

English Sports Development Trust Limited

Company number 4290188

[A subsidiary company of The English Sports Council]

Annual Report and Accounts

2016-17

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Presented to Parliament pursuant to Article 6(2)(b) of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009

(SI 2009/476)

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Strategic report

The English Sports Development Trust Limited (ESDTL) is a company limited by guarantee whose sole member and parent body is the English Sports Council ('ESC'). The Company's purpose is to deliver the commercial contracts related to the media buying arrangements for the Women's Marketing Campaign ('This Girl Can') launched by the ESC. The campaign is one of major significance to the ESC and is designed to encourage more women and girls to get active. A Parent/Subsidiary Memorandum between the Company and the ESC, effective from 1 August 2014, provides the operating and governance framework between the two entities.

The Board of Directors (details of whom can be found on page 3), chaired by Charles Reed, monitor the progress of the campaign, review and implement the media planning and buying contracts and provide reports back to the ESC.

The Chairman has accountability for the management of the Company's operations. To facilitate effective operations, the Chairman delegates authority for the day-to-day administration to officers of the ESC through a Service Level and Agency Agreement (SLA). This means that the Company has no employees.

The Company's activities are entirely funded by a Lottery grant from the ESC Lottery fund. In September 2014 ESC awarded the Company £7.2 million of Lottery funding to further its purpose and support its activities. The Secretary of State for Culture, Media and Sport

was consulted prior to ESC's decision, as required under section 27 of the National Lottery etc. Act 1993.

The first This Girl Can marketing campaign, which launched on 12 January 2015, directly engaged with women and girls across England aged 14-40 years. The campaign had a positive impact. In the period to November 2015, 2.8 million women were inspired by the campaign to do some or more sport; 1.6 million of these were returning to sport after a long gap or taking it up for the first time.

In March 2016 the ESC Board approved a funding envelope for the campaign from 2016 to 2020. As before, ESC's decision on awarding any grant is subject to a prior determination from the Secretary of State for Culture, Media and Sport, under section 27 of the National Lottery etc. Act 1993. On 29 June 2016 we received the required determination from the Secretary of State which has enabled a further one year's media buying spend of £7.2million.

The second This Girl Can marketing campaign, which launched on 27 January 2017, directly engages with a widened target audience of women and girls across England aged 14-60 plus years.

The media planning and buying strategy of the campaign builds on the success of the first campaign, including the fear of judgement theme, with a focus on inspiring confidence and a sense of belonging to help our target audience manage those fears.

Strategic report

This first phase of advertising focused on out-of-home advertising with posters (both print and digital) appearing in shopping centres, railway stations and bus stops across England. The second phase of advertising launched on 24 February 2017 and included four weeks of television advertising during programming with high female audiences. The campaign was also supported with video on demand (VOD), organic and paid for social media across Twitter, Facebook, Instagram and Snapchat, digital advertising and extensive PR.

A second phase of the above-the-line activity begins in June 2017 focusing on TV advertising, digital display and a Snapchat filter. It will be supported by social media and PR. We are developing long-term plans for activity beyond July 2017 which is likely to include social media, PR and commercial partnerships. We are also working with our This Girl Can supporters and partners to help them activate and amplify the campaign.

It is too early to report on the impact on activity of phase two, but the response to the campaign and its creative has been overwhelmingly positive.

Impact of the campaign is being assessed through a qualitative tracker which measures attitudes, awareness and impact on behaviour at points before and after key campaign activity as well as following a group of women over a period of seven months in an online forum.

The results for the year ended 31 March 2017 are contained in the Directors' Report.

Charles Reed

Chair

21 June 2017

Directors' report

The Directors present their report on the affairs of the Company together with the accounts and auditor's report for the year ended 31 March 2017.

Directors

The Directors who served during the year are:

- Charles Reed (Chair)
- Ruth Holdaway
- Jennifer Crowl
- Peter Weiss
- Rona Chester
- Tanya Joseph¹
- Kate Bosomworth²
- Lisa O'Keefe³

The Company Secretary who served during the year was:

- Tanya Van Niekerk (appointed 6 February 2016)

The ESDTL Board met four times during the year.

Registered address

First Floor, 21 Bloomsbury Street,
London WC1B 3HF.

Sole Member

The English Sports Council

Auditor

The Comptroller and Auditor General,
157 - 197 Buckingham Palace Road,
Victoria, London, SW1W 9SP

Financial review

The Company made a surplus for the year of £28,000 arising from the receipt of merchandising income (2016: £2,000).

During the year the Company received £4.4 million of the second £7.2 million Lottery grant from ESC which was used to buy media of £4.4 million (see note 4 to the accounts) including:

- £1.5 million television and video on demand advertising
- £1.8 million for billboards, posters at bus shelters and tube stations
- £1.0 million digital advertising including social media.
- £0.1 million media planning

There is an accrual of £3,800 for audit fees at 31 March 2017 (2016: £4,000), supported by funds held by ESC on behalf of the Company (see note 12 to the accounts).

The general reserve of £30,000 arising from the receipt of merchandising income has been ring-fenced to fund projects for women and girls.

Charles Reed

Chair

21 June 2017

- ¹ Resigned 1 January 2017
- ² Appointed 3 January 2017
- ³ Appointed 3 January 2017

Directors' Responsibilities

The Directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The accounts are required by law to give a true and fair view of the state of affairs of the Company at the year end and of the results of the Company for that year. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company, and to enable them to ensure that the accounts comply with the Companies Act 2006.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that, in all material respects, the income and expenditure of the Company have been applied in furtherance of the Company's objectives and conform to the authorities that govern them.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these accounts have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware.

Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

By Order of the Board

Charles Reed
Chair
21 June 2017

The certificate and report of the Comptroller and Auditor General to the members of English Sports Development Trust Limited

I certify that I have audited the financial statements of English Sports Development Trust Limited for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Director and the auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland).

Those standards require me and my staff 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 English Sports Development Trust Limited'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 I 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 me in the course of performing the audit.

If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions

The certificate and report of the Comptroller and Auditor General to the members of English Sports Development Trust Limited

recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of English Sports Development Trust Limited's affairs as at 31 March 2017 and of its net operating income for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
29 June 2017

English Sports Development Trust Limited

Statement of comprehensive net expenditure

	Note	2017 £'000	2016 £'000
Income			
Lottery grant received	2	4,393	2,729
Other income	3	92	7
Total operating income		4,485	2,736
Expenditure			
Media planning and buying	4	4,433	2,729
Auditor's remuneration	5	4	4
Legal fees		13	-
Total operating expenditure		4,450	2,733
Net operating income before taxation		35	3
Taxation	7	7	1
Net operating income for the year		28	2

There are no other items of comprehensive income or expenditure.

The notes on pages 11 to 14 form an integral part of these accounts.

English Sports Development Trust Limited

Statement of financial position

	Note	2017 £'000	2016 £'000
Current assets			
Trade and other receivables	8	619	25
Total assets		619	25
Current liabilities			
Trade and other payables	9	589	23
Total liabilities		589	23
Assets less liabilities		30	2
Equity			
General reserve		30	2
Total		30	2
Company number 4290188			

The accounts on pages 7 to 14 were approved by the Board of Directors and were signed on its behalf by:

Charles Reed
Chair
21 June 2017

The notes on pages 11 to 14 form an integral part of these accounts.

English Sports Development Trust Limited

Statement of cash flows

	2017 £'000	2016 £'000
Net income operating before taxation	35	3
(Increase)/decrease in trade and other receivables	(594)	189
Increase/(decrease) in trade and other payables	566	(191)
Corporation tax	(7)	(1)
Net cash flow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 April	-	-
Cash and cash equivalents at 31 March	-	-

In 2016 Corporation tax was included within the movement for trade and other payables.

The notes on pages 11 to 14 form an integral part of these accounts.

English Sports Development Trust Limited

Statement of cash flows

	General Reserve £'000
Balance at 1 April 2015	-
Net operating income for the year	2
Balance at 31 March 2016	2
Net operating income for the year	28
Balance at 31 March 2017	30

The general reserve has been ring-fenced to fund projects for women and girls.

The notes on pages 11 to 14 form an integral part of these accounts.

Notes to the accounts

1 Statement of accounting policies

The accounts have been prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Companies Act 2006.

The particular policies adopted by English Sports Development Trust Limited as set out and described below have been applied consistently to all periods presented in these accounts.

1.1 Going concern

The "This Girl Can" marketing campaign forms part of the ESC 2016 to 2021 strategy *Towards An Active Nation* to encourage growth in activity at scale and to focus on tackling inactivity and underrepresented groups. ESDTL will continue to deliver the media buying arrangements for the campaign for the life of the strategy. The funding envelope for this was approved by the ESC Board in March 2016.

1.2 Lottery grant

The Lottery revenue grant is credited to the Statement of comprehensive net

2 Lottery grant received

	2017 £'000	2016 £'000
Lottery grant	4,393	2,729

The Lottery grants from ESC Lottery Fund are funding the media planning and buying for the women's marketing campaign "This Girl Can". In 2016, the balance from the first £7.2 million grant was received. The funds received in 2017 relate to the second £7.2 million grant, the balance of which is expected to be received in the year to 31 March 2018.

expenditure in the year in which the grant is receivable. The grant is intended to compensate for related costs incurred.

1.3 Expenditure

All expenditure is recognised on an accruals basis.

1.4 Trade and other receivables/payables

Trade and other receivables/payables are recognised at fair value.

1.5 Dividends

The Company is prohibited by its Articles of Association from declaring a dividend.

1.6 Taxation

Up until the 2014/15 financial year end the Company had been dormant for corporation tax purposes due to its non-trading status.

In 2015/16 and 2016/17 the Company benefited from sales of branded goods through a well-known high-street retailer. The revenue earned from branded sales is subject to UK Corporation tax and is shown in note 3 (Other income) to the accounts.

English Sports Development Trust Limited

Notes to the accounts – (continued)

3 Other income

	2017 £'000	2016 £'000
Costs recharged to ESC	17	4
Merchandising Income	35	3
Campaign Contribution	40	-
Total	92	7

The costs recharged to ESC consist of legal and audit fees in 2017 and audit fees in 2016.

Merchandising income was earned as a result of sales of branded goods through a well-known high-street retailer. The retailer paid the Company a “per unit” amount for each sale of branded “This Girl Can” (TGC) goods. No further income is expected.

The campaign contribution was to promote the launch of the new TGC advert via social media.

4 Media planning and buying

	2017 £'000	2016 £'000
Television and Video on demand advertising	1,593	1,441
Out of home advertising	1,765	836
Digital Media	986	404
Media planning	89	48
Total	4,433	2,729

The breakdown for 2016 has been changed to better reflect the current reporting. There is no change to the aggregate total of media planning and buying.

5 Auditors remuneration

	2017 £'000	2016 £'000
Audit fees	4	4

There were no fees for non-audit work in 2017 and 2016. The audit fees for both years have been recharged to ESC.

English Sports Development Trust Limited

Notes to the accounts – (continued)

6 Staff Costs

The Company employed no staff in 2017 and 2016. ESC provides a financial and administrative service to the Company, under the terms of a service level agreement, for which no charge is made (note 12).

The Directors did not receive fees or allowances for the year.

7 Taxation

	Note	2017 £'000	2016 £'000
UK corporation tax at 20%		7	1
Total		7	1

8 Trade and other receivables

	Note	2017 £'000	2016 £'000
Accrued income		546	7
English Sports Council	12	73	18
Total		619	25

Accrued income consists of Lottery grant receivable, Campaign contribution receivable and the audit fees recharged to ESC in 2017 and mainly audit fees recharged in 2016.

9 Trade and other payables

		2017 £'000	2016 £'000
Accruals		582	4
Deferred income		-	18
Taxation		7	1
Total		589	23

Accruals consist of media buying costs and audit fees in 2017 and audit fees in 2016.

10 Value added tax

The Company is in a group VAT registration scheme with ESC and is jointly and severally liable for all group VAT liabilities. No VAT is charged on transactions between members of the VAT group.

11 Derivatives and other financial instruments

The Company relies entirely on the ESC Lottery fund grant to finance its operations. Other than trade receivables and trade payables that arise from its operations, it holds no financial instruments.

The Company performs all transactions in Sterling and therefore has no currency

Notes to the accounts – (continued)

exchange risk. The Company does not enter into any forward foreign currency contracts or similar financial instruments. The Company does not borrow money and therefore has no exposure to interest rate risk or liquidity risk in this regard. The Company does not enter into any interest rate swaps or similar financial instruments.

12 Related party transactions

The Company has a close working relationship with its parent body ESC. ESC Lottery fund (note 2) is the Company's main provider of funds enabling it to carry out its objectives. ESC provides a financial and administrative service to the Company for which no charge is made. The Company has

	2017 £'000	2016 £'000
Amount owing from ESC	73	18
Recharged income	17	4

no bank account and uses the bank account of ESC to receive Lottery funds which are ring-fenced for the payment of expenditure relating to the Company.

13 Ultimate parent body

The results of the Company are consolidated in the accounts of ESC. The accounts of ESC Group are available from its registered office at First Floor, 21 Bloomsbury Street, London WC1B 3HF.

14 Post financial year-end events

The annual report and accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

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