcasting Group

Two other directors represent television companies.

The principal activity of The Broadcast Advertising Standards Board of Finance Limited is to collect funds for the purpose of financing the self-regulatory control system of non-broadcast advertising in the United Kingdom, which is carried out by The Advertising Standards Authority (Broadcast) Ltd, (ASAB).

ASAB assumed this responsibility of Ofcom on 1 November 2004, following approval of the delegation of this activity by Parliament in July 2004. The Broadcast Advertising Standards Board of Finance levy has been collected since 1 August 2004.

During the establishment of this new levy system, The Advertising Standards Board of Finance Limited (which funds the self-regulation of non-broadcast advertising) had made loans to The Broadcast Advertising Standards Board of Finance Limited, at a commercial rate of interest. At the 30 June 2006 these had been repaid in full (30 June 2005 – £51,213 outstanding).

Review of activities

During the year, levy collections totalled £3.7 million (period ended 30 June 2005 – £2.0 million). Payments to The Advertising Standards Authority (Broadcast) Limited totalled £3.4 million (period ended 30 June 2005 – £1.6 million), and other self-regulatory payments totalled £0.1 million (period ended 30 June 2005 – £0.2 million).

Overhead costs, which are shared with The Advertising Standards Board of Finance Limited, totalled £0.2 million (period ended 30 June 2005 – £0.2 million) resulting in a profit of £64,000 (period ended 30 June 2005 – loss of £83,000).



Directors' report

Directors and their interests

The directors who served during the year or who were appointed after the year end were as follows:

Martin Boase	
Andrew Brown	
Paul Brown	(Resigned 5 July 2006)
Paul Denham	(Appointed 8 December 2005, Resigned 17 August 2006)
Michael Earnshaw	
Elizabeth Fagan	(Resigned 5 July 2006)
Ishaq Fatani	(Appointed 22 June 2006)
Winston Fletcher	(Chairman)
Duncan George	
Michael Green	(Resigned 5 July 2006)
Stephen Hemsted	
Andrew McCarthy	(Appointed 22 June 2006)
Michael O'Brien	(Appointed 22 June 2006)
Hamish Pringle	
Peter Shea	(Resigned 22 July 2005)
James Wildman	(Appointed 22 September 2005)
Mark Howe	(Resigned 21 September 2005)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board


13 SEP 2006

Secretary

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 auditors' report

to the members of The Broadcast Advertising Standards Board of Finance Limited (A company limited by guarantee and not having a share capital)

We have audited the company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report

to the members of The Broadcast Advertising Standards Board of Finance Limited (A company limited by guarantee and not having a share capital)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

18 September 2006

Profit and loss account

for the year ended 30 June 2006

		Year ended 30 June 2006 £000	Period ended 30 June 2005 £000
	Notes		
Turnover	2	3,738	1,952
Charges	3	(3,470)	(1,828)
		268	124
Expenditure			
Staff costs	5	(148)	(128)
Depreciation	9	(1)	—
Other operating charges	6	(68)	(63)
		(217)	(191)
Operating profit/(loss)		51	(67)
Interest payable	7	(5)	(22)
Interest receivable	8	14	6
		9	(16)
Profit/(loss) on ordinary activities before taxation		60	(83)
Tax on profit/(loss) on ordinary activities	10	4	—
Profit/(loss) for the year	11	64	(83)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £64,000 for the year ended 30 June 2006 (2004 - loss of £83,000).

Balance sheet

at 30 June 2006

	Notes	2006 £000	2005 £000
Fixed assets	9	2	—
Current assets			
Prepayments and other debtors		9	6
Cash at bank and in hand		33	15
Deferred tax asset	10	7	—
		49	21
Creditors: amounts falling due within one year			
Trade creditors		(42)	—
Accruals		(25)	(53)
Corporation tax payable	10	(3)	—
		(70)	(53)
Net current liabilities		(21)	(32)
Total assets less current liabilities		(19)	(32)
Long term liabilities			
The Advertising Standards Board of Finance Limited loan	7	—	(51)
Total liabilities		(19)	(83)
Capital and reserves			
Profit and loss account	11	(19)	(83)

ERNST & YOUNG


Director

13/9/06

Notes to the financial statements

at 30 June 2006

1. Accounting policies

Basis of preparation

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

At 30 June 2006 the company had net liabilities of £19,000 (2005 – £83,000). The directors believe that the future cash flows from The Broadcast Advertising Standards Board of Finance Limited levy, in addition to the financial support available from The Advertising Standards Board of Finance Limited will ensure that liabilities of the company will be met as they arise.

Turnover

Turnover represents The Broadcast Advertising Standards Board of Finance Limited levy which is collected via advertising agencies or directly from broadcasters. As there is no contractual commitment for these parties to pay The Broadcast Advertising Standards Board of Finance Limited levy, the levy is credited to the profit and loss account in the period in which it is received.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the exception that deferred tax assets are recognised only to the extent that directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Statement of cash flows

The company is a small company as defined by FRS 1 and therefore has not produced a statement of cash flows.

Fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of the acquisition of each asset evenly over its expected useful life, as follows:

Computer Equipment - Over 4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 30 June 2006

2. Turnover

Turnover represents the basbof levy during the period, mainly via advertising agencies, but also directly from broadcasters.

	<i>Year ended</i> 30 June 2006 £000	<i>Period ended</i> 30 June 2005 £000
Basbof levy income	3,738	1,952

3. Charges

Charges represent payments to The Advertising Standards Authority (Broadcast) Limited, and other payments in respect of the self-regulation of broadcast advertising in the United Kingdom.

	<i>Year ended</i> 30 June 2006	<i>Period ended</i> 30 June 2005
Payments to The Advertising Standards Authority (Broadcast) Limited	3,373	1,577
Independent reviewer	46	25
Broadcast Committee of Advertising Practice	31	22
Self Regulation Task Force	–	204
AA Consultancy Costs	20	–
	<u>3,470</u>	<u>1,828</u>

4. Directors' emoluments

The emoluments of the chairman for the year ended 30 June 2006 were £58,388 (2005 – £55,002).

One other director received emoluments in the year of £29,425 (2005 – £26,183) including company contributions to the pension scheme of £1,392 (2005 – £1,248).

No other directors received any emoluments (2005 – £nil).

Notes to the financial statements

at 30 June 2006

5. Staff costs

	<i>Year ended</i>	<i>Period ended</i>
	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Salaries	129	112
Social security costs	14	12
Other pension costs	5	4
	<u>148</u>	<u>128</u>

The average weekly number of employees during this and the prior year was five part-time (2005 – five part-time).

6. Other operating charges

	<i>Year ended</i>	<i>Period ended</i>
	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Other operating charges comprise:		
Accommodation expenses	19	20
Entertaining, PR and travel	5	5
Office equipment	–	4
Other sundry office expenses	39	29
Auditors' remuneration	5	5
	<u>68</u>	<u>63</u>

Accommodation expenses include operating lease rentals of £16,252 (2005 – £19,268), payable in respect of the company's premises.

7. Interest payable

	<i>Year ended</i>	<i>Period ended</i>
	<i>30 June</i>	<i>30 June</i>
	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>
Interest payable comprises:		
Bank interest payable	–	1
Interest payable to The Advertising Standards Board of Finance Limited	5	21
	<u>5</u>	<u>22</u>

The loan from The Advertising Standards Board of Finance Limited, (2005 – £51,000), was repaid in full during the year. Interest payable on the loan was set at a commercial rate of interest.

Notes to the financial statements

at 30 June 2006

8. Interest receivable

	<i>Year ended</i> 30 June 2006 £000	<i>Period ended</i> 30 June 2005 £000
Interest receivable comprises:		
Bank interest receivable	14	6

9. Tangible fixed assets

	<i>Computer equipment £000</i>
Cost:	
31 March 2005	—
Additions	3
At 31 March 2006	3
Depreciation:	
At 31 March 2005	—
Provided during the year	1
At 30 June 2006	1
Net book value:	
At 30 June 2006	2
At 30 June 2005	—

Notes to the financial statements

at 30 June 2006

10. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

	<i>Year ended</i> 30 June 2006 £000	<i>Period ended</i> 30 June 2005 £000
<i>Current tax</i>		
Corporation tax payable at 19% (2005 – 19%)	3	–
Total current tax (note 10(b))	3	–
<i>Deferred tax</i>		
Origination and reversal of timing differences	(7)	–
Total deferred tax (note 10(c))	(7)	–
Total tax credit for the year	(4)	–

(b) Factors affecting the current tax charge for the year

The tax assessed on the profit / (loss) on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below.

	<i>30 June</i> 2006 £000	<i>30 June</i> 2005 £000
Profit/(loss) on ordinary activities before tax	60	(83)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005 – 19%)	11	(16)
<i>Effects of:</i>		
Unrelieved tax losses carried forward	–	16
Utilisation of brought forward tax losses	(8)	–
Total current tax (note 10(a))	3	–

Notes to the financial statements

at 30 June 2006

10. Tax on loss on ordinary activities (continued)

(c) Deferred tax

	30 June 2006 £000	30 June 2005 £000
Other timing differences	(7)	—
Total deferred tax (note 10(a))	(7)	—
		£000
At 1 July 2005		—
Profit and loss account		9
Adjustment in respect of prior years		(16)
At 30 June 2006		(7)

11. Reconciliation of movement on reserves

	Profit and loss account £000
At 30 June 2005	(83)
Profit for the year	64
At 30 June 2006	(19)

12. Pension commitments

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year, contributions of £4,669 (2005 – £3,608) were made and there were no outstanding contributions at 30 June 2006.

