

The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

Annual Report and Financial Statements 2012-2013

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The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

TRUSTEES' REPORT

The Trustees' present their Report on the affairs of The Sports Council Trust Company together with the financial statements and auditor's report for the year ended 31 March 2013.

Structure, governance and management

Constitution of The Sports Council Trust Company

The Sports Council Trust Company ("the Charity") is a company limited by guarantee which is governed by its Memorandum and Articles of Association; it is also a registered charity with the Charities Commission (Charity number 803779).

The sole member and parent body for both financial years presented in this report was The English Sports Council (ESC).

The Parent/Subsidiary Memorandum updated in December 2012, effective from 1 May 2012, between ESC and the Charity provides the operating and governance framework between ESC (the Parent) and the Charity (the Subsidiary). This supersedes the agreement entered into on 26 July 2010.

Organisational structure

The Charity is administered by a Board of Trustees that regularly meets to discuss the objectives and activities of the Charity. The directors of the Charity are its Trustees. During the financial year ended 31 March 2013 the Board met four times (2012: four times).

The Board currently comprises the Chairman and seven Trustees.

The Chairman has accountability for the management of the operations of the Charity. To facilitate effective operations, the Chairman delegates authority for the day-to-day administration of the Charity to officers of the ESC through a Service Level and Agency Agreement. As a result of this operational model being in place the Charity has no employees.

Recruitment and appointment of the Trustees

All appointments to the Charity for the position of Chairman, Trustee and Company Secretary are made by ESC and are in accordance with:

- The Parent/Subsidiary Memorandum
- The Memorandum and Articles of Association of the Charity
- ESC's Recruitment and Selection Guidelines: Subsidiary Boards.

Upon appointment, Trustees receive corporate governance, financial and legal information in relation to the Charity in the form of its Memorandum and Articles of Association and other governing and policy documents, the annual report, management accounts, Charity Commission guidance and the Seven Principles of Public Life.

A robust induction programme is in place which provides the Trustees with an overview of the governance and operations of the Charity and ESC. The Board of Trustees undergoes an annual effectiveness review, which includes an individual appraisal of each Trustee conducted by the Chairman.

During the year Brian Armstrong and Peter Weiss were appointed as Trustees of the Charity. Both appointees were previously on the Board of Caversham Lakes Trust Limited (CLTL) and bring their knowledge and experience of that facility to the Charity's Board. The principal asset of CLTL was The Redgrave and Pinsent Rowing Lake (the Rowing Lake) which was transferred to the Charity on 29 March 2012 for a value of £8.3m.

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Related parties

The ESC is the Charity's parent body and principal related party (note 28). The nature of transactions that take place with the parent body include:

- Management and administrative functions
- Gifted assets and in kind
- Lottery award funding
- Leasing of property

The Trustees' expectation is that the operation of the Charity will continue in its current form as a result of the continued support from the parent body.

Risk management

The Board of Trustees identifies and reviews the major risks at every Board meeting. The Board reviews the risks facing the Charity by using a formal risk register to identify and ensure that all reasonable steps are taken to mitigate against the risks identified.

The following risks are considered by the Trustees to be the most significant risks facing the Charity:

- Reduction in funding and support provided by ESC
- The management contractors (operators) engaged to operate the National Sports Centres may underperform and fail to meet agreed sporting outcomes and financial targets
- Health and safety issues resulting from use by the public of the Charity's facilities
- Investments made by the Charity do not achieve capital growth or generate sufficient income to support its charitable objects.

Additional risks not presently known to the Charity, or those which the Trustees currently deem immaterial, may also impact on the Charity's operations.

Objectives

The objects of the Charity as set out in its governing documents are:

- The preservation and safeguarding of the physical and mental health of the community through physical recreation (including sports) and education
- The provision of facilities for physical recreation (including sports), which shall be available to members of the public.

To support these objectives, over the last 12 months the Charity focused on:

- Increasing participation in sport through a wide range of sporting activities
- Providing community access to facilities
- Awarding grants to various sporting organisations

To achieve these objectives, the Charity developed a number of strategies including:

- Using performance based metrics to manage the operators
- Providing and maintaining world-class training facilities
- Ensuring that the National Sports Centres become a beacon of sports development
- Awarding grants to appropriate recipients
- Monitoring the performance of investments and available funding.

The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Charity's aims, objectives and achievements and in planning future activities.

The Charity's public benefit purpose is achieved through facilities which are managed and operated for the benefit of the community.

The National Sports Centres owned by the Charity during the year were:

- Bisham Abbey (Bisham) - managed by Serco
- Lilleshall - managed by Serco

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- Plas y Brenin the National Mountain Sports Centre (Plas y Brenin) - managed by Mountain Training Trust (MTT)

Other facilities owned by the Charity were:

- The Redgrave and Pinsent Rowing Lake – leased to British Rowing

In addition, the Charity continues to oversee the operation of the car park and campsite at Harrison's Rocks through a management agreement between British Mountaineering Council Land and Property Trust and the Charity.

Activities

The National Sports Centres and the Rowing Lake occupy a unique position in the sporting landscape. Their primary role is to help members of the public play more sport and enjoy the physical and mental benefits they provide by giving them access to high quality sports facilities.

The public benefit is enhanced by their secondary role as training centres for elite sports men and women.

From rower Katherine Grainger's long awaited gold through to British Gymnastics historic four medals – much of Team GB and ParaGB's success in London 2012 was earned by the hard work athletes put in at Bisham, Lilleshall and the Rowing Lake. In all 23 Team GB and ParaGB medals were won by athletes who trained at the SCTC facilities.

This not only gives the public a transient feel good factor but can also inspire them to follow in the footsteps of sporting legends, training and playing sport at the same place. It also gives the general public access to high quality sports facilities, with state of the art equipment that they may not normally be able to use.

In short, the National Sports Centres and Rowing Lake makes a direct connection between grassroots and elite sport, supporting both.

Bisham

Based in rural Berkshire, Bisham is a busy and flexible National Sports Centre which plays home to a range of sports including tennis, rowing, hockey, football, golf, and squash.

It features a multi-use sports area, gym and fitness centre and an English Institute of Sport (EIS) strength and conditioning area, as well as on-site accommodation for use by members of the public and athletes.

We have worked with the operators Serco to carry out a range of refurbishments throughout the year. These include transforming the stable block into bedrooms, classrooms and offices for the Win Tennis Academy.

Win Tennis is an Ofsted and Lawn Tennis Association accredited independent day and boarding school that is not simply focused on coaching the most talented players but providing opportunities for people of all ages and abilities to enjoy the game through training programmes and holiday camps.

In 2012/13 the academy ran introductory tennis and badminton sessions for 500 children in 13 local schools, with 180 young people going on to attend a badminton and tennis festival.

It is a popular centre for football – 200 boys attended FAB Football Academy training sessions every week. As home to England Hockey, it not only brings in new players – 150 new players took up Rush hockey at Bisham during last year's summer season – but also educates coaches. In May, 370 amateur hockey coaches from across England attended England Hockey's engagement day.

The Olympic Torch also came to Bisham. In July 2012, over 2,500 people from local schools and the community came to celebrate as the Torch relay stopped off at the site en route to London.

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Lilleshall

Lilleshall played a leading role in preparing Team GB archers and gymnasts for London 2012 – but its squash courts, playing fields and multi-purpose indoor sports hall allowed it to host a number of national and regional sporting events throughout the year.

Over 1,000 young people took part in a variety of sports at the Shropshire and Telford School Games while the annual GB Hockey Super Leagues brought together 8 teams from across Britain.

The highlight, however, was the opening of The Royal British Legion's (TRBL) Battle Back Centre in November 2012. Battle Back uses sport and outdoor adventure activities as part of a holistic rehabilitation programme to help wounded, injured or sick service men and women. We worked with Lilleshall's operators Serco to convert the Eaton Colson centre specifically for Battle Back.

Other development work included a new changing pavilion for the 2 artificial grass pitches, the refurbishment of Kent Hall accommodation, and a 5 court sports hall.

Plas y Brenin

In the heart of Snowdonia, Plas y Brenin has been running a year-round programme of mountain sports courses and activities including rock climbing, mountaineering, scrambling, hill walking and orienteering, mountain biking, skiing, kayaking and canoeing for over 60 years.

The centre's facilities include two wall climbing areas, an abseil tower and a canoe training pool – as well as the Snowdonia National Park itself.

In 2012/13, Plas y Brenin hosted the first Snowman triathlon and delivered the first UK Coaching Certificate and British Canoe Union Coaching Certificate Level three for competitive slalom.

It provided outdoor skills training, such as navigation, search and rescue, water awareness and first aid, to organisations including the RSPCA, RSPB, RAF and Outdoor Expeditions.

While in partnership with the Youth Hostel Association the centre hosted 400 young people from the National Citizenship Service scheme to help them focus on personal development, and community volunteering.

New mountain bike training courses ranged from introductory classes to leadership awards and performance coaching camps. The development of a subsidised rock climbing course, gave 18-25 year olds the chance to try something new.

The Rowing Lake

The Rowing Lake was specifically designed for the training of development rowers and elite rowers, it is also available for wider use by the community.

However, in an exceptional sporting year it was predominantly used by British Rowing to prepare its rowing squads for the London 2012 Games and by Oxford University in preparation for the Boat Race.

As part of its lease, British Rowing has invested in improving the lake's facilities. These include a new two storey extension to accommodate a gym, offices and meeting spaces and essential medical and science suites. These assets are not capitalised by the Charity, and are not subject to the valuation process.

Charitable grants

SCTC awarded the following grants during the year to:

- Telford Powerchair Football Club to increase awareness and exposure of the sport and to create sustained activity for people with severe disabilities
- East Sussex Association of Blind and partially Sighted People to enable them to continue providing club members with the opportunity to participate in Bowls
- The Angling Trust in order to promote a new communication channel with junior and young members.

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Performance

The management contracts in place at Bisham, Lilleshall and Plas y Brenin contain performance indicators and reporting mechanisms which are subject to rigorous review. The balanced scorecard reporting approach developed during the course of the 2011/12 year was further developed during 2012/13. The Trustees are provided with a performance update at each Board meeting on all facilities and are kept abreast of any items that need remediating.

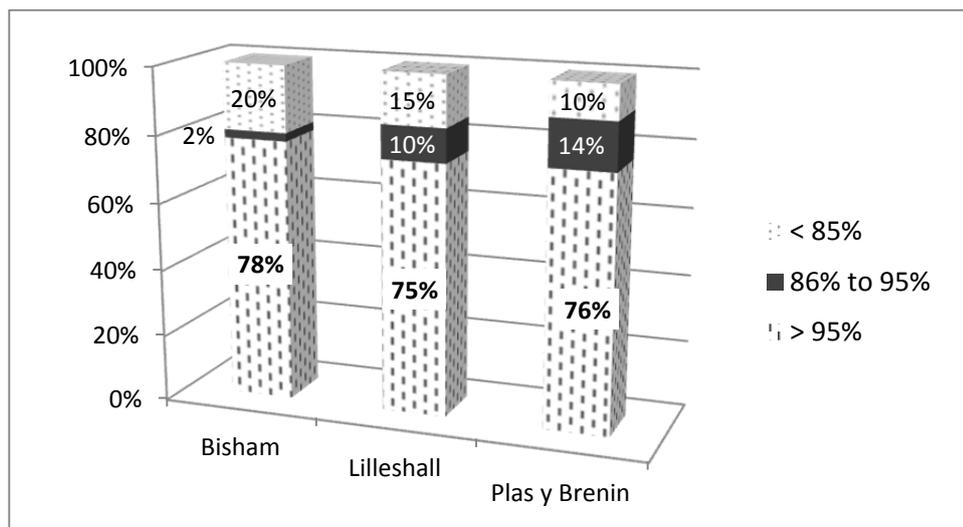
Performance is measured against a set of key performance measures across four categories:

- Internal business processes
- Continuous improvement
- Customer perspective
- Financial

These measures contain both contractual requirements and additional indicators that provide important information to support performance and identify progress against the National Sports Centres' objectives. These performance measures are clearly linked to that of the Charity and ESC's objective of wider community engagement.

Both Serco and MTT performed to a satisfactory standard during the year, and no deductions were applied to the management fee for performance failures.

The chart below summarises in percentage terms performance against all indicators upon which the operators of the National Sports Centres are measured:



Less than 85% performance related to customer feedback, delays in capital programmes, utility usage, lower than expected revenue and specialist audits. These areas are being monitored and action plans are in place.

In addition to the above performance measures the number of bed nights available and filled for both Bisham and Lilleshall along with non-residential visits is monitored to determine utilisation of the facilities. Targets for non-residential visits are due to be implemented during 2013/14 on a baseline of 2012/13 usage. Performance against these indicators is shown below:

| | Bisham | | | Lilleshall | | |
|------------------------|--------|---------|---------|------------|---------|---------|
| | Target | 2012/13 | 2011/12 | Target | 2012/13 | 2011/12 |
| Bed nights | 23,044 | 14,729 | 23,491 | 37,199 | 35,968 | 30,788 |
| Non-residential visits | | 200,000 | 180,000 | | 150,000 | 140,000 |

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Bed nights were below target for Bisham for the year as accommodation bookings were not taken from December 2012 in order to allow for planned capital works, which will now go ahead from May 2013. On an annualised basis the target for bed nights would not have been achieved due to a reduction in National Governing Body usage during the Olympics and Paralympic Games and the athletes break that followed.

At the Rowing Lake there were approximately 17,496 rower days during the year (2011/12:18,215), 8,609 of the rower days were for senior rowers (able bodied and adaptive) and approximately 8,887 of the rower days were for development rowers and other visitors.

The key performance measures for Plas y Brenin are shown below:

| | Target | 2012/13 | 2011/12 |
|------------------------|--------|---------|---------|
| Student days | 23,250 | 21,156 | 23,250 |
| Non-residential visits | | 10,874 | 9,580 |

The number of student days has reduced from last year due to local authority cuts to the subsidies for schools attending residential courses at Plas y Brenin.

Financial review

The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005, as updated in May 2008, in preparing the annual report and financial statements of the Charity.

Funding sources

The Charity has three main sources of funding being, grants and donations, property income and financial asset income.

Grants and donations

During the year the Charity received the following funding from ESC:

- £4.6m of lottery grant funding (2012: £4.1m). This funding is part of a £16m Lottery award to fund capital building works at Bisham and Lilleshall
- Gifts in kind of £56k (2012: £70k) for administration support
- Gifts of fixed assets £1.9m (2012: £1.1m).

The Charity received a grant of £0.5m (2012: £0.3m) from TRBL to improve the facilities at Lilleshall that they have leased for ten years.

Property income

Income is generated from the properties that the Charity sub-leases to ESC. There has been a reduction in this revenue stream for the financial year ended 31 March 2013 from £3.0m to £2.7m, due to a lower number of properties being occupied than in the previous year as required by ESC.

Financial asset income

The investments generated income of £19k in the year (2012: £18k).
The current market value of the investments at 31 March 2013 is £0.6m (2012: £0.6m).

Use of funding

Grants

During the year £16k has been awarded (2012: £6k).

Provision of facilities

Costs are predominantly depreciation of tangible fixed assets and property rental costs.

Total costs amounted to £5.6m for the year (2012: £5.0m). The increase from the prior year is mainly due to the loss on revaluation of tangible fixed assets of £0.7m (2012: gain £42k).

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Operational result for the year

There was a small operational surplus for the year of £27k (2012: surplus £30k), as set out in note 18 to the financial statements. The operational surplus refers to the day to day activities of the Charity and includes grant awards made.

Asset revaluation

The desktop external valuation of the Charity's National Sports Centres was undertaken by the Valuation Office Agency. The valuation yielded a net surplus (after revaluation and impairment) of £16k (2012: surplus £437k).

In accordance with UK Accounting Standards, assets should be valued separately and not as a portfolio, which results in the following accounting treatment:

- If the valuation increase is not offset by a previous valuation deficit, then it is credited to the revaluation reserve
- If the valuation increase exceeds a previous valuation deficit then the amount in excess of the previous deficit is credited to the revaluation reserve
- Any valuation decrease which is not offset by a previous valuation surplus is charged to the Statement of Financial Activities.

The 2013 Valuation exercise shows that certain land and buildings have been impaired over the current year by £689k (2012: increase £42k), which is charged (2012: credited) to the Statement of Financial Activities. In accordance with the same valuation exercise, a revaluation surplus for other land and buildings amounted to £705k (2012: surplus £390k); which has been transferred to the revaluation reserve.

There has been an increase in the net assets of the Charity of £4.9m between 1 April 2012 and 31 March 2013 (2012: £12.2m). An analysis of assets and how they have been funded is set out in note 19. The increase in net assets can be summarised as follows:

| | 2013 £ | 2012 £ |
|---|--------------------------|--------------------------|
| Net assets at 1 April | 67,055,200 | 54,864,421 |
| Capital investment: | | |
| Assets gifted from ESC | 1,909,194 | 1,060,838 |
| Lottery funded assets | 4,646,246 | 4,054,454 |
| TRBL funded assets | 543,469 | 270,332 |
| Asset transfer from Caversham Lakes Trust Limited | - | 8,334,500 |
| Other movements: | | |
| Operational surplus for the year | 26,943 | 30,413 |
| Depreciation charge for the year | (2,178,384) | (1,989,300) |
| Loss on disposal of assets | (42,666) | - |
| Payment grant from restricted fund | (6,000) | - |
| Increase/(decrease) in value of financial assets | 38,885 | (6,964) |
| Net property revaluation | 15,858 | 436,506 |
| Net assets at 31 March | <u>72,008,744</u> | <u>67,055,200</u> |

The above table is expressed in round numbers; however the actual figures are to two decimal places resulting in a rounding of £1.

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Capital investment in the year by the Charity was £7.1m (2012: £13.7m, inclusive of £8.3m asset transfer from CLTL). The break-down of the 2012/13 capital investment is shown in the table below:

| | Gifted – ESC £ | Lottery Funded £ | TRBL £ | Total £ |
|--------------------------------|-------------------|---------------------|----------------|------------------|
| Bisham | | | | |
| New Accommodation block | - | 204,465 | - | 204,465 |
| Sports Centre | - | 382,339 | - | 382,339 |
| Bisham Abbey Building | 89,221 | - | - | 89,221 |
| Other | 41,767 | - | - | 41,767 |
| Bisham Total | 130,988 | 586,804 | - | 717,792 |
| Lilleshall | | | | |
| Jubilee Hall (New Sports Hall) | 500,000 | 2,155,341 | - | 2,655,341 |
| Queen Elizabeth Hall | 15,296 | 1,480,616 | - | 1,495,912 |
| Eaton Colson | - | 57,157 | 543,469 | 600,626 |
| Main Hall refurbishment | 419,794 | - | - | 419,794 |
| Wenlock Hall | 88,500 | 280,658 | - | 369,158 |
| Ford Hall refurbishment | 91,346 | - | - | 91,346 |
| Kent Hall refurbishment | 10,563 | 83,840 | - | 94,403 |
| Cottages/Bungalows | 86,015 | - | - | 86,015 |
| Other | 21,305 | 1,830 | - | 23,135 |
| Lilleshall Total | 1,232,819 | 4,059,442 | 543,469 | 5,835,730 |
| Plas y Brenin | | | | |
| Main building refurbishment | 400,952 | - | - | 400,952 |
| Tryfan Cottage | 91,564 | - | - | 91,564 |
| Plas y Brenin Total | 492,516 | - | - | 492,516 |
| Other | | | | |
| The Rowing Lake | 16,771 | - | - | 16,771 |
| Leased Properties | 36,100 | - | - | 36,100 |
| Other Total | 52,871 | - | - | 52,871 |
| TOTAL | 1,909,194 | 4,646,246 | 543,469 | 7,098,909 |

Policies

Grants policy

The Charity has a small grants policy which enables awards to be granted to suitable applicants.

The Charity's policy is to accept applications from not for profit organisations supporting the sporting activities of disadvantaged people including, though not restricted to, young people, people with disabilities, and people from ethnic minority groups. Awards given will relate to either participation in sporting events, the subsidy of sporting events or the provision of facilities and equipment for disadvantaged people.

Investment policy

The Charity's investment policy relating to the portfolio of equity investments is to:

- generate a level of income that will contribute to both operating expenditure and grant making activities
- preserve capital and generate reasonable returns

The charity's investment funds have been held with Barings Asset Management Limited since October 2010 and are invested in a Targeted Return Common Investment Fund.

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The objective of this investment is to maximise income generation with low investment risk.

The investment manager maintains a balanced portfolio which results in less volatility than a pure equity investment and reports quarterly on investment performance. The investment manager last presented at a meeting of the Board on 13 February 2013.

Reserves policy

The Charity's reserves policy defines reserves as restricted or unrestricted.

Restricted reserves are reserves which cannot readily be realised and used for an alternative purpose than that specified; principally these are in relation to fixed assets gifted from ESC or funded through ESC's Lottery Fund. Restricted reserves at 31 March 2013 amounted to £70.3m (2012: £65.4m).

Unrestricted reserves are where the use of these funds is not restricted and can be applied to the on-going operational aspects of the organisation. Unrestricted reserves at 31 March 2013 amounted to £1.7m (2012: £1.7m). This amount includes reserves for financial assets of £0.6m (2012: £0.6m), and net current assets of £0.2m (2012: £0.2m) to provide working capital. Working capital for liquidity purposes includes financial assets although these assets are not intended for sale. The amalgamation of these assets provides reserves of an equivalent to three months of resource expenditure when excluding non-cash items such as depreciation and revaluations.

Total reserves at the end of the financial period amounted to £72.0m (2012: £67.1m).

The Trustees aim is to maintain a level of unrestricted reserves equating to three months of expenditure. The Trustees consider that this level will provide sufficient funds to meet the Charity's operational expenditure, to enable it to grant awards on an on-going basis, and to provide a contingency against unforeseen expenditure.

Plans for future periods

The Lottery funded project at Bisham has recently received planning permission and the works will commence during the 2013/14 financial year and comprises:

- 50 bed accommodation block
- Dance studio for community use
- Restaurant and café facilities
- Break out area for residents
- 3G pitch
- Desso pitch (similar to that at Wembley)
- Refurbished grass pitch.

The focus for the future is to continue raising standards to achieve the delivery of the objectives set for the National Sports Centres.

Green Initiatives

Surveys have been undertaken at all sites and new green initiatives such as photovoltaic panels will be introduced at Bisham and a range of green options are now being considered by the operator for Lilleshall.

At Plas y Brenin a specification of works has been drawn up to harvest rain water and improve insulation and heat recovery.

Post balance sheet events

The Charity plans to continue with its activities as outlined above for the foreseeable future.

After making enquiries of the management of ESC, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Charity continues to adopt the going concern basis in preparing its financial statements.

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TRUSTEES

The Trustees of the Charity are:-

- David Knight (Chairman)
- Bernard Spittle OBE
- Brian Armstrong (appointed 23 July 2012)
- Geoff Lawton
- Keith Nicholls
- Mike Green
- Peter Weiss (appointed 23 July 2012)
- Sonia Howe

The Company Secretary who served during the year was:

- Michelle Vassall

Registered Office

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Barclays Bank Plc
London Corporate Banking
1 Churchill Place
London E14 5HP

Solicitor

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155 Bishopsgate
London EC2M 3XY

Auditor

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

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Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently
- make judgements and 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 operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

By Order of the Board

David Knight
Chairman

Date: 21 May 2013

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The certificate and report of the Comptroller and Auditor General to the members of The Sports Council Trust Company

I certify that I have audited the financial statements of the Sports Council Trust Company for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the trustees and the auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sports Council Trust Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sports Council Trust Company's affairs as at 31 March 2013 and of its incoming resources and application of resources, including income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or

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- certain disclosures of trustees' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date: 12 June 2013

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)

| | Note | 2013 Restricted £ | 2013 Unrestricted £ | 2013 Total £ | 2012 Total £ |
|--|------|-------------------------|---------------------------|--------------------------|--------------------|
| <u>Incoming resources</u> | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income: | | | | | |
| Grants and donations | 2 | 7,098,909 | 56,381 | 7,155,290 | 13,790,314 |
| Activities for generating funds | | | | | |
| Property income | 3 | - | 2,700,683 | 2,700,683 | 3,017,149 |
| Financial asset Income | 4 | - | 18,806 | 18,806 | 17,569 |
| Total incoming resources | | <u>7,098,909</u> | <u>2,775,870</u> | <u>9,874,779</u> | <u>16,825,032</u> |
| <u>Resources expended</u> | | | | | |
| Charitable activities | | | | | |
| Community grants awarded | 5 | - | 16,000 | 16,000 | 6,000 |
| Provision of facilities | 6 | 2,872,384 | 2,747,104 | 5,619,488 | 4,995,358 |
| Governance costs | 7 | - | 23,372 | 23,372 | 15,951 |
| Total resources expended | | <u>2,872,384</u> | <u>2,786,476</u> | <u>5,658,860</u> | <u>5,017,309</u> |
| Net incoming (outgoing) resources | | 4,226,525 | (10,606) | 4,215,919 | 11,807,723 |
| Revaluation of fixed assets | 13 | 697,224 | 7,516 | 704,740 | 390,020 |
| Revaluation of financial assets | 10 | - | 38,885 | 38,885 | (6,964) |
| Repayment of restricted funds other | 17 | (6,000) | - | (6,000) | - |
| Net movement of funds in year | | <u>4,917,749</u> | <u>35,795</u> | <u>4,953,544</u> | <u>12,190,779</u> |
| <u>Reconciliation of funds</u> | | | | | |
| Total funds brought forward | | 65,350,741 | 1,704,459 | 67,055,200 | 54,864,421 |
| Total funds carried forward | | <u>70,268,490</u> | <u>1,740,254</u> | <u>72,008,744</u> | <u>67,055,200</u> |

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.

The notes on pages 17 to 28 form an integral part of these financial statements

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

Company no. 2517615

BALANCE SHEET
As at 31 March 2013

| | Note | 2013 £ | 2012 £ |
|---------------------------------------|------|-------------------|-------------------|
| Tangible fixed assets | 9 | 71,127,931 | 66,234,214 |
| Financial assets | 10 | 636,685 | 597,800 |
| <u>Current assets</u> | | | |
| Debtors | 11 | 1,434,625 | 2,585,637 |
| Cash at bank | | 9,879 | 21,323 |
| | | <u>1,444,504</u> | <u>2,606,960</u> |
| <u>Current liabilities</u> | | | |
| Creditors falling due within one year | 12 | <u>1,200,376</u> | <u>2,383,774</u> |
| Net current assets | | <u>244,128</u> | <u>223,186</u> |
| Net assets | | <u>72,008,744</u> | <u>67,055,200</u> |
| <u>The funds of the Charity</u> | | | |
| <u>Restricted funds</u> | | | |
| Revaluation reserve | 13 | 11,867,358 | 10,831,888 |
| ESC Funded assets | 14 | 35,315,265 | 35,689,778 |
| ESC Lottery funded assets | 15 | 22,309,650 | 18,526,001 |
| Capital | 16 | 91,380 | 91,093 |
| Other | 17 | 684,837 | 211,981 |
| Total restricted funds | 19 | <u>70,268,490</u> | <u>65,350,741</u> |
| <u>Unrestricted funds</u> | | | |
| Revaluation reserve | 13 | 152,623 | 133,394 |
| Unrestricted funds | 18 | 1,587,631 | 1,571,065 |
| Total unrestricted funds | | <u>1,740,254</u> | <u>1,704,459</u> |
| Total Charity funds | 19 | <u>72,008,744</u> | <u>67,055,200</u> |

The financial statements on pages 14 to 28 were approved by the Board of Trustees and were signed on its behalf by:

David Knight
Chairman

DATE: 21 May 2013

The notes on pages 17 to 28 form an integral part of these financial statements

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

CASH FLOW STATEMENT

| | Note | 2013 £ | 2012 £ |
|---|------|----------------------------|----------------------------|
| Net cash inflow from operating activities | 20.1 | <u>6,120,442</u> | <u>2,977,500</u> |
| Returns on financial assets and servicing of finance | | | |
| Interest and dividends received | 4 | <u>18,806</u> | <u>17,569</u> |
| Net cash inflow from financial assets and servicing of finance | | <u>18,806</u> | <u>17,569</u> |
| <u>Capital Expenditure activities:</u> | | | |
| Purchase of lottery funded assets | | (5,708,161) | (2,864,328) |
| TRBL funded additions | | <u>(442,531)</u> | <u>(142,423)</u> |
| Net cash outflow from capital expenditure activities | 20.2 | <u>(6,150,692)</u> | <u>(3,006,751)</u> |
| Net cash outflow | | <u><u>(11,444)</u></u> | <u><u>(11,682)</u></u> |
| Changes in cash balances during the year : | | | |
| Balance at 1 April | | 21,323 | 33,005 |
| Net cash outflow | | <u>(11,444)</u> | <u>(11,682)</u> |
| Balance at 31 March | | <u><u>9,879</u></u> | <u><u>21,323</u></u> |

The notes on pages 17 to 28 form an integral part of these financial statements

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of land and building assets and the revaluation of financial assets to market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005 as revised in May 2008, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

1.2 Incoming resources

Voluntary income includes gifted assets, gifts in kind, Lottery and other grants. Grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Property income is recognised on a receivable basis.

Financial asset income is recognised on a receipts basis due to the timing of statements from the investment fund. The accounting treatment adopted materially matches income accrued.

1.3 Provision of Facilities : Allocation of Costs

The majority of the Charity's expenditure is spent on the provision of facilities as set out in note 6. Expenditure is recognised when a liability is incurred. These costs are allocated to activities directly or on the basis of location or usage.

Costs directly related to activities are general administration costs of the Charity.

Location costs are costs incurred in connection with freehold and leasehold property occupied by ESC, British Rowing and another sports related charity.

Usage costs relate to depreciation, and gains and losses on revaluation on tangible fixed assets.

1.4 Governance costs

Governance costs include those costs incurred in the governance of the Charity and its assets and are primarily associated with constitutional and financial requirements.

1.5 Grants

Grants awarded are recognised in the period in which the grant is approved by the Trustees.

1.6 Dividends

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

1.7 Tangible Fixed Assets

Full valuations of land, buildings, and bund are carried out at five yearly intervals. Freehold land, buildings, and bund were subject to a full valuation at 31 March 2011. These properties were valued by the Valuation Office Agency, in accordance with the Statement of Valuation Practice published by the Royal Institution of Chartered Surveyors. Between full valuations desktop valuations are used, which apply appropriate price indices as recommended by the Valuation Office Agency. Where there have been significant improvements or alterations to assets valued at 31 March 2011 the desktop valuation is suitably prepared covering the assets improvement or alteration. Valuations are based on Depreciated Replacement Cost (DRC) for specialist properties, and open market value for other properties. The DRC basis generates an open market valuation of the land based on an estimate of the gross current replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition and obsolescence. DRC valuations on alternative sites are based on locations currently occupied.

Assets which are improved by tenants under operating leases with SCTC i.e. the Rowing Lake buildings are not capitalised by SCTC and are therefore not subject to the valuation process.

The Sports Council Trust Company

Financial Statements for the Year Ended 31 March 2013

Assets under construction are valued on the costs incurred to date.

The value of the Art Works and Antiques were derived through an external valuation in January 2008, a subsequent valuation has not taken place. The asset valuations are based on the actual purchase price or probable cost of replacing the items when compared with items in a similar condition with reference to the retail market at the valuation date.

Other tangible fixed assets, being leasehold improvements and fixed assets, have not been revalued as fair value is not considered to be materially different to depreciated historic cost.

It is the company's policy that assets below £1,000 in value are not normally capitalised, unless, they are purchased as part of a group of assets which would be capitalised.

1.8 Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost and/or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

| | |
|-----------------------|---------------------------------------|
| Buildings | Unexpired useful life |
| Leasehold improvement | Date of expected termination of lease |
| Equipment | 5 – 10 years |

Freehold buildings are depreciated over their specific expected useful lives as identified by the Valuation Office Agency. Improvements to leasehold buildings are written off over the unexpired term of the specific leases. Impairment reviews have been conducted in accordance with Financial Reporting Standard 11. No depreciation is charged in the year of acquisition. A full year's depreciation is charged in the year of disposal.

No depreciation is charged on Art Works and Antiques as these assets have indefinite lives.

1.9 Financial Assets and Financial Instruments

Financial Assets are shown at the valuation at the end of the year financial year and are classified as available for sale financial assets. There is no planned intention to sell these assets. Any gain or loss arising from the revaluation is shown in The Statement of Financial Activities. There are no financial assets other than those set out in note 10.

Information on financial instruments is set out in note 27.

1.10 Funds

Details of all restricted and unrestricted funds are provided in notes 13 to 18.

- Restricted funds: These funds are earmarked by the donor for specific purposes.
- Unrestricted funds: These funds comprise general funds that are expendable at the discretion of the Trustees in furtherance of the objects of the Charity and which have not been designated for other purposes.

1.11 Gifts In Kind

The value of gifts in kind is based on a reasonable estimate of the value of time spent in administration functions of the Charity by ESC.

For tangible fixed assets and operational costs the value is based on the amount actually expended by the donor.

1.12 Taxation

No taxation is chargeable on the company's activities as the company's activities are outside the scope of corporation tax as the activities are of a charitable nature.

1.13 Going Concern

The financial position of the Charity is supported by ESC. The ESC is the major provider of funds through the gifting of assets, provision of deficit funding for the operation of The National Sports Centres and through a Lottery grant to support the Charity's other capital expenditure. The Charity does not commit to any capital expenditure that requires funding from its own resources.

The going concern basis continues to be applied in preparing these financial statements.

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

2 GRANTS AND DONATIONS

| | 2013 £ | 2012 £ |
|---|------------------|-------------------|
| <u>Restricted</u> | | |
| Lottery grant (from ESC Lottery fund) | 4,646,246 | 4,054,454 |
| Gifts of fixed assets (from ESC) | 1,909,194 | 1,060,838 |
| Fixed assets transferred from CLTL | - | 8,334,500 |
| TRBL | 543,469 | 270,332 |
| | 7,098,909 | 13,720,124 |
| <u>Unrestricted</u> | | |
| Gifts in kind (from ESC) – Administration costs | 56,381 | 70,190 |
| | 7,155,290 | 13,790,314 |

The total grant from ESC Lottery Fund amounts to £16,000,000 to fund capital investment at Bisham and Lilleshall. The amount receivable to date is £8,700,700 (2012: £4,054,454).

3 PROPERTY INCOME

| | 2013 £ | 2012 £ |
|-----------------------------|------------------|------------------|
| Freehold / Leasehold income | 2,700,683 | 3,017,149 |

Property income is the income from freehold and leasehold property occupied by ESC, another sport related charity, and British Rowing. Property income includes rent, rates, service charges and other property costs, repairs, maintenance and legal costs.

4 FINANCIAL ASSET INCOME

Income received from the following financial assets:

| | 2013 £ | 2012 £ |
|---|---------------|---------------|
| Interest – overnight & short-term investment of bank balances | 222 | 100 |
| Dividends – listed stocks and securities | 18,584 | 17,469 |
| Total financial asset income | 18,806 | 17,569 |

5 COMMUNITY GRANTS AWARDED

| | 2013 £ | 2012 £ |
|---|----------------|--------------|
| Clifton Cricket Club | - | 6,000 |
| Telford Powerchair Football Club | 15,000 | - |
| East Sussex Association of Blind and Partially Sighted People | 1,000 | - |
| The Angling Trust | 6,000 | - |
| | 22,000 | 6,000 |
| Funded from restricted reserve | (6,000) | - |
| | 16,000 | 6,000 |

The above aligns itself to 'The preservation and safeguarding of the physical and mental health of the community through physical recreation (including sports) and education' object of the Charity as stated in the Trustee's report (Page 2 - Objectives).

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

6 PROVISION OF FACILITIES

Costs are allocated as set out in the accounting policies note 1.3 and are shown in the table below:

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Restricted | | |
| <u>Usage</u> | | |
| Depreciation | 2,141,210 | 1,949,794 |
| Loss on revaluation of fixed assets | 688,508 | (42,356) |
| Loss on disposal of fixed assets | 42,666 | - |
| Total restricted usage costs | <u>2,872,384</u> | <u>1,907,438</u> |
| Unrestricted | | |
| <u>Costs directly related to activities</u> | | |
| ESC administrative charge | 28,000 | 28,000 |
| Gift in kind - Staff costs | 56,381 | 70,190 |
| Total direct costs | <u>84,381</u> | <u>98,190</u> |
| <u>Location costs</u> | | |
| Property costs | 2,584,235 | 2,931,576 |
| Legal and professional | 40,817 | 22,640 |
| Other expenses | - | 100 |
| Bank charges | 122 | 38 |
| Total location costs | <u>2,625,174</u> | <u>2,954,354</u> |
| <u>Usage costs</u> | | |
| Depreciation | 37,174 | 39,506 |
| Loss on revaluation of fixed assets | 375 | (4,130) |
| Total usage costs | <u>37,549</u> | <u>35,376</u> |
| Total unrestricted | <u>2,747,104</u> | <u>3,087,920</u> |
| Total provision of facilities | <u>5,619,488</u> | <u>4,995,358</u> |

7 GOVERNANCE COSTS

| | 2013 £ | 2012 £ |
|-----------------------------|---------------|---------------|
| Trustees' travel & expenses | 2,372 | 1,451 |
| Audit fees | 21,000 | 14,500 |
| Total direct costs | <u>23,372</u> | <u>15,951</u> |

There were no audit fees for non-audit work. The increase in audit fees is as a result of transfer of assets from CLTL in March 2012. An audit fee in respect of CLTL of £2,000 (2012: Nil) is included as the Charity has borne these costs on behalf of CLTL.

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

8 STAFF COSTS

The Charity employed no staff directly in 2013 (2012: Nil).

ESC provides a financial and administrative service to the Charity, under the terms of a service level agreement, for which a charge is made (see note 28).

The Trustees did not receive fees or allowances for the year (2012: Nil). The Trustees received reimbursement of travel expenses amounting to £2,372 for the year (2012: £1,451).

9 TANGIBLE FIXED ASSETS

| | Land | Buildings and Bund | Leasehold improve- ments | Assets Under Construct- ion | Equipment | Art Works and Antiques | Total |
|-------------------------|------------------|-----------------------|--------------------------------|--------------------------------------|--------------------|------------------------------|---------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| COST/VALUATION | | | | | | | |
| At 1 April 2012 | 8,624,000 | 65,493,706 | 1,815,343 | 624,481 | 2,608,092 | 959,700 | 80,125,322 |
| Additions: | | | | | | | |
| Gifted Assets | - | 2,223,094 | 36,100 | - | (350,000) | - | 1,909,194 |
| Lottery funded | - | 4,245,128 | - | 204,465 | 196,653 | - | 4,646,246 |
| TRBL (note 17) | - | 543,469 | - | - | - | - | 543,469 |
| Disposals | - | (44) | (115,345) | - | (50,635) | - | (166,024) |
| Revaluation | 710,275 | (694,417) | - | - | - | - | 15,858 |
| Transfers | - | 614,481 | - | (614,481) | - | - | - |
| At 31 March 2013 | 9,334,275 | 72,425,417 | 1,736,098 | 214,465 | 2,404,110 | 959,700 | 87,074,065 |
| DEPRECIATION | | | | | | | |
| At 1 April 2012 | - | (11,638,083) | (916,150) | - | (1,336,875) | - | (13,891,108) |
| Charge for year | - | (1,825,510) | (142,889) | - | (209,985) | - | (2,178,384) |
| Disposals | - | - | 77,786 | - | 45,572 | - | 123,358 |
| At 31 March 2013 | - | (13,463,593) | (981,253) | - | (1,501,288) | - | (15,946,134) |
| NET BOOK VALUE | | | | | | | |
| At 31 March 2013 | 9,334,275 | 58,961,824 | 754,845 | 214,465 | 902,822 | 959,700 | 71,127,931 |
| At 31 March 2012 | 8,624,000 | 53,855,623 | 899,193 | 624,481 | 1,271,217 | 959,700 | 66,234,214 |

The net book value of land and buildings comprises freehold property.

The bund at The Rowing Lake is valued at £6,457,000 (2012: £6,337,500) and is included in the Buildings and Bund classification above.

The historical cost of Land, Buildings and Bund at 31 March 2013 was £78,407,939 (2012: £71,475,055).

Art Works and Antiques

There is a collection of art works, furniture and fittings at Bisham that date from the 16th Century. The historical significance of these assets classifies the collection as Art Works and Antiques. The collection was valued for insurance purposes by Sotheby's at £959,700 in January 2008. The art works were valued at £909,700 and the furniture and fittings at £50,000.

An asset verification exercise was carried out in February 2013 which confirmed that all the artwork and antiques were in existence. The way in which the artwork and antiques are used and displayed has not changed during the year. The Trustees are therefore of the opinion that the collection is reflected at fair value in the financial statements.

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

10 FINANCIAL ASSETS

Listed stocks and securities

| | 2013 £ | 2012 £ |
|--------------------------------|----------------|----------------|
| Cost at 1 April and 31 March | <u>599,540</u> | <u>599,540</u> |
| Market value at 1 April | 597,800 | 604,764 |
| Revaluation of financial asset | <u>38,885</u> | <u>(6,964)</u> |
| Market value at 31 March | <u>636,685</u> | <u>597,800</u> |

The financial assets are represented by an investment managed by Barings Asset Management in their Targeted Return Common Investment Fund. This investment is classified as an available for sale financial asset. There is no intention of selling this investment.

11 DEBTORS

| | 2013 £ | 2012 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 100,849 | 252,867 |
| ESC – lottery grant receivable | 129,195 | 1,190,126 |
| TRBL – grant receivable | 228,848 | 127,909 |
| Prepayments | 798,962 | 680,724 |
| Accrued income | 176,771 | 334,011 |
| | <u>1,434,625</u> | <u>2,585,637</u> |

12 CREDITORS

Amounts falling due within one year

| | 2013 £ | 2012 £ |
|-----------------|------------------|------------------|
| Trade creditors | 2,112 | - |
| ESC | 548,030 | 644,975 |
| Deferred income | 9,351 | 24,238 |
| Accruals | <u>640,883</u> | <u>1,714,561</u> |
| | <u>1,200,376</u> | <u>2,383,774</u> |

13 REVALUATION RESERVE

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| <u>Restricted</u> | | |
| <u>Revaluation Reserve Land and Buildings</u> | | |
| Balance at 1 April | 10,831,888 | 10,149,566 |
| Amortisation of revaluation reserve | 338,246 | 276,649 |
| Revaluation of fixed assets | 697,224 | 405,823 |
| Revaluation on asset disposals | - | (150) |
| Balance at 31 March | <u>11,867,358</u> | <u>10,831,888</u> |

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

| | 2013 £ | 2012 £ |
|--|------------|------------|
| <u>Unrestricted</u> | | |
| <u>Revaluation Reserve Land and Buildings</u> | | |
| Balance at 1 April | 133,394 | 140,293 |
| Amortisation of revaluation reserve | 11,713 | 8,904 |
| Revaluation of fixed assets | 7,516 | (15,803) |
| Balance at 31 March | 152,623 | 133,394 |
| Total Revaluation Reserve | 12,019,981 | 10,965,282 |

14 RESTRICTED FUNDS – ESC FUNDED ASSETS

| | 2013 £ | 2012 £ |
|--|-------------|-------------|
| Balance at 1 April | 35,689,778 | 36,422,863 |
| Gifts of tangible fixed assets | 1,909,194 | 1,060,838 |
| (Loss)/profit on revaluation of fixed assets | (385,472) | 147,630 |
| Depreciation | (1,623,446) | (1,760,158) |
| Loss on disposal of fixed assets | (42,666) | - |
| Amortisation of property revaluation reserve | (232,123) | (181,395) |
| Balance at 31 March | 35,315,265 | 35,689,778 |

The purpose of this fund is the initial acquisition and the subsequent funding of tangible fixed asset additions at The National Sports Centres.

ESC receives funding from two sources, Exchequer Grant-in-Aid and the National Lottery Distribution Fund. These two sources of funding are required to be accounted for separately.

This fund represents assets funded by ESC's Exchequer Grant-in-Aid.

15 RESTRICTED FUNDS – ESC LOTTERY FUNDED ASSETS

| | 2013 £ | 2012 £ |
|--|------------|------------|
| Balance at 1 April | 18,526,001 | 6,462,438 |
| Grant receivable | 4,646,246 | 4,054,454 |
| Fixed assets transferred from C LTL | - | 8,334,500 |
| Depreciation | (511,479) | (187,018) |
| Loss on revaluation of fixed assets | (247,825) | (44,678) |
| Amortisation of property revaluation reserve | (103,293) | (93,695) |
| Balance at 31 March | 22,309,650 | 18,526,001 |

The purpose of this fund is the initial acquisition and the subsequent funding of tangible fixed asset additions at The National Sports Centres.

ESC receives funding from two sources, Exchequer Grant-in-Aid and the National Lottery Distribution Fund. These two sources of funding are required to be accounted for separately.

This fund represents assets funded by ESC's National Lottery Distribution Fund.

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

16 RESTRICTED FUNDS – CAPITAL

| | 2013 £ | 2012 £ |
|--|---------------|---------------|
| Balance at 1 April | 91,093 | 91,329 |
| Depreciation | (2,679) | (2,468) |
| Profit on revaluation of fixed assets | 4,669 | 3,791 |
| Amortisation of property revaluation reserve | (1,703) | (1,559) |
| Balance at 31 March | <u>91,380</u> | <u>91,093</u> |

The purpose of this fund is improvements to facilities at The National Sports Centres. The above fund has been donated by The Lawn Tennis Association.

17 RESTRICTED FUNDS – OTHER

| | 2013 £ | 2012 £ |
|--|----------------|----------------|
| National Anglers Council | | |
| Balance at 1 April | 6,036 | 6,036 |
| Paid in year | (6,000) | - |
| Balance at 31 March | <u>36</u> | <u>6,036</u> |
| The Royal British Legion | | |
| Balance at 1 April | 205,945 | - |
| Grant receivable | 543,469 | 270,332 |
| Depreciation | (3,605) | - |
| Loss on fixed assets revaluation | (59,881) | (64,387) |
| Amortisation of property revaluation reserve | (1,127) | - |
| Balance at 31 March | <u>684,801</u> | <u>205,945</u> |
| Total Restricted Funds - Other | <u>684,837</u> | <u>211,981</u> |

The Trustees following discussions with various angling associations paid a grant during the current year to The Angling Trust Limited.

The charity has entered into an agreement with TRBL, who contribute to the expenditure on building improvements at Lilleshall. The facilities at Lilleshall are used for TRBL beneficiaries and Ministry of Defence personnel.

18 UNRESTRICTED FUNDS

| | 2013 £ | 2012 £ |
|--|------------------|------------------|
| Balance at 1 April | 1,571,065 | 1,591,896 |
| Depreciation for year | (37,174) | (39,506) |
| Other operating activity | 26,943 | 30,413 |
| (Loss)/profit on fixed assets revaluation | (375) | 4,130 |
| Net outgoing resources | (10,606) | (4,963) |
| Revaluation of financial assets | 38,885 | (6,964) |
| Amortisation of property revaluation reserve | (11,713) | (8,904) |
| Balance at 31 March | <u>1,587,631</u> | <u>1,571,065</u> |

The Sports Council Trust Company
Financial Statements for the Year Ended 31 March 2013

Other operating activity reconciliation

| | 2013 £ | 2012 £ |
|---|---------------|---------------|
| Net outgoing resources | (10,606) | (4,963) |
| Depreciation | 37,174 | 39,506 |
| Loss/(profit) on fixed assets revaluation | 375 | (4,130) |
| Net operating activity | <u>26,943</u> | <u>30,413</u> |

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Tangible Assets £ | Financial Assets £ | Net Current Assets £ | 2013 Total £ | 2012 Total £ |
|---------------------------|-------------------------|--------------------------|-------------------------------|-------------------|-------------------|
| Restricted Funds | | | | | |
| Revaluation Reserve | 11,867,358 | - | - | 11,867,358 | 10,831,888 |
| ESC Assets | 35,315,265 | - | - | 35,315,265 | 35,689,778 |
| ESC Lottery Fund | 22,309,650 | - | - | 22,309,650 | 18,526,001 |
| Capital | 91,380 | - | - | 91,380 | 91,093 |
| Other | 684,801 | - | 36 | 684,837 | 211,981 |
| Total Restricted Funds | <u>70,268,454</u> | - | 36 | <u>70,268,490</u> | <u>65,350,741</u> |
| Unrestricted Funds | | | | | |
| Revaluation Reserve | 152,623 | - | - | 152,623 | 133,394 |
| Other | 706,854 | 636,685 | 244,092 | 1,587,631 | 1,571,065 |
| Total Unrestricted Funds | <u>859,477</u> | <u>636,685</u> | <u>244,092</u> | <u>1,740,254</u> | <u>1,704,459</u> |
| Total Funds | <u>71,127,931</u> | <u>636,685</u> | <u>244,128</u> | <u>72,008,744</u> | <u>67,055,200</u> |

20 CASH FLOW STATEMENT

20.1 Net cash flow from operating activities

| | 2013 £ | 2012 £ |
|---|------------------|------------------|
| Net incoming resources | 4,215,919 | 11,807,723 |
| Gifts of fixed assets from ESC | (1,909,194) | (1,060,838) |
| Loss/(profit) on fixed assets revaluation | 688,882 | (46,486) |
| Assets transferred from CLTL | - | (8,334,500) |
| Loss on the disposal of fixed assets | 42,666 | - |
| Repayment of restricted funds | (6,000) | - |
| Financial asset income | (18,806) | (17,569) |
| Depreciation | 2,178,384 | 1,989,300 |
| Decrease/(increase) in debtors | 1,151,012 | (1,559,477) |
| (Decrease)/increase in creditors (excluding capital expenditure accruals) | (222,421) | 199,347 |
| Total | <u>6,120,442</u> | <u>2,977,500</u> |

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20.2 Analysis of changes in cash from capital expenditure

| | 2013 | 2012 |
|---|-----------|-------------|
| | £ | £ |
| Lottery funded additions in year | 4,646,246 | 4,054,454 |
| TRBL funded additions in year | 543,469 | 270,332 |
| Decrease/(increase) in capital expenditure accruals | 960,977 | (1,318,035) |
| Net cash outflow | 6,150,692 | 3,006,751 |

21 FINANCIAL COMMITMENTS

The Charity's commitment under leases to pay rentals during the year following the year of these financial statements are shown below, analysed to the period in which each lease expires:

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Expiring within one year | 28,853 | 24,000 |
| Expiring between two and five years inclusive | 1,579,520 | 113,476 |
| Expiring in over five years | 51,000 | 1,632,733 |
| | 1,659,373 | 1,770,209 |

The annual commitments above are expected to be met by ESC through its occupation of the properties.

22 PROVISIONS, CONTINGENT LIABILITIES, and CONTINGENT ASSETS

The Charity owns the head lease for premises at various locations across England. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition. In substance, this may obligate the Charity to incur future expenditure on returning the premises to their pre-occupation condition. Currently, no provision has been made in the financial statements for these costs due to the uncertainty in the timing and value of the expenditure. A full provision will be made in the year in which the decision is taken to terminate the lease.

Any obligation for future expenditure arising from returning the premises to their pre-occupation condition will be funded by ESC. This accrued income will be recognised in financial statements at the same time that a provision is made.

There are no contingent liabilities or contingent asset for the current year.

23 VALUE ADDED TAX

The Charity is in a group VAT registration scheme with ESC and is jointly and severally liable for all group VAT liabilities. No VAT is charged on transactions between fellow members of the VAT group which includes ESC and CLTL (dormant from 29 March 2012). Any irrecoverable VAT incurred by The Charity is met on its behalf by ESC.

24 ASSET LEASING

The Charity leases assets to ESC and two other organisations. The rental income for the year amounted to £1,786,000 (2012: £1,969,000) of which £1,708,000 (2012: £1,906,000) was receivable from ESC. Note 9 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

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25 CAPITAL COMMITMENTS

Capital commitments contracted but not provided for in the financial statements at 31 March 2013 amount to £7,299,300 (2012: £12,653,772) These commitments are being funded by a combination of Lottery grant funding from ESC and grant funding from TRBL. The total of the Lottery awarded from ESC is £16m of which £8,700,700 has been utilised as at 31 March 2013.

26 PARENT BODY RIGHTS OVER ASSETS

Grants made by ESC to the Charity since June 1990 were made on the basis that any tangible fixed assets acquired by such grants should be available for clawback (return of sale proceeds to the Exchequer and Lottery) in the event of disposal or change of use.

On 5 October 1994, the Charity Commission granted an Order under the Charities Act 1993 by which the Charity must repay to ESC the whole proceeds of sales of fixed assets, or such part as represents public funds, sold on or after the 1st April 1989, which were originally purchased in whole or in part with funds provided by the Exchequer.

27 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Charity relies mainly on grant, donation, and property funding to finance its operations. Other than cash resources and items such as debtors and creditors that arise from its operations, it holds no other financial instruments other than the financial asset referred to in note 10, nor enters into derivative transactions.

The return from the financial asset is not material and therefore the Charity is not exposed to significant market risk. The Board regularly undertakes reviews to mitigate the risks of performance of this instrument.

The Charity performs all transactions in Sterling and therefore has no currency exchange risk. The Charity does not enter into any forward foreign currency contracts or similar financial instruments.

The Charity does not borrow money and therefore has no exposure to interest rate risk or liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. The Charity does not enter into any interest rate swaps or similar financial instruments.

28 RELATED PARTY TRANSACTIONS

The Charity has a close working relationship with its parent body ESC. ESC is the Charity's main provider of funds enabling the Charity to carry out its charitable objectives. It also provides a financial and administrative service to the Charity for which a charge of £28,000 is made. ESC also provides gifts in kind the details of which can be found in note 2.

Included within note 3 on property income are recharges to ESC for property costs, repairs and legal and professional costs in respect of properties occupied by ESC.

| 2013 Income | 2013 Amount owed to ESC | 2012 Income | 2012 Amount owed to ESC |
|----------------|----------------------------|----------------|-------------------------------|
| £ | £ | £ | £ |
| 2,587,732 | 548,030 | 2,837,912 | 644,975 |

Caversham Lakes Trust Limited (CLTL)

On 29 March 2012 the Charity acquired tangible fixed assets from CLTL, a fellow subsidiary of ESC, as set out in Note 2.

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29 SECURITY

ESC was granted a mortgage debenture on 21 December 2006 incorporating a charge over all the Lottery grant funded assets provided for The Rowing Lake. This mortgage debenture was novated to The Sports Council Trust Company on 29 March 2012.

30 ULTIMATE PARENT BODY

The results of The Charity are consolidated in the financial statements of ESC. The financial statements of ESC Group are available from its registered office at 3rd Floor, Victoria House, London WC1B 4SE.

31 POST FINANCIAL YEAR END EVENTS

The Annual report and Financial statements were authorised for issue on the date of certification by the Comptroller and Auditor General.



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