

English Sports Development Trust Limited

Company number 4290188

[A subsidiary company of The English Sports Council]

Annual Report and Accounts

2017-18

HC1046

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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') managed 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 4), 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 Lottery grants from the ESC Lottery fund. In September 2014 the ESC awarded the Company £7.2 million of Lottery funding to further its purpose and support its activities with a further £7.2 million awarded in March 2016.

The required prior determination was given by the Secretary of State for Digital, Culture, Media and Sport under section 27 of the National Lottery etc. Act 1993 for each grant awarded by ESC. The second phase of the This Girl Can campaign, which launched on 27 January 2017, directly engaged with women and girls across England aged between 14 and 60. This was a broader age range than the 2014-15 phase, which focused on women and girls aged between 14-40, and presented new media buying challenges, stretching our budget further.

The investment of £7.2 million was applied in a mix of TV, out-of-home and social and digital media to ensure our message engaged women and girls from all generations. This was spent in two main bursts – January to March 2017 and June to August 2017 – with ongoing investment in social media and buying relevant search terms (paid-for-search) throughout the year.

New techniques were also trialled to grow the community. These included a sponsored SnapChat filter which reached over 2 million unique users. SnapChat is a particularly relevant channel for reaching young women and teenagers. Women whose workout playlists, on the music streaming service Spotify, were inactive for 30 days were shown This Girl Can content to inspire them to get active again. More than a quarter of a million women were reached, beating Spotify's benchmarks for engagement five times over.

In response to insight showing that more women from affluent backgrounds

Strategic report

were being reached and engaged, the July TV plan was developed to include more daytime spots, which has a higher penetration of lower-socio economic households, increasing the reach from 69.4% to 71.4%. The tracking data showed that, as a result, there was an increase in the number of women from lower socio-economic groups who were likely to recall the campaign.

The This Girl Can social media community now has over 770,000 members – with Facebook accounting for over half and Instagram growing in importance. Facebook is particularly valuable in reinforcing women’s sense of belonging and confidence as they support and encourage each other, asking questions, giving advice and celebrating achievements.

More importantly, it has shown a change in behaviour. The campaign has directly inspired 3.9 million¹ women to take action, including 1.6 million who are getting active for the first time or after a long gap in activity. As a result, women’s sense of confidence and belonging has been consolidated - the attitudes that will help them sustain new habits and routines or get back into activity after a break.

Since the start of the campaign there has been an increase to agreement with the statement ‘People like me are doing sport and exercise’ from 43% in November 2014 to 48% in November 2017.

There has also been an increase in agreement with the statement ‘I don’t worry what others think of me when I’m exercising’ from 43% in November 2014 to 45% in November 2017.

In February 2018 the ESC Board approved further investment up to the value of £3 million per year for the next three years, £2 million of which is to invest in paid media that will help us continue the campaign’s momentum, and £1 million of which will be managed by the ESC and will go into creative development, production and execution via a non-cash grant. Determination under section 27 of the National Lottery etc. Act 1993 from the Secretary of State for Digital, Culture, Media and Sport for this award from ESC was given on 24 July 2018.

The media strategy for this third phase will use digital and social media to maintain the campaign's momentum and reach new audiences. Paid-for searches on Google and Bing help women find the campaign; a mix of paid-for and organic social media posts ensures that the community sees the content and helps recruit new members; and occasional investments in larger, innovative uses of digital media (such as SnapChat filters) helps cut through digital clutter and grow the community. The strategy will also include targeted local out-of-home advertising in selected areas.

The strategy will have a greater focus on targeting women from lower socio-economic backgrounds and some

¹ Kantar Public tracker survey

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BAME demographic groups, addressing the specific additional barriers these groups face. The campaign will continue to stimulate and motivate the existing online community of nearly 800,000 women on Facebook, Twitter and Instagram – reinforcing their own newly acquired habits and encouraging them to use their own networks and peer groups to help change behaviour and attitudes.

The media strategy will be supported by a commercial partnership strategy that will generate marketing and value-in-kind for the campaign, reducing the reliance on public funding.

The results for the year ended 31 March 2018 are contained in the Directors' Report.

Charles Reed

Chair

3 September 2018

Directors' responsibilities

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 2018.

Directors

The Directors who served during the year are:

- Charles Reed (Chair)
- Kate Bosomworth
- Rona Chester
- Jennifer Crowl
- Ruth Holdaway
- Serena Jacobs
- Lisa O'Keefe
- Peter Weiss

The terms of office for Ruth Holdaway, Jennifer Crowl and Peter Weiss ended on 31 December 2017; the term of office for Rona Chester ended on 29 March 2018. Serena Jacobs was appointed on 30 March 2018.

From January 2018, the ESDTL Board has been supported by the ESC's This Girl Can Project Board, whose purpose it is to oversee campaign strategy and implementation. The ESDTL Chair and ESDTL member Kate Bosomworth, serve on the Project Board, which is chaired by the ESC CEO.

The Company Secretary who served during the year was Tanya van Niekerk.

The ESDTL Board met three 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

During the year the Company received £2.7 million (2017: £4.4 million) of the second £7.2 million Lottery grant from ESC, which was used to buy media of £2.5 million (see note 4 to the accounts) including:

- £0.9 million television and video on demand advertising
- £1.5 million digital advertising including social media.
- £45k media planning

There is an accrual of £3,800 for audit fees at 31 March 2018 (2017: £3,800), supported by funds held by ESC on behalf of the Company (see note 12 to the accounts).

£30,000 of the general reserve arose from the receipt of merchandising income which is ring-fenced to fund projects for women and girls.

Charles Reed
Chair
3 September 2018

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
3 September 2018

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

Opinion on financial statements

I have audited the financial statements of English Sports Development Trust for the year ended 31 March 2018 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, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union.

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the 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 European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of English Sports Development Trust Limited in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors for the financial statements

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.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with Government Resources and Accounts Act 2000.

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. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 purpose of expressing an opinion on the effectiveness of English Sports Development Trust Limited's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's 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 English Sports Development Trust Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such

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

disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

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

Other Information

Directors are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In

connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- 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; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

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

- 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
12 September 2018

English Sports Development Trust Limited

Statement of comprehensive net expenditure

	Note	2018 £'000	2017 £'000
Income			
Lottery grant received	2	2,674	4,393
Other income	3	4	92
Total operating income		2,678	4,485
Expenditure			
Media planning and buying	4	2,480	4,433
Auditor's remuneration	5	4	4
Legal fees		-	13
Total operating expenditure		2,484	4,450
Net operating income before taxation		194	35
Taxation	7	-	7
Net operating income for the year		194	28

There are no other items of comprehensive income or expenditure.

The notes on pages 14 to 17 form an integral part of these accounts.

English Sports Development Trust Limited

Statement of financial position

	Note	2018 £'000	2017 £'000
Current assets			
Trade and other receivables	8	228	619
Total assets		228	619
Current liabilities			
Trade and other payables	9	4	589
Total liabilities		4	589
Assets less liabilities		224	30
Equity			
General reserve		224	30
Total		224	30

Company number 4290188

The accounts on pages 10 to 17 were approved by the Board of Directors and were signed on its behalf by:

Charles Reed
Chair
3 September 2018

The notes on pages 14 to 17 form an integral part of these accounts.

English Sports Development Trust Limited

Statement of cash flows

	2018 £'000	2017 £'000
Net operating income before taxation	194	35
Decrease/(increase) in trade and other receivables	391	(594)
(Decrease)/increase in trade and other payables	(585)	566
Corporation tax		(7)
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	-	-

The notes on pages 14 to 17 form an integral part of these accounts.

English Sports Development Trust Limited

Statement of changes in equity

	General Reserve £'000
Balance at 1 April 2016	2
Net operating income for the year	28
Balance at 31 March 2017	30
Net operating income for the year	194
Balance at 31 March 2018	224

£30k of the general reserve is ring-fenced to fund projects for women and girls.

The notes on pages 14 to 17 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 the ESDTL 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 and explore commercial partnership opportunities to reduce reliance on public funding. Funding for the next three years was approved by the ESC Board in February 2018 and determination

by the Secretary of State under section 27 of the National Lottery etc. Act 1993 was obtained on 24 July 2018.

1.2 Lottery grant

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

Corporation tax is payable on income derived from trading activities.

2 Lottery grant received

	2018 £'000	2017 £'000
Lottery grant	2,674	4,393

The Lottery grant from ESC Lottery Fund, agreed in 2016, funded media planning and buying for the second phase of the women's marketing campaign "This Girl Can" which was launched in January 2017.

Notes to the accounts

3 Other income

	2018 £'000	2017 £'000
Costs recharged to ESC	4	17
Merchandising income	-	35
Campaign contribution	-	40
Total	4	92

The costs recharged to ESC consist of audit fees in 2018 and legal and audit fees in 2017.

Merchandising income in 2017 was 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” goods.

The campaign contribution in 2017 was to promote the launch of the new “This Girl Can” advert via social media.

4 Media planning and buying

	2018 £'000	2017 £'000
Television and Video on demand advertising	936	1,593
Out of home advertising	-	1,765
Digital media	1,499	986
Media planning	45	89
Total	2,480	4,433

5 Auditor’s remuneration

	2018 £'000	2017 £'000
Audit fees	4	4

There were no fees for non-audit work in 2018 and 2017. The audit fees for both years have been recharged to ESC.

Notes to the accounts

6 Staff Costs

The Company employed no staff in 2018 and 2017. 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	2018 £'000	2017 £'000
UK corporation tax at 19% (2017 - 20%)		-	7
Total		-	7

Corporation tax is payable on income derived from trading activities (note 1.6). There was no trading activity during 2017-18. In 2016-17 the Company benefited from sales of branded goods through a well-known high-street retailer. The revenue earned from branded sales (note 3) was subject to UK Corporation tax.

8 Trade and other receivables

	Note	2018 £'000	2017 £'000
Trade receivables		40	-
Accrued income		4	546
English Sports Council	12	184	73
Total		228	619

Accrued income includes audit fees recharged to ESC in 2018 and in 2017 Lottery grant receivable, campaign contribution receivable and the audit fees recharged to ESC.

9 Trade and other payables

		2018 £'000	2017 £'000
Accruals		4	582
Taxation		-	7
English Sports Council		-	-
Total		4	589

Accruals consist of audit fees in 2018 and media buying costs and audit fees in 2017.

Notes to the accounts

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 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 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.

	2018 £'000	2017 £'000
Amount owing from ESC	184	73
Recharged income	4	17

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

There have been no post balance sheet events and the annual report and accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

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