

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 2019



Company Number: 05017678

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

Directors

Mark Lund (Chairman)
Paul Bainsfair
James Best
Magnus Brooke
Stephen Hemsted
Yvonne Kintoff
Andrew McCarthy
Niamh McGuinness
Adam Minns
Philip Smith
Martin Telling
Stephen Woodford

Secretary

Stephen Hemsted

Auditors

Moore 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 2019.

Results and dividends

The profit for the year after taxation amounted to £23,000 (2018 – £2,000).

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 £3,312,000 (2018 – £3,666,000), a 10% decrease. Payments to The Advertising Standards Authority (Broadcast) Limited totalled £2,970,000 (2018 – £3,350,000), and other self-regulatory payments totalled £109,000 (2018 – £108,000).

Overhead costs, which are shared with The Advertising Standards Board of Finance Limited, totalled £218,000 (2018 – £215,000) resulting in a profit after tax of £23,000 (2018 – £2,000).

The company's cash balance at the end of the year totalled £199,000 (2018 – £155,000)

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) Resigned 25 th June 2019
Mark Lund	(Chairman) Appointed 25 th June 2019
Paul Bainsfair	
James Best	
Magnus Brooke	
Phil Georgiadis	Resigned 8 July 2019
Stephen Hemsted	
Yvonne Kintoff	
Andrew McCarthy	
Niamh McGuinness	
Adam Minns	
Philip Smith	
Martin Telling	Appointed 4 December 2018
Stephen Woodford	

Charitable Donations

	2019	2018
	£	£
During the year the company made the following payments:	5,000	5,000

Directors' report

Disclosure of information to 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 of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption.

Auditors

During the year the Company re-appointed Moore Kingston Smith LLP as auditor in accordance with s.485 of the Companies Act 2006. A resolution proposing that they be reappointed will be put at the Annual General Meeting.

Statement of directors' responsibilities

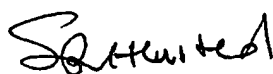
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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. 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 judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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.

On behalf of the Board



Stephen Hemsted
Director
Date: 17 September 2019

Independent auditors' report

To the members of the Broadcast Advertising Standards Board of Finance Limited

Opinion

We have audited the financial statements of The Advertising Standards Board of Finance Limited for the year ended 30 June 2019 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent auditors' report

to the members of The Broadcast Advertising Standards Board of Finance Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

to the members of The Broadcast Advertising Standards Board of Finance Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditors' report

to the members of The Broadcast Advertising Standards Board of Finance Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an audit 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 the company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Valerie Cazalet (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP (Statutory Auditor)

27 September 2019

Charlotte Building
17 Gresse Street
London
W1T 1QL

Profit and loss account

for the year ended 30 June 2019

	Notes	2019 £000	2018 £000
Turnover	3	3,312	3,666
Charges	4	(3,079)	(3,458)
		<u>233</u>	<u>208</u>
Expenditure			
Staff costs		175	164
Other operating charges	6	42	50
Depreciation	8	1	1
		<u>218</u>	<u>215</u>
Operating profit		15	(7)
Interest receivable and similar income	7	14	10
Profit on ordinary activities before taxation		29	3
Tax		(6)	(1)
Profit for the financial year		<u>23</u>	<u>2</u>
Retained Earnings at 1 July 2018		117	115
Retained Earnings at 30 June 2019		<u>140</u>	<u>117</u>

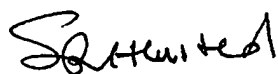
Balance sheet

at 30 June 2019

	Notes	2019 £000	2018 £000
Fixed assets	8	1	2
Current assets			
Prepayments and other debtors		8	9
Cash at bank and in hand		199	155
		<u>207</u>	<u>164</u>
Creditors: amounts falling due within one year			
Trade creditors		28	15
Corporation tax payable		6	1
Other Creditors		34	33
		<u>68</u>	<u>49</u>
Net current assets		<u>139</u>	<u>115</u>
Net assets		<u>140</u>	<u>115</u>
Capital and reserves			
Profit and loss account		<u>140</u>	<u>117</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 17 September 2019 and are signed on its behalf by:



Stephen Hemsted
Director

Company Number: 05017678

Notes to the financial statements

at 30 June 2019

1. Accounting policies

Company information

The Broadcast Advertising Standards Board of Finance Limited is a private company limited by shares incorporated in England and Wales. The registered office is 7th Floor North, Artillery House, 11-19 Artillery Row, London, SW1P 1RT.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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 102 and therefore has not produced a statement of cash flows.

Notes to the financial statements

at 30 June 2019

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	–	25% p.a.
Fixtures and fittings	–	25% p.a.
Office equipment	–	25% p.a.

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.

Financial Instruments

The company only has basic financial instruments measured at amortised cost, with no financial instruments classified as other or basic instruments measured at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 2019

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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.

	2019 £000	2018 £000
BASBOF levy income	3,312	3,666

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.

	2019 £000	2018 £000
Payments to the Advertising Standards Authority (Broadcast) Limited	2,970	3,350
Independent reviewer	35	35
Broadcast Committee of Advertising Practice (BCAP)	35	34
AA consultancy costs	32	32
Other self-regulation costs	7	7
	3,079	3,458

Notes to the financial statements

at 30 June 2019

5. Staffing

The average weekly number of employees during the year was 1 full time and 3 part-time (2018 – 1 full time and 3 part time).

6. Other operating charges

	2019 £000	2018 £000
Other operating charges comprise:		
Accommodation expenses	18	18
Entertaining, PR and travel	4	3
Auditors' remuneration	5	5
Other sundry office expenses	15	24
	<u>42</u>	<u>50</u>

Accommodation expenses include operating lease rentals of £10,400 (2018 – £10,400), payable in respect of the company's premises.

7. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable comprises:		
Bank interest receivable	<u>14</u>	<u>10</u>

8. Tangible fixed assets

	Office Equipment £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost:				
At 1 July 2018	3	14	3	20
Additions during the year	-	-	-	-
At 30 June 2019	<u>3</u>	<u>14</u>	<u>3</u>	<u>20</u>
Depreciation:				
At 1 July 2018	1	14	3	18
Provided during the year	1	-	-	1
At 30 June 2019	<u>2</u>	<u>14</u>	<u>3</u>	<u>19</u>
Net book value:				
At 30 June 2019	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
At 1 July 2018	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>

Notes to the financial statements

at 30 June 2019

9. 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 £2,393 (2018 – £2,393) were made and there were no outstanding contributions at 30 June 2019 (2018 – £nil).

10. Other financial commitments

At 30 June 2019 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Operating leases payable:		
Within one year	10	10
In two to five years	0	11
	<u>10</u>	<u>21</u>

11. Related party transactions

During the year, the company was charged by The Advertising Standards Board of Finance Limited (ASBOF) £23,290 (2018 – £27,426) for shared costs which were apportioned on staff headcount and workload. At the balance sheet date, BASBOF owed ASBOF £2,106 (2018 £nil).

In addition, the company had charges to ASAB as described in note 4 of these financial statements.