

Registered number: 01979158

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

COMPANY INFORMATION

Directors M W Robinson (Chairman)
J S Mann (Senior Independent Non-Executive Director)
A Christy (Chief Executive)
J A Dishman (nee Newcombe)
A G Odell CBE
M J Smith
J W M Church (appointed 29 June 2019)
N J Cox (appointed 29 June 2019)
P T Fitzboyden (appointed 29 June 2019)
M P McSweeney (appointed 29 June 2019)

COMPANY SECRETARY A Christy

REGISTERED NUMBER 01979158

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

INDEPENDENT AUDITORS Haysmacintyre LLP
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 2020

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 2020 show a deficit for the year of £(485,000) (2019: deficit of £338,000) against a budgeted deficit of £(420,000), a negative variance of £65,000.

The Statement of Financial Position shows that we have net assets of £1,801,000 (2019: £2,286,000), The net asset position consists of fixed assets of £3,473,000 (2019: £3,523,000), net current assets of £1,098,000 (2019: £1,631,000) and long-term grant funding of £2,770,000 (2019: £2,868,000). Included within net current assets is cash at bank of £2,412,000 (2019: £1,534,000).

During the year we received three key income streams:

- Income derived from Badminton England's own activities of £4,618,000 (2019: £4,272,000), which is up £346,000 on the prior year and this included membership income of £625,000 (2019: £587,000);
- Investment from Sport England of £2,720,000 (2019: £2,786,000), which includes capital grant funding, to support the growth in badminton participation;
- Investment from UK Sport of £819,000 (2019: £548,000) 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, whilst gaining more sustainability by increasing our self-generated income.

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. This investment was to support the England Performance Programme and the strategic objective to qualify, and medal, at the Tokyo 2020 Olympic Games. In 2019 the Board approved an additional £200,000 to invest into the All England Growth project, thus bringing the total 4-year deficit position planned to £1,200,000. The deficit this year is higher than planned, due to impacts resulting from Covid 19, however our balance sheet remains strong. Reserves are retained in order to ensure the continued financial strength of the organisation, as well as to provide adequate resources for the future development of the sport.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Financial key performance indicators

Income - £8,158,000 (2019: £7,605,000); increase 7% (2019: 9% increase)

Operating deficit - £486,000 (2019: £344,000 deficit)

Reserves - £1,801,000 (2019: £2,286,000).

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 and Risk Board and the Board of Directors. Controls and suitable actions are put in place to mitigate these identified risks as far as is possible and practical. The Finance and Risk Board is responsible for assessing Badminton England's 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 the Company's risk management and internal control systems provide reasonable assurance.

Principal risks and uncertainties

A key source of the organisation's self-generated revenue, and the profit derived, is the Yonex All England Championships.

The risks to the income and profit are mitigated by the title sponsorship contract being in place until 2025, a fixed guarantee from the International Federation (because the Championships are part of the HSBC BWF World Tour), the partnership with Birmingham City Council and other sponsorship agreements. This combined, contracted, income is c£1.8m annually.

In addition, Badminton England has specific event insurance cover to protect itself against loss of revenue from the Championships, although the Covid-19 situation exposed Badminton England to losses as a result of communicable disease being excluded from our cover.

There will also be an impact on our commercial incomes from the Covid-19 scenario, although these will be partly mitigated by related cost savings. Badminton England has also received significant investment from Sport England – c£10m for the period 2017-21. Rollover funding from Year 4 to Year 5 was approved by the Sport England Board in June; this funding is up to £2.4m for the year.

Badminton England continues to comply with the Code for Sports Governance and has met the KPIs agreed with Sport England for the period to date; the organisation is in good standing with Sport England.

Badminton England is also committed to winning World, Olympic and Paralympic medals. The Board recognises the risks associated with elite sport and in developing talented players for future years. 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 2020

Future developments

Covid-19 has presented exceptional times to the world and the sport sector is not immune to the uncertainty and challenges that lay ahead in the next 12 months.

While Badminton England will continue to pursue its strategic plan as far as possible, it considers its principal responsibility over the next 12 months will be to protect the organisation's financial position, while also protecting the strength of the sport's levels of activity. As such, the organisation will be focused on cost control and reducing its exposure to risk, given the anticipated reduction in commercial revenues.

Despite this short-term focus, the Board remains committed to growing income from commercial sources to fund Badminton England's own activities and this will continue to be a strategic priority for the coming years.

This report was approved by the board and signed on its behalf.

A Christy (Chief Executive)
Director

Date:

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and the financial statements for the year ended 31 March 2020.

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 profit or loss 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:

M W Robinson (Chairman)
J S Mann (Senior Independent Non-Executive Director)
A Christy (Chief Executive)
J A Dishman (nee Newcombe)
A G Odell CBE
M J Smith
J W M Church (appointed 29 June 2019)
N J Cox (appointed 29 June 2019)
P T Fitzboyden (appointed 29 June 2019)
M P McSweeney (appointed 29 June 2019)
D F Batchelor (resigned 29 June 2019)
A Bickerdike (resigned 29 June 2019)
E W Brown (resigned 29 June 2019)
S Dodd (resigned 29 June 2019)
B S Hooper (resigned 29 June 2019)

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Governance report

The Board believes Badminton England operates to a high standard of governance and, as such, are pleased to report the continued compliance with the Code for Sports Governance.

Compliance with the Code is a requirement of future funding and the Board keeps this under regular review.

Equality & Diversity

Badminton is recognised as a global sport 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 is in line with the requirements of 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 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. Badminton England has engaged the support of organisations such as Women in Sport, Sporting Equals, and the Activity Alliance in its efforts to broaden the diversity of its Board.

Employee engagement

Badminton England is extremely proud of the talented, passionate, and resilient team that it employs and values their voice and an employee engagement survey is conducted once a year.

We have established a Staff Forum whereby members of the team across all teams 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.

In addition, we continually extend the employee engagement tools to enhance and monitor engagement and during the period of staff being furloughed.

Directors' indemnity insurance

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

Matters covered in the strategic report

Details of future developments are included in the Strategic Report, as permitted under Section 414C (11) of the Companies Act 2006.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

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.

Post balance sheet events

Since the financial year-end the disruption to the UK economy caused by the lockdown implemented by the Government to mitigate the public health threat posed by Covid-19 has continued. In addition, as a result of the ongoing global pandemic a decision was reached subsequent to the financial year end to postpone the 2020 Olympics, as well as other events. The Company has sought to mitigate the expected downturn in its income for 2020/21 by furloughing members of staff and implementing other cost reduction measures. At this stage, it is too early to measure the impact of the current situation on the Company's ongoing financial performance and position.

Auditors

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

This report was approved by the board and signed on its behalf.

A Christy (Chief Executive)
Director

Date:

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS 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 2020, 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 2020 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 SHAREHOLDERS 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 SHAREHOLDERS 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 shareholders 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 shareholders 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 shareholders for our audit work, for this report, or for the opinions we have formed.

Thomas Wilson (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG
Date:

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

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £000	2019 £000
Income	4	8,158	7,605
Administrative expenses		(8,644)	(7,949)
Operating deficit	5	(486)	(344)
Interest receivable and similar income	9	1	7
Deficit before tax		(485)	(337)
Tax on deficit	10	-	(1)
Deficit after tax		(485)	(338)
Retained earnings at the beginning of the year		2,286	2,624
		2,286	2,624
Loss for the year		(485)	(338)
Retained earnings at the end of the year		1,801	2,286

The notes on pages 14 to 28 form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	11	43	51
Tangible assets	12	3,430	3,472
		3,473	3,523
Current assets			
Debtors: amounts falling due within one year	13	494	1,904
Cash at bank and in hand	14	2,412	1,534
		2,906	3,438
Creditors: amounts falling due within one year	15	(1,808)	(1,807)
		1,098	1,631
Net current assets			
		4,571	5,154
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	16	(2,770)	(2,868)
		1,801	2,286
Net assets			
Reserves			
Income and expenditure account	19	1,801	2,286
		1,801	2,286
		1,801	2,286

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

A Christy (Chief Executive)
 Director

The notes on pages 14 to 28 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 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Deficit for the financial year	(485)	(338)
Adjustments for:		
Amortisation of intangible assets	22	24
Depreciation of tangible assets	192	146
Interest received	(1)	(7)
Taxation charge	-	1
Decrease/(increase) in debtors	1,410	(682)
(Decrease)/increase in creditors	(96)	162
Corporation tax (paid)/received	(1)	-
Net cash generated from operating activities	<u>1,041</u>	<u>(694)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(14)	(1)
Purchase of tangible fixed assets	(150)	(203)
Interest received	1	7
Net cash from investing activities	<u>(163)</u>	<u>(197)</u>
Net increase/(decrease) in cash and cash equivalents	<u>878</u>	<u>(891)</u>
Cash and cash equivalents at beginning of year	1,534	2,425
Cash and cash equivalents at the end of year	<u><u>2,412</u></u>	<u><u>1,534</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,412	1,534
	<u><u>2,412</u></u>	<u><u>1,534</u></u>

The notes on pages 14 to 28 form part of these financial statements.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020

	At 1 April 2019 £000	Cash flows £000	At 31 March 2020 £000
Cash at bank and in hand	1,534	878	2,412
	<u>1,534</u>	<u>878</u>	<u>2,412</u>

The notes on pages 14 to 28 form part of these financial statements.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2020 was 43 (2019: 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 2021 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.

In making this assessment, the Board has considered the likely financial impact of Covid-19 on the cash flow forecasts, including considering a number of alternative scenarios. The Board has received assurances as to the on-going support of its funding partners and has assessed the levels of commercial income that may be generated, along with the measures being taken to manage cost and preserve cash. The Board considered the financial impact of various possible outcomes against the level of reserves and cash held.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Income (continued)

Affiliation fees

Income from affiliation fees is recognised over the period of the badminton season being from 1 September to 31 March. This is to reflect the fact that the benefits provided to members are considered to be substantially utilised over this period.

2.4 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of Income and Retained Earnings on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

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

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution pension plan for its employees. A defined contribution pension 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.

2.8 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.

BADMINTON ASSOCIATION OF ENGLAND LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.9 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.

Intangible assets consist of computer software and are amortised over their estimated useful lives of 5 years.

2.10 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 property	- Amortised over 50 years
Plant and machinery	- 5-10% on cost
Fixtures and fittings	- 20-50% 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.

2.11 Debtors

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

2.12 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.

2.13 Creditors

Short term creditors are measured at the transaction price.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.14 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.

2.15 Financial instruments

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

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.

Affiliation fee income recognition

The Company recognises income from affiliation fees in the financial period to which they are charged to members, rather than over the full period of the affiliation, on the basis that the annual badminton season ends on 31 March and management judge that the benefits of affiliation are utilised by members to a material extent by the end of the season. This accounting policy requires management to use their judgement and experience to assess the benefits provided to affiliates and estimate the fair values attributable to each individual benefit, in order to be able to conclude that the benefits are largely utilised by the end of the financial year and that any relating income from affiliation fees relating to after the financial year is immaterial in the context of the financial statements.

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4. Analysis of income

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

	2020 £000	2019 £000
Grants receivable	3,539	3,334
Sponsorship and rights fees	1,727	1,665
Affiliation fees	616	582
Ticket sales	527	547
Other income from the sale of goods	106	139
Other income from the provision of services	1,642	1,339
	<u>8,157</u>	<u>7,606</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:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	192	146
Amortisation of intangible fixed assets	22	24
Defined contribution pension cost	196	110
	<u>410</u>	<u>280</u>

6. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	12	11
Fees payable to the Company's auditors in respect of:		
Other services relating to taxation	2	3
	<u>14</u>	<u>14</u>

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7. Employees

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

	2020 £000	2019 £000
Wages and salaries	2,326	2,117
Social security costs	231	202
Cost of defined contribution scheme	196	110
	<u>2,753</u>	<u>2,429</u>

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

	2020 No.	2019 No.
	<u>76</u>	<u>64</u>

8. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	165	161
Company contributions to defined contribution pension schemes	10	10
	<u>175</u>	<u>171</u>

During the year retirement benefits were accruing to 1 Director (2019 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2020 £000	2019 £000
Other interest receivable	<u>1</u>	<u>7</u>

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10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax charge on deficit for the year	-	1
	<u>-</u>	<u>1</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>1</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(485)	(337)
	<u>(485)</u>	<u>(337)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(92)	(64)
Effects of:		
Non-taxable (income)/expenditure	92	65
	<u>92</u>	<u>65</u>
Total tax charge for the year	<u>-</u>	<u>1</u>

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FOR THE YEAR ENDED 31 MARCH 2020

11. Intangible assets

	Computer Software £000
Cost	
At 1 April 2019	95
Additions	14
At 31 March 2020	<u>109</u>
Amortisation	
At 1 April 2019	44
Charge for the year on owned assets	22
At 31 March 2020	<u>66</u>
Net book value	
At 31 March 2020	<u>43</u>
At 31 March 2019	<u>51</u>

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NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 April 2019	5,636	98	781	6,515
Additions	-	-	150	150
At 31 March 2020	<u>5,636</u>	<u>98</u>	<u>931</u>	<u>6,665</u>
Depreciation				
At 1 April 2019	2,392	7	644	3,043
Charge for the year	109	28	55	192
At 31 March 2020	<u>2,501</u>	<u>35</u>	<u>699</u>	<u>3,235</u>
Net book value				
At 31 March 2020	<u>3,135</u>	<u>63</u>	<u>232</u>	<u>3,430</u>
At 31 March 2019	<u>3,244</u>	<u>91</u>	<u>137</u>	<u>3,472</u>

13. Debtors

	2020 £000	2019 £000
Trade debtors	160	881
Other debtors	36	12
Prepayments and accrued income	298	1,011
	<u>494</u>	<u>1,904</u>

14. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>2,412</u>	<u>1,534</u>

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15. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	635	541
Corporation tax	-	1
Other taxation and social security	67	85
Other creditors	30	16
Accruals and deferred income	1,076	1,164
	<u>1,808</u>	<u>1,807</u>

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

	2020 £000	2019 £000
Accruals and deferred income	<u>2,770</u>	<u>2,868</u>

Accruals and deferred income due after more than one year relate to deferred capital grants that are released into the Income and Expenditure account over the useful economic lives of the tangible fixed assets to which they relate.

17. Receivables under operating leases

At 31 March 2020 the Company had future minimum lease receivables in respect of non-cancellable operating leases as follows:

	2020 £000	2019 £000
Within one year	41	-
Between 1-5 years	32	-
	<u>73</u>	<u>-</u>

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18. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>341</u>	<u>1,694</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,528)</u>	<u>(1,419)</u>

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

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

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 Sports Science Suite until 2024. The terms of this charge stipulate that should the facilities or part of the 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 £196,000 (2019: £110,000). Contributions totalling £19,000 (2019: £NIL) were payable to the fund at the year-end.

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22. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	19	7
Later than 1 year and not later than 5 years	63	26
	<u>82</u>	<u>33</u>

23. Related party transactions

Sandra Dodd, a non-executive director until 29 June 2019, is also Chief Executive of Places for People Leisure Management Limited ("Places for People"). Transactions with Places for People amounted to £3,000 (2019: £33,000), comprising the joint funding of a Badminton Development Officer and venue hire.

Mike Robinson, the Chairman, and Diana Troke, the President, are also trustees of The National Badminton Museum. Transactions with The National Badminton Museum amounted to £5,000 (2019: £5,000), comprising grant funding provided to support its charitable activities.

The only other related party transaction during the year was remuneration paid to key management personnel of £471,000 (2019: £532,000).

24. Post balance sheet events

Since the financial year-end the disruption to the UK economy caused by the lockdown implemented by the Government to mitigate the public health threat posed by Covid-19 has continued. In addition, as a result of the ongoing global pandemic a decision was reached subsequent to the year to postpone the 2020 Olympics, as well as other events. The Company has sought to mitigate the expected downturn in its income for 2020/21 by furloughing members of staff and implementing other cost reduction measures. At this stage, it is too early to measure the impact of the current situation on the Company's ongoing financial performance and position.

25. Controlling party

The Directors consider that there is no ultimate controlling party.

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26. Grant income and expenditure

	Sport England £000	UK Sport £000	Local Authority £000	Non-public income £000	TOTAL £000
Revenue Grants	2,622	819	-	-	3,441
Long-Term Capital Grants	98	-	-	-	98
Membership Income	-	-	-	625	625
Sponsorship Income	-	-	-	1,200	1,200
Other income	-	-	-	2,793	2,793
Total Income	2,720	819	-	4,618	8,157
Overheads/Support costs	249	31	-	841	1,121
Talent	596	-	-	61	657
Participation/Core market	1,694	-	-	-	1,694
Performance	-	788	-	474	1,262
Capital facilities projects	-	-	-	-	-
Events and Courses	-	-	-	2,630	2,630
Marketing	-	-	-	263	263
Other costs	181	-	-	835	1,016
Total Expenditure	2,720	819	-	5,104	8,643
Net income	-	-	-	(486)	(486)

Cash and Deferred Grant Reconciliation				
	Sport England £000	UK Sport £000	Local Authority £000	TOTAL £000
Opening Balance - Deferred grants	2,298	-	-	2,298
Cash received	3,324	816	-	4,140
Released to P&L (to match expenditure)	(2,720)	(819)	-	(3,539)
Closing Balance - Deferred grants / (Accrued grants)	2,902	(3)	-	2,899