



# Annual Report and Financial Statements

for the year ended 31 March 2018

The Duke of Edinburgh's Award is a Registered Charity No: 1072490, and in Scotland No: SC038254,  
and a Royal Charter Corporation No: RC000806.

Registered Office: Gulliver House, Madeira Walk, Windsor, SL4 1EU



INVESTOR IN PEOPLE





## CONTENTS

Overview	3
Chairman's Report	4
Achievements to date and setting our new horizon	7
Risk Management	8
Financial Performance	9
Trustees' Commitment	12
Thank You	12
Independent Auditor Report	13
Statutory Accounts	15
Appendices	34
Trustees	39

The Trustees present their report and the financial statements of the Royal Charter Corporation, The Duke of Edinburgh's Award, for the year ended 31 March 2018. In preparing this report the Trustees have complied with the Charities Act 2011, the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2015) ("SORP"), applicable accounting standards and the provisions of the Memorandum and Articles of Association for The Duke of Edinburgh's Award. This report has been prepared with regard to Charity Commission guidance on public benefit.

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## OVERVIEW

### Who we are

The Duke of Edinburgh's Award ("DofE") is a charity with more than 60 years' experience of developing young people for life and work. Our goal is to enable young people of every background to do their DofE and succeed, regardless of any barriers they may face in their life.

### What we do

We are the UK's leading youth achievement award. Through achieving their Bronze, Silver or Gold DofE Awards, 14-24 year olds have a unique opportunity to grow as young adults, gaining valuable life experience whilst developing essential work-ready skills and attributes such as resilience, confidence, commitment, team working and determination.

Young people's DofE programmes take them on a life-changing journey where they set their own challenges; learning practical skills, improving their fitness, volunteering in their community, planning and going on an adventurous expedition and also, for Gold, spending time away from home with people they've never met, completing a shared residential activity.

These are the activities that are undertaken to meet our public benefit requirement.

### Our guiding principles

At the DofE we strive to achieve our mission through offering personal development programmes and the assessment and presentation of Awards.

All our programmes are driven by the following ten guiding principles, which are at the heart of everything we do:

- Non-competitive
- Achievable by all
- Voluntary
- Personal development
- Personalised
- Balanced
- Progressive
- Achievement focused
- Demand commitment
- Enjoyable

## Our Vision

**To reach more young people from diverse backgrounds and equip them as individuals to succeed in life.**

## Our Mission

**To inspire, guide and support young people in their self-development and recognise their achievements.**

## CHAIRMAN'S REPORT

It is extremely encouraging to be able to celebrate continuing growth and the setting of new records in each year of my chairmanship of this great charity. I am delighted to report that this makes 2017-18 our 5th consecutive year of record activity and achievement. We knew that it was going to be difficult to build on the success of our exceptional Diamond Anniversary year, when we asked so much of our staff and volunteers, but they have not slowed down delivering an extraordinary year for the young people of the United Kingdom.

The primary aim of our charity is to support as many young people as possible to achieve the benefits of a Duke of Edinburgh's Award. This year 142,961 achieved their Bronze, Silver or Gold Award, an increase of 7.2% over the previous year. This is not only a record number for the DofE in the UK, and also within our family of international DofE organisations, we really are the world's leading achievement award for young people.

The number of DofE Award new starters also hit a new high, with 275,988 starting either a Bronze, Silver or a Gold Award an increase of 1.7 % on last year.

Our online systems now let us see just how many participants are actively pursuing their Award at any time; and at our year-end there were 438,329 actively engaged in doing their DofE. Yes - another all-time record I am proud to report.

Our research tells us that the DofE has a disproportionately positive impact on young people from a disadvantaged background. Again, our online systems allow us to measure and record this activity more accurately. Our aim has been to ensure that at least 20% of those starting their DofE are from a defined disadvantaged group. Our year-on-year progress adjusted now that we have more accurate information, shows that a total of 62,998 disadvantaged young people were supported, accounting for 22.8% of our activity last year. This is hugely rewarding and we will be reviewing our targets in this area as we begin to invest our Diamond Fund enabling even more disadvantaged young people to access the benefits of taking part in the DofE.

While I am delighted to be able to report all these great achievements, I must also acknowledge that our ambitions for the youth of the UK exceed our current ability to deliver. We continue to be frustrated by the cuts in local authority youth services, and the financial pressures that schools have to contend with. These factors restrain the pace at which we are able to build our network to meet the demand, a network that relies on the voluntary effort of thousands of teachers, youth workers and active citizens. I want to take this opportunity to thank the 40,000 plus key people who choose to use their own discretionary free time to support young people through the DofE. Your efforts are nothing less than amazing and we are proud of your association with the DofE and in awe of the personal commitment you make to those taking part and our charity. Thank you so very much!

We have continued to grow our structure of licensed organisations over the year and now have 3,019 licensed concerns, an increase of 16% year-on-year. This network of mainly directly licensed schools, born out of the necessity to fill the gap left by local authorities no longer able to support DofE delivery, has proved to be a remarkable success. Whilst we have capped our licence fees for this year and next, we have uplifted our investment in these schools and other youth organisations through training and funding support. This financial investment has been principally through the efforts of our incredible supporters who took part in the Diamond Challenge Fundraiser boosted further with a £1m funding match from the #iWill fund in England and our own development funds in Scotland, Northern Ireland and Wales. We started to receive applications in the reported year and expect to see the real beneficial impact of this funding in the current one.

## Finances

Whilst the total income generated at £16m showed an expected reduction from the Diamond year (£19.3m), the charity was able to increase the amount of charitable spending whilst still strengthening the reserves position. These reserves include Diamond funds targeted to be spent on disadvantaged groups over the next 3 years and will be match funded by a £1m grant from #iWill.

Savings of £1.3m were made in the year on year cost of fundraising allowing a further £1m to be channelled into charitable spending, which was primarily used to fund additional operational staffing to support the increasing local requirements due to the growth of the Award and the increasing proportion of Directly Licensed Centres.

A further £0.2m was generated from returns on the investment portfolio, in line with our investment strategy and targeted returns.

The overall position was an increase in funds of £1.3m, giving the charity a firm foundation for the investment in growth and support initiatives.

As a responsible charity board, we aim to control and oversee our finances prudently and, to ensure that the DofE is able to support future generations of young people, we manage our level of reserves with caution and care to meet our reserves policy. In addition, we attract funds for specific development purposes. The Diamond Fund is a good example of hard-won monies that will appear in our reserves but are already committed to work directly for the benefit of disadvantaged young people.

Let me please take this opportunity to thank all of our supporters who have helped the DofE positively change the lives of young people and in particular those whose exceptional commitment has given us the confidence to invest in our employed team and the growth of our network. Thank you to our Strategic Partners - Heathrow, Amey, British Gas and St James's Place Wealth Management and our major supporters Pears Foundation, Gosling and RSM.

## Age Range Pilot

We have been piloting an extension to our lower age ranges at Bronze and Silver to accommodate whole school year groups. This has been widely welcomed and has enabled leaders in schools and out of school to offer the DofE to young people who would in the past have been excluded from taking part with their year group cohort because they are just below the lower age limit for their level. We have been delighted with the response from schools in particular, and will be seeking to make this change a permanent feature.

## Bronze Expedition Pilots

We have reflected on the barriers preventing young people from completing their Award and perhaps even starting one in the first place. The Bronze Award in particular is a fundamental game changer for many young people so we have targeted Bronze level to increase the numbers achieving their Award. Our research tells us that the Expedition section can often be the stumbling block to completing an Award, and can also be off-putting to young people considering starting their challenge. We have identified a range of options to address this and will be piloting them over the coming year in order to assess their impact and consider whether there should be any change to our programme guidance. We expect to be able to report on this in the spring of 2019.

## Future developments

We are working with designers and creative teams to consider the **next generation of materials** to support young people starting on their DofE programme. The current Welcome Pack and materials were designed to support the transition from the old Record Book to our online record book, eDofE. Our online systems

professionally evolved are well developed and the time is now right to strengthen our approach further and provide a new type of online stimulus and support both to young people starting their DofE and importantly to their parents/carers whose guidance can be an important ingredient to the achievement of an Award.

We will also be launching a **new partnership with Go Outdoors** and the other fascias in the JD Group of outdoor gear companies. We anticipate this partnership will be a real winner for our young participants and their parents, with generous discount deals.

The level of information we are now able to obtain through our online systems is helping us to identify the best Award delivery more clearly, and is highlighting **the key role played by volunteer DofE managers**. Our biggest challenge is to meet demand from young people by ensuring that we have the capacity to deliver in every school and group. The most effective DofE managers are actively “managing” the DofE in their school or group, rather than simply “running” it. They have involved around them teams of volunteers - usually teaching colleagues, parents and past pupils - to “run” the Award programme itself, while they “manage” the Award by orchestrating the activities and marshalling the resources to make it all possible. This is a great skill set deserving of recognition and in the coming year, we’ll be working on a **high level DofE Management programme** linked to the professional development of teachers and other youth work professionals. We aim for this to set the standard, and to reward exceptional skills and delivery.

We have identified a positive **opportunity to support older students and apprentices** to develop their work and life skills through the DofE by improving our reach into **Further Education and Apprenticeships**. There is a significant element of our age range that we believe we can serve better. We have some excellent examples of colleges and apprenticeship programmes utilising the DofE programme to great effect and we plan to expand on this in the coming year. There will be Further Education pilot programmes in each UK county and region that will help us to explore the barriers and opportunities to greater involvement in that sector and we will work with our corporate partners to expand the use of DofE within apprenticeships.

So many opportunities and challenges, so much to celebrate and a great deal more to look forward to in the year ahead.

Thanks a million!

### **The Lord Kirkham CVO**

Chair of Trustees

The Duke of Edinburgh’s Award



## ACHIEVEMENT TO DATE AND SETTING OUR NEW HORIZON TO 2020/21

Last year we set ourselves challenging new targets to be achieved by 2020/21.

Our targets are:

**Awards started** 350,000 per annum by 2021

275,988 started on their Award this year

**Disadvantaged participants** 70,000 per annum representing 20% of Awards started

62,998 disadvantaged young people started their award, representing 23%

**Awards achieved** 210,000 per annum representing 60% of Awards started

142,961 achieved their Award, representing 52.6%

(Traditionally this rate has been calculated by dividing the current year completions into last year's starters. However, we hope that the development of our Business Information systems will allow for a more sophisticated cohort view of completion to be established for future years)

To achieve our 2021 objectives, we are working to:

1. Optimise the reach of each DofE Centre increasing the average number of participants.  
To achieve this, we will invest in the training and support of DofE managers and their teams.  
*(New training programmes and materials have been developed and delivered. Funds have been secured from Trusts and foundations to support targeted training and we are in the process of developing an accredited CPD (Continuing Professional Development) programme for DofE managers in schools. We are also piloting the introduction of dedicated training teams in Regions)*
2. Improve the proportion of participants progressing through the Award levels.  
*(We have piloted new approaches to the Bronze Expedition section which aim to encourage progression)*
3. Optimise Staff team performance, delivering maximum value for the fees and donations that fund all staff posts.  
*(We have further refined the Illuminator data management system that supports and informs operational staff of their objectives and performance. We have continued to invest in staff training and the improvement of our Personal Development and Performance Review process which is now an on-line system. We held a Bi-annual Staff development Conference in the year)*
4. Implement a range of key development initiatives including:
  - i. Improved management information for volunteers and staff  
*(The Illuminator and CRM (Customer Relationship Management) systems have been developed and implemented alongside improved standardised reporting available to all)*
  - ii. Continuous improvement of IT systems and mobile access  
*(there is an active programme of staff and field consultation and investment in IT development)*
  - iii. Campaigns highlighting the positive benefits of a DofE Award for Employability and Wellbeing  
*(there were a string of media and on-line campaigns focusing on these elements throughout the year. Our website and the Annual Review illustrate these activities)*
  - iv. Build on our positive brand position, refreshing and updating all materials  
*(A Brand refresh project has led to a new set of Brand guidelines with a new look and feel to publications to be launched in the new DofE year)*
  - v. Focused support and resources to engage with at risk and marginalised young people  
*(The creation and launch of the £3m Diamond Fund is a significant contribution towards this objective.)*

## RISK MANAGEMENT

### Managing risk

Effective risk management is key to delivering the charity's strategy and objectives and so considerable time is devoted by the trustees in reviewing the major risks to which the charity is exposed. In order to support their review, and the charity's management of risk, there is a comprehensive Risk Register. This is regularly reviewed and updated by the Executive and reviewed annually by the trustees, who have satisfied themselves that systems have been established to manage those risks.

This year there has been a particular focus on reviewing the charity's exposure to risk relating to responding to the General Data Protection Regulation (GDPR), data collection and use and Safeguarding.

### GDPR, data collection and use

The charity began planning for GDPR some 18 months in advance of the implementation date and had communicated with all contacts to clarify their communications preferences by the time of GDPR implementation. The charity also maintains the ISO 27001 standard for its data security across the organisation and at all office locations.

### Safeguarding

The risks relating to safeguarding have been in sharp focus this year for many charities and our charity takes them very seriously. As a result, it has initiated an independent review of its Safeguarding Policies and Procedures. It is recognised that the charity has a unique relationship with the organisations licensed to run the DofE Award programme with young people so the review will consider the safeguarding roles and responsibilities of all parties. The independent reviewers, Barnardo's, will report to the trustees in the Autumn of 2018.

**Financial risks** are considered in the section on Financial Performance.



## FINANCIAL PERFORMANCE

The DofE had another strong financial performance in 2017/18, with net operating income of £1 million. In addition there were gains on investments of £0.2 million, which resulted in an overall net movement of funds of £1.3 million.

This overall result is £3.4 million less than 2016/17, the Diamond Anniversary year, which benefitted from large one-off donor and fundraising activity.

### Income

Total income decreased by 17% or £3.3 million to £16 million.

Donations of £4.9 million were received from individual and corporate donors and from grant making organisations in 2017/18; this was £2.2m lower than the donations received in 2016/17. This is mainly due to exceptional donations in our 2016 Diamond year including income from the successful 2016 Diamond Challenge.

Other trading activities, comprising licensing activity, sales of literature, fundraising event income and chargeable administrative support, decreased by £1 million to £10.1 million. The main driver behind this decrease was in fundraising events which experienced special one off events to celebrate our 60<sup>th</sup> Anniversary during the financial year 2016/17 and which were not replicated in 2017/18. This decrease accounted for £1.4m and was offset by increases in licence income and chargeable administrative support.

The majority of our investment portfolio is held in total return funds which do not generate income. £7,000 interest was received on our cash balances and £19,000 was received from the sublet of part of our freehold Windsor property which is explained in more detail in the notes to the financial statements.

### Expenditure

Total resources expended decreased by £0.4 million to £14.9 million compared to the previous year. A reduction of £1.3m is attributed to the cost of fundraising and is again explained by the extraordinary Diamond year where we incurred more costs relating to hosting various fundraising special events. We do however, have higher staff costs in other departments, which increased by 12% or £1 million, which, together with increased project costs, reflect the higher level of resources required to deliver DofE programmes to the rapidly growing number of Licensed Organisations. Total full time equivalent staff numbers increased by 18 to 222.

In support of our operations we continue to invest in IT systems. In the past year a further £0.2m was expended in the development of eDofE. As in previous years, this has been treated as operating expenditure rather than capital expenditure.

Governance costs comprise audit fees and the governance activities of management. Governance costs in 2018 were £0.3m, a decrease of £32,000 on 2017.

### Fixed assets and investments

As at 31 March 2018 the DofE held tangible assets of £3.9 million; this was £0.2 million lower than 2016/17 due to depreciation incurred during the year. There were no material fixed asset purchases in 2017/18.

The value of our investment portfolio was £12.3 million, a reduction in the year of £32,000 (due to the crystallization of some investments). Overall, our main investment vehicles increased in value with two of the

three selected funds having unrealised gains during the year. Performance of the funds is regularly monitored and reviewed by the Audit and Investment Committee with a view to targeting an optimum balance of value retention and growth.

## Current assets

At the year-end the DofE had net current assets of £5.9 million; this was £1.6 million higher than 2016/17. The majority of this increase is down to our cash and cash equivalents which contributed £1.8m, the remaining constituents (stock, debtors, and creditors) remained broadly in line with the previous year.

## Reserves

At 31 March 2018 the DofE held reserves of £22 million, of which £2.5 million related to funds given to the DofE with specific restrictions as to their use; £19.5 million was held as unrestricted reserves. Total reserves are £1.3m higher than in 2017/18, driven by the continued growth in DofE participation.

Within the unrestricted reserves specific funds are designated to provide funding for particular purposes or projects. These funds are therefore not readily available for other purposes. As at 31 March 2018 the DofE held designated funds of £5.5 million, covering the value of our donated offices in Windsor, funds set aside to support the delivery of our strategic objectives and to provide direct support to individual participants or groups that otherwise would not be able to access the DofE.

Given the opportunities and challenges ahead, the trustees believe that the charity should maintain a level of reserves of between nine and eighteen months' operating expenditure (£11.2 million to £22.4 million, based on 2018 expenditure). Excluding those funds given with specific restrictions and funds designated for particular purposes, total funds available to support the operations of the DofE were £14 million, the equivalent of eleven months' expenditure.

## Financial Risks

As well as its operational risks the DofE manages a number of key financial risks. The trustees consider that the following summarises those financial risks and the DofE's management of those risks.

### Donor income risk

Charitable donations, from business and individuals, represent a significant element of the DofE's income. In order to develop long lasting (and mutually beneficial) relationships with its donors the charity's fundraising team maintains close contact with all donors, involving many with the work undertaken by the DofE and the benefits the DofE delivers to the lives of young people.

### Investment risk

The DofE holds investments, the values of which are inevitably subject to market movements. In order to manage risk of a sustained fall in the value of its investment portfolio the Audit and Investment Committee monitors the performance of the charity's investments with advice from its investment managers and structures the investment portfolio for long term sustainability.

### Cash flow risk

With the exception of major projects, the DofE seeks to balance its expenditure with income flows generated by voluntary, operational and commercial activities.

The charity seeks to ensure that funding for all major projects is either specifically identified or obtained in advance of costs being incurred.

### Price risk

Prices of materials purchased and services provided are subject to contracts with suppliers, based on current market prices. Prices of materials provided to licensed organisations and sold to volunteers, participants and Gold Award holders are set by management in line with market conditions.

### Subsidiary undertakings

The DofE's subsidiary company, The Award Scheme Ltd (ASL) sells and distributes the DofE's publications and commercial products and its performance is reported in note 15 to the financial statements. During the financial year ASL made a profit of £8.4 million (2017: £7.7 million). In accordance with its objectives ASL donated its profits to the DofE.

### Investment policy

The DofE's constitution contains general powers for the trustees to invest funds at their discretion. The trustees' policy is to protect and, over the long term, increase the value of the investment portfolio in real terms whilst at the same time ensuring availability of funds for capital investment and funding development opportunities.

In 2011/12 the trustees reviewed the charity's investment strategy and determined that these objectives would be better served if the portfolio was moved into less volatile total return funds. Following this decision, the investments were moved into three total return funds. Rather than generating income, the objective for these funds is to deliver average annual growth of inflation plus 5% over a rolling three-year period. Against an ambitious target, the actual returns have underperformed with an average 1.7% annualised return over 3 years (3.5% annualised return over 5 years). The Audit and Investment Committee continue to monitor the performance of the funds to determine the appropriate investment strategy for the charity.



## TRUSTEES' COMMITMENT

The Trustees confirm that these financial statements have been produced in accordance with relevant legislation and the Royal Charter. Each Trustee confirms that:

- a) Insofar as the Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware.
- b) The Trustee has taken all steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.
- c) The Trustee acts in accordance with the Trustee Responsibilities set out within the Appendices on pages 36-38.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## THANK YOU...

We are grateful to the DofE's many benefactors: the local authorities, schools, other Licensed Organisations and the many thousands of volunteer helpers; our funding partners who support individually or through their businesses or trusts and foundation, DofE Development Group, DofE volunteer committees and other generous donors.

They have continued to be wonderfully generous in supporting our efforts to develop the DofE and help young people.

The Trustees would particularly like to thank all the staff for their continuing hard work, loyalty and support during the year.

**Malcolm Offord**  
24 September 2018  
Trustee



# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DUKE OF EDINBURGH'S AWARD

## Opinion

We have audited the group and charity financial statements of The Duke of Edinburgh's Award ("the charity") for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, Group and Parent Charity Balance Sheets, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 March 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

## Matters on which we are required to report by exception

Under the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charity has not kept sufficient and proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## Trustees' responsibilities

As explained more fully in their statement set out on page 36 the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the charity'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 they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with both section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Lynton Richmond**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

September 2018

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

## STATUTORY FINANCIAL STATEMENTS

### Consolidated Statement of Financial Activities (incorporating the Income and Expenditure account) for the year ended 31 March 2018

	Note	Unrestricted Funds 2018	Restricted & Endowed Funds 2018	Total Funds 2018	Total Funds 2017
		£000	£000	£000	£000
<b>Income and endowments from:</b>					
Donations and legacies	2	3,756	1,114	4,870	7,092
Charitable activities	3	442	571	1,013	1,024
Other trading activities	4	10,058	5	10,063	11,106
Investments	5	26	0	26	34
<b>Income and Endowments</b>		<b>14,282</b>	<b>1,690</b>	<b>15,972</b>	<b>19,256</b>
<b>Expenditure on:</b>					
Raising funds		(3,390)	-	(3,390)	(4,734)
Charitable activities		(11,117)	(418)	(11,535)	(10,592)
<b>Total expenditure</b>	<b>6</b>	<b>(14,507)</b>	<b>(418)</b>	<b>(14,925)</b>	<b>(15,326)</b>
<b>Net Operating Income</b>		<b>(225)</b>	<b>1,272</b>	<b>1,047</b>	<b>3,930</b>
Gains on investments	8	231	-	231	741
<b>Net movement in funds</b>		<b>6</b>	<b>1,272</b>	<b>1,278</b>	<b>4,671</b>
<b>Reconciliation of funds for year ended 31 March 2018</b>					
Fund balances at 1 April		19,502	1,200	20,702	
<b>Fund balances at 31 March</b>		<b>19,508</b>	<b>2,472</b>	<b>21,980</b>	
<b>Reconciliation of funds for year ended 31 March 2017</b>					
Fund balances at 1 April		15,032	999	16,031	
<b>Fund balances at 31 March</b>		<b>19,502</b>	<b>1,200</b>	<b>20,702</b>	

All gains and losses recognised in the year are included above; therefore, a separate statement of recognised gains and losses has not been prepared.

As permitted by the charity SORP, a separate Statement of Financial Activities (SOFA), dealing with the results of the parent charity only, has not been presented. The individual charity net surplus for the year was £1.3 million (2017: £4.7 million). Details of the subsidiary company's profit and loss accounts for the year are summarised in note 15.

## Group and Parent Charity Balance Sheets as at 31 March 2018

	Note	Group 2018 £000	Group 2017 £000	Charity 2018 £000	Charity 2017 £000
<b>Fixed Assets</b>					
Tangible assets	7	3,850	4,104	3,850	4,100
Investments	8	12,257	12,289	12,257	12,289
<b>Total fixed assets</b>		<b>16,107</b>	<b>16,393</b>	<b>16,107</b>	<b>16,389</b>
<b>Current Assets</b>					
Stock		194	171	-	-
Debtors	9	1,609	1,918	3,103	2,352
Cash & Cash equivalents	16	5,476	3,641	3,640	2,915
<b>Total current assets</b>		<b>7,279</b>	<b>5,730</b>	<b>6,743</b>	<b>5,267</b>
<b>Current Liabilities</b>					
Creditors – amounts falling due within 1 year	10	(1,406)	(1,421)	(958)	(1,043)
<b>Net Current Assets</b>		<b>5,873</b>	<b>4,309</b>	<b>5,785</b>	<b>4,224</b>
<b>Total Assets less Current Liabilities</b>		<b>21,980</b>	<b>20,702</b>	<b>21,892</b>	<b>20,613</b>
<b>The funds of the charity</b>					
Unrestricted general fund		13,894	12,620	13,894	12,620
Unrestricted designated fund		5,526	6,794	5,526	6,793
Non charitable trading funds		88	88	-	-
<b>Total Unrestricted Income Funds</b>		<b>19,508</b>	<b>19,502</b>	<b>19,420</b>	<b>19,413</b>
Restricted & Endowed Funds		2,472	1,200	2,472	1,200
<b>Total Funds</b>	<b>12</b>	<b>21,980</b>	<b>20,702</b>	<b>21,892</b>	<b>20,613</b>

The financial statements set out on pages 15-33 were approved by the Trustees on 24 September 2018 and signed on their behalf by:

Malcolm Offord  
Trustee

## Consolidated Cash Flow Statement for the year ended 31 March 2018

	Note	Group 2018 £000	Group 2017 £000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	16	1,611	3,216
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments	5	26	34
Purchase of property, plant and equipment	7	(65)	(108)
Purchase of investments	8	-	(2,850)
Cash receipts from the sale of investments	8	263	-
<b>Net cash flows from investing activities</b>		<b>224</b>	<b>(2,924)</b>
<b>Net cash provided by/(used in) financing activities</b>		<b>1,835</b>	<b>293</b>
Change in cash and cash equivalents in the reporting period		1,835	293
Cash and cash equivalents at 01 April		3,641	3,347
Cash and cash equivalents at 31 March		5,476	3,640
<b>Analysis of cash and cash equivalents shown in the balance sheet</b>			
		<b>2018 £000</b>	<b>2017 £000</b>
Cash at bank and in hand		3,723	1,880
Notice deposits (less than 2 months)		1,753	1,760
		5,476	3,640



# Notes to the Financial Statements for the year ended 31 March 2018

## 1. Accounting Policies for the year ended 31 March 2018

### a: Basis of preparation of financial statements

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from January 2015.

The Trustees have reviewed the future activities and planned performance of the Group and confirm that it remains appropriate to prepare the financial statements on a going concern basis. This is based on the ongoing demand from young people to participate in the Duke of Edinburgh's Award, the operating income generated from this, combined with the financial reserves that exist to support the operations of the Group.

The financial statements do not include the financial statements of any Operating Authority operations, local Award Committees or Forums, as these are independent of the charity and in some cases are charities in their own right.

### b: Fund accounting

#### Funds held by the charity are either:

- Unrestricted general funds – These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Unrestricted designated funds – These are funds set aside at the discretion of the Trustees for specific purposes.
- Restricted and Endowed funds – These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

### c: Income and Endowments

Income, including donations under deed of covenant or gift aid and income from investments, is recognised when there is entitlement, probability of receipt and measurability. All other income is accounted for when received or when it is assured with reasonable certainty by the Balance Sheet date.

Donations and legacies include donations, gifts, legacies and grants receivable. The specific bases used for recognition of such income are as follows:

- Donation income, assets and legacies are recognised where there is entitlement, receipt is probable and there is measurability.
- Donated facilities and services are included at the value to the charity where there this can be quantified and a third party is bearing the cost. An equivalent expenditure amount is included in the financial statements at the same time as the income is recognised. No amounts are included in the financial statements for services donated by volunteers.
- Grants (including Government grants) are recognised when the entitlement to the grant is established and confirmed by both parties.

Income generated through other trading activities includes licence fee income, sales of goods and literature, delegate fees and income from fundraising events. Trading and merchandising income is accounted for when earned. Fundraising income is shown gross of any associated expenditure. Income received in advance of an event is deferred to when entitlement to that income has arisen, at which time it is credited to the SOFA. Where income is raised through fundraising events held jointly with DofE connected charities only the share of that income which is attributable to the charity is recognised.

Investment income is accounted for on an as received basis.

#### **d: Expenditure**

Expenditure is recognised when it is incurred and is reported gross of related income on the following basis:

- Expenditure on raising funds comprises the costs associated with attracting voluntary income and the costs of other income generation, e.g. the costs associated with the Blackrock investment portfolio.
- Charitable expenditure, including expenditure associated with long-term contracts, comprises direct expenditure including direct staff costs attributable to its activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of those resources, largely staff time spent. General management costs, excluding costs associated with governance, have been allocated in the same way.
- Governance costs include those incurred in the governance of the charity's assets and are associated with constitutional and statutory requirements.

#### **e: Tangible fixed assets and depreciation**

Freehold and leasehold properties are capitalised at the lower of cost and fair value. PCs, laptops and networks are capitalised on initial purchase. Replacement systems are capitalised; replacement parts are expensed. Other tangible fixed assets costing more than £1,000, including incidental expenses of acquisition are capitalised.

Tangible fixed assets costing under £1,000 are expensed in the year of purchase.

Donated assets are included in incoming resources and fixed assets at an estimate of their value to the charity at the date of receipt.

Depreciation of those assets is charged in accordance with the policies shown below.

Other than freehold land which is not depreciated, depreciation of fixed assets is charged on a straight line basis on deemed cost as follows:

- Freehold buildings: *2% per annum*
- Long and short leasehold property: *Straight-line basis over the remaining length of the lease*
- Fixtures & fittings: *10% per annum*
- Furniture & office equipment: *25% per annum*

#### **f: Investments**

Except as stated, listed investments are held at market value at the balance sheet date and the SOFA includes the realised and unrealised investment gains/losses for the year. Realised gains and losses on investments, calculated as the difference between the sales proceeds and the market value at the start of the year, or subsequent cost, are credited or charged to the SOFA in the year of gain or loss. Unrealised gains and losses representing the movement in market values during the year are credited or charged to the SOFA in the year of gain or loss.

### **g: Investments in subsidiary companies**

The DofE's shareholding in its subsidiary company, ASL, is held at the cost of the investment (£2).

### **h: Inventories**

An inventory of training information, publicity material and products for resale is held by ASL. This inventory is maintained on the FIFO basis and is valued at the lower of cost and fair value.

### **i: Pension costs**

The charity contributes to a defined contribution scheme administered by Scottish Widows. This cost £567,000 (2017: £513,000) is included within total staff costs and is expensed in the year it was incurred.

### **j: Operating leases**

Rental paid under operating leases is charged to the SOFA on a straight line basis over the life of the lease.

### **k: VAT**

Income and expenditure is recorded net of VAT to the extent that it is recoverable.

### **l: Financial Instruments**

The charity has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value and subsequently measured at their cost less impairment. The charity does not hold any assets which would qualify as a complex financial instrument. There are no significant estimates or judgements in the 2018 financial statements.

### **m: Significant accounting estimates and judgements**

- **Accrual of costs for annual leave not taken**

It is the opinion of the management of the charity that the holiday pay accrued by employees but not taken at 31 March is not a material cost. This is reviewed annually to check that the judgement of management is valid. Therefore we have not included an accrual of the cost of annual leave not taken in the Statement of Financial Activities.

- **Freehold Property classification**

As disclosed in note 5: Income from Investments, The DofE rents part of their freehold property, Swan House, Windsor, to a charity outside our Group. The management do not consider this to be classified as an investment property as the fair value of the mixed use cannot be reliably measured without undue cost or effort. The property was purchased originally to accommodate the employees of the charity that administer the South East region of the UK and the area leased to the 3rd party is minimal in comparison to the total square footage.

### **n: Exemptions**

The Group has taken advantage of the exemption under FRS 102 paragraph 33.1A 'Related Party Transactions' that permit non-disclosure of transactions with wholly-owned Group undertakings that are eliminated on consolidation.

The Group prepares a consolidated cash flow and the consolidated accounts, in which the charity's results are included, are available to the public. The charity has therefore taken advantage of the exemption conferred by FRS102 Section 1 not to prepare a cash flow statement.

### **o: Basis of Consolidation**

The Group prepares consolidated financial statements for The Duke of Edinburgh's Award (Registered Charity number 1072490) and The Award Scheme Limited (Companies House Registration number 02173914). The Award scheme Limited is 100% owned by The Duke of Edinburgh's Award and therefore 100% consolidated.



## 2. Donations and Legacies

		Unrestricted Funds 2018 £000	Restricted Funds 2018 £000	Total Funds 2018 £000	Total Funds 2017 £000
<b>a: Income from donations and legacies</b>					
Donations		3,563	837	4,400	6,337
Donations in kind	2b	183	-	183	418
Grants	2c	10	277	287	337
		<b>3,756</b>	<b>1,114</b>	<b>4,870</b>	<b>7,092</b>

### b: Donations in kind

The material donations in kind received during the year are estimated to be valued as follows:

• Fundraising direct costs		84	322
• Accommodation		37	33
• Other		62	63
	2a	<b>183</b>	<b>418</b>

2018 £000	2017 £000
--------------	--------------

These have been included in the SOFA resources expended as follows:

#### • Cost of generating funds:

- Fundraising direct costs		85	324
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#### • Resources expended on charitable activities:

- Supporting Licensed Organisations		2	2
- Supporting volunteers		2	2
- Participant support		94	90

2a

<b>183</b>	<b>418</b>
------------	------------

### c: Grant income

		2018 £000	2017 £000
Supporting Licensed Organisations		10	42
Extending the reach of the DofE		277	292
Developing the infrastructure		-	3
	2a	<b>287</b>	<b>337</b>

Grant income is received from various bodies including government departments. This income is used to fund activities undertaken by the DofE in the United Kingdom.

### 3. Charitable Activities

	Unrestricted Funds 2018 £000	Restricted Funds 2018 £000	Total Funds 2018 £000	Total Funds 2017 £000
Supporting Licensed Organisations	33	-	33	68
Supporting volunteers	182	-	182	174
Supporting panels	219	-	219	177
Extending the reach	3	571	574	604
Participant support	5	-	5	1
	<b>442</b>	<b>571</b>	<b>1,013</b>	<b>1,024</b>

### 4. Other Trading Activities

	Unrestricted Funds 2018 £000	Restricted Funds 2018 £000	Total Funds 2018 £000	Total Funds 2017 £000
Licence income	3,293	-	3,293	2,953
Sales of literature & other goods	5,882	-	5,882	5,952
Fundraising events	573	-	573	2,009
Administrative support	310	5	315	192
	<b>10,058</b>	<b>5</b>	<b>10,063</b>	<b>11,106</b>

### 5. Investments

	Note	2018 £000	2017 £000
<b>Investment income</b>			
Investment income arises from:			
• UK property unit trust - BlackRock/MLFM Property		-	6
• Interest on other cash balances		7	11
• Rental income from Freehold Property	14	19	17
		<b>26</b>	<b>34</b>

The charity rents part of the ground floor of Swan House, Windsor (our freehold property) to another charity, Round Square. This lease was entered into on 22 July 2014 for an annual rental amount of £16,300 (excl. VAT). This asset is held for the DofE's own use. Additional costs of £2,759 (2017: £1,227) were borne by Round Square which included monthly rental of a car parking space, secure internet usage and works to extend office space.

The value of the office rented to Round Square cannot be reliably valued without incurring additional cost; we therefore do not recognise this as an investment property.

## 6. Expenditure on Charitable Activities

<b>a: Expenditure on Charitable Activities</b>	<b>Directly Charged costs £000</b>	<b>Staff costs £000</b>	<b>Allocated overhead £000</b>	<b>Total 2018 £000</b>	<b>Total 2017 £000</b>
<b>Expenditure on raising funds</b>					
Cost of fundraising	798	1,352	78	2,228	3,540
Cost of sales of literature & goods	747	414	-	1,161	1,193
Investment management fee	1	-	-	1	1
	<b>1,546</b>	<b>1,766</b>	<b>78</b>	<b>3,390</b>	<b>4,734</b>
<b>Expenditure on charitable activities</b>					
Supporting programmes:					
- Supporting Licensed Organisations	875	3,599	210	4,684	4,248
- Supporting volunteers	282	1,045	63	1,390	1,450
- Participant support	344	574	33	951	857
Extending the reach of the DofE	1,036	1,513	88	2,637	2,368
Developing the DofE infrastructure	893	646	38	1,577	1,341
Governance costs	225	71	-	296	328
	3,655	7,448	432	11,535	10,592
<b>Total Expenditure on Charitable Activities</b>	<b>5,201</b>	<b>9,214</b>	<b>510</b>	<b>14,925</b>	<b>15,326</b>

Staff costs include those charged directly to a charitable activity and some allocated centrally on the basis of staff time. Overhead costs not directly charged to a charitable activity are allocated using the same staff time proportions.

<b>b: Net income before investment gains is stated after charging:</b>	<b>2018 £000</b>	<b>2017 £000</b>
Depreciation	319	335
Operating Leases	766	737
Auditor's remuneration – audit services	38	38
Auditor's remuneration – VAT & tax advice	5	5
Auditor's remuneration – grant audit services	4	4
<b>c: Staff costs</b>	<b>2018 £000</b>	<b>2017 £000</b>
Wages and salaries	7,421	6,679
Social security costs	870	699
Pension costs	567	513
Other staff costs	356	310
	<b>9,214</b>	<b>8,201</b>

**d: Staff Numbers**

Generating funds
Charitable activities
Governance
Average full time equivalent number of staff

	2018	2017
	Numbers	Numbers
30	30	31
190	190	171
2	2	2
222	222	204

**e: Staff whose emoluments (excluding pension contributions) were in excess of £60,000**

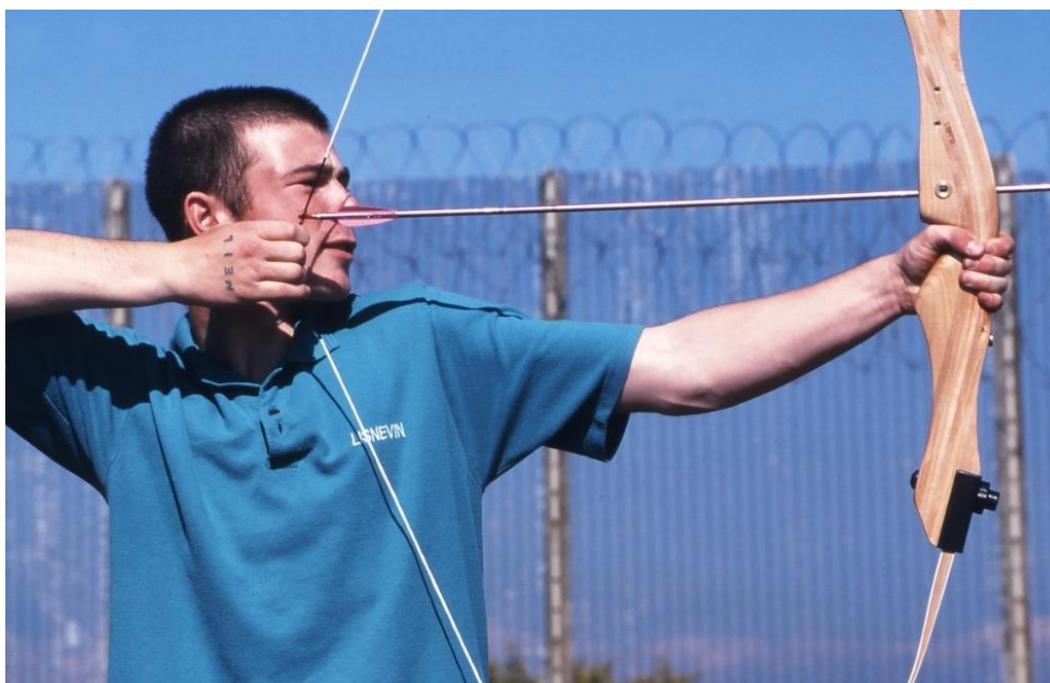
£60,001-£70,000
£70,001-£80,000
£80,001-£90,000
£90,001-£100,000
£140,001-£150,000
£150,001-£160,000

	2018	2017
	Numbers	Numbers
3	3	3
3	3	4
3	3	2
1	1	-
-	-	1
1	1	-
11	11	10

**f: Total paid to key personnel**

	2018	2017
	£000	£000
1,276	1,276	1,357

Note: Key personnel have been defined as the 13 employees who were in post at 31 March 2018 who make up the UK Executive team, as disclosed on page 41.



## 7. Tangible Fixed Assets – Group

	Freehold Land & Building	Long leasehold property	Fixtures, fittings & equipment	Computer equipment	Trade marks	Total
	£000	£000	£000	£000	£000	£000
Cost at 01 April 2017	800	2,600	1,229	750	-	5,379
Additions	-	-	8	30	27	65
Disposals	-	-	-	(68)	-	(68)
Cost at 31 March 2018	800	2,600	1,237	712	27	5,376
Depreciation at 01 April 2017	(48)	(52)	(630)	(545)	-	(1,275)
Disposals				68	-	68
Charge for the year	(16)	(26)	(158)	(119)	-	(319)
Depreciation at 31 March 2018	(64)	(78)	(788)	(596)	-	(1,526)
Net book value at 31 March 2017	752	2,548	600	204	-	4,104
<b>Net book value at 31 March 2018</b>	<b>736</b>	<b>2,522</b>	<b>449</b>	<b>116</b>	<b>27</b>	<b>3,850</b>

The freehold land & building is Swan House, Madeira Walk, Windsor which houses the charity's South East Regional Office. The long leasehold property relates to the DofE head office in Windsor, Gulliver House.

Two assets with a cost of £262,083 (net of VAT), classified above as Computer Equipment, are for servers purchased during the year ended 31 March 2014 for the sole use of eDofE. These are capitalised over 60 months as this is a more appropriate term than the 36 months policy for depreciation of Computer Equipment.

All tangible fixed assets of the parent charity are held for charitable use. The net book value of assets held by the subsidiary company is £644 (2017: £4,333).



## 8. Investments - Group and Charity

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Investment at 1 April	12,289	8,698
Additions at cost	-	2,850
Disposals proceeds – Capital Repayment	(263)	-
Net Investment gain	231	741
<b>Investment at 31 March</b>	<b>12,257</b>	<b>12,289</b>

### Investment portfolio

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Investment portfolio at 31 March comprises:		
• International property unit trusts - ML Real Euro Property	174	304
• Standard Life Global Absolute Return Fund	3,790	3,763
• Barings Dynamic Asset Allocation Fund	4,026	3,888
• Ruffer Absolute Return Fund	4,267	4,334
Market Value of investment portfolio at 31 March	12,257	12,289

## 9. Debtors

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	1,000	1,412	169	563
Other debtors	60	39	61	39
Accrued income	140	174	8	54
Prepayments	409	293	356	268
Amounts due from subsidiary	-	-	2,509	1,428
	<b>1,609</b>	<b>1,918</b>	<b>3,103</b>	<b>2,352</b>

## 10. Creditors – amounts falling due within 1 year

<b>a: Creditors: Amounts falling due within 1 year</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	465	225	261	156
Other creditors	213	320	182	246
Deferred income	432	606	270	419
Accrued expenses	296	269	245	221
	<b>1,406</b>	<b>1,421</b>	<b>958</b>	<b>1,043</b>

<b>b: Deferred income</b>	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Charity 2018 £000</b>	<b>Charity 2017 £000</b>
Balance at 01 April	606	1,263	419	1,035
Released to SOFA during the year	(606)	(1,263)	(419)	(1,035)
Deferred during the year	432	606	270	419
<b>Balance at 31 March</b>	<b>432</b>	<b>606</b>	<b>270</b>	<b>419</b>

## 11. Taxation

The tax charge for ordinary activities is £nil (2017: £nil). The charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in the furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

## 12. Funds

<b>a: Movements in Reserves - Group</b>	<b>Unrestricted 2018 £000</b>	<b>Restricted 2018 £000</b>	<b>Total funds 2018 £000</b>
Balance at 1 April 2017 - Group	19,502	1,200	20,702
Net outgoing resources	(225)	1,272	1,047
Gains on investments	231	-	231
<b>Balance at 31 March 2018 - Group</b>	<b>19,508</b>	<b>2,472</b>	<b>21,980</b>
Represented by:			
Balance at 31 March 2018 – Charity	19,420	2,472	21,892
Non charitable trading funds	88	-	88
	<b>19,508</b>	<b>2,472</b>	<b>21,980</b>
<b>b: Movements in Reserves – Charity</b>	<b>Unrestricted 2018 £000</b>	<b>Restricted 2018 £000</b>	<b>Total funds 2018 £000</b>
Balance at 1 April 2017 – Charity	19,414	1,200	20,614
Net incoming resources	(225)	1,272	1,047
Gains on investments	231	-	231
<b>Balance at 31 March 2018 – Charity</b>	<b>19,420</b>	<b>2,472</b>	<b>21,892</b>
<b>c: Net Assets - Group</b>	<b>Unrestricted 2018 £000</b>	<b>Restricted 2018 £000</b>	<b>Total funds 2018 £000</b>
Tangible assets	3,850	-	3,850
Investment portfolio	12,257	-	12,257
Current assets	4,807	2,472	7,279
Current liabilities & provisions	(1,406)	-	(1,406)
<b>Net assets at 31 March 2018</b>	<b>19,508</b>	<b>2,472</b>	<b>21,980</b>

<b>d: Net Assets - Charity</b>	<b>Unrestricted 2018 £000</b>	<b>Restricted 2018 £000</b>	<b>Total funds 2018 £000</b>
Tangible assets	3,850	-	3,850
Investment portfolio	12,257	-	12,257
Current assets	4,271	2,472	6,743
Current liabilities & provisions	(958)	-	(958)
<b>Net assets at 31 March 2018</b>	<b>19,420</b>	<b>2,472</b>	<b>21,892</b>

The charity sets aside unrestricted funds to provide funding for particular purposes and projects.

These funds are therefore not readily available for other purposes. During the year the DofE utilised designated funds to fund the development of the IT systems supporting DofE programmes (eDofE) and to support the delivery of the DofE programmes.

As at 31 March 2018 funds had been set aside to

- Reflect the charity's property fixed asset
- Support strategic change programmes and provide direct support to individuals and groups that otherwise would not be able to access the programme
- Undertake development of the IT systems supporting the DofE online system (eDofE)
- Fund operational initiatives

	<b>1st April 2017 £000</b>	<b>Incoming resources £000</b>	<b>Outgoing resources £000</b>	<b>31st March 2018 £000</b>
Tangible fixed assets	2,644	-	(82)	2,562
Change Programme and Direct Support Funds	650	-	(117)	533
Development and other funds	3,500	99	(1,168)	2,431
	<b>6,794</b>	<b>99</b>	<b>(1,367)</b>	<b>5,526</b>

#### **f: Restricted & Endowed Funds**

Income received from donors and grantors which have restrictions placed on them are held as restricted funds. Such restrictions are primarily limitations to where the funds may be used or directions to the type of activity that may be supported by the funds.

	<b>1st April 2017 £000</b>	<b>Incoming resources £000</b>	<b>Outgoing resources £000</b>	<b>31st March 2018 £000</b>
Supporting licensed organisations	50	35	(66)	19
Supporting volunteers	47	50	(29)	68
Extending the reach of the DofE	991	1,343	(82)	2,252
Participant support	112	62	(41)	133
Developing infrastructure	-	200	(200)	-
	<b>1,200</b>	<b>1,690</b>	<b>(418)</b>	<b>2,472</b>

### 13. The Duke of Edinburgh's International Award Foundation

In the opinion of the Trustees it is not appropriate to aggregate the financial statements of the DofE and The Duke of Edinburgh's International Award Foundation (IAF) as the activities of the two charities are quite separate and the IAF no longer meets the SORP definition of a connected charity. The IAF encourages the establishment and administration of Award programmes worldwide, whilst the DofE administers in the UK one of such programmes. As such separate financial statements have been prepared for The IAF, and copies are available from The Secretary General, Award House, 7/11 St Matthew Street, London SW1P 2JT.

### 14. Related Party Transactions

- Five Trustees, or companies connected with Trustees, made donations or paid to attend DofE fundraising events, which in aggregate totalled £63,250 (2017: Four Trustees - £152,900). £36,485 was outstanding from trustees as at the year end.
- Trustees do not receive any remuneration for their service as Trustees and no monetary value is included in these financial statements for time spent by Trustees in the affairs of the DofE. Out of pocket expenses incurred by Trustees while carrying out their duties are reimbursed by the DofE when claimed. No Trustees claimed expenses during the period ending 31-Mar-18 (2017: None).
- No companies connected with the Trustees received monies for goods or services provided to the DofE (2017: One Trustee - £15,000 inc VAT).
- The Trustees have reviewed the related party connections of themselves, their close families and other connected persons and report that no disclosable transactions with the DofE other than those described above arose during the period from these connections.

Six members of the UK Executive Team have declared interests in the following organisations with whom the DofE had financial transactions during the year:

- The Director of the DofE in Wales is also a Director of Mountain Training Trust whose trading subsidiary is an Approved Activity Provider of the DofE and who has paid the DofE for participants using their services £115 (2017: £188). In addition, Mountain Training Limited was paid £14,594 (2017: £7,105) to host and cater and accommodate the delegates for the Welsh regions "Expedfest", a chance for DofE Leaders to get together and learn more expeditions and opportunities in the locality. The Director in Wales also holds a seat on the Board of the Council for Wales Voluntary Youth Services (CWVYS). The DofE paid CWVYS £350 for a membership fee for the period 01-Apr-18 to 31-Mar-19.
- The Director of the DofE for the Scottish region sits on the Board of Ocean Youth Trust Scotland, which is an Approved Activity Provider of the DofE (2018: £683, 2017: £630). In no instance has the Scotland Director had any involvement in the financial transactions with these organisations.
- The Director of the DofE in London who was in post until 02-Mar-18 is a Trustee of Partnership for Young London. The DofE pays an annual membership to the Partnership of Young London (2018: £840, 2019: £840).
- The DofE rent office space in our freehold property to Round Square, a charity managed by the wife of the CEO of the DofE, (2018: £19,059 exc VAT, 2017: £17,527). The annual rent for this space is £16,300 per annum (plus VAT). Round Square incurred some additional fees relating to the rental of a car parking space for part of the financial year as well as some secure internet usage charges. Round Square also bore the costs relating to extending its office space within the current foot print of the building.
- The Director of our Northern Irish region is an Honorary Ambassador for the Belfast Activity Centre. The Belfast Activity Centre holds an Approved Activity Provider licence for the DofE. For this it has been charged £332 exclusive of applicable VAT (2017: £482)
- The Director of the North of England region, as part of his DofE role, holds a seat on the Board of Mountain Training England Ltd. The DofE paid to attend various courses run by Mountain Training England at a cost of £2,900 (2016: nil).

## 15. Subsidiary Undertaking

The DofE has one wholly owned trading subsidiary, The Award Scheme Ltd (ASL), which is registered in England. ASL produces and sells a variety of publications and transfers any taxable profit by gift aid to the charity, in line with the existing deed of covenant. A summary of the results of ASL and of its balance sheets is shown below. Full financial statements will be filed with the Registrar of Companies where appropriate.

<b>Profits &amp; Loss Accounts</b>	<b>The Award Scheme Ltd</b>	<b>The Award Scheme Ltd</b>
	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Turnover	9,543	8,899
Cost of Sales	(537)	(611)
Distribution Costs	(85)	(81)
Administrative Expenses	(14)	(16)
Other Operating Costs	(516)	(480)
Profit for the financial year	8,391	7,711
Profit gifted to The Duke of Edinburgh's Award & International Award Foundation	(8,391)	(7,711)
Retained Profit	-	-

The DofE's subsidiary company, The Award Scheme Ltd (ASL) distributed a stock of international branded products on behalf of the IAF. A donation was made to the IAF by ASL of £9,495 (2017: £4,848) reflecting the benefit accrued from the distribution activities of that company.

<b>Summarised Balance Sheet</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fixed Assets	1	4
Current Assets	3,017	2,001
Current Liabilities	(2,930)	(1,917)
Net Assets	88	88
Called up and paid share capital		
Profit & Loss Reserve	(88)	(88)
Shareholder Funds	(88)	(88)



## 16. Notes to the Consolidated Cash Flow Statement for the year ended 31 March 2018

	2018 £000	2017 £000
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income for the reporting period (as per the statement of financial activities)	1,047	3,931
Adjustments for:		
• Depreciation and amortisation charge	319	335
• (Gains) on investments	(26)	(34)
Changes in working capital:		
• (Increase) in stocks	(23)	(35)
• Decrease/(Increase) in debtors	309	(301)
• (Decrease) in creditors	(15)	(680)
Net cash provided by/(used in) operating activities	<u>1,611</u>	<u>3,216</u>



## 17. Leases

DofE Group annual commitments under operating leases to pay rentals during the year following the year of these financial statements

	2018 £000	2017 £000
Land and buildings		
• Expiring within 1 year	207	216
• Expiring during years 2 to 5	467	624
• Expiring thereafter	91	31
Other assets		
• Expiring within 1 year	459	427
• Expiring during years 2 to 5	460	569
	1,684	1,867
Total rentals under operating leases charged as expense in the SOFA	766	737

## 18. Capital Commitments

The DofE Group had no outstanding capital commitments as at 31 March 2018 (2017: £Nil).

## 19. Pension Schemes

The charity contributes to a defined contribution pension scheme for its employees, managed by Scottish Widows. This cost £567,000 (2017: £513,000) is included within total staff costs.

## 20. Status of Corporation and Members

The DofE is a Royal Charter Corporation. The members of the Corporation are the Trustees named on page 39. They have no entitlement to a distribution on dissolution of the Corporation.



## APPENDICES

### Structure, governance and management

#### Reference and administration details

The Patron, the Trustees and senior executives are listed on pages 39-41 together with advisors to the charity. Details of the charity numbers and the registered office can be found on the front page of this document.

#### Structure of the Charity

The Duke of Edinburgh's Award was established in 1956 under a deed of trust and registered as a charity. In 1998 it transferred its assets and business to a company limited by guarantee, registered as a charity. In 2006\* The Duke of Edinburgh's Award was granted a Royal Charter and in October 2007 the Royal Charter Corporation took over the assets and undertakings of the company limited by guarantee with the latter being wound up in 2008.

The DofE has a subsidiary company, Award Scheme Ltd (ASL).

The DofE has a network of Regional/ Country Chairs and Ambassador Networks that support the DofE in Northern Ireland, Scotland, and Wales and in each of the five English Regions.

The Expedition section of the DofE is monitored by an Advisory Panel of experts.

*\*The Royal Charter was granted on 14 December 2005 and came into effect on 1 April 2006.*

#### The Duke of Edinburgh's International Award Foundation

The Award programme continues to develop internationally under The Duke of Edinburgh's International Award Foundation which was established in 1986 with specific responsibility for facilitating the development of the Award internationally. It operates through licensing agreements with National Award Operators and Independent Award Centres in over 140 countries and territories.

The UK Award is one of these and to the great benefit of many of its participants, works in close association with The Duke of Edinburgh's International Award Foundation. The Trustees see this relationship as important and continue with the help of donors and the efforts of the Joint Funding Board to support the International Award Foundation's work. The UK Award has a Trustee who is a Trustee of both the UK Award and The Duke of Edinburgh's International Award Foundation, as is provided in The Duke of Edinburgh's International Award Foundation's constitution.

#### Joint Advisory Committee

The Joint Advisory Committee, consisting of the President's Award in the Republic of Ireland and The Duke of Edinburgh's Award in Northern Ireland, exists to advise the Council of The President's Award and the Trustees of The Duke of Edinburgh's Award on matters relevant to the operation of the DofE both in Ireland and Northern Ireland and for establishing ways of building upon existing co-operation.

#### Joint Funding Board

An advisory committee with representation from The Duke of Edinburgh's Award and The Duke of Edinburgh's International Award Foundation operates to ensure that fundraising initiatives organised by the two organisations do not compete with each other.

## Governance

The DofE is a registered charity whose board of Trustees takes all decisions collectively. All Trustees are equal in the duties and responsibilities that they owe to stakeholders, and accordingly they work together as one body within which the Chairman takes the lead.

The Trustees are responsible for determining all important matters of policy. They meet formally four times each year and whenever necessary to carry out their responsibilities. They review strategy and performance annually and approve budgets and operating plans in line with strategy.

In addition to the main board meetings, governance of the DofE is exercised through a number of committees which hold responsibility for specific areas of governance activity as follows:

- The **Audit and Investment Committee** oversees the charity's relationship with the external auditor, determines the integrity of the financial statements, and reviews the business risk management framework including compliance and internal controls. The committee also oversees the charity's external relationship with its investment managers, reviews investment strategy and monitors the performance of the investment portfolio.
- The **Nomination Committee** makes recommendations to the board for senior appointments, including new Trustees, after considering a wide variety of possible candidates. It meets when circumstances require.
- The **Remuneration Committee** sets the Chief Executive's salary and approves his recommendation for staff salaries.
- The **Development Group** supports the DofE Fundraising team in the development of donor contacts and the raising of voluntary income.

Membership of these bodies is set out on page 40.

The corporate governance of the DofE is monitored against guidelines for best practice as set by the Charities Commission in their framework for sound governance and accountability (Hallmarks of an Effective Charity) and it is the Trustees' practice to develop the DofE's corporate governance procedures whenever appropriate.

There is a maximum of 12 Trustees. With two exceptions, Trustees serve for a period of five years, and are eligible for re-appointment for further periods subject to a maximum of ten consecutive years. The Earl of Wessex has no limit to his term, subject to confirmation by the Trustees of his position every five years. The Chairman can serve for a period of up to ten years, regardless of prior service as a Trustee.

The Trustees are all non-executive, have no financial interest in the charity, remuneration or other benefits and give freely of their time and, in many cases, financial support. Trustee independence is not considered to be an issue.

## Induction and training of Trustees

Through the Nomination Committee, Trustees identify candidates to be future Trustees.

The Trustees as a body are responsible for their appointment. The induction and familiarisation process of new Trustees may start years before their appointment, depending on their background and experience of the DofE or of the context in which the DofE operates.

The induction process when a new Trustee is appointed contains certain common elements, including information about the DofE and about the responsibilities of Trustees, but the extent of development and familiarisation is necessarily flexible. Further induction and training are provided for Trustees during their term of office as necessary.

## Statement of responsibilities of the Trustees of The Duke of Edinburgh's Award in respect of the Trustees' annual report and the financial statements

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's and the charity's excess of income over expenditure for that period. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed;
- assess the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under those Acts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Management

The Trustees review strategy and performance and approve budgets and operating plans in line with strategy.

Authority to implement the strategies and policies on behalf of the Trustees and to conduct the day-to-day operations of the DofE is delegated to the Chief Executive.

The Chief Executive is accountable to the Trustees for the efficient running of the DofE with the help of the Directors of Finance, Fundraising, UK Services, IT, Commercial and the Regional and Country Directors.

As well as implementing the Trustees' approved strategy for the DofE, and ensuring the operational efficiency of programmes, the Chief Executive and his management team are responsible for promoting the benefits of DofE programmes to the widest possible audience, raising the funds necessary to support the programmes, administering the DofE's finances, and making the Trustees aware of the need for any changes to DofE programmes and delivery arrangements.

In order to ensure consistency of approach by those to whom DofE programmes are licensed, to promote and

develop DofE programmes in new organisations and different groups of young people, and to maintain and enhance the quality of delivery of DofE programmes, there is a Country Director in each of Northern Ireland, Scotland and Wales and a Regional Director in each of five English Regions.

They report to the Chief Executive and are available to guide and advise all those responsible for the operation of DofE programmes within their area.

At the end of the financial year the DofE had 216 full or part time employees. Those to whom the DofE is licensed and who deliver programmes to young people work closely with DofE staff but they employ their own staff for the purpose. In the delivery of DofE programmes to young people, around 50,000 volunteers are engaged in various capacities by those to whom the DofE is licensed.

The DofE carries out quality assurance procedures on the delivery of DofE programmes but is not responsible for the licensees' employees or for their volunteers.

## **Employee involvement and employment of disabled people**

The DofE continues to develop its employment policies to be consistent with best practice. In accordance with the DofE's equal opportunities policy, the DofE operates fair employment practices in the recruitment, selection, retention and training of disabled staff.

Employees are consulted on issues of concern to them by means of regular staff meetings and are kept informed on specific matters directly by management. The DofE carries out exit interviews for all staff leaving the organisation and has developed its appraisal process.

## **Social responsibility statement**

The DofE is committed to ensuring that it is a socially responsible organisation.

As part of this commitment the DofE seeks to integrate social and environmental concerns in its business strategy and operations. The DofE addresses its social responsibility in six key areas; employees, environment, stakeholders, resources, community and suppliers, as follows:

### **Workplace**

The DofE aims to offer a workplace that encourages personal development, allows for free communication and provides a positive work/life balance. It supports volunteer work, both in the organisation and through charitable projects.

The DofE has clear and accessible employee policies relating to equal opportunities, maternity and paternity leave, lone working, grievances etc.

All employees are encouraged to act in a socially responsible manner and respect the environment in which they operate.

### **Environment**

The DofE actively seeks ways to reduce the impact of its activities on the environment.

It seeks to achieve this through policies to minimise the local impact of DofE activities whilst enabling the enjoyment of such spaces by DofE participants; to educate Leaders and participants about the environment; to promote the sustainable use of the outdoor environment and to encourage sustainable environmental policies within the workplace.

### **Stakeholders**

The charity's stakeholders are the young people who undertake a DofE programme, our donors, its volunteer network, its licensed operators, its staff and its Trustees.

To all of these groups the DofE aims to be an organisation that is open, responsive and aware of their particular interests and needs. To achieve this it encourages participation by way of consultation, provides feedback through regular publications, and ensures the charity's website is kept up-to-date and is accessible to all.

### Use of resources

The DofE receives money from many sources to help young people gain a positive experience in working towards their Award. The DofE therefore aims to minimise support service expenditure and so maximise the resources available to extend access to DofE programmes to all areas of the community.

To this end, the management ensures that all staff are aware of the financial procedures and all monies are accurately accounted for.

Together with its investment management advisors the DofE aims to maximise the return on its resources whilst periodically considering the social, environmental and ethical implications of the portfolio.

### Community

The DofE operates as a UK-wide charity; however, structuring its operations on a regional basis ensures strong ties in local communities throughout the country.

All staff are encouraged to become involved with local DofE groups.

### Suppliers

Where practicable the DofE purchase Fair Trade and recycled products.

It constantly reviews its position to ensure that its key suppliers share its social responsibility philosophy.



## TRUSTEES

The Trustees of The Duke of Edinburgh's Award represent a wide range of backgrounds, experiences and skills and meet regularly to help steer the development of the charity.

The Trustees review strategy and performance and approve budgets and operating plans in line with this strategy. Authority to implement the strategies and policies on behalf of the trustees and to conduct the day-to-day operations of the DofE is delegated to the Chief Executive.

The Chief Executive is accountable to the trustees for the efficient running of the DofE, supported by the Directors of Finance, Fundraising, UK Services, IT, Commercial and the Regional and Country Directors and their respective staff teams.



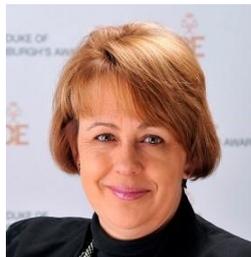
Lord Graham  
Kirkham  
CVO (Chair)



HRH Earl of  
Wessex  
KG GCVO



Ruth Anderson



The Baroness  
Grey-Thompson  
DBE



Malcolm Offord



Patricia Tehan



Mel Ewell



Julian Hough



John Amaechi

## **Committees of the Board:**

### **Audit and Investment Committee**

- Malcolm Offord
- Ruth Anderson
- Mel Ewell

### **Nomination Committee**

- The Lord Kirkham CVO
- HRH The Earl of Wessex KG GCVO
- Patricia Tehan

### **Remuneration Committee**

- The Lord Kirkham CVO
- Malcolm Offord

### **Development Group**

- HRH The Earl of Wessex KG GCVO
- Ruth Anderson
- Patricia Tehan

### **UK Trustees on Women in Business Committee**

- Ruth Anderson
- Patricia Tehan

### **UK Trustees on The Duke of Edinburgh's International Award Foundation Board**

- HRH The Earl of Wessex KG GCVO

## **Other Representative Bodies:**

### **Joint Funding Board**

The Joint Funding Board (JFB) brings together the Chief Executive of the DofE in the UK and the Secretary General of the International Award Foundation (IAF) under an independent chairman to ensure there are no conflicting fundraising interests hindering the development of the IAF or the DofE in the UK.

The Chairman JFB is appointed by the Founder under the guidance of the trustees of both organisations. The current Chairman is Ashok Rabheru CVO, DL, a former trustee of the Duke of Edinburgh's Award in the UK.

The Chairman is invited to attend and report to the trustee Meetings of both organisations as appropriate.

- Ashok J Rabheru
- John May
- Peter Westgarth

## UK Executive Team:

Peter Westgarth	Chief Executive	
George Jenkins	Finance & HR Director	Resigned 28 <sup>th</sup> July 2017
David Oates	Finance & HR Director	Appointed 27 <sup>th</sup> July 2017
Phil Treleven	UK Services Director	
Jenni Anderson	Fundraising Director	Appointed 1 <sup>st</sup> April 2017
Peter Schooling	Commercial Director	
Andrew Logie	IT Director	
Barry Fisher	Scotland Director	
Stephanie Price	Wales Director	
Kate Thompson	Northern Ireland Director	
Robert Johnston	North of England Director	
Phil Brown	Central England Director	Resigned 1 <sup>st</sup> December 2017
Jackie Bull	Central England Director	Appointed 1 <sup>st</sup> December 2017
Peter Singleton	South East Director	
Heather Thompson	South West Director	
Peter Fleet	London Director	Resigned 2 <sup>nd</sup> March 2018
Clare Argar	London Director	Appointed 2 <sup>nd</sup> July 2018



## **Bankers:**

Lloyds, 8-10 Waterloo Place, London SW1Y 4BE

## **Investment Managers:**

- Ruffer LLP, 80 Victoria Street, London SW1E 5JL
- Standard Life Investments (Mutual Funds) Limited, 1 George Street, Edinburgh EH2 2LL
- Baring Assets Management (London), 155 Bishopsgate, London EC2M 3XY
- BlackRock Investment Management (UK) Limited, 33 King William Street, London EC4R 9AS

## **Independent auditor:**

KPMG LLP, 15 Canada Square, London, E14 5GL

## **Solicitors:**

Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH

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[www.youtube.com/theDofEUK](http://www.youtube.com/theDofEUK)

<https://www.linkedin.com/company/the-duke-of-edinburgh's-award>

<https://instagram.com/dofeuk>

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No: 1072490 and in Scotland No: SC038254,  
and a Royal Charter Corporation RC000806.  
Registered Office: Gulliver House, Madeira Walk,  
WINDSOR, Berkshire SL4 1EU