

## **The Sports Council Trust Company**

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

## **Annual Report and Accounts**

**For the Year Ended 31 March 2018**

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Presented to Parliament pursuant to Article 6(2)(b) of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009

(SI 2009/476)

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**The Trustees present their Report on the affairs of The Sports Council Trust Company together with the accounts and auditor's report for the year ended 31 March 2018.**

## Structure, governance and management

### Constitution of The Sports Council Trust Company

The Sports Council Trust Company ("the Charity") is a company limited by guarantee (Company number 2517615) which is governed by its Memorandum and Articles of Association; it is also a registered charity with the Charity Commission (Charity number 803779).

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

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).

### 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 2018 the Board met four times (2017: four times).

The Board is composed of a Chairman and five Trustees as at 31 March 2018, details of whom can be found on page 11.

One Trustee's term ended and one new Trustee was appointed during 2017-18.

The Chairman has accountability for the management of the Charity's operations. To facilitate effective operations, the Chairman delegates authority for the day-to-day administration to officers of the ESC through a Service Level and Agency Agreement (SLA). This includes providing staff to manage the operational contracts of the National Sports Centres. This means that the Charity has no employees.

### Objectives and Activities

The Charity's objectives are the preservation and safeguarding of the physical and mental health of the community through physical recreation (including sports), education and the provision of facilities, which are available to members of the public. In pursuit of these objectives, the Charity also has a grant making function.

Over the last twelve months the Charity focused on:

- Increasing participation in sport and physical activity through a wide range of sporting activities
- Providing, improving and maintaining world class training facilities (the National Sports Centres)
- Providing community access to facilities
- Ensuring that the National Sports Centres continue to promote holistic sports development programmes
- Reviewing and approving a new approach to managing the grant making process
- Awarding grants to sporting organisations

- 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.

## Strategic Report

The Strategic Report describes how the Trustees have performed their duties over the last twelve months.

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

Other facilities owned by the Charity were:

- The Redgrave and Pinsent Rowing Lake (the Rowing Lake) – leased to British Rowing

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 benefits physical activity generates by giving them access to high quality sports facilities.

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

The 2017-2021 Sport, Health and Inclusion Strategy at Bisham and Lilleshall has five key objectives to:

- Enhance service delivery across the National Centres
- Sustain and create new opportunities for community participation
- Support and develop leadership and the volunteering workforce
- Encourage behaviour change and increase participation within the physically inactive in the local community
- Support and facilitate development of elite and talented athletes

PYB also has a 2017-2021 sports development plan in place with an emphasis on participation and education within the outdoor environment. Its key objectives are to:

- Facilitate development of coaching and instruction in outdoor pursuits, particularly for strategic functions, such as high-level coaching and instructor training
- Facilitate development of expertise, standards of operation and new forms of delivery in the outdoor pursuits sector
- Facilitate wider participation in outdoor pursuits, particularly among low participant groups, through innovative forms of delivery and programme development
- Optimise the use of PYB throughout the year ensuring value for money and affordable training opportunities
- Promote the quality and variety of the natural environment that make PYB a uniquely iconic setting for a national mountain centre

The operators produce annual service plans for each of the three sites. The service plans

are specific to each site, setting key actions to deliver against these objectives as well as wider Sport England and Government objectives.

## Principal Risks and Uncertainties

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

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

- 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, and safeguarding 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.
- The strategic objectives of the Charity do not align sufficiently with Sport England's strategy.

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

## Achievements

### Charitable grants

The Charity increased its award to Wycombe Wanderers Sports and Education Trust by £8,625 (see note 4) to expand their Football Fans in Training project, which has

succeeded in getting men with a waist size of 38 inches and over to become physically active.

The projects at StreetGames and Shrewsbury in the Community which were awarded grants in 2016-17 were both successfully delivered.

### Bisham Abbey

Based in rural Berkshire, Bisham is a busy and flexible National Sports Centre which plays home to a range of water sports, football, rugby, tennis and hockey amongst other sports.

It features a multi-use sports area, squash courts, gym and fitness centre, indoor and outdoor tennis courts, two grass pitches, two artificial pitches and an English Institute of Sport (EIS) strength and conditioning area and Intensive Rehabilitation Unit. The site also has modern accommodation and catering facilities for use by members of the public and athletes.

Community usage<sup>1</sup> for the year was 192,610 persons against the previous year's total of 191,478. Overall community use remains stable with key activities including:

- Growth in community gym memberships from 1,800 to 2,000
- Successful delivery of large one-day events, including the Berkshire School Games
- Consistent community usage of the football, tennis, and hockey facilities

The sports development team continued to work closely with onsite National Governing Bodies (NGBs), local councils and sports

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<sup>1</sup> Community usage is on a per person per visit basis

organisations to offer diverse community onsite and outreach programmes.

'Jump into Gymnastics' was launched in partnership with British Gymnastics to provide a fun introduction to physical activity for ages 4 to 11. Women and girls squash leagues and competitions have been developed with England Squash.

The 'Thames Valley Walking Football League' was successfully launched in April 2017, following the successful pilot project in September 2016. Hosted by Bisham, a minimum of 120 players, aged over 50, from 12 teams across the region take part in monthly fixtures and train weekly with their clubs. The partnership between the County Football Association and Bisham has created a sustainable increase in participation for older people who were previously inactive.

Bisham hosted the summer Berkshire School Games in collaboration with key onsite partner Get Berkshire Active. The event was attended by over 1,400 young people from 60 different local schools. Inclusive wheelchair basketball and unified basketball were introduced to deliver activities for all children to play alongside each other regardless of ability. In addition, opportunities were provided for 25 young people and 16 adults to volunteer during the games. This opportunity was supported with signposts to volunteer within local partner clubs and organisations.

The Bisham Sailing School and Rivertime Boat Trust in conjunction with the charity Give Them a Sporting Chance collaborated to host the Riverside Regatta. The event provided over 350 children and young people with a range of disabilities a unique chance to get out on the water in a safe and controlled environment and try new

sports and activities they might not otherwise have had the opportunity to do. The event was supported by HRH Princess Royal and several Olympians and Paralympians based at Bisham.

In partnership with the BBC, Bisham hosted the first training camp for Mind Over Marathon, a project to support ten people living with or affected by mental health issues to train for the London Marathon. The project explored the link between physical and mental health and raised the importance of mental health using sport as a powerful tool.

Premiership Rugby hosted a community conference attended by representatives from clubs at all levels of rugby. Professional teams from across the country shared best practice and attended several workshops to improve pathways between junior development and elite sport. This event provided the opportunity for delegates to experience the unique mix of community and elite users to introduce this model within their own club settings.

A customer insight project was implemented as a sector leading pilot to collate a greater depth of information about community users. With the support of existing community users, member's biometric data was collected to provide a more in-depth understanding of use of the National Centre. The project provided valuable insight to create the right environment and target products to encourage customers to increase levels of physical activity. The results of the pilot have been shared across the sector as a case study to highlight the importance of insight to increase levels of participation in sport and physical activity.

An innovative project to construct a hybrid synthetic carpet and grass pitch was completed - the first in the UK. A technical study is being undertaken to measure the increased use and performance of the pitch in comparison to other grass surfaces. The findings will be shared with the wider sport pitch sector as a solution to increasing the capacity of grass pitches.

England Hockey Men and Women competed in the European Championships in Amsterdam. Both teams finished with a Bronze medal and competed against Germany who also prepared for the Championships at Bisham. The England Rugby U20s prepared for the Six Nations, holding training camps before and during the competition at Bisham.

## Lilleshall

In the heart of Shropshire, Lilleshall has a range of sports facilities spread throughout the substantial grounds. These include a dedicated indoor and outdoor archery range centre, gymnasium, nine natural turf football pitches, two artificial grass pitches and an EIS strength and conditioning area. The site has over 250 modern bedrooms and catering facilities for use by members of the public and athletes. It also has a dedicated modern office building in which British Gymnastics, EIS and British Archery manage their business administration.

Community usage for the year was 63,450<sup>2</sup> against the previous year's total of 69,080. Community use at Lilleshall remains stable but decreased due to reduced corporate sports activity use. This reduction was partly offset by an increase in National Governing

Bodies (NGBs') usage, particularly for para-sports programmes.

The sports development team worked closely with onsite NGB partners to develop structured recreational opportunities at Lilleshall. A new Touch Rugby programme was launched in partnership with England Rugby for both men and women with an emphasis on fun and regular participation. Two community hockey initiatives for children aged 5 to 16 were launched in partnership with England Hockey providing young people with the opportunity to gain their first experiences of hockey.

A Community Open Day attracted hundreds of families to the newly developed Nature Trail. The open day also provided a range of sport taster sessions to encourage the local community to access Lilleshall for regular sport and physical activity.

Disability community Powerchair Football club, Telford Powerchair, were regular users during the year for training and matches. Five residential training camps for the Football Association (FA) Powerchair squad were held before competing at the Powerchair World Cup in America.

A new partnership with Crossbar Coaching – Education in Sport introduced a series of apprenticeship courses delivered to develop new volunteers, coaches and teachers aged 16 to 24 to work within the Physical Education (PE) and school sports system, delivering extra-curricular activities with a focus on enjoyment and fun.

British Gymnastics held three individual coaching symposiums which provided theoretical, practical and networking opportunities for 250 gymnastics

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<sup>2</sup> Community usage is on a per person per visit basis

community coaches. 35 coaches of the Korean FA visited for a two-week intensive coach development training camp. The camp incorporated several visiting international coaches to share best practice and showcased Lilleshall as a venue to host international teams as well as provide a daily training environment.

The Royal British Legion Battleback Centre hosted a three-day course in partnership with the Rugby Football Union (RFU) Injured Players Association. Attended by a mix of players and carers, the course, the first of its kind, provided the opportunity to try a range of adaptive sports and will now become an annual event.

Lilleshall was chosen as the base for the British Paralympic Association Games Readiness Workshop. Preparations have started for Tokyo 2020 and the conference was the first in a series of residential events in the lead up to 2020.

Archery training residential camps for Archery GB took place for the Invictus Games. Medal success included team gold for the men in the Recurve event and gold in the women's compound event.

The Great Britain Wheelchair Rugby Paralympic programme regularly utilised Lilleshall throughout 2017-18 for residential training camps leading up to major competitions. They made history by winning their sixth European Championship gold medal, automatically qualifying for the World Championships in 2018.

## Activities at Bisham and Lilleshall

Building on the work of the Mental Health Charter for Sport and Recreation, staff at Bisham and Lilleshall were trained in mental health first aid. The training provides staff with skills and tools to recognise and

support those who may show signs of mental health related illness. The training forms an important part of the National Centres' commitment to encourage greater sport and physical activity and social interaction to contribute to good mental health.

New catering initiatives were progressed at both Bisham and Lilleshall with an improved range of healthy food offerings provided with the support of EIS. The new service benefits both elite athletes and wider community users and contributes to the National Sport Centres objective to promote healthy eating across the communities it serves.

## Plas y Brenin

PYB is managed by MTT, a charity established for the advancement of outdoor recreation (generally practised in cliff and mountain environments). MTT is committed to providing first class outdoor training at the most affordable price.

Located in Snowdonia, PYB provides a focal point for a year-round programme of mountain sports courses and activities. The centre's facilities include two wall climbing areas, an abseil tower, canoe training pool and a low rope course.

The centre delivered 15,315 community coaching student days compared to 17,741 in the previous year. The lower number of student days was as a result of a coaching course review. This review led to a planned reduction in one off adventure days in favour of more tailored coaching Continued Professional Development (CPD) for students to increase their skills and experience of working in the outdoor environment. Whilst the number of student days were lower, the revised programme provides an enhanced experience for the

students as well as greater impact across the outdoor workforce.

PYB was chosen to host the 'Outdoor Partnership volunteers' day, attracting over 100 local club volunteers to take part in a day of CPD and training workshops. The Outdoor Partnership supports volunteers to run outdoor adventure clubs in the region.

Two new events, the Big Acoustic Walk and the Big Christmas Walk, took place encouraging a range of local participants and new walkers to take up walking in the area. The events increased awareness of the National Centre as a resource to serve the local community.

Building on the centre's reputation for excellence in coaching, a range of NGB and skills-based courses were delivered to approximately 330 high level coaches. In addition, 387 people continued working towards a range of outdoor qualifications. The professionally trained workforce will impact over 40,000 participants in the outdoor sector.

The Leadership team provided essential technical coaching support for MTT's climbing award review, which involves the reassessment of the climbing award pathway. This pathway attracts over 4,000 candidates nationwide each year, and is designed to train people to safely enjoy climbing within the outdoors.

The unique location and environment of PYB enabled testing of innovative ways of mentoring a small group of Mountaineering Instructor Award candidates to inform how best to support future candidates between training and assessment stages.

Two sector leading conferences: Expedition Medics and the Diploma in Mountain Medicine; and the Professional Association

of Leaders of Outdoor Education in Schools were held at PYB. Both events build on the reputation of the National Centre to provide world class training and education.

Numerous other CPD and training events were held, including the British Mountaineering Council student safety seminar and the Association of British Wall Climbers Training Trust annual conference. The events provide opportunities for leaders in the outdoor market to share best practice.

The Instruction team continued to support several NGBs in the development of their coaching programmes including British Cycling's coaching modules and British Canoeing's new coaching pathways. These expert coaching services will have a significant impact on the coaching and volunteer workforces at the community and elite level.

## **The Rowing Lake**

British Rowing leases the Rowing Lake and boathouse from the Charity and undertakes an extensive programme of rowing development and training.

British Rowing continues to maintain the facility to a high standard through ongoing maintenance programmes and targeted improvements around the site.

As a result, the facility continues to be the single most important factor underpinning the training and preparation for the GB Rowing Team looking forward to Tokyo 2020. Reflecting the start of a new Olympic cycle, the 2016-17 season (October 2016 – September 2017) saw a decrease in usage; 21,618 rowers days against 28,428 on the previous year (split between 14,706 senior Olympic and Paralympic athletes and 6,912 Development and visiting). The

facility was active approximately 330 days of the year.

The 2016-17 season finished with a late World Championships in Sarasota, USA. Following the retirement of approximately half of the Olympic and Paralympic team, the new GB team's achievements for the year were as follows:

- World Rowing Championships
  - 1 Gold, 3 Silver and 1 Bronze
  - Under 23 – 2 Gold, 2 Silver and 1 Bronze
  - Juniors – 2 Gold, 1 Silver and 1 Bronze
- European Championships – 1 Gold and 3 Bronze
- 12 of 13 Olympic classes were in the 'qualification zone' for Tokyo and both Paralympic crews were in the 'qualification zone'.

## Performance

The management contracts in place at Bisham, Lilleshall and PYB contain performance indicators and reporting mechanisms which are designed to ensure that each facility's strategic objectives and five-year sports developments plans are delivered. The Trustees are provided with a performance update at each Board meeting on all facilities and are kept informed of any matters of concern.

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

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

These performance measures are clearly linked to the aims of the Charity and ESC's objective of wider community engagement.

Several external independent accreditations must be maintained as part of the contract. Both Serco and MTT scored in the high category throughout the year, demonstrating that the operators continue to deliver excellent customer service and maintain the facilities to a high standard.

All contractual requirements, including the delivery of annual sport development plans, were met. Performance was measured quarterly using a balanced score card of key performance indicators (KPIs). Key measures included customer satisfaction using the Net Promoter Score, key partner engagement through the annual partner survey, excellent leisure standards using QUEST quality assurance and benchmarking with other National Centres.

Performance during the year meant that both Serco and MTT received annual performance-based bonus payments (funded by ESC as part of the operational deficit as set out in note 4 to the accounts).

## Plans for future periods

The operating plan provides for:

- Utilisation of insight from ESC's Active Lives Survey and local intelligence to effectively deliver the new sports development strategies, ensuring the National Centres contribute to tackling inactivity
- Developing a performance management framework to include a set of measurable targets which clearly demonstrate the contribution the National Centres make to wider Sport England and Government outcomes

- MTT will continue to implement business improvement processes focusing on both building and capital requirements as well as branding, marketing and website development to meet current and future customer needs
- Training all staff to drive a customer led insight approach through increasing the use of customer feedback
- Completion of key capital and lifecycle projects across all the National Centres to support increased participation in sport and physical activity, as well as talent development and world class performance.

## Green initiatives

A Biomass heating system has been installed at Lilleshall to provide a sustainable primary heat source across the site, which will significantly reduce the consumption of oil and electricity and reliance upon fossil fuels.

Both Bisham and Lilleshall have established environmental champions across the sites with representatives from key onsite partners. Raising awareness is supporting the operators' targets to reduce waste and consumption on an annual basis.

ESC's investment into enhanced automated building maintenance systems at all three sites has enabled greater control and analysis of the site utility usage.

## Financial review

The Charity's operational activities, including grant making, are funded by property income and returns from the investment fund. Asset investment activities are funded from gifts of assets from the ESC. Total income for the year was £3.1million (2017:

£3.5million). These resources were invested into the National Sports Centres and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

Net expenditure for the year is £1.5million compared to a net expenditure of £0.8million in 2017.

The change to the net expenditure of £0.7million is primarily due to the net impact of:

- £0.4million decrease in gifts of fixed assets from ESC
- £0.3 million increase in depreciation charge for the year
- £0.1million increase in impairment reversals from £0.4million in 2017 to £0.5million in 2018, as determined by the property valuation

The Charity generated a small operational surplus on its day to day activities in the year of £48,000 (2017: £27,000), after awarding community grants of £9,000 (2017: £33,000) and is made up as follows:

	2018	2017
	£'000	£'000
Property income	1,442	1,413
Investment income	32	26
Charitable activities	(4,556)	(4,341)
Add back:		
Depreciation	3,538	3,226
Impairment reversals	(503)	(384)
Gifts in kind	95	87
<b>Operating surplus</b>	<b>48</b>	<b>27</b>

The value of the Charity's funds increased to £110.9million from £105.1million as set out in note 6. The increase is mainly due to a £7.9million increase in the valuation of the National Sports Centres, offset by depreciation for the year.

Separate funds are maintained to identify and account for the principal funding sources of the Charity. The details of these funds are set out in notes 11 and 12. None of these funds are in deficit.

There are management policies in place to cover grants, investment, and reserves as set out below.

## Grants policy

The Charity accepts applications from not-for-profit organisations supporting the sporting activities of disadvantaged people including, young people, people with disabilities, lower socio-economic groups and ethnic minority groups.

Awards are given to either encourage sports participation, subsidise the cost of taking part or provide facilities and equipment.

## Investment policy

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

- achieve the best financial return within an acceptable level of risk and a target level of income determined annually
- maintain the real capital value of the funds whilst generating a sustainable level of investment income to contribute to the ongoing activities including grant making
- where appropriate, the Charity may choose to use capital to supplement its grant making activities.

The Charity's investment funds are invested in the Sarasin Endowments Fund. The investment manager maintains a balanced portfolio which achieves lower volatility than a pure equity investment and provides the Charity with quarterly reports and updates on key issues, and ad-hoc reporting as and when required.

## Reserves policy

The financial position of the Charity is supported by ESC.

The Trustees' aim is to maintain a level of unrestricted reserves equating to at least three months of expenditure. The Trustees consider that this level will provide sufficient funds to meet the Charity's operational expenditure, and to provide a contingency against unforeseen expenditure. The investment fund is also available for liquidity purposes if required, although, these assets are not intended for sale.

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

Restricted reserves are those which cannot readily be realised and used for an alternative purpose other than that specified; principally these are in relation to fixed assets gifted from ESC or funded by ESC's Lottery Fund. Restricted reserves at 31 March 2018 amounted to £108.7million (2017: £102.8million).

Unrestricted reserves are where the use of these funds is not restricted and can be applied to the ongoing operational aspects of the organisation. Unrestricted reserves at 31 March 2018 amounted to £2.3million (2017: £2.3million).

## TRUSTEES

**Trustees** of the Charity during the year were:

- Peter Rowley OBE (Chairman)
- Vivien Blacker
- Dave Cove
- Graeme Dell
- Mike Green<sup>1</sup>
- Helen Martin<sup>2</sup>
- Andrew Watson

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 governance 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 Company Secretary** who served during the year was Tanya van Niekerk

**Registered Office**, First Floor, 21 Bloomsbury Street, London, WC1B 3HF

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

**Solicitor**, Moorhead James, Kildare House, 3 Dorset Rise, London, EC4Y 8EN

**Investment Manager** Sarasin & Partners LLP, 100 St. Paul's Churchyard, London EC4M 8BU (appointed 26 May 2016)

**Auditor**, The Comptroller and Auditor General, 157 – 197 Buckingham Palace Road, Victoria, London SW1W 9SP

<sup>1</sup> Mike Green's term as a Trustee ended on 31 May 2017

<sup>2</sup> Helen Martin was appointed as a Trustee on 1 October 2017

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

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

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The 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 accounts 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 accounts have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The Trustees as Company Directors approve the Strategic Report included as part of the Trustees' report on pages 2 to 11.

By Order of the Board

Peter Rowley, OBE  
Chairman  
17 May 2018

### **Opinion on financial statements**

I have audited the financial statements of The Sports Council Trust Company for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice]; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on regularity**

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

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the

Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Sports Council Trust Company in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK, and me and my staff have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Trustees for the financial statements**

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.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sports Council Trust Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sport Council Trust Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

#### **Other Information**

Trustees are responsible for the other information. The other information comprises information included in the annual report, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Opinion on other matters**

In my opinion:

- in light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustee's Report; and
- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared

in accordance with applicable legal requirements.

#### **Matters on which I report by exception**

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

#### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
07 June 2018

# Statement of Financial Activities

(Including Income and Expenditure Account)

	Note	2018 Restricted £'000	2018 Unrestricted £'000	2018 Total £'000	2017 Total £'000
<b>Income from</b>					
Donations and legacies	2	1,507	95	1,602	2,025
Other trading activities	3	-	1,442	1,442	1,413
Investments		-	32	32	26
<b>Total</b>		<b>1,507</b>	<b>1,569</b>	<b>3,076</b>	<b>3,464</b>
<b>Expenditure on</b>					
Charitable activities	4	(2,983)	(1,573)	(4,556)	(4,341)
<b>Total</b>		<b>(2,983)</b>	<b>(1,573)</b>	<b>(4,556)</b>	<b>(4,341)</b>
Net (losses)/gains on investments	8	-	(5)	(5)	74
<b>Net expenditure</b>		<b>(1,476)</b>	<b>(9)</b>	<b>(1,485)</b>	<b>(803)</b>
<b>Other recognised gains</b>					
Gains on revaluation of fixed assets	11/12	7,332	21	7,353	6,568
<b>Net movement of funds</b>		<b>5,856</b>	<b>12</b>	<b>5,868</b>	<b>5,765</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		102,826	2,252	105,078	99,313
<b>Total funds carried forward</b>	6	<b>108,682</b>	<b>2,264</b>	<b>110,946</b>	<b>105,078</b>

The Statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure relates to continuing activities.

The notes on pages 19 to 32 form an integral part of these accounts

# Balance Sheet as at 31 March 2018

Company number 2517615

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	7	109,597	103,772
Investments	8	962	967
<b>Total fixed assets</b>		<b>110,559</b>	<b>104,739</b>
<b>Current assets</b>			
Debtors	9	1,533	1,603
Cash at bank		47	47
<b>Total current assets</b>		<b>1,580</b>	<b>1,650</b>
<b>Liabilities: amounts falling due within one year</b>			
Creditors	10	(1,007)	(1,094)
Provisions	16	-	(31)
<b>Net current assets</b>		<b>573</b>	<b>525</b>
<b>Total assets less current liabilities</b>		<b>111,132</b>	<b>105,264</b>
<b>Liabilities: amounts falling due after more than one year</b>			
Provisions	16	(186)	(186)
<b>Net assets</b>		<b>110,946</b>	<b>105,078</b>
<b>The funds of the charity</b>			
Restricted capital funds		66,325	66,821
Restricted revaluation reserve		42,357	36,005
<b>Total restricted funds</b>	11	<b>108,682</b>	<b>102,826</b>
Unrestricted income funds		1,638	1,623
Unrestricted revaluation reserve		626	629
<b>Total unrestricted funds</b>	12	<b>2,264</b>	<b>2,252</b>
<b>Total charity funds</b>	13	<b>110,946</b>	<b>105,078</b>

The accounts on pages 16 to 32 were approved by the Board of Trustees and were signed on its behalf by:

Peter Rowley, OBE  
Chairman  
17 May 2018

The notes on pages 19 to 32 form an integral part of these accounts

# Statement of Cash Flows

	Note	2018 £'000	2017 £'000
<b>Cash flow from operating activities</b>			
Net cash (used in)/provided by operating activities	14	(32)	11
<b>Net cash (used in)/provided by operating activities</b>		<b>(32)</b>	<b>11</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property		-	258
Proceeds from sale of investments	8	-	652
Purchase of investments	8	-	(910)
Income from investments		32	26
<b>Net cash provided by investing activities</b>		<b>32</b>	<b>26</b>
<b>Change in cash balances in the reporting period</b>		<b>-</b>	<b>37</b>
<b>Changes in cash balances during the year</b>			
Balance at 1 April		47	10
Change in cash balances in the reporting period		-	37
<b>Balance at 31 March</b>		<b>47</b>	<b>47</b>

The notes on pages 19 to 32 form an integral part of these accounts

## 1 Accounting policies

### 1.1 Basis of accounting

The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities SORP (FRS 102) issued July 2014 effective from January 2015, FRS 102, and the Companies Act 2006.

The accounts have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of assets and liabilities to fair value.

The principal accounting policies adopted in the preparation of the accounts are set out below.

### 1.2 Income

Income from donations and legacies includes gifted assets and gifts in kind.

The value of gifts of assets is based on the amount actually expensed by the donor.

The value of the gifts in kind is based on a reasonable estimate of the value of time spent on the administration service provided to the Charity by The English Sports Council (ESC).

Other trading activities is made up of freehold and leasehold income which is recognised on a receivable basis.

Income from investments 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 Charitable activities

Community grants awarded are recognised in the period in which the grant is approved

by the Trustees and communicated to the award recipients.

All other charitable activity expenditure is recognised when a liability is incurred.

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

The provision of facilities costs are set out in note 4. Costs are allocated to activities directly or to 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, Mountain Training Trust and British Rowing. Usage costs relate to depreciation, and impairments on tangible fixed assets. Support costs in relation to making community grant awards are not material.

### 1.4 Dividends

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

### 1.5 Tangible fixed assets

Tangible fixed assets funded by the Lottery grant from ESC were paid for directly by the Charity and funds drawn down from ESC against the Lottery grant. All other capital works are paid for by ESC and the assets gifted to the Charity.

#### Land and buildings

Full valuations are carried out by external experts annually for land and quinquennially for buildings and bund, supplemented by annual indexation.

The last full valuation of land and buildings was carried out as at 31 March 2014.

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. The valuation of each building is derived through an estimate being made 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.

Any assets under construction are valued at the costs incurred to date.

### Artworks and antiques

Artworks and antiques are valued by external experts. Valuations are derived with reference to the retail market (at the valuation date) and the probable cost of replacing the items when compared with items in a similar condition. The last full valuation of artworks and antiques was carried out as at 31 March 2014.

### Equipment and leasehold improvements

Other property, plant and equipment have not been revalued as fair value is not considered to be materially different to depreciated historic cost.

The capitalisation threshold is £1,000 and assets purchased below the capitalisation threshold are usually expensed in year, except for grouped assets.

Grouped assets are assets, which individually, are less than £1,000 however together they form a single collective asset.

### Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land and artworks and antiques, at rates calculated to write off the cost or valuation, less estimated

residual value evenly over its expected useful life as follows:

Buildings	Unexpired life, maximum of 60 years as advised by external expert
Bund	40 years as advised by external expert
Leasehold improvement Equipment	Expected life of lease 5 years

Impairment reviews are undertaken annually. No depreciation is charged in the year of acquisition or construction. A full year's depreciation is charged in the year of disposal.

## 1.6 Property operating leases

Payments made under operating leases (rental agreements) are recognised in the Statement of financial activities on a straight-line basis over the term of the lease. Lease incentives (e.g. rent-free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

## 1.7 Dilapidations

Full provision for the probable cost of dilapidations at the date of the expected termination of the lease is made in the accounts in the year in which it is decided not to renew the lease.

## 1.8 Investments

Subsequent to purchase, listed stocks and shares are recognised at fair value based on reference to the market in which they exist. These assets are classified as available for sale assets; however, there is no immediate intention to sell these.

There are no investments other than those set out in note 8.

## **1.9 Debtors**

Debtors are recognised at fair value, which represents the value of settlement.

## **1.10 Creditors and provisions**

These are recognised when there is a present obligation from a past event that will probably result in a transfer of funds to a third party which can be measured or reliably estimated.

## **1.11 Funds**

Details of all restricted and unrestricted funds are provided in notes 11 and 12.

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.

## **1.12 Taxation**

No taxation is chargeable on the Charity's activities which are of a charitable nature, and thus outside the scope of corporation tax.

## **1.13 Use of estimates and judgement**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the

application of the accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from the estimates used.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates are made in relation to tangible fixed assets held by the National Sports Centres including the valuation and revaluation, dilapidation, impairment and depreciation of Land and Buildings, the valuation of artwork and antiques and the value of gifts in kind.

## **1.14 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 National Sports Centres operations. The Charity does not commit to any capital expenditure that requires funding from its own resources. 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 these accounts.

## 2 Donations and legacies

	2018 £'000			2017 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Gifts of fixed assets	1,507	-	1,507	1,938	-	1,938
Gifts in kind administration service	-	95	95	-	87	87
<b>Total</b>	<b>1,507</b>	<b>95</b>	<b>1,602</b>	<b>1,938</b>	<b>87</b>	<b>2,025</b>

Gifts of fixed assets and gifts in kind administration service are from ESC. The full value of the administration service is calculated at £123,413 (2017: £114,696) of which £28,000 has been paid for both years as set out in note 4.

## 3 Other trading activities

	2018 £'000	2017 £'000
Property Income	1,442	1,413

The income above is from property occupied by ESC, Mountain Training Trust and British Rowing. It includes rent, rates, service charges and other property costs such as repairs, maintenance and legal costs.

## 4 Charitable activities

	2018 £'000			2017 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
<b>Community grants awarded</b>						
StreetGames	-	-	-	-	21	21
Wycombe Wanderers S & E Trust	-	9	9	-	9	9
Shrewsbury In The Community	-	-	-	-	3	3
<b>Total community grants</b>	-	9	9	-	33	33
<b>Governance costs (note 5)</b>						
Trustees' expenses	-	2	2	-	1	1
Audit fees	-	16	16	-	16	16
<b>Total governance costs</b>	-	18	18	-	17	17
<b>Provision of facilities<sup>1</sup></b>						
<b>Costs directly related to activities</b>						
ESC administration charge	-	28	28	-	28	28
Gift in kind administration charge	-	95	95	-	87	87
<b>Sub-total</b>	-	123	123	-	115	115
<b>Locations costs</b>						
Property costs	-	1,365	1,365	-	1,330	1,330
Legal and professional	-	6	6	-	4	4
<b>Sub-total</b>	-	1,371	1,371	-	1,334	1,334
<b>Usage</b>						
Depreciation	3,486	52	3,538	3,173	53	3,226
Impairment reversals	(503)	-	(503)	(384)	-	(384)
<b>Sub-total</b>	2,983	52	3,035	2,789	53	2,842
<b>Total provision of facilities</b>	2,983	1,546	4,529	2,789	1,502	4,291
<b>Total charitable activities</b>	2,983	1,573	4,556	2,789	1,552	4,341

All income and expenditure relating to the National Sports Centres management contract are accounted for by the ESC including any performance based bonus. The ESC fund the operational deficit of the National Sports Centres which was £3.4million in 2018 (2017: £3.0million).

<sup>1</sup>Provision of facilities costs are allocated as set out in the accounting policies note 1.3.

## 5 Governance and staff costs

The Charity employed no staff directly in 2018 and 2017.

ESC provides a financial and administration service to the Charity, under the terms of a service level agreement, for which a charge is made (note 2).

Six Trustees were paid travel and expenses during the year (2017: Four) as shown in note 4.

The Trustees did not receive fees or allowances for the year (2017: Nil) either directly from the Charity or the parent body ESC.

The audit fees for the year were £16,000 (2017: £16,000). There were no fees for non-audit work in 2018 and 2017.

## 6 Reconciliation of the movement in funds

	2018 £'000	2017 £'000
<b>Net assets at 1 April</b>	<b>105,078</b>	<b>99,313</b>
<b>Capital investment</b>		
Gifted assets (ESC)	1,507	1,938
<b>Other movements</b>		
Net revaluation of fixed assets	7,856	6,952
Depreciation	(3,538)	(3,226)
Operational surplus	48	27
(Decrease)/increase in value of investments	(5)	74
<b>Net assets at 31 March</b>	<b>110,946</b>	<b>105,078</b>

## 7 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Artworks and antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2017	14,998	103,283	1,168	-	2,591	827	122,867
Additions:							
Gifted assets	-	763	-	695	49	-	1,507
Revaluation	874	6,479	-	-	-	-	7,353
Transfers	-	(79)	-	-	79	-	-
At 31 March 2018	15,872	110,446	1,168	695	2,719	827	131,727
<b>Depreciation and impairments</b>							
At 1 April 2017	-	(16,885)	(335)	-	(1,875)	-	(19,095)
Charge for year	-	(3,092)	(154)	-	(292)	-	(3,538)
Impairment reversals	(2)	505	-	-	-	-	503
At 31 March 2018	(2)	(19,472)	(489)	-	(2,167)	-	(22,130)
<b>Net Book Value</b>							
At 31 March 2017	14,998	86,398	833	-	716	827	103,772
At 31 March 2018	15,870	90,974	679	695	552	827	109,597

Assets are valued in accordance with the accounting policy note 1.5.

The last full valuation of land, buildings and bund was carried out as at 31 March 2014 by Wilks Head & Eve LLP, a quality assured partnership which provides expert specialist advice in asset valuations and surveying. The valuation was in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards ('The Red Book').

Land, buildings and bund comprise freehold properties. All assets are owned, no assets are supported by either finance leases or PFI contracts.

There is a collection of artworks, furniture and fittings at Bisham Abbey that date from the 16<sup>th</sup> century. The historical significance of these assets classifies the collection as Artworks and antiques. The collection was last valued as at 31 March 2014. The next valuation is scheduled for 31 March 2019, to coincide with the next full valuation of the Land, buildings and bund.

## 8 Investments

	2018 £'000	2017 £'000
<b>Listed stocks and securities</b>		
Market value at 1 April	967	635
Proceeds from Barings investment	-	(652)
Purchase of Sarasin investment	-	910
Revaluation of investment	(5)	74
<b>Market value at 31 March</b>	<b>962</b>	<b>967</b>

Investments as at 31 March 2018 represents holdings in the Sarasin Endowments fund. The holding is classified as an available for sale asset, although there is no intention of withdrawing from holding this investment in the immediate future unless the Trustees choose to supplement its grant making activities.

The historical cost of the asset at 31 March 2018 was £0.9million (2017: £0.9million).

## 9 Debtors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	17	1
Prepayments	502	503
Accrued income <sup>1</sup>	828	913
<b>Total</b>	<b>1,347</b>	<b>1,417</b>
<b>Amounts falling due after more than one year</b>		
ESC <sup>2</sup>	186	186
<b>Total</b>	<b>186</b>	<b>186</b>
<b>Total</b>	<b>1,533</b>	<b>1,603</b>

<sup>1</sup> £0.8million relates to the Bloomsbury Street lease (2017: £0.9million)

<sup>2</sup> Dilapidation provision for Bloomsbury Street (note 16).

## 10 Creditors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year</b>		
ESC	159	135
Deferred income	1	9
Accruals	847	950
<b>Total</b>	<b>1,007</b>	<b>1,094</b>

## 11 Restricted capital funds

	Revaluation reserve (land and buildings)	ESC GIA Funded assets <sup>1</sup>	ESC Lottery funded assets <sup>2</sup>	Capital <sup>3</sup>	Other <sup>4</sup>	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2016</b>	30,511	37,129	28,818	108	651	97,217
Gifted assets	-	1,938	-	-	-	1,938
Revaluation	6,460	-	-	-	-	6,460
Impairment reversals	-	18	309	3	54	384
Tangible fixed assets disposal	(161)	(97)	-	-	258	-
Depreciation	-	(1,914)	(1,238)	(3)	(18)	(3,173)
Amortisation of reserve	(805)	604	204	-	(3)	-
<b>Balance at 31 March 2017</b>	<b>36,005</b>	<b>37,678</b>	<b>28,093</b>	<b>108</b>	<b>942</b>	<b>102,826</b>
Gifted assets	-	1,507	-	-	-	1,507
Revaluation	7,332	-	-	-	-	7,332
Impairment reversals	-	274	207	-	22	503
Depreciation	-	(2,203)	(1,259)	(4)	(20)	(3,486)
Amortisation of reserve	(980)	714	266	-	-	-
<b>Balance at 31 March 2018</b>	<b>42,357</b>	<b>37,970</b>	<b>27,307</b>	<b>104</b>	<b>944</b>	<b>108,682</b>

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

### <sup>1</sup>ESC GIA Funded assets

This fund supports the initial acquisition and subsequent funding of tangible fixed asset additions at the National Sports Centres and is funded by ESC's Exchequer Grant-in-Aid.

### <sup>2</sup>ESC Lottery funded assets

This fund also supports the initial acquisition and subsequent funding of tangible fixed asset additions at the National Sports Centres and is funded by ESC's National Lottery Distribution Fund.

### <sup>3</sup>Capital

This fund supports improvements to facilities at the National Sports Centres and was donated by the Lawn Tennis Association.

### <sup>4</sup>Other

This fund is made up of facilities at Lilleshall funded by The Royal British Legion (TRBL) which are used for TRBL beneficiaries and Ministry of Defence personnel (£0.7million) as well as the proceeds from the sale of Ashlands House, Crewkerne (£0.3million) currently held in the investments (note 8 and 13).

## 12 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2016</b>	546	1,550	2,096
Amortisation of reserve	(25)	25	-
Revaluation	108	-	108
Depreciation	-	(53)	(53)
Operational surplus	-	27	27
Revaluation of investments	-	74	74
<b>Balance at 31 March 2017</b>	<b>629</b>	<b>1,623</b>	<b>2,252</b>
Amortisation of reserve	(24)	24	-
Revaluation	21	-	21
Depreciation	-	(52)	(52)
Operational surplus	-	48	48
Revaluation of investments	-	(5)	(5)
<b>Balance at 31 March 2018</b>	<b>626</b>	<b>1,638</b>	<b>2,264</b>

## 13 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other assets £'000	Total 2018 £'000	Total 2017 £'000
<b>Restricted funds</b>					
Revaluation reserve	42,357	-	-	42,357	36,005
ESC Funded assets	37,970	-	-	37,970	37,678
ESC Lottery fund	27,307	-	-	27,307	28,093
Capital	104	-	-	104	108
Other	944	-	-	944	942
<b>Total</b>	<b>108,682</b>	<b>-</b>	<b>-</b>	<b>108,682</b>	<b>102,826</b>
<b>Unrestricted funds</b>					
Revaluation reserve	626	-	-	626	629
Other	289	962	387	1,638	1,623
<b>Total</b>	<b>915</b>	<b>962</b>	<b>387</b>	<b>2,264</b>	<b>2,252</b>
<b>Total funds</b>	<b>109,597</b>	<b>962</b>	<b>387</b>	<b>110,946</b>	<b>105,078</b>

## 14 Net cash flow from operating activities

	2018 £'000	2017 £'000
Net expenditure	(1,485)	(803)
Gifted assets	(1,507)	(1,938)
Impairment reversals	(503)	(384)
Net losses/(gains) on investments	5	(74)
Investment income	(32)	(26)
Depreciation	3,538	3,226
Decrease in debtors	70	326
Decrease in creditors	(87)	(135)
Decrease in provisions	(31)	(181)
<b>Total</b>	<b>(32)</b>	<b>11</b>

## 15 Commitments under operating leases

	2018 £'000	2017 £'000
Not later than one year	1,028	977
Between two and five years	3,705	3,967
Later than five years	95	566
<b>Total</b>	<b>4,828</b>	<b>5,510</b>

All the Charity's commitments under leases to pay rentals is shown above.

The Charity leases assets to ESC, Mountain Training Trust and British Rowing, and future commitments are expected to be met through their occupation of the properties.

The rental income for the year amounted to £0.7million (2017: £0.8million) all of which was receivable from ESC. Note 7 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

## 16 Provisions

	Dilapidations £'000	Onerous Lease £'000	Total £'000
Balance at 1 April 2017	204	13	217
Utilised in the year	(18)	(13)	(31)
<b>Balance at 31 March 2018</b>	<b>186</b>	<b>-</b>	<b>186</b>
Amounts falling due after more than one year	186	-	186
<b>Total</b>	<b>186</b>	<b>-</b>	<b>186</b>

The provisions above relate to the following:

### Cardigan Road

Early surrender of the lease was completed on 11 August 2017 fully utilising the remaining provisions.

### Bloomsbury Street

The lease expires in November 2022 with no option to extend. A provision of £0.2million was made in 2015 to cover the costs of dilapidations.

All the above costs will be funded by ESC and thus accrued income has been recognised in these accounts (note 9). There are no contingent liabilities or contingent assets for the current year (2017: Nil).

## 17 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. Any irrecoverable VAT incurred by the Charity is met on its behalf by ESC.

## 18 Capital commitments

There are no contracted capital commitments as at 31 March 2018 (2017: £nil).

## 19 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 1 April 1989, which were originally purchased in whole or in part with funds provided by the Exchequer.

## 20 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 investments referred to in note 8, nor enters into derivative transactions.

The return from investments 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.

## 21 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 through a gift in kind (note 2) and an annual charge of £28,000.

ESC gifts fixed asset additions to the National Sports Centres the details of which are set in note 2. In 2018 this amounted £1.5million (2017: £1.9million).

Included within note 3 in other trading activities are recharges to ESC for property costs, repairs and legal and professional costs in respect of properties occupied by ESC. The amounts included in note 3 are set out below plus the amounts outstanding at the end of the financial year for these recharges.

	2018 £'000	2017 £'000
Income	1,413	1,383
Amount owing from ESC	(27)	(51)

## **21 Related party transactions (continued)**

Trustees are selected from a variety of backgrounds and experience. Where conflicts of interest occur, these are declared at each meeting and a Trustee will absent him/herself from any decisions related to the item in question. If the Chairman has a conflict another Trustee will chair the meeting when the item is discussed.

Transactions during the year where a trustee declared an interest were:

- Dave Cove Trustee of Wycombe Wanderers Sports & Education Trust, grant award made £8,625 (note 4).

## **22 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.

## **23 Ultimate parent body**

The charity's parent body is ESC known as Sport England and is the Government agency that works to make sure everyone can experience the benefits of sport and physical activity. The results of The Charity are consolidated in the accounts of ESC. The accounts of ESC Group are available from its registered office at First Floor, 21 Bloomsbury Street, London, WC1B 3HF.

## **24 Post balance sheet events**

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

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