

Registered number: 01979158

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors

D F Batchelor (Chairman)
J S Mann (Senior Independent Non-Executive Director)
A Christy (Chief Executive)
A Bickerdike
E W Brown
J A Dishman (nee Newcombe)
S Dodd
B S Hooper
A G Odell
M W Robinson
M J Smith

COMPANY SECRETARY A Christy

REGISTERED NUMBER 01979158

REGISTERED OFFICE National Badminton Centre
Bradwell Road
Loughton Lodge
Milton Keynes
MK8 9LA

INDEPENDENT AUDITORS haysmacintyre
10 Queen Street Place
London
EC4R 1AG

PRESIDENT D Troke

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)

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BADMINTON ASSOCIATION OF ENGLAND LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Badminton Association of England Limited, trading as Badminton England, is the National Governing Body for the sport of badminton in England. Our vision is to be one of the nation's most popular sports and consistently win medals at World, Olympic and Paralympic level.

The financial and operating practices during the year were focused on the delivery and achievement of the three strategic aims of the organisation:

1. More people taking part in badminton
2. Win World, Olympic and Paralympic medals
3. Build financial resilience and be a well governed organisation

A review of our progress in meeting the business objectives contained in the Strategic Plan, Discover Badminton (2017-2025), is set out in the Annual Report which can be obtained from the Company.

Business review

The audited accounts for the year ended 31 March 2018 show a deficit for the year of £(377,000) (2017: surplus of £137,000) against a budgeted deficit of £(455,000), a positive variance of £78,000.

The Statement of Financial Position shows that we have net assets of £2,624,000 (2017: £3,001,000), which amounts to approximately eight months of operating expenditure. The net asset position consists of fixed assets of £3,489,000 (2017: £3,540,000), net current assets of £2,101,000 (2017: £2,525,000) and long-term grant funding of £2,966,000 (2017: £3,064,000). Included within net current assets is cash at bank of £2,425,000 (2017: £3,361,000).

During the year we received three key income streams:

- income derived from Badminton England's own activities of £3,944,000 (2017: £3,763,000), which is up £181,000 on the prior year and this included membership income of £492,000 (2017: £567,000), which was significantly down on where we had hoped to be;
- investment from Sport England of £2,690,000 (2017: £3,537,000) to support the growth in badminton participation;
- investment from UK Sport of £135,000 (2017: £1,280,000 related to the GB World Class Performance Programme)

We continued to invest into our sport, including significant amounts into programmes designed to increase participation, develop talent and fund our elite athletes. Otherwise, we maintained careful control over other operating costs, which reduced in line with our income profile.

At the start of the current funding period, the Board approved a financial plan that will result in the organisation running at a deficit of up to £1,000,000 for the period 2017-2021. The deficit this year is lower than planned and our balance sheet remains strong. Reserves are retained in order to provide adequate resources for the future development of the sport, as well as to ensure the continued financial strength of the organisation.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Financial key performance indicators

Income - £6,949,000 (2017: £8,700,000); decrease 20% (2017: 8% decrease)

Operating deficit - £391,000 (2017: £123,000 surplus)

Reserves - 8 months operating expenditure (2017: 7.84 months)

Risk management and internal controls

The Board of Directors ("the Board") is responsible for risk management and internal controls. The Chief Executive and the Corporate Management Team are responsible for identifying and reviewing the risks to Badminton England and reporting these to the appropriate Advisory Board, the Finance Risk & Corporate Services Board ("FR&CS") and the Board. Controls and suitable actions are put in place to mitigate these identified risks as far as is possible and practical. FR&CS is responsible for assessing Badminton England's internal controls.

Principal risks and uncertainties

A key business risk relates to the certainty of future revenue streams, particularly the significant reliance on the income generated from the Yonex All England Championships, Sport England and other commercial partners, as well as membership income. The risk of the non-receipt of revenue from the Yonex All England Championships is mitigated by a contract being in place until 2021. Given the large contribution that the Yonex All England Championships makes to Badminton England's results (52% of 'owned' income in 2017/18), Badminton England is exposed to a potential catastrophic loss of revenue in any single year due to cancellation, although insurance covers this risk where possible.

Sport England has confirmed funding in support of our talent and participation programmes for the period 2017-2021, reviewed annually against agreed performance targets. Continued investment from Sport England is also dependent on remaining compliant with the Code for Sports Governance. Contracts with our other commercial partners are due for renewal periodically over the next three years and negotiations are ongoing in relation to renewals and new sponsors. Badminton England is exposed to a degree of credit risk in these commercial arrangements, which is managed, but cannot be completely mitigated.

To an extent, the risk of revenue loss is mitigated in that a large element of expenditure into the sport is discretionary in each financial year and can be reduced in subsequent years without breaching legal commitments. In addition, Badminton England maintains adequate cash balances and reserves to mitigate any short-term financial impact from these risks.

The risk of non-delivery of our strategy of getting more people taking part in badminton is mitigated through our commitment to working alongside all the people and organisations that share our purpose including players, coaches, clubs, volunteers and commercial partners.

Badminton England is also committed to winning World, Olympic and Paralympic medals. The Board recognises the risks associated with playing elite sport in a competitive environment and in developing talented juniors. Badminton England has policies in place to deal with these risks, along with programmes of player and coach education.

We have a long term strategic plan, Discover Badminton (2017-2025) and resources are allocated appropriately to deliver our strategy. Progress against the objectives contained within the strategic plan can be found in the Annual Report.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Assessment of internal controls

The Board has conducted a review of the effectiveness of the Company's risk management and internal control systems and is satisfied that they provide reasonable assurance.

Future developments

In the second year of this funding cycle, we will pursue the plan agreed with Sport England, to grow grass roots badminton and develop our talented players. In February 2018, UK Sport announced that they would invest up to £630,000 in a Medal Support Plan, alongside the investment we make into the England Performance Programme and a further £960,000 into the Paralympic Programme, over the three years to the Tokyo 2020 Olympics.

In order to fund Badminton England's own activities, the Board remains committed to growing income from commercial sources and this will continue to be a strategic priority for the coming years. A project to develop our digital capability is well underway and the Board believes that this is essential to driving greater engagement with our members, fans and others stakeholders and that this will ultimately drive increased revenues.

Our ability to support the development of badminton in the future is dependent on the success of the commercial strategy. This will mean attracting more members and fans, reversing the decline in club affiliations and securing new sources of revenue, as well as managing costs carefully.

The Board expects to incur a deficit again in the current year, in line with the financial plan and return to surplus towards the end of the period. The Board believes that this will position us well for the future, should there be continued pressure on Government funding thereafter.

This report was approved by the Board on 30 May 2018 and signed on its behalf.

A Christy (Chief Executive)
Director

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 law 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 deficit of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Directors

The Directors who served during the year were:

D F Batchelor (Chairman)
J S Mann (Deputy Chairman)
A Christy (Chief Executive)
A Bickerdike
E W Brown
J A Dishman (nee Newcombe) (appointed 24 June 2017)
S Dodd
B S Hooper
A G Odell
M Robinson
M J Smith
B Walters (resigned 13 June 2017)

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Governance report

The Board believes Badminton England operates to a high standard of governance and, as such, are pleased to report that during the year we received confirmation from Sport England that Badminton England complies with the provisions of the Code for Sports Governance. On-going compliance is a requirement of future funding and the Board keeps compliance under regular review.

Details regarding risk management and internal controls are given in the Strategic Report.

Equality & Diversity

Badminton is recognised as a global sport (there are 185 nations within the membership of the Badminton World Federation) and that worldwide appeal is reflected in those taking part in badminton in England. Badminton England also celebrates the inclusivity and diversity of its membership – being a sport played by those from primary school age to the older population and from all sections of society.

Badminton England strives to ensure that the diverse representation of those taking part in badminton is reflected across its governance structure and welcomes the Code and its requirement that “Organisations shall recruit and engage people with appropriate diversity, independence, skills, experience and knowledge to take effective decisions that further the organisation’s goals”.

Badminton England has made significant progress in recent years in recruiting greater female representation to its Board of Directors. The female representation on the Board (40%) currently exceeds the requirements in the Code; that being a minimum of 30% of each gender on the Board. However, Badminton England remains committed to making further progress by working towards gender parity on the Board and also to ensure that the composition of the Board better reflects the diversity of those taking part in the sport in England. In doing so it will ensure that Board members possess the skills and experience necessary to deliver its strategic plan and to ensure good governance. This requirement is reflected in the terms of reference of Badminton England’s Nominations Committee when recruiting and making recommendations for new members of the Board and will remain under regular scrutiny.

Official recognition of our commitment to equality came through the awarding of the Racial Equality Charter for Sport, Badminton England achieving the Preliminary level in 2002. When the Standard became wider to embrace further forms of equality, Badminton England achieved both the Foundation and Preliminary levels of the Equality Standard for Sport in 2006. The Intermediate level of the Equality Standard for Sport was awarded in December 2014. We have had dedicated resource and a lead officer within the organisation and a designated Board equality champion.

Employee engagement

Badminton England is extremely proud of the talented, passionate and resilient team that it employs and values their voice.

A staff survey is conducted annually and in 2017 we formed a Staff Forum whereby members of the team across all departments could come together to discuss matters that arise from each survey. The Forum is given the opportunity to make recommendations for consideration by the Corporate Management Team on the continued improvement of the working environment.

Badminton England currently holds the Silver level award of the Investors in People programme.

Directors's indemnity insurance

Badminton England purchases directors' and officers' liability insurance in respect of itself and its directors.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 30 May 2018 and signed on its behalf.

A Christy (Chief Executive)
Director

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BADMINTON ASSOCIATION OF ENGLAND LIMITED

Opinion

We have audited the financial statements of Badminton Association of England Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BADMINTON ASSOCIATION OF ENGLAND LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BADMINTON ASSOCIATION OF ENGLAND LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 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.

David Cox (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

30 May 2018

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £000	2017 £000
Income	4	6,949	8,700
Administrative expenses		(7,340)	(8,577)
Operating (deficit)/surplus	5	(391)	123
Interest receivable and similar income	9	8	17
(Deficit)/surplus before tax		(383)	140
Tax on (deficit)/surplus	10	6	(3)
(Deficit)/surplus after tax		(377)	137
		<hr/>	<hr/>
Retained earnings at the beginning of the year		3,001	2,864
		<hr/>	<hr/>
		3,001	2,864
(Deficit)/surplus for the year		(377)	137
Retained earnings at the end of the year		<hr/>	<hr/>
		2,624	3,001
		<hr/>	<hr/>

BADMINTON ASSOCIATION OF ENGLAND LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 01979158

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	74	48
Tangible assets	12	3,415	3,492
		<u>3,489</u>	<u>3,540</u>
Current assets			
Stocks	13	-	110
Debtors: amounts falling due within one year	14	1,223	616
Cash at bank and in hand	15	2,425	3,361
		<u>3,648</u>	<u>4,087</u>
Creditors: amounts falling due within one year	16	(1,547)	(1,562)
		<u>2,101</u>	<u>2,525</u>
Net current assets		<u>2,101</u>	<u>2,525</u>
Total assets less current liabilities		<u>5,590</u>	<u>6,065</u>
Creditors: amounts falling due after more than one year	17	(2,966)	(3,064)
		<u>2,624</u>	<u>3,001</u>
Net assets		<u>2,624</u>	<u>3,001</u>
Capital and reserves			
Income and expenditure account	19	2,624	3,001
		<u>2,624</u>	<u>3,001</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 30 May 2018.

A Christy (Chief Executive)
 Director

The notes on pages 13 to 26 form part of these financial statements.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £000	2017 £000
Cash flows from operating activities		
(Deficit)/surplus for the financial year	(377)	137
Adjustments for:		
Amortisation of intangible assets	18	2
Depreciation of tangible assets	128	125
Interest received	(8)	(17)
Taxation charge	(6)	3
Decrease/(increase) in stocks	110	(110)
(Increase)/decrease in debtors	(604)	16
(Decrease) in creditors	(110)	(94)
Corporation tax received/(paid)	-	(3)
Net cash generated from operating activities	<u>(849)</u>	<u>59</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(44)	(50)
Purchase of tangible fixed assets	(51)	(19)
Interest received	8	17
Net cash from investing activities	<u>(87)</u>	<u>(52)</u>
Net (decrease)/increase in cash and cash equivalents	(936)	7
Cash and cash equivalents at beginning of year	3,361	3,354
Cash and cash equivalents at the end of year	<u>2,425</u>	<u>3,361</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,425	3,361
	<u>2,425</u>	<u>3,361</u>

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Badminton Association of England Limited is a private company (registered number: 01979158), limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation. The number of members as at 31 March 2018 was 43 (2017: 43).

The Company is incorporated in England and Wales. The registered office is:

National Badminton Centre
Bradwell Road
Loughton Lodge
Milton Keynes
MK8 9LA

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the 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. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors assess whether the use of the going concern basis is appropriate for the preparation of the financial statements.

Having reviewed the financial plan for the next funding cycle, the budget for the year ending 31 March 2019 and cash flow forecasts for twelve months from the date of these financial statements, the Directors have concluded that there are sufficient resources available for the Company to meet its liabilities as they fall due. These financial statements have, therefore, been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before income is recognised:

Grants receivable

Grants are accounted for under the accruals model with the deferred element of grants being included in creditors as deferred income. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

Sponsorship revenue

Income arising from sponsorships is normally recognised over the period of the sponsorship term. When the sponsorship is linked to a particular event or condition, revenue is recognised when the specific event has taken place or the condition has been met.

TV broadcasting revenue

Income arising from TV broadcasting is recognised when a major televised event is aired and is recognised over the number of days of the televised event.

Ticket sales

Income arising from event ticket sales is recognised when the event takes place.

Sale of goods

Income from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction, and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Income from a contract to provide services is recognised in the period in which the services are provided in accordance with when all of the following conditions are satisfied:

- the amount of income can be measured reliably;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	5	years
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2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold buildings	-	Amortised over 50 years
SSS development	-	Amortised over 50 years
NBC development	-	Amortised over 50 years
Furniture	-	20% on cost
Computers and equipment	-	50% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.8 Financial instruments (continued)

financial assets and liabilities like trade and other accounts receivable and payable.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.9 Creditors

Short term creditors are measured at the transaction price.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.13 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.14 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except where a charge is attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in reserves. In such cases the tax charge is also recognised in other comprehensive income or directly in reserves respectively.

NOTES TO THE FINANCIAL STATEMENTS
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3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the Company is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These judgments, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenditure recognised during the reporting periods presented. On an ongoing basis, the Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraphs detail the estimates and judgments the Company believes to have the most significant impact on the annual results under FRS 102.

Property, plant and equipment (PPE)

The estimated useful economic lives of PPE are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of PPE investment to the Company, variations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically few changes to estimated useful economic lives have been required. The Company is required to evaluate the carrying values of PPE for impairment whenever circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. An impairment review requires management to make subjective judgments concerning the cash flows, growth rates and discount rates of the cash generating units under review.

Income recognition and allowance for doubtful debtors

The Company recognises income to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. When the Company considers that the criteria for income recognition are not met for a transaction, income recognition is delayed until such time as collectability is reasonably assured. Payments received in advance of income recognition are recorded as deferred income. At each reporting date, the Company evaluates the recoverability of trade debtors and records allowances for doubtful debtors based on experience. These allowances are based on, amongst other things, a consideration of actual collection history. The actual level of debtors collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4. Analysis of income

An analysis of income by class and category of business is as follows:

	2018 £000	2017 £000
Grants receivable	3,005	4,937
Sponsorship and rights fees	1,617	1,374
Ticket sales	429	410
Other income from the sale of goods	254	217
Other income from the provision of services	1,644	1,762
	<u>6,949</u>	<u>8,700</u>

Further details regarding grants receivable and the expenditure that they have funded is provided in Note 25.

5. Operating deficit

The operating deficit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	128	125
Amortisation of intangible assets	18	2
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12	11
Defined contribution pension cost	101	125
	<u>259</u>	<u>263</u>

6. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	12	11
Fees payable to the Company's auditor in respect of:		
Other services relating to taxation	10	2
	<u>22</u>	<u>13</u>

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7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	1,820	2,717
Social security costs	211	261
Cost of defined contribution scheme	101	125
	<u>2,132</u>	<u>3,103</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
	<u>56</u>	<u>74</u>

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	170	188
Company contributions to defined contribution pension schemes	8	9
	<u>178</u>	<u>197</u>

During the year retirement benefits were accruing to 1 Director (2017 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

	2018 £000	2017 £000
Other interest receivable	<u>8</u>	<u>17</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax (credit)/charge on deficit for the year for the year	(6)	3

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
(Deficit)/surplus on ordinary activities before tax	(383)	140
(Deficit)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(73)	28
Effects of:		
Adjustments to tax charge in respect of prior periods	(6)	-
Non-taxable (income)/expenditure	73	(25)
Total tax (credit)/charge for the year	(6)	3

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FOR THE YEAR ENDED 31 MARCH 2018

11. Intangible assets

	Computer Software £000
Cost	
At 1 April 2017	50
Additions	44
At 31 March 2018	<u>94</u>
Amortisation	
At 1 April 2017	2
Charge for the year	18
At 31 March 2018	<u>20</u>
Net book value	
At 31 March 2018	<u>74</u>
At 31 March 2017	<u><u>48</u></u>

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12. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Short-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 April 2017	3,771	1,373	492	625	6,261
Additions	-	-	-	51	51
At 31 March 2018	<u>3,771</u>	<u>1,373</u>	<u>492</u>	<u>676</u>	<u>6,312</u>
Depreciation					
At 1 April 2017	1,334	511	330	594	2,769
Charge for the year on owned assets	76	23	10	19	128
At 31 March 2018	<u>1,410</u>	<u>534</u>	<u>340</u>	<u>613</u>	<u>2,897</u>
Net book value					
At 31 March 2018	<u>2,361</u>	<u>839</u>	<u>152</u>	<u>63</u>	<u>3,415</u>
At 31 March 2017	<u>2,437</u>	<u>862</u>	<u>162</u>	<u>31</u>	<u>3,492</u>

13. Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	-	110

14. Debtors

	2018 £000	2017 £000
Trade debtors	391	133
Other debtors	52	56
Prepayments and accrued income	780	427
	<u>1,223</u>	<u>616</u>

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15. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	2,425	3,361

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	775	532
Corporation tax	-	3
Other taxation and social security	51	75
Other creditors	18	17
Accruals and deferred income	703	935
	<u>1,547</u>	<u>1,562</u>

17. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Grants	2,966	3,064

18. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>454</u>	<u>189</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(793)</u>	<u>(549)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and other creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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19. Reserves

Income and expenditure account

The income and expenditure account includes all current and prior period retained surpluses and deficits.

20. Contingent liabilities

Sport England currently hold a Deed of Charge over the National Badminton Centre until 2019 and over the Sports Science Suite until 2024. The terms of these charges stipulate that should these facilities or part of these facilities be leased or otherwise disposed of, or cease to be used for the sports purposes approved by Sport England, an appropriate portion of the proceeds or value will be surrendered to Sport England unless otherwise agreed by them in writing in advance.

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund and amounted to £101,000 (2017: £125,000). Contributions totalling £15,000 (2017: £16,000) were payable to the fund at the year-end and are included in creditors.

22. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	6	10
Later than 1 year and not later than 5 years	1	8
	<u>7</u>	<u>18</u>

The total lease payments recognised as an expense for the year-ended 31 March 2018 are £10,000 (2017: £28,000).

23. Related party transactions

Sandra Dodd, a non-executive director, is also Chief Executive of Places for People Leisure Management Limited ("Places for People"). Transactions with Places for People amounted to £33,000, comprising the joint funding of a Badminton Development Officer and venue hire.

The only other related party transaction during the year was remuneration paid to key management personnel of £483,000 (2017: £434,000).

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NOTES TO THE FINANCIAL STATEMENTS
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24. Controlling party

The Directors consider that there is no ultimate controlling party.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

25. Grant income and expenditure

	Sport England £000	UK Sport £000	Local Authority £000	Non-public income £000	TOTAL £000
Revenue Grants	2,690	135	32	-	2,857
Capital Grants	50	-	-	-	50
Long-Term Capital Grants	98	-	-	-	98
Membership Income	-	-	-	492	492
Sponsorship Income	-	-	-	1,134	1,134
Other income	-	-	-	2,318	2,318
Total Income	2,838	135	32	3,944	6,949
Overheads/Support costs	337	7	-	823	1,167
Talent	654	-	-	-	654
Participation/Core market	1,573	-	32	111	1,716
Performance	126	128	-	372	626
Capital facilities projects	50	-	-	-	50
Events and Courses	-	-	-	2,152	2,152
Marketing	-	-	-	84	84
Other costs	98	-	-	793	891
Total Expenditure	2,838	135	32	4,335	7,340
Net income	0	0	0	(391)	(391)

Cash and Deferred Grant Reconciliation				
	Sport England £000	UK Sport £000	Local Authority £000	TOTAL £000
Opening Balance - Deferred grants	3,254	28	-	3,282
Cash received	2,659	107	32	2,798
Released to P&L (to match expenditure)	(2,838)	(135)	(32)	(3,005)
Closing Balance - Deferred grants	3,075	-	-	3,075

Income and expenditure from UK Sport relates solely to the GB World Class Programme managed by Badminton England Limited on behalf of Badminton GB Limited.