

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 2016

Company Number: 05017678



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

Directors

Sir Christopher Powell (Chairman)
Paul Bainsfair
James Best
Magnus Brooke
Phil Georgiadis
Kristoffer Hammer
Stephen Hemsted
Michael Hughes
Yvonne Kintoff
Tim Lefroy
Andrew McCarthy
Adam Minns

Secretary

Stephen Hemsted

Auditors

Kingston Smith LLP
Charlotte Building
17 Gresse Street
London W1T 1QL

Bankers

Lloyds TSB Bank PLC
25 Gresham Street
London EC2V 7HN

Solicitors

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London EC4R 1BE

Registered Office

7th Floor North, Artillery House,
11-19 Artillery Row,
London SW1P 1RT

Registered No. 05017678

Directors' report

The directors present their report and financial statements for the year ended 30 June 2016.

Results and dividends

The profit for the year after taxation amounted to £15,000 (2015 – £8,000).

The company is precluded by its memorandum from making any distribution to its members.

The results for the year and the state of The Broadcast Advertising Standards Board of Finance Limited's (BASBOF) affairs are set out in the attached financial statements.

Principal activities and review of the business

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

The Advertising Association
Clearcast Limited
The European Advertising Standards Alliance
The Incorporated Society of British Advertisers
The Institute of Practitioners in Advertising
Radiocentre Limited
The Commercial Broadcasters Association

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

ASAB assumed this responsibility from 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.

In November 2014, Ofcom reviewed the operations of the system, and renewed the contract to continue broadcast advertising self-regulation until October 2024.

During the year, levy collections totalled £3,820,000 (2015 – £3,731,000), a 2% increase. Payments to The Advertising Standards Authority (Broadcast) Limited totalled £3,505,000 (2015 – £3,450,000), and other self-regulatory payments totalled £119,000 (2015 – £86,000).

Overhead costs, which are shared with The Advertising Standards Board of Finance Limited, totalled £193,000 (2015 – £194,000) resulting in a profit after tax of £15,000 (2015 – £8,000).

The company's cash balance at the end of the year totalled £128,000 (2015 – £58,000)

Future Developments

The directors expect that the share of advertising budgets allocated to digital marketing will continue to grow, and hence the market share of broadcast spend will decline. The company is engaging with major industry bodies involved in this area, to ensure that it keeps abreast of developments, and can respond accordingly.

Key risks and key performance indicators

The key risks to the company are:

- Withdrawal of support for self-regulation by advertisers or agencies;

Directors' report

- A change of government or OFCOM policy towards advertising regulation, and the implementation of statutory regulation;
- A significant decline in the level of advertising revenues in any media;
- A major increase in the volume of complaints received by the ASAB, thereby requiring a significant increase in their budget.

The company has the active support, via its trade association members, of advertisers and their agencies. The Government and OFCOM hold advertising self-regulation in high regard.

The level of broadcast complaints to the ASAB has been stable since its inception in November 2004.

The company tracks its levy collection performance by use of various industry databases of market and individual agency performance. It is satisfied that levy collection compliance levels continue at historic and satisfactory levels.

Going concern

The company business activities, together with the factors likely to affect its future development, performance and position are set out above. The directors believe that the company has considerable financial resources. As a consequence, the directors believe that the company is well placed to manage its business successfully, and that the company has adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis in preparing these financial statements.

Directors

The directors who served the company during the year were as follows:

Sir Christopher Powell	(Chairman)
Paul Bainsfair	
James Best	
Magnus Brooke	
Phil Georgiadis	Appointed 30 th June 2016
Kristoffer Hammer	
Stephen Hemsted	
Michael Hughes	
Yvonne Kintoff	
Tim Lefroy	
Andrew McCarthy	
Adam Minns	Appointed 30 th June 2016
Robin O'Neill	Resigned 30 th June 2016

Charitable Donations

	2016	2015
	£	£
During the year the company made the following payments:	nil	4,500

Statement of directors' responsibilities

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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

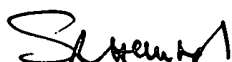
Auditors

A resolution to re-appoint Kingston Smith LLP as auditors will be put to the members at the Annual General Meeting.

Small Company rules

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2015).

On behalf of the Board



Stephen Hemsted
Director

26th September 2016

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 financial statements of The Broadcast Advertising Standards Board of Finance Limited for the year ended 30 June 2016 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the financial reporting standard for Smaller Entities (Effective April 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 and directors' report in accordance with the small company's regime.

Kingston Smith LLP

Valerie Cazalet (Senior Statutory Auditor)

For and on behalf of Kingston Smith LLP (Statutory Auditor)

Charlotte Building

17 Gresse Street

London W1T 1QL

12/10/ 2016

Profit and loss account

for the year ended 30 June 2016

	Notes	2016 £000	2015 £000
Turnover	3	3,820	3,731
Charges	4	(3,624)	(3,536)
		<u>196</u>	<u>195</u>
Expenditure			
Staff costs	6	149	153
Other operating charges	7	43	39
Depreciation	10	1	2
		<u>193</u>	<u>194</u>
Operating profit		3	1
Interest receivable and similar income	8	16	10
Profit on ordinary activities before taxation		19	11
Tax	9	(4)	(3)
Profit for the financial year	11	<u>15</u>	<u>8</u>

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 30 June 2016

There are no recognised gains or losses other than the profit of £15,000 in the year ended 30 June 2015 (2015 – £8,000).

Balance sheet

at 30 June 2016

	Notes	2016 £000	2015 £000
Fixed assets	10	0	1
Current assets			
Prepayments and other debtors		9	24
Cash at bank and in hand		128	58
		137	82
Creditors: amounts falling due within one year			
Trade creditors		25	8
Corporation tax payable	9	4	3
Other Creditors		33	12
		62	23
Net current assets		75	59
Net assets		75	60
Capital and reserves			
Profit and loss account	11	75	60

These financial statements have been prepared in accordance with the special provisions of Part 12 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2015).

Approved and authorised for issue on behalf of the Board



Stephen Hemsted
Director

26/09/2016

Company Number: 05017678

Notes to the financial statements

at 30 June 2016

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards applicable to Smaller Entities.

Going concern

The company business activities, together with the factors likely to affect its future development, performance and position are set out above. The directors believe that the company has considerable financial resources. As a consequence, the directors believe that the company is well placed to manage its business successfully despite the uncertain economic outlook. As a consequence, the directors believe that the company has adequate resources to continue in operational existence. Thus, they continue to adopt the going concern basis in preparing these financial statements.

Turnover

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

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.

Tangible fixed assets

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
Fixtures and fittings	–	over 4 years
Office equipment	–	over 4 years

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the 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 an undiscounted 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.

Leasing and hire purchase commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Notes to the financial statements

at 30 June 2016

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.

2. Limit of members' guarantee

The company is limited by guarantee, each member's liability being £1.

3. Turnover

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

	2016 £000	2015 £000
BASBOF levy income	3,820	3,731

4. Charges

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

	2016 £000	2015 £000
Payments to the Advertising Standards Authority (Broadcast) Limited	3,505	3,450
Independent reviewer	35	35
Broadcast Committee of Advertising Practice (BCAP)	35	29
AA consultancy costs	32	16
Other self-regulation costs	17	6
	3,624	3,536

5. Directors' remuneration

The remuneration of the chairman for the year ended 30 June 2016 was £65,623 (2015 – £65,575).

One other director received remuneration in the year of £37,346 (2015 – £34,770), including company contributions to the pension scheme of £nil (2015 – £1,722).

No other directors received any remuneration (2015 – £nil). The remuneration of the other directors has been borne by their main employers as they are BASBOF directors on behalf of their organisation. The directors consider that they do not receive any remuneration in respect of the qualifying services for this company.

Notes to the financial statements

at 30 June 2016

6. Staff costs

	2016	2015
	£000	£000
Salaries	130	133
Social security costs	16	16
Other pension costs	3	4
	<u>149</u>	<u>153</u>

The average weekly number of employees during the year was 1 full time and 3 part-time (2015 – 1 full time and 3 part time).

7. Other operating charges

	2016	2015
	£000	£000
Other operating charges comprise:		
Accommodation expenses	15	15
Entertaining, PR and travel	2	4
Auditors' remuneration	5	5
Other sundry office expenses	21	15
	<u>43</u>	<u>39</u>

Accommodation expenses include operating lease rentals of £7,800 (2015 – £7,800), payable in respect of the company's premises.

8. Interest receivable and similar income

	2016	2015
	£000	£000
Interest receivable comprises:		
Bank interest receivable	<u>16</u>	<u>10</u>

Notes to the financial statements

at 30 June 2016

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 £000	2015 £000
Current tax:		
UK corporation tax on the profit (loss) for the year	4	3
Adjustment in respect of prior year	–	–
Total current tax	<u>4</u>	<u>3</u>
Deferred tax:		
Origination and reversal of timing differences	–	–
Total deferred tax	<u>–</u>	<u>–</u>
Tax on profit on ordinary activities	<u>4</u>	<u>3</u>

Notes to the financial statements

at 30 June 2016

10. Tangible fixed assets

	<i>Fixtures and fittings £000</i>	<i>Computer equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 July 2015 and 30 June 2016	14	3	17
Depreciation:			
At 1 July 2015	14	2	16
Provided during the year		1	1
At 30 June 2016	14	3	17
Net book value:			
At 30 June 2016	–	–	–
At 1 July 2015	–	1	1

11. Movements on reserves

	<i>Profit and loss account £000</i>
At 1 July 2015	60
Profit for the financial year	15
At 30 June 2016	75

12. Pensions

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 financial year, contributions of £2,976 (2015 – £4,043) were made and there were no outstanding contributions at 30 June 2016 (2015 – £nil).

Notes to the financial statements

at 30 June 2016

13. Other financial commitments

At 30 June 2016 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Operating leases payable:		
Within one year	–	–
In two to five years	–	8
	<u>0</u>	<u>8</u>

14. Related party transactions

During the year, the company was charged by The Advertising Standards Board of Finance Limited (ASBOF) £36,283 (2015 – £17,419) for shared costs which were apportioned on staff headcount and workload. At the balance sheet date, BASBOF owed ASBOF £27,511 (2015 £5,772).

In addition, the company had charges to ASAB as described in note 4 of these financial statements. At the balance sheet date, BASBOF owed ASAB £nil (2015 – £nil).