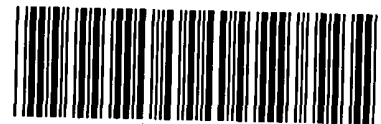


COMPANY REGISTRATION NUMBER 08796553

**REGULATORY FUNDING COMPANY  
COMPANY LIMITED BY GUARANTEE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2022**

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**REGULATORY FUNDING COMPANY**  
**COMPANY LIMITED BY GUARANTEE**

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**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2022**

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# **REGULATORY FUNDING COMPANY**

## **COMPANY LIMITED BY GUARANTEE**

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### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **The Board of directors**

Guy V Black of Brentwood  
Kevin J. Beatty (resigned 8 June 2022)  
Jeremy Clifford  
Chris Duncan (appointed 8 June 2022)  
Dominic J. Fitzpatrick  
Simon J.I. Fuller  
Victoria A.M. Hewitt  
Angus McBride (appointed 8 June 2022)  
Pia Sarma (resigned 8 June 2022)  
Albert Read (resigned 3 June 2021)  
Michael Watson (appointed 3 June 2021 resigned 8 June 2022)  
Ellis Watson (resigned 3 June 2021)  
Andy Williams (appointed 8 June 2022)  
Peter Wright (appointed 8 June 2022)

#### **Company Secretary**

David R. 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**

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### **DIRECTORS' REPORT**

#### **YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements of the company for the year ended 31 March 2022.

#### **Principal activities**

The Regulatory Funding Company (RFC) was incorporated in England and Wales 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.

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).

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they adopt the going concern basis in preparing the financial statements. Whilst in the year the company incurred a modest net loss, its reserves were and are more than sufficient to confirm the going concern basis. The directors' assessment of the appropriateness of the going concern basis has paid due regard to the impact on the company of the Covid19 pandemic.

#### **Directors**

The directors who served during the year are detailed on page 2 of this report.

#### **Directors' responsibilities statement**

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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable laws and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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

# **REGULATORY FUNDING COMPANY**

## **COMPANY LIMITED BY GUARANTEE**

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**DIRECTORS' REPORT (continued)**  
**YEAR ENDED 31 MARCH 2022**

### **Directors' responsibilities statement (continued)**

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.

### **Disclosure of information to auditors**

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

- so far as that 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**

These financial statements have been prepared in accordance with provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 section 1A – small entities.

Signed by order of the directors



David Newell  
Company Secretary

Approved by the directors on 26 August 2022

# **REGULATORY FUNDING COMPANY**

## **COMPANY LIMITED BY GUARANTEE**

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### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF REGULATORY FUNDING COMPANY**

##### **Opinion**

We have audited the financial statements of Regulatory Funding Company (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including 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 Republic of 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 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. Our responsibility is to read

# **REGULATORY FUNDING COMPANY**

## **COMPANY LIMITED BY GUARANTEE**

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the other information and, in doing so, consider whether the other information is materially

### **INDEPENDENT AUDITOR'S REPORT (continued)**

#### **TO THE MEMBERS OF REGULATORY FUNDING COMPANY**

#### **Other information (continued)**

inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

# **REGULATORY FUNDING COMPANY**

## **COMPANY LIMITED BY GUARANTEE**

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### **INDEPENDENT AUDITOR'S REPORT (continued)**

#### **TO THE MEMBERS OF REGULATORY FUNDING COMPANY**

#### **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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to company, taxation, financial reporting legislation and breach of specific law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management, considering the internal controls in place and discussion amongst the engagement team.

We determined that the principal risks were related to: incorrect treatment of deferred income, presentation of separately disclosed items and management override of controls.

In response to the risks identified we designed procedures which included, but were not limited to:

- substantive sample testing of membership income
- agreeing financial statement disclosures to underlying supporting documentation
- identifying and testing journal entries
- evaluating the company's internal controls
- reviewing Board meeting minutes

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



# REGULATORY FUNDING COMPANY

## COMPANY LIMITED BY GUARANTEE

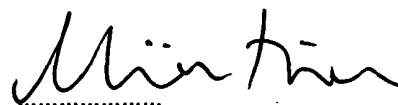
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### INDEPENDENT AUDITOR'S REPORT (continued) TO THE MEMBERS OF REGULATORY FUNDING COMPANY

#### 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 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.

Miriam Hickson FCA (Senior Statutory Auditor)  
For and on behalf of Jacob Cavenagh & Skeet



Chartered Accountants  
Statutory Auditor

5 Robin Hood Lane  
Sutton  
Surrey  
SM1 2SW

30 September 2022

# REGULATORY FUNDING COMPANY

## COMPANY LIMITED BY GUARANTEE

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
<b>Turnover</b>			
Membership	1.4	2,645,769	2,354,240
<b>Total Income</b>		<u>2,645,769</u>	<u>2,354,240</u>
Industry regulator fees		2,625,828	2,322,609
Administrative expenses		131,309	132,218
<b>Operating (Loss)</b>	2	<u>(111,368)</u>	<u>(100,587)</u>
Interest receivable and similar income		317	904
(Loss)/profit on ordinary activities before taxation		<u>(111,051)</u>	<u>(99,683)</u>
Tax on (loss)/profit on ordinary activities	3	21,100	18,940
<b>(Loss)/profit for the financial year</b>		<u>(89,951)</u>	<u>(80,743)</u>

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Profit and loss reserves £
<b>Balance at 1 April 2020</b>	915,426
<b>Year ended 31 March 2021:</b>	
Loss for the year	(80,743)
<b>Balance 31 March 2021</b>	<u>834,683</u>
<b>Year ended 31 March 2022:</b>	
Loss for the year	(89,951)
<b>Balance at 31 March 2022</b>	<u>744,732</u> =====

The related notes 1 to 6 on pages 11-15 form part of these financial statements.

**REGULATORY FUNDING COMPANY**  
**COMPANY LIMITED BY GUARANTEE**

COMPANY REGISTRATION NUMBER 08796553

**STATEMENT OF FINANCIAL POSITION**  
**31 March 2022**

	Note	2022 £	2021 £
<b>Current Assets</b>			
<b>Debtors:</b> amounts falling due within one year	4	229,269	605,977
<b>Debtors:</b> amounts falling due after more than one year	4	-	59,000
Cash at bank and in hand		1,718,045	1,335,519
		<u>1,947,314</u>	<u>2,000,496</u>
<b>Creditors:</b> amounts falling due within one year	5	(1,202,582)	(1,106,813)
<b>Net Current Assets</b>		<u>744,732</u>	<u>893,683</u>
<b>Creditors:</b> amounts falling due after more than one year	5	-	(59,000)
<b>Total Assets Less Liabilities</b>		<u>744,732</u>	<u>834,683</u>
<b>Reserves</b>			
Accumulated profit brought forward		834,683	915,426
(Loss)/ profit for the financial year		(89,951)	(80,743)
Accumulated profit at the end of the financial year		<u>744,732</u>	<u>834,683</u>

These financial statements have been prepared in accordance with provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 section 1A – small entities.

These accounts were approved by the directors and authorised for issue on 26 August 2022 and are signed on their behalf by:



David Newell

Guy V Black of Brentwood .....

Company Secretary

Director

The related notes 1 to 6 on pages 11-15 form part of these financial statements.

# **REGULATORY FUNDING COMPANY**

## **COMPANY LIMITED BY GUARANTEE**

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### **Notes to the Financial Statements**

#### **1) Accounting policies**

##### **1.1 Company information**

The Regulatory Funding Company is a private company limited by guarantee incorporated in England and Wales. The registered office is 10 Queen Street Place, London United Kingdom, EC4R 1BE.

##### **1.2 Basis of preparation of financial statements**

The RFC financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates and the exercise of management judgement in applying the company's accounting policies.

The financial statements are prepared in pound sterling, rounded to the nearest £1.

##### **1.3 Going concern**

The company meets its day to day working capital requirement from positive cash flow and accumulated reserves generated primarily 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.

##### **1.4 Turnover**

Member's subscriptions are included in the accounts apportioned to the period to which they relate. Income received and billed in advance is included in creditors as deferred income.

##### **1.5 Industry regulator fees**

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

# REGULATORY FUNDING COMPANY

## COMPANY LIMITED BY GUARANTEE

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### Notes to the Financial Statements (continued)

#### 1.6 Cash and cash equivalent

Cash and cash equivalent are basic financial assets and include cash in hand, deposits held at call with the bank, 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.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 1.7.1 Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### 1.7.2 Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### 1.7.3 Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

# REGULATORY FUNDING COMPANY

## COMPANY LIMITED BY GUARANTEE

### Notes to the Financial Statements (continued)

#### 1.7.3 Basic financial liabilities (continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.8 Taxation

The tax expense represents the sum of the tax currently payable.

##### 1.8.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the profit and loss account 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.

### 2) Operating (loss)/profit

Operating loss for the year is stated after charging:

	2022	2021
	£	£
Auditors' remuneration	6,661	6,099
	=====	=====

### 3) Taxation

	2022	2021
	£	£
Taxable (loss)/profit	(111,051)	(99,683)
	=====	=====
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19%	21,100	18,940
Over/(under) provided prior years	-	-
	<u>21,100</u>	<u>18,940</u>
	=====	=====

# REGULATORY FUNDING COMPANY

## COMPANY LIMITED BY GUARANTEE

### Notes to the Financial Statements (continued)

#### 4) Debtors

	2022	2021
	£	£
Trade debtors	83,229	465,311
Other debtors	106,000	100,000
Corporation tax recoverable	40,040	40,666
Debtors: amounts falling due within one year	<u>229,269</u>	<u>605,977</u>
Debtors: amounts falling due after more than one year	<u>-</u>	<u>59,000</u>

Other debtors represents advances on charges to IPSO to enable that organisation to meet its commitments as they become due. The amount is being recovered according to a schedule agreed between the parties and also comprises the long term portion amounting to £NIL (2021 £59,000).

#### 5) Creditors

	2022	2021
	£	£
Trade creditors	10,249	-
Creditors members: amounts falling due within one year	503,000	444,000
Accruals and deferred income	689,333	662,813
	<u>1,202,582</u>	<u>1,106,813</u>
Creditors members: amounts falling due after more than one year	<u>-</u>	<u>59,000</u>
	<u>1,202,582</u>	<u>1,165,813</u>

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

Accruals and deferred income primarily represent 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**

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### **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 K. Beatty is a director, amounting to £57,000 (2021 £84,000) of which £nil was unpaid at 31 March 2022 (2021 £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.

The directors of the company received no emoluments during the year (2021 £nil).