

**REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE**

COMPANY REGISTRATION NUMBER 08796553

**REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016**



REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Contents	PAGE
Officers and professional advisers	3
Directors' report	4-5
Independent auditor's report to the members	6-7
Profit and loss account	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11-13

REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE

OFFICERS AND PROFESSIONAL ADVISERS

The Board of directors

Paul Michael Ashford
Kevin Joseph Beatty
Michael Gilson
David John King
Brian Gerard McCarthy
Murdoch MacLennan
Albert Nathaniel Read
Pia Sarma
Ellis Alan Nicholas Watson

Company Secretary

David Richard Newell

Registered Office

10, Queen Street Place
London
United Kingdom
EC4R 1BE

Auditor

Jacob Cavenagh & Skeet
5, Robin Hood Lane
Sutton
Surrey
United Kingdom
SM1 2SW

Banker

The Royal Bank of Scotland
62-63 Threadneedle St
London
United Kingdom
EC2R 8LA

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

Principal activities

The Regulatory Funding Company (RFC) was incorporated as a company limited by guarantee on 29 November 2013 as an independent body set up by the main organisations representing newspaper and magazine publishers. Its activity commenced in the second half of 2014 calendar year which is reflected in the significant increase of revenue and cost during the current financial year.

The principal activity of RFC is to collect funds for the purpose of financing the self-regulatory arrangements for newspapers and magazines in the U.K. centred on the Independent Press Standard Organisation (IPSO).

Directors

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

Paul Michael Ashford
Kevin Joseph Beatty (appointed 29 June 2015)
Michael Gilson
Ashley Gilroy Mark Highfield (resigned 23 November 2015)
David John King (appointed 23 November 2015)
Christopher Charles Stoddart Longcroft (resigned 24 September 2015)
Brian Gerard McCarthy
Murdoch MacLennan
Albert Nathaniel Read Pia Sarma (appointed 24 September 2015)
Ellis Alan Nicholas Watson

Directors' responsibilities

The directors are responsible for preparing 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 period. 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 judgements and accounting estimates that are reasonable and prudent;

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

DIRECTORS' REPORT (continued)

Directors' responsibilities (continued)

- 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.

Auditor

The Auditors, Jacob Cavenagh & Skeet, have signified their willingness to continue in office and a resolution re-appointing them as Auditors and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

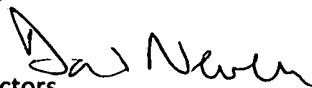
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed by order of the directors

David Newell

Company Secretary

Approved by the directors on



23 September 2016

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGULATORY FUNDING COMPANY

We have audited the financial statements of Regulatory Funding Company for the year ended 31 March 2016. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, 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 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 Annual 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the period 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.

REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REGULATORY FUNDING COMPANY (continued)

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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

Miriam Hickson FCA (Senior Statutory Auditor)

for and on behalf of Jacob Cavenagh & Skeet 12/10/2016

Chartered Accountants

Statutory Auditor

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW



REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016

	Note	31 March 2016 (12 months) £	31 March 2015 (6 months) £
Turnover			
Membership	1.3	2,593,273	1,613,881
Other income		14,450	186
Total Income		<u>2,607,723</u>	<u>1,614,067</u>
Industry regulator fees		2,388,000	1,332,000
Gross Profit		<u>219,723</u>	<u>282,067</u>
Administrative expenses		121,940	213,584
Operating Surplus	2	<u>97,783</u>	<u>68,483</u>
Interest receivable and similar income		1,264	1,390
Surplus on ordinary activities before taxation		<u>99,047</u>	<u>69,873</u>
Tax on surplus on ordinary activities	3	(19,809)	(14,573)
Surplus for the financial year		<u>79,238</u>	<u>55,300</u>

All the activities of the company are classed as from continuing operations

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 11-13 form part of these accounts

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

BALANCE SHEET

31 March 2016

	Note	2016 £	2015 £
Current Assets			
Debtors: amounts falling due within one year	5	123,955	772,900
Debtors: amounts falling due after more than one year	5	402,400	402,400
Cash at bank and in hand		786,807	246,000
		<u>1,313,162</u>	<u>1,421,300</u>
Creditors: amounts falling due within one year	6	(776,224)	(963,600)
Net Current Assets		<u>536,938</u>	<u>457,700</u>
Creditors: amounts falling due after more than one year	6	(402,400)	(402,400)
Total Assets Less Liabilities		<u>134,538</u>	<u>55,300</u>
Reserves			
Accumulated profit brought forward		55,300	-
Profit for the financial year		79,238	55,300
Accumulated surplus at the end of the financial year		<u>134,538</u>	<u>55,300</u>

These financial statements have been prepared in accordance with provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

These accounts were approved by the directors and authorised for issue on 23 September 2016 and are signed on their behalf by:

David Newell
Company Secretary

Brian Mc Carthy
Director

The notes on pages 11-13 form part of these accounts.

Company Registration No. 08796553

REGULATORY FUNDING COMPANY
COMPANY LIMITED BY GUARANTEE

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016

	2016 (12 months)	2015 (6 months)
	£	£
Net cash inflow from operating activities	554,117	244,610
Returns on investments and servicing of finance:	1,264	1,390
Interest received		
Taxation: tax paid	(14,574)	-
Increase in cash in the year	<u>540,807</u>	<u>246,000</u>
Net Cash flow from operating activities		
Operating Surplus	97,783	68,483
Decrease/(Increase) in debtors	648,945	(1,175,300)
(Decrease)/Increase in creditors	(192,611)	1,351,427
Net cash inflow from operating activities	<u>554,117</u>	<u>244,610</u>

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

1) Accounting policies

1.1 Basis of accounting

The RFC financial statements have been prepared under the historical cost convention and in accordance with company's rules and applicable United Kingdom Accounting Standards and Financial Reporting Standards for Smaller Entities (effective January 2015)

1.2 Going concern

The company meets its day to day working capital requirement from positive cash flow generated from subscriptions from its members. In consideration of the company's existing operations the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. Accordingly the going concern basis has been adopted to prepare these accounts.

1.3 Income recognition

Member's subscriptions are included in the accounts apportioned to the period to which they relate.

Sponsorship income is recognised in the period to which it relates. Income received and billed in advance is included in creditors as part of the deferred revenue balance.

1.4 Charges

Charges represent payments to the Independent Press Standard Organisation (IPSO) to be utilised for the self-regulatory arrangements for newspapers and magazines.

2) Operating Surplus

Operating surplus for the year is stated after charging:

	2016	2015
	£	£
Auditors' remuneration	4,200	4,080
	=====	=====

3) Taxation

	2016	2015
	£	£
Taxable profit	99,047	72,873
	=====	=====
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20%	19,809	14,573
	=====	=====

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements (continued)

Directors' emoluments

The company had no employees during the year (2015 nil) and the directors received no emoluments (2015 £nil).

4) Debtors

	2016	2015
	£	£
Trade debtors	23,355	75,300
Other debtors current	100,600	100,600
Prepayments and accrued income	-	597,000
Debtors: amounts falling due within one year	<u>123,955</u>	<u>772,900</u>
Debtors: amounts falling due after more than one year	<u>402,400</u>	<u>402,400</u>

Other debtors represent advances on charges to IPSO to enable that organisation to meet immediate commitments. This amount will be recovered from future years' charges and also comprises the long term portion amounting to £402,400 (2015 £402,400). Prepayments and accrued income in 2015 represented the advanced payment to IPSO of the fees relating to the second quarter of the 2015 calendar year.

5) Creditors

	2016	2015
	£	£
Trade creditors	-	115
Creditors members: amounts falling due within one year	100,600	100,600
Other creditors PressBOF	-	25,000
Corporation tax	19,809	14,574
Accruals and deferred income	655,815	823,311
Creditors members: amounts falling due after more than one year	<u>776,224</u>	<u>963,600</u>
	<u>402,400</u>	<u>402,400</u>
	<u>1,178,624</u>	<u>1,366,000</u>

Creditors members represents amounts collected from members and relating to memberships to be billed and recognised in future years.

Accruals and deferred income primarily represents memberships billed and collected from members relating to future period. Memberships are billed twice per annum in tranches of six months period.

Non current creditors include balances relating to advanced collections of memberships from National members.

REGULATORY FUNDING COMPANY

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements (continued)

6) Related party transactions

During the year the company paid management fees to News Media Association (NMA), a company in which M. MacLennan and K. Beatty are directors, amounting to £84,000 (2015 £49,000) of which £NIL was unpaid at 31 March 2016 (2015 £Nil).

All members, including those represented by the board, pay subscriptions to RFC. The board of directors are representatives from RFC member companies and, as such, are also identified as related parties.