

## **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 2017**

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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 2017.

### 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 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) 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 2017 the Board met four times (2016: three times).

The Board is composed of a Chairman and five Trustees as at 31 March 2017, details of whom can be found on page 11.

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.

Four Trustees' terms ended during 2016 and one Trustees' term was extended for a nine month period. A new Chairman and three new Trustees were appointed during the year.

#### 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 we focused on:

- Increasing participation in sport 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

- 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 five year (2012/13-2016/17) sports development strategy at Bisham and Lilleshall has five key objectives:

- Increase participation in community sport
- Encourage sustained participation in community sport
- Develop talent and elite performance
- Enhance and support the sporting workforce
- Improve levels of satisfaction within sport and physical activity.

Each site develops an annual service plan that provides initiatives that contribute to the realisation of these objectives.

PYB also has a five year (2012/13-2016/17) sports development plan in place though the emphasis is on directly delivered residential courses due to the nature of the site.

## 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 are not sufficiently aligned 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

SCTC awarded three grants during the year to charitable organisations as follows:

- Shrewsbury Town in the Community £2,780 for their Mental Health Awareness Project.
- StreetGames £20,834 for their Coach Education project.
- Wycombe Wanderers Sports and Education Trust £9,433 for their Football Fans in Training project.

### Bisham Abbey

Based in rural Berkshire, Bisham Abbey 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, gym and fitness centre and an English Institute of Sport (EIS) strength and conditioning area, as well as modern accommodation and catering facilities for use by members of the public and athletes.

Community usage<sup>1</sup> for the year was 191,478 against the previous year's total of

177,952. A number of factors contributed towards this increase;

- Community Gym memberships has continued to grow above their target of 1,200 to 1,800.
- A number of large one day events, including the Berkshire school games.
- Increased community usage of the football, tennis, and hockey facilities.

The sports development team continued to work closely with local councils and sports organisations to offer diverse community onsite and outreach programmes.

In conjunction with Bucks and Berks FA, Bisham hosted a Walking Football Festival, aimed at 50 plus players. 96 players took part, with interest being generated from clubs with teams who were unable to attend on the day. The Festival has since led to the centre organising and hosting the first Walking Football League in the County at Bisham.

#ThisGirlKeepsFit was piloted at Bisham, providing an opportunity for girls aged 11-16 years to take part in an 8-week gym experience as an alternative to their PE lessons. This was funded from a successful 'Sportivate' bid. 16 youngsters took part, being introduced safely into using the gym equipment. A 'teen gym' membership package will be introduced following the success of this project.

Get Berkshire Active and England Netball hosted a mixed netball workplace challenge event, which attracted 80 participants, including teams from Berkshire College of Agriculture, Slough Council, Royal Borough Windsor and Maidenhead Council and local businesses.

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

A series of workshops in conjunction with Buckinghamshire University were introduced at Bisham with the aim of inspiring and educating future sports professionals on the importance of the National Sports Centres and the relationship between community and elite sporting activity.

Bisham and Lilleshall joined the list of signatories of the 'Mental Health Charter for Sport and Recreation' to ensure their sport and recreational activities create a welcoming, inclusive and positive environment for everyone. The Charter aims to tackle the stigma which surrounds mental ill health whilst using sport to promote wellbeing, adopt good mental health policies and best practice, and promote positive public health messages to reduce the associated stigma and tackle discrimination.

Bisham was selected as the start and finishing point for Purple Patch Running's 'Water of Life' 10k and half marathon, providing an opportunity to supply refreshments for over 600 attendees as well as organising races for the children, which kept spectators and participants entertained during the main races.

Three separate FA camps were held at Bisham which included the boys under 19's, girls under 16's and girls under 14's. Bespoke menus were created to meet each camp's specific nutritional needs. International guests, Hangzhou Greentown, from China visited for a week long residential camp utilising accommodation and the pitch facilities.

The Pass 4 Soccer scholarship programme returned to Bisham for a 4-day training camp, attracting over 700 attendees who made use of all the facilities. The scholarship, affiliated to the English Schools

FA offers places at American universities to UK players.

A children's charity for rugby, 'The Wooden Spoon' held an evening for over 100 comprising disabled children and their families to recognise the commitment and success of the organisation's members and volunteers.

The collaboration of The Sports Development Team with School Games Organisers from Berkshire and the South East resulted in Bisham being chosen to host the regional winter and summer school games. Approximately 2,800 young people visit the site to compete in a range of sports.

Great Britain Men's and Women's Hockey teams prepared for the Rio Olympics on a new hockey pitch laid to replicate the playing surface in Rio. The Women's team achieved its first ever Gold medal at the Rio Olympics. All 16 of the Gold medal-winning hockey team were awarded MBE's in the 2016 New Year's Honour list, with Kate Richardson-Walsh being awarded an OBE. The Paralympic tennis gold medallist Peter Reed was awarded an MBE.

## 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 also 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, English Institute of Sport and British Archery manage their business administration from.

Community usage for the year was 69,080 against the previous year's total of 68,168. Limited community growth was mainly due to an increase in elite athlete usage during the build up to the Olympic Games.

Lilleshall hosted events led by 'Energize Shropshire Telford and Wrekin' as part of the Work Place Challenge initiative and delivered the 'Midday Mile' for the second year, which involved a lunch-time mile walk for staff on the site, raising awareness of the importance of keeping active. Two walking trails have been created around the grounds and added to a website, 'iFootpath', with the aim of encouraging people to get active. An additional benefit is that the new café, which is located at both start and finishing points offers refreshments to the walkers.

Lilleshall hosted a number of sports related commercial groups including Human Behavioural Training, National Federation for Personal Safety Training and a National Historic Venues conference. Lilleshall also hosted a 'Yoga for Alzheimer's Event' which was open to all members of the community, attracting 25 attendees, and raising over £500 for the charity. At the same time, the event provided members of the community with the opportunity to try out a new activity.

50 junior gymnasts from The British Gymnastics Club Reward camp returned to Lilleshall, which provided the opportunity for the 9-14 year olds to trial for national squad places, whilst enjoying the elite training facilities and benefiting from the experience of National Squad coaching.

The synthetic hockey pitches, accommodation and meeting spaces were used to host a government funded apprenticeship scheme that was attended by 130 students from years 12 and 13. The scheme provides a vocation pathway into

the profession of sports development and run in conjunction with Loughborough University.

The squash courts at Lilleshall were at full capacity over a 2-day tournament, which brought 30 attendees from England Squash's national squad members, aged 12-13.

In Archery, both National Age Groups and Academy archers made good use of the indoor and outdoor facilities, training alongside the National and Paralympic squads and benefitting from the seniors' experience. A camp aimed at club level archers was also held, providing them with a unique opportunity to train at an elite centre.

Lilleshall was chosen as the venue for the Independent Schools Association sports teaching conference, which was attended by 46 teaching and support staff across the country for their 2-day stay. Modules delivered included injury prevention, child protection and sports psychology. In addition, a FA Futsal referee course was attended by 50 participants from community club backgrounds.

Bryony Page became the first British woman to win an Olympic trampoline medal with Silver at the Rio Olympics. GB trampoline gymnasts followed success at Rio with strong performances at the Kawasaki Cup in Japan, with Isabelle Songhurst marking her GBR senior debut with a silver medal, and Laura Gallagher taking bronze. Bronze medals were also awarded in the 15-16 and 17-18 year boy's events to Andrew Stamp and Alex Bradshaw, respectively.

The delegation trained at the Japanese Institute of Sports Science, Tokyo in the run up to the event on the back of the Japan

team training at Lilleshall National Sports Centre in early December.

In the 2017 New Year's Honour list Joanna Frith, Jessica Stretton and John Walker were awarded MBE's for services to archery. While Edmund Van Hoof and Max Whitlock were awarded MBE's for services to gymnastics.

## Olympic Success

Of the 67 medals won by Team GB in Rio, Bisham and Lilleshall directly supported just over 25% of these, with 7 Gold, 5 Silver and 5 Bronze medals achieved. If these two National Centres were a country in its own right, it would have finished 14th in front of Spain and Jamaica.

Of the 147 medals won by Paralympics GB in Rio, Bisham and Lilleshall directly supported just over 10% of these, with 7 Gold, 5 Silver and 4 Bronze medals. If these two National Centres were a country in its own right it would have finished 23<sup>rd</sup> in front of Thailand and Greece.

VIP celebration events for the athletes who trained at Bisham and Lilleshall were held in recognition of the Olympic and Paralympic success in Rio and included local school children, local councillors, partners, athletes and local dignitaries, with approximately 70 attendees at each event.

## 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 17,741 community coaching student days, against 22,149 days last year. A high number of multi activity adventure courses run for children and young adults in the previous year were not repeated during the year. The coaching covered outdoor sports such as canoeing, mountaineering, mountain biking and orienteering.

Plas y Brenin hosted the British Canoeing student safety seminar and delivered a range of workshops to the Association of Mountaineering Instructors and Mountain Training Association, two key professional mountaineering bodies with a remit for on-going continuous professional development for their members.

The site team has also produced a promotional film to help demonstrate the uniqueness of the location and people and to highlight the world-class venues that are used throughout its course programme, to acknowledge its centre of excellence status and role in encouraging more people to get active in the outdoors. This is also part of its drive to do more by way of hosting and supporting elite teams, using the uniqueness of locality to contribute to performance development.

Plas y Brenin continued to directly support a range of mountain sport NGBs, contributing to the development of the British Canoeing paddle sport coaching and leadership programmes, supporting British Cycling in testing a new mountain bike centre accreditation scheme and engaging with Mountain Training's review of their entire climbing awards pathway. The site has also continued to provide places for training and assessment at the top end of the Mountain Training qualification scheme and contributed to a combined training event

hosted by Glenmore Lodge in Scotland, bringing together representatives to discuss delivery of winter programmes.

83 Expedition Medics received specialist training at a 5-day conference at Plas y Brenin, whilst a 4-week programme of courses for schools also took place. Some of the MTT staff additionally provided expertise and safeguard cover for the Warner Bros. film crew during local filming of 'King Arthur: Legend of the Sword', which will be released in 2017.

Plas y Brenin ran a new commercial course for the Metropolitan Police focusing on safe practise in hazardous environments. MTT is continuing a complete review of its commercial activities and is fully committed to supporting this work to reduce dependency on the annual management fee.

Female instructional staff supported the BMC/Pinnacles Club women's international meeting, with 80 women from 24 different countries participating in a week's traditional climbing in North Wales.

The Welsh Canoeing development slalom team continues to train at Plas y Brenin, with instructional staff activity involved in coaching and delivery.

The site team worked with the Jonathan Conville Trust, courses were delivered for young people wishing to learn skills in alpine mountaineering. In addition, the Expedition Medics course and the Diploma in Mountain Medicine events were held, which have become a regular fixture in the events calendar.

## The Rowing Lake

British Rowing leases the Rowing Lake and boathouse from SCTC 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. This has included an extension to the facility building and boathouse in 2012/13 costing £1.6m.

As a result, the centre continues to be the single most important factor underpinning the training and preparation for the GB Rowing Team. The 2016/17 season again saw an increase in usage; 28,428 rowers days - up 1,000 on the previous year (split between 15,657 senior Olympic and Paralympic athletes and 12,771 Development and visiting). We were active approximately 350 days of the year.

Achievements for the year were as follows:

- Olympics – 3 Gold and 2 Silver
- Paralympics – 3 Gold and 1 Bronze
- European Championships – 4 Gold, 2 Silver and 1 Bronze
- World Rowing Championships
  - Non-Olympic – 3 Gold and 1 Bronze
  - Under 23 – 2 Gold, 2 Silver and 1 Bronze
  - Juniors – 2 Silver and 1 Bronze

With the Non-Olympic, U23 and Junior's being a combined event taking place after Rio, this was truly the start of the 2020 Olympiad for the 'next generation' as the team had all summer at Caversham to prepare. The facility held up really well to this increased pressure and the team proved to be very successful.

## Performance

The management contracts in place at Bisham, Lilleshall and Plas y Brenin 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 abreast 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.

A number of 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 facilities to a high standard.

All contractual requirements including the delivery of annual sport development plans, were satisfactorily met. Performance was measured quarterly using a balanced score card of KPI's. 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.

This 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 5 to the accounts).

## Plans for future periods

Key improvement area's identified through continuous improvement:

- Implement new 4 year sports development strategies (2017-21) across the National Centres aligned with the Sport England strategy *Towards an Active Nation* and the UK Sport World Class Programme.
- Utilise insight to effectively deliver the new sports development strategies, using the Active Lives Survey and local intelligence to ensure the National Centres contribute to tackling inactivity.
- MTT will continue to implement business improvement processes focusing on both building / capital requirements and branding, marketing and website development to meet current and future customer needs.
- Lead the development of healthy eating choices across the Elite Training Centres network. Improve catering offer to create more healthy 'grab and go' options with enhanced labelling and branding to encourage healthy options at Bisham and Lilleshall.
- Training with all staff to drive a customer led insight approach through increase use of customer feedback.
- Complete key capital and lifecycle projects across all the National Centres to support talent development and world class performance and increased participation in sport and physical activity.

## Green initiatives

The findings of an in-depth research and analysis by Serco into Bio-Mass and ground source heat pumps at Lilleshall will be reviewed by client officers to review the opportunities from this type of investment.

In order to reduce Bisham Abbey's consumption and cost of using mains water to irrigate the outdoor sports surfaces an investment was made into adding an additional bore hole that enables

natural water to be extracted from the local grounds and River Thames and recycled within the irrigation system.

Focused Sport England 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 £3.5million (2016: £4.1million). 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 £0.8million compared to a net income of £1.5million last year.

The change from net income to net expenditure of £2.3million is due to:

- £2.0million movement in impairments from a reversal of £2.4million in 2016 to a lower reversal of £0.4million in 2017 as determined by the property valuation
- £0.4million decrease in gifts of fixed assets from ESC
- £0.1million gain in the value of investments

The Charity generated a small operational surplus on its day to day activities in the year of £27,000 (2016: £12,000), after awarding community grants of £33,000 (2016: £57,000) and is made up as follows:

	2017	2016
	£'000	£'000
Property income	1,413	1,579
Investment income	26	19
Charitable activities	(4,341)	(2,534)
Add back:		
Depreciation	3,226	3,256
Impairment reversals	(384)	(2,376)
Gifts in kind	87	68
<b>Operating surplus</b>	<b>27</b>	<b>12</b>

Subsequent to a review of the property portfolio, it was decided that the Ashlands House, Crewkerne property (a non-core asset) was to be sold. The sale of the property was finalised in August 2016. There was no profit or loss on disposal of the property. The proceeds of the sale were transferred to investments (note 9).

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 12 and 13. 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, and from 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 on-going activities including grant making
- the Charity may choose to use capital in order to supplement its grant making activities
- Restricted reserves are reserves 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 through ESC's Lottery Fund. Restricted reserves at 31 March 2017 amounted to £102.8million (2016: £97.2million).
- 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 2017 amounted to £2.3million (2016: £2.1million).

As a result of the retendering exercise, the Charity's investment funds were transferred from Barings Asset Management Limited to a new investment manager, Sarasin & Partners in May 2016. The amount transferred to Sarasin consisted of a core £652,000 from Barings, plus a further investment of £258,000 funds resulting from the sale of Ashlands House, Crewkerne. The total funds were invested in the Alpha CIF for Endowments.

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.

## TRUSTEES

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

- Sonia Howe<sup>1</sup>
- Brian Armstrong<sup>2</sup>
- Peter Weiss<sup>3</sup>
- Geoff Lawton<sup>4</sup>
- Mike Green<sup>5</sup>
- Peter Rowley OBE (Chairman)<sup>6</sup>
- Vivien Blacker<sup>7</sup>
- Graeme Dell
- Dave Cove<sup>8</sup>
- Andrew Watson<sup>9</sup>

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 (appointed 11 January 2016)

**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** at 31 March 2017, Sarasin & Partners LLP, 100 St. Paul's Churchyard, London EC4M 8BU (appointed 26 May 2016). Up to 25 May 2016 Barings Asset Management Limited, 155 Bishopsgate, London, EC2M 3XY

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

- <sup>1</sup> Sonia Howe's term as a Trustee ended on 31 May 2016
- <sup>2</sup> Brian Armstrong's term as a Trustee ended on 22 July 2016
- <sup>3</sup> Peter Weiss' term as Trustee ended on 22 July 2016
- <sup>4</sup> Geoff Lawton's term as a Trustee ended on 23 December 2016.
- <sup>5</sup> Mike Green's term as interim Chairman ended on 6 September 2016. Mike Green remained as a Trustee and his term ended on 31 May 2017.

- <sup>6</sup> Peter Rowley was appointed as a Trustee and Chairman on 7 September 2016.
- <sup>7</sup> Vivien Blacker was appointed as a Trustee on 23 July 2016.
- <sup>8</sup> Dave Cove was appointed as a Trustee on 23 July 2016
- <sup>9</sup> Andrew Watson was appointed as a Trustee on 23 July 2016

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 in order 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 Trustee's report on pages 2 to 9.

By Order of the Board

Peter Rowley  
Chairman  
23 June 2017

I certify that I have audited the financial statements of the Sports Council Trust Company for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of the Trustees and the auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit.

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 2017 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and

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

- 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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and this report has been prepared in accordance with the applicable legal requirements;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' Report.

## 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  
29 June 2017

# Statement of Financial Activities

(Including Income and Expenditure Account)

	Note	2017 Restricted £'000	2017 Unrestricted £'000	2017 Total £'000	2016 Total £'000
<b>Income from</b>					
Donations and legacies	2	1,938	87	2,025	2,476
Other trading activities	3	-	1,413	1,413	1,579
Investments	4	-	26	26	19
<b>Total</b>		<b>1,938</b>	<b>1,526</b>	<b>3,464</b>	<b>4,074</b>
<b>Expenditure on</b>					
Charitable activities	5	(2,789)	(1,552)	(4,341)	(2,534)
<b>Total</b>		<b>(2,789)</b>	<b>(1,552)</b>	<b>(4,341)</b>	<b>(2,534)</b>
Net gains/(losses) on investments	9	-	74	74	(40)
<b>Net (expenditure)/income</b>		<b>(851)</b>	<b>48</b>	<b>(803)</b>	<b>1,500</b>
<b>Other recognised gains</b>					
Gains on revaluation of fixed assets	12/13	6,460	108	6,568	7,550
<b>Net movement of funds</b>		<b>5,609</b>	<b>156</b>	<b>5,765</b>	<b>9,050</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		97,217	2,096	99,313	90,263
<b>Total funds carried forward</b>	7	<b>102,826</b>	<b>2,252</b>	<b>105,078</b>	<b>99,313</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 18 to 31 form an integral part of these accounts

# Balance Sheet as at 31 March 2017

Company number 2517615

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Tangible assets	8	103,772	98,366
Investments	9	967	635
<b>Total fixed assets</b>		<b>104,739</b>	<b>99,001</b>
<b>Current assets</b>			
Debtors	10	1,603	1,929
Cash at bank		47	10
<b>Total current assets</b>		<b>1,650</b>	<b>1,939</b>
<b>Liabilities: amounts falling due within one year</b>			
Creditors	11	(1,094)	(1,229)
Provisions	17	(31)	(51)
<b>Net current assets</b>		<b>525</b>	<b>659</b>
<b>Total assets less current liabilities</b>			
		<b>105,264</b>	<b>99,660</b>
<b>Liabilities: amounts falling due after more than one year</b>			
Provisions	17	(186)	(347)
<b>Net assets</b>		<b>105,078</b>	<b>99,313</b>
<b>The funds of the charity</b>			
Restricted capital funds		66,821	66,706
Restricted revaluation reserve		36,005	30,511
<b>Total restricted funds</b>	12	<b>102,826</b>	<b>97,217</b>
Unrestricted income funds		1,623	1,550
Unrestricted revaluation reserve		629	546
<b>Total unrestricted funds</b>	13	<b>2,252</b>	<b>2,096</b>
<b>Total charity funds</b>	14	<b>105,078</b>	<b>99,313</b>

The accounts on pages 15 to 31 were approved by the Board of Trustees and were signed on its behalf by:

Peter Rowley  
Chairman  
23 June 2017

The notes on pages 18 to 31 form an integral part of these accounts

# Statement of Cash Flows

	Note	2017 £'000	2016 £'000
<b>Cash flow from operating activities</b>			
Net cash provided by (used in) operating activities	15.1	11	(80)
<b>Net cash provided by (used in) operating activities</b>		<b>11</b>	<b>(80)</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets	15.2	-	(120)
Proceeds from sale of property		258	-
Proceeds from sale of investments	9	652	-
Purchase of investments	9	(910)	-
Income from investments	4	26	19
<b>Net cash provided by (used in) investing activities</b>		<b>26</b>	<b>(101)</b>
<b>Change in cash balances in the reporting period</b>		<b>37</b>	<b>(181)</b>
<b>Changes in cash balances during the year</b>			
<b>Balance at 1 April</b>		<b>10</b>	<b>191</b>
Change in cash balances in the reporting period		37	(181)
<b>Balance at 31 March</b>		<b>47</b>	<b>10</b>

The notes on pages 18 to 31 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, gifts in kind, Lottery and other grants. Grants are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

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 are set out in note 5. 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**

Art Works 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, with the exception of 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 9.

### **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 12 and 13.

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 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. 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

	2017 £'000			2016 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Lottery grant <sup>1</sup>	-	-	-	1	-	1
Gifts of fixed assets <sup>2</sup>	1,938	-	1,938	2,407	-	2,407
Gifts in kind administration service <sup>2</sup>	-	87	87	-	68	68
<b>Total</b>	<b>1,938</b>	<b>87</b>	<b>2,025</b>	<b>2,408</b>	<b>68</b>	<b>2,476</b>

<sup>1</sup> The £16.0million lottery grant from ESC Lottery Fund funded capital investment at Bisham and Lilleshall which was completed by 31 March 2015.

<sup>2</sup> Gifts of fixed assets and gifts in kind administration service are from ESC. The full value of the administration service is calculated at £114,696 (2016: £95,819) of which £28,000 has been paid for both years as set out in note 5.

## 3 Other trading activities

	2017 £'000	2016 £'000
Property Income	1,413	1,579

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 Income from investments

	2017 £'000	2016 £'000
Income from investments (note 9)	26	19

## 5 Charitable activities

	2017 £'000			2016 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
<b>Community grants awarded</b>						
StreetGames	-	21	21	-	-	-
Wycombe Wanderers S & E Trust	-	9	9	-	-	-
Shrewsbury In The Community	-	3	3	-	-	-
Adventure Learning Foundation	-	-	-	-	32	32
Volleyball England Foundation	-	-	-	-	20	20
Disability Snowsport UK	-	-	-	-	5	5
<b>Total community grants</b>	-	<b>33</b>	<b>33</b>	-	<b>57</b>	<b>57</b>
<b>Governance costs (note 6)</b>						
Trustees' expenses	-	1	1	-	1	1
Audit fees	-	16	16	-	17	17
<b>Total governance costs</b>	-	<b>17</b>	<b>17</b>	-	<b>18</b>	<b>18</b>
<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	-	87	87	-	68	68
<b>Total</b>	-	<b>115</b>	<b>115</b>	-	<b>96</b>	<b>96</b>
<b>Locations costs</b>						
Property costs	-	1,330	1,330	-	1,471	1,471
Legal and professional	-	4	4	-	12	12
<b>Total</b>	-	<b>1,334</b>	<b>1,334</b>	-	<b>1,483</b>	<b>1,483</b>
<b>Usage</b>						
Depreciation	3,173	53	3,226	3,200	56	3,256
Impairment reversals	(384)	-	(384)	(2,370)	(6)	(2,376)
<b>Total</b>	<b>2,789</b>	<b>53</b>	<b>2,842</b>	<b>830</b>	<b>50</b>	<b>880</b>
<b>Total provision of facilities</b>	<b>2,789</b>	<b>1,502</b>	<b>4,291</b>	<b>830</b>	<b>1,629</b>	<b>2,459</b>
<b>Total charitable activities</b>	<b>2,789</b>	<b>1,552</b>	<b>4,341</b>	<b>830</b>	<b>1,704</b>	<b>2,534</b>

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 £3.0million in 2017 (2016: £3.4million).

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

## 6 Governance and Staff costs

The Charity employed no staff directly in 2017 and 2016.

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).

Four Trustees were paid travel and expenses during the year (2016: Five) as shown in note 5.

The Trustees did not receive fees or allowances for the year (2016: Nil) either directly from SCTC or the parent body ESC.

The audit fees for the year were £16,000 (2016: £17,000). There were no fees for non-audit work in 2017 and 2016.

## 7 Reconciliation of the movement in funds

	2017 £'000	2016 £'000
<b>Net assets at 1 April</b>	<b>99,313</b>	<b>90,263</b>
<b>Capital investment</b>		
Gifted assets (ESC)	1,938	2,407
Lottery funded assets	-	1
<b>Other movements</b>		
Net revaluation of fixed assets	6,952	9,926
Depreciation	(3,226)	(3,256)
Operational surplus	27	12
Increase/(decrease) in value of investments	74	(40)
<b>Net assets at 31 March</b>	<b>105,078</b>	<b>99,313</b>

## 8 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Art works and Antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2016	14,147	93,575	1,171	2,381	2,943	827	115,044
Additions:							
Gifted assets	-	1,931	(3)	-	10	-	1,938
Disposals	(82)	(239)	-	-	(362)	-	(683)
Revaluation	933	5,635	-	-	-	-	6,568
Transfers	-	2,381	-	(2,381)	-	-	-
At 31 March 2017	14,998	103,283	1,168	-	2,591	827	122,867
<b>Depreciation and impairments</b>							
At 1 April 2016	-	(14,563)	(181)	-	(1,934)	-	(16,678)
Charge for year	-	(2,769)	(154)	-	(303)	-	(3,226)
Impairment reversals	-	384	-	-	-	-	384
Disposals	-	63	-	-	362	-	425
At 31 March 2017	-	(16,885)	(335)	-	(1,875)	-	(19,095)
<b>Net Book Value</b>							
At 31 March 2016	14,147	79,012	990	2,381	1,009	827	98,366
At 31 March 2017	14,998	86,398	833	-	716	827	103,772

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 art works, 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 Art Works 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.

## 9 Investments

Listed stocks and securities	2017 £'000	2016 £'000
Market value at 1 April	635	675
Proceeds from Barings investment	(652)	-
Purchase of Sarasin investment	910	-
Revaluation of investment	74	(40)
<b>Market value at 31 March</b>	<b>967</b>	<b>635</b>

Investments as at 31 March 2017 represents holdings managed by Sarasin & Partners in their Alpha CIF for Endowments fund. Following the change of investment manager in May 2016, the proceeds of the investments held in the Baring's Targeted Return Fund of £652,000 were invested in the Sarasin Alpha CIF for Endowments fund.

In August 2016 the proceeds from the sale of Ashlands House, Crewkerne of £258,000

were invested with Sarasin. 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 2017 was £0.9million (2016: £0.6million).

## 10 Debtors

	2017 £'000	2016 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	1	81
Prepayments	503	469
Accrued income <sup>1</sup>	913	1,032
<b>Total</b>	<b>1,417</b>	<b>1,582</b>
<b>Amounts falling due after more than one year</b>		
ESC <sup>2</sup>	186	347
<b>Total</b>	<b>186</b>	<b>347</b>
<b>Total</b>	<b>1,603</b>	<b>1,929</b>

<sup>1</sup> £0.9million relates to the Bloomsbury Street lease (2016: £1.0million)

<sup>2</sup> Dilapidation provisions at Cardigan Road and Bloomsbury Street and onerous lease provision at Cardigan Road (note 17).

## 11 Creditors

	2017 £'000	2016 £'000
Amounts falling due within one year		
ESC	135	153
Deferred income	9	3
Accruals	950	1,073
<b>Total</b>	<b>1,094</b>	<b>1,229</b>

## 12 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 2015</b>	<b>23,640</b>	<b>34,631</b>	<b>29,135</b>	<b>102</b>	<b>569</b>	<b>88,077</b>
Gifted assets	-	2,407	-	-	-	2,407
Grant received	-	-	1	-	-	1
Revaluation	7,562	-	-	-	-	7,562
Impairment reversals	-	1,521	737	9	103	2,370
Depreciation	-	(1,978)	(1,203)	(3)	(16)	(3,200)
Amortisation of reserve	(691)	548	148	-	(5)	-
<b>Balance at 31 March 2016</b>	<b>30,511</b>	<b>37,129</b>	<b>28,818</b>	<b>108</b>	<b>651</b>	<b>97,217</b>
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>

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.

Continued on page 27

## 12 Restricted capital funds continued

### <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 (£0.3m) currently held in the investments (note 9 and 14).

## 13 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2015</b>	<b>584</b>	<b>1,602</b>	<b>2,186</b>
Amortisation of reserve	(26)	26	-
Revaluation	(12)	-	(12)
Impairment losses	-	6	6
Depreciation	-	(56)	(56)
Operational surplus	-	12	12
Revaluation of investments	-	(40)	(40)
<b>Balance at 31 March 2016</b>	<b>546</b>	<b>1,550</b>	<b>2,096</b>
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>

## 14 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other assets £'000	Total 2017 £'000	Total 2016 £'000
<b>Restricted funds</b>					
Revaluation reserve	36,005	-	-	36,005	30,511
ESC Funded assets	37,678	-	-	37,678	37,129
ESC Lottery fund	28,093	-	-	28,093	28,818
Capital	108	-	-	108	108
Other	684	258	-	942	651
<b>Total</b>	<b>102,568</b>	<b>258</b>	<b>-</b>	<b>102,826</b>	<b>97,217</b>
<b>Unrestricted funds</b>					
Revaluation reserve	629	-	-	629	546
Other	575	709	339	1,623	1,550
<b>Total</b>	<b>1,204</b>	<b>709</b>	<b>339</b>	<b>2,252</b>	<b>2,096</b>
<b>Total funds</b>	<b>103,772</b>	<b>967</b>	<b>339</b>	<b>105,078</b>	<b>99,313</b>

## 15 Cash flow statement

### 15.1 Net cash flow from operating activities

	2017 £'000	2016 £'000
Net (expenditure)/income	(803)	1,500
Gifted assets	(1,938)	(2,407)
Impairment reversals	(384)	(2,376)
Net (gains)/losses on investments	(74)	40
Investment income	(26)	(19)
Depreciation	3,226	3,256
Decrease/(increase) in debtors	326	(36)
(Decrease)/increase in creditors	(135)	13
Decrease in provisions	(181)	(51)
<b>Total</b>	<b>11</b>	<b>(80)</b>

### 15.2 Analysis of changes in cash from tangible fixed assets

	2017 £'000	2016 £'000
Lottery and SCTC funded additions	-	2
Decrease in capital expenditure accruals	-	118
<b>Net cash outflow</b>	<b>-</b>	<b>120</b>

## 16 Commitments under operating leases

	2017 £'000	2016 £'000
Not later than one year	977	970
Between two and five years	3,967	4,012
Later than five years	566	1,537
<b>Total</b>	<b>5,510</b>	<b>6,519</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 £0.8million (2016: £0.8million) all of which was receivable from ESC. Note 8 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

## 17 Provisions

	Dilapidations £'000	Onerous Lease £'000	Total £'000
Balance at 1 April 2016	294	104	398
Utilised in the year	(58)	(51)	(109)
Reversed unused	(32)	(40)	(72)
<b>Balance at 31 March 2017</b>	<b>204</b>	<b>13</b>	<b>217</b>
Amounts falling due within one year	18	13	31
Amounts falling due after more than one year	186	-	186
<b>Total</b>	<b>204</b>	<b>13</b>	<b>217</b>

The provisions above relate to the following:

### Cardigan Road

In 2014 an onerous lease provision was included at £0.2million. £51,000 has been utilised annually since 2015. Early surrender of the lease is being negotiated for June 2017, as a result of this £40,000 of the onerous lease provision has been reversed unused.

In 2015 a provision of £0.1million was made to cover the costs of dilapidations on the termination of the lease. £58,000 of this provision was utilised during the year. The current

estimate for dilapidations is £18,000 thus £32,000 has been reversed unused.

### Bloomsbury Street

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

All of the above costs will be funded by ESC and thus accrued income has been recognised in these accounts (note 10). There are no contingent liabilities or contingent assets for the current year (2016: Nil).

## 18 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.

## 19 Capital commitments

There are no contracted capital commitments as at 31 March 2017 (2016: £nil).

## 20 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.

## 21 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 9, 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.

## 22 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 2017 this amounted £1.9million (2016: £2.4million).

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.

	2017 £'000	2016 £'000
Income	1,383	1,549
Amount owing from ESC	(51)	(194)

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:

- Peter Rowley OBE Director of StreetGames, grant award made £20,834 (note 5).
- Dave Cove Trustee of Wycombe Wanderers Sports & Education Trust, grant award made £9,433 (note 5)

## **23 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.

## **24 Ultimate parent body**

The charity's parent body is ESC known as Sport England and is the Government agency responsible for increasing participation in grassroots sport. 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.

## **25 Post balance sheet events**

The annual report and accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

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