

The English Institute of Sport Limited

**Annual Report and Financial Statements
For the year ended 31st March 2013**

The English Institute of Sport Limited

**Annual Report and Financial Statements
For the year ended 31st March 2013**

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
(SI2009/476)

Ordered by the House of Commons to be printed 25th June 2013

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The English Institute of Sport Limited

Financial Statements

Year Ended 31 March 2013

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The English Institute of Sport Limited
Company Registration Number 04420052

Officers and Professional Advisers

| | |
|--------------------------------|---|
| The Board of Directors | S Cram MBE (Chairman) I C Watmore A Hodson MA, MCSP, DIPTR, MSRE/RT (resigned 18 th February 2013) K D Pickering H Martin BSc, ACA C O'Shea N Walker Professor J Doust |
| Audit Committee Members | IC Watmore (Chairman) JE Ryan FCA (Independent Member) A Hodson MA, MCSP, DIPTR, MSRE/RT (resigned 18 th February 2013) H Martin BSc, ACA N Walker |
| Company Secretary | J Quick |
| Registered Office | Sportcity, Gate 13 Rowsley Street Manchester M11 3FF |
| Auditor | Comptroller and Auditor General National Audit Office 157 – 197 Buckingham Palace Road Victoria London SW1W 9SP |

The English Institute of Sport Limited

Directors' Report

Year Ended 31 March 2013

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2013.

Principal Activities and Business Review

The English Institute of Sport (EIS) provides sport science and medicine services to elite athletes, primarily in World Class funded sports (the company's principal activity). The company is a wholly owned subsidiary of The United Kingdom Sports Council (UK Sport).

The EIS continues to receive core funding from UK Sport to support its infrastructure, with direct costs of service provision funded by charging the National Governing Bodies (NGBs) for agreed services. NGB income has been slightly higher than anticipated this year due to additional investment from a number of sports. In addition there has been unanticipated income generated from EIS staff involvement with LOCOG.

The focus during the year has been two-fold: short term focus on support for athletes at London 2012, and long term focus on strategic planning for the Rio cycle.

In relation to London 2012, a total of 103 EIS staff worked directly with Team GB athletes, whilst 29 staff worked directly with Paralympics GB athletes. EIS supported 86% of London 2012 medallists (87% of gold medallists) and had service level agreements in place with 93% of medal winning sports. EIS was proud to be seen as the 'Team behind the Team' and has received significant public acknowledgement of its contribution to Team GB and Paralympics GB's success.

Strategic planning for the Rio cycle culminated in a four year business plan submission in Autumn 2012 to UK Sport which included a number of proposed changes, including:

- Establishment of a Performance Solutions team to enable the move from an operational to a technical interface with sports.
- Additional core investment in sports medicine to provide a more pro-active and interdisciplinary medical service.
- Restructuring of the operations team to move from regional directorates to one operations team working across all EIS High Performance Centres.
- Proposed transfer of the UK Sport (UKS) Research and Innovation (R&I) team to EIS in order that a full suite of performance solutions can be provided to sports.
- Establishment of a new People Development Manager post to enable people development to be better aligned and strategically managed.
- Establishment of a Head of Performance Knowledge post to facilitate the sharing of knowledge and best practice across the high performance system.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2013

Principal Activities and Business Review *(continued)*

The four year funding package agreed with UKS includes confirmed funding for year 1 of the new cycle but only an 'in principle' agreement for years 2 to 4. An implementation plan was submitted to UKS in January 2013 and progress against this will be monitored by UKS prior to making a confirmed funding decision towards the end of year 1 in relation to years 2 to 4.

During this time of strategic and organisational change, communications have been a high priority. Staff have been kept informed via a variety of communication methods, including the national conference, all staff teleconferences, weekly update messages and one to one and group discussions at EIS sites. This communication process will continue with staff via roadshows and continued dialogue around the network, and with NGBs and other partners through meetings and forums.

This year was also the first time EIS participated in the full UK Sport Self Assurance process for which we received a green rating, being the highest rating achievable. Areas identified for action were business continuity planning and risk management strategy, both of which will be addressed in the next self assurance submission in September 2013.

In response to staff survey responses from the previous year there has been significant investment during the year in IT improvements, including a dedicated helpdesk, increased IT administrative support and the roll-out of new laptops and phones. As a result IT received the biggest single improvement in this year's staff survey results.

We continue to invest significantly in people development, although during an Olympic/Paralympic year this is a lesser priority than at other times in the funding cycle. Key areas invested in include line management training in performance management/appraisals, PhD studentships in collaboration with a number of universities and, for the first time, the delivery of a 'Skills for Performance' workshop targeted at talented undergraduates who have an interest in working in high performance sport.

The ongoing pay and progression freeze has been difficult to manage, however, a 1% consolidated increase was awarded, effective from April 2013, as well as a non-consolidated payment based on performance appraisal ratings.

The last triennial valuation of EIS's pension scheme showed that the scheme was in a healthy net asset position and as a result of this LPFA advised us to decrease our employer contribution rate from 12.5% to 9.1% with effect from 1 April 2011. At the request of the EIS Board an interim valuation was carried out during the year which showed that the net asset position had improved further and that the scheme was well funded. The FRS17 valuation as at 31 March 2013, which is based on a different set of assumptions, has resulted in a credit to the Statement of Recognised Gains and Losses of £1,604,000 (2012: charge of £3,202,000) and in a net liability position of £371,000 (2012 £1,741,000).

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2013

Governance

The EIS Board normally meets up to six times a year to provide strategic direction to the organisation.

As of 4th April 2013 Board members are appointed for a maximum term of 4 years. At the end of this time directors can be re-elected for a further 4 year term (ie maximum of 2 x 4 year terms in total)

The Board is supported by an Audit Committee with responsibilities for issues of risk, control and governance. The Audit Committee advises the Board on:

- The accounting policies, the Annual Report and Accounts;
- The results of external audit;
- The adequacy of management responses to issues identified by external audit;
- The results of the Annual UK Sport Self Assurance process;
- Assurance relating to the Corporate Governance requirements for the organisation

In the coming months other governance changes will be taking place to provide a more robust governance framework and to enable greater strategic alignment of UKS and EIS. These changes should be completed by September 2013 and include:

- Cross-representation between the UKS and EIS Boards.
- Appointment of two new EIS Board members with technical expertise.
- Establishment of a Technical Advisory Group to sit below the EIS Board.
- Establishment of a joint Audit Committee.

Future Developments

The focus for the next 12 months is very much on change management and implementing the proposals set out in the business plan. A detailed implementation plan has been prepared and is being monitored closely by the Senior Management Team to ensure it is effectively delivered. A short term priority is to ensure that the transfer of the UKS R&I team runs smoothly and that the team is well integrated into the organisation .

Going Concern

The accounts have been prepared on a going concern basis. The directors have reviewed this position and are satisfied that the company is operating as a going concern. Detailed budgets have been prepared for the next financial year, resulting in a break even position by the end of the year. Funding of £10.6 million has been committed by UK Sport for the twelve months through to March 2014 and positive discussions have taken place around confirmation of the proposed business plan figures for the remainder of the funding cycle.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2013

Going Concern (continued)

Service level agreements are in place with 39 Olympic, Paralympic and English funded sports, the majority of which are committed until March 2017. In addition to this EIS continues to work with a number of professional sports.

Disabled Persons

EIS employs disabled persons on merit and every effort is made to ensure that all applicants are given full and fair consideration at all times. All reasonable adjustments are made to meet the needs of disabled employees and an occupational health service is provided to assess the needs of employees, where required, during the course of their employment. EIS is committed to providing training and development opportunities to all of its employees, both able bodied and disabled.

Results

The deficit for the year, after taxation, amounted to £233,225 *(2012:surplus £133,672)*. The deficit is caused by a charge to pension contributions as a result of the actuarial valuation of the pension scheme.

In addition to the above, for the year ended 31st March 2013 there was an actuarial gain in respect of the defined benefit pension scheme of £1,604,000 *(2012: loss £3,202,000)* which is shown in the Statement of Total Recognised Gains and Losses

Financial Risk Management Objectives and Policies

With approximately 34% of our funding secured through service level agreements with NGBs it is key that we meet the performance objectives set out in these agreements in order to retain this funding. To that end each of our sports has a dedicated point of contact who closely monitors both the quantity and quality of service provision provided, liaising regularly with the sport in the process. This process is supplemented by an annual Customer Satisfaction Survey; providing all of our customers with the opportunity to feedback on their service provision at a national level.

Key Performance Indicators are in place to ensure we meet the requirements of our key funder, UKS. These cover the areas of Sport Science & Medicine, Customers, People and Business Support. EIS has been on target with the majority of its Key Performance Indicators during the year. A new set of KPIs, with more emphasis on technical indicators, is currently being agreed for the new cycle.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2013

Financial Risk Management Objectives and Policies *(continued)*

Quarterly meetings are held with UK Sport to review performance and monitor any finance or governance issues. The Audit Committee, made up of both non-executive and executive directors, meets 3-4 times per year to assist with the financial governance of the organisation. From Autumn 2013 this function will be carried out through EIS representation on the UKS Audit Committee.

Directors and Directors' Remuneration

The directors who served the company during the year and their remuneration are detailed below:

| Name | Position | Salary (£) | |
|-------------------|----------|-------------------|---|
| S Cram MBE | Chairman | - | |
| IC Whatmore | Director | - | |
| A Hodson | Director | - | Resigned 18 th February 2013 |
| KD Pickering | Director | - | |
| H Martin Bsc ACA | Director | 50,000 – 55,000 | |
| C O'Shea | Director | - | |
| N Walker | Director | 125,000 – 130,000 | |
| Professor J Doust | Director | - | |

The Directors who receive no remuneration are reimbursed travel expenses for attending meetings.

The directors have indemnity insurance.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2013

Directors' Responsibilities *(continued)*

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office;
Sportcity, Gate 13
Rowsley Street
Manchester
M11 3FF

Signed by order of the directors

J Quick
Company Secretary

Approved by the directors on 14th June 2013

The English Institute of Sport Limited

The Certificate and Report of the Comptroller and Auditor General to the Members of The English Institute of Sport Limited

Year Ended 31 March 2013

I certify that I have audited the financial statements of the English Institute of Sport Limited for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the report on Officers and Professional Advisers and in the Directors' Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

The English Institute of Sport Limited

The Certificate and Report of the Comptroller and Auditor General to the Members of The English Institute of Sport Limited *(continued)*

Year Ended 31 March 2013

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion the information given in the report on Officers and Professional Advisers and in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to 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.

Amyas C E Morse
Comptroller and Auditor General

*National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP*

Date: 19th June 2013

The English Institute of Sport Limited

Income and Expenditure Account

Year ended 31 March 2013

| | Notes | 2013 £ | 2012 £ |
|---|----------|-------------------------|---------------------|
| Income | 2 | 17,002,725 | 16,552,465 |
| Operating and administrative expenses | | <u>(17,341,160)</u> | <u>(16,655,108)</u> |
| Operating deficit | 3 | (338,435) | (102,643) |
| Interest receivable and similar income | 6 | 105,513 | 236,644 |
| (Deficit)/surplus on ordinary activities before taxation | | <u>(232,922)</u> | <u>134,001</u> |
| Tax on surplus on ordinary activities | 7 | (303) | (329) |
| (Deficit)/surplus for the financial year | | <u>(233,225)</u> | <u>133,672</u> |

All of the activities of the company are classed as continuing

For a detailed breakdown of Operating and administrative expenses please refer to pages 31 – 32.

The notes on pages 14 to 29 form part of these financial statements

The English Institute of Sport Limited

Statement of Total Recognised Gains and Losses

Year ended 31 March 2013

| | 2013 £ | 2012 £ |
|--|------------------|--------------------|
| (Deficit)/surplus for the financial year attributable to the members | (233,225) | 133,672 |
| Actuarial gain/(loss) in respect of defined benefit pension scheme (see note 14) | 1,604,000 | (3,202,000) |
| | <hr/> | <hr/> |
| Total gains/(losses) recognised since the last annual report | 1,370,775 | (3,068,328) |
| | <hr/> | <hr/> |

The notes on pages 14 to 29 form part of these financial statements

The English Institute of Sport Limited

Balance Sheet

31 March 2013

| | Note | 2013 £ | £ | 2012 £ | £ |
|---|------|-------------------------|---|---------------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 8 | 2,491,250 | | 1,787,077 | |
| Intangible assets | 9 | 115,659 | | 132,587 | |
| | | <u>2,606,909</u> | | <u>1,919,664</u> | |
| Current assets | | | | | |
| Debtors | 10 | 821,675 | | 563,952 | |
| Cash at bank | | 803,954 | | 734,645 | |
| | | <u>1,625,629</u> | | <u>1,298,597</u> | |
| Creditors: Amounts Falling due Within One Year | 11 | <u>(1,593,587)</u> | | <u>(1,293,304)</u> | |
| Net current assets | | <u>32,042</u> | | <u>5,293</u> | |
| Total assets less current liabilities | | 2,638,951 | | 1,924,957 | |
| Deferred income | 12 | (2,676,460) | | (1,963,241) | |
| Net liabilities excluding pension liability | | <u>(37,509)</u> | | <u>(38,284)</u> | |
| Defined benefit pension scheme liability | 14 | <u>(371,000)</u> | | <u>(1,741,000)</u> | |
| Net liabilities including pension liability | | <u><u>(408,509)</u></u> | | <u><u>(1,779,284)</u></u> | |
| Reserves | | | | | |
| Income and expenditure account | 18 | <u><u>(408,509)</u></u> | | <u><u>(1,779,284)</u></u> | |

These accounts have been audited under the Government Resource and Accounts Act 2000, and are therefore exempt from the requirements of section 475 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 14th June 2013 and are signed on their behalf by:

Nigel Walker
Director

The notes on pages 14 to 29 form part of these financial statements

The English Institute of Sport Limited

Cash Flow Statement Year Ended 31 March 2013

| | Note | 2013 £ | 2012 £ |
|---|------|--------------------|------------------|
| Net cash inflow from operating activities | 19 | 1,744,525 | 1,126,620 |
| Returns on investments and servicing of finance | 19 | 1,513 | 1,644 |
| Taxation | 19 | (329) | (1,027) |
| Capital expenditure and financial investment | 19 | <u>(1,673,227)</u> | <u>(868,849)</u> |
| Cash inflow before financing | | 72,482 | 258,388 |
| Financing | 19 | <u>(3,173)</u> | <u>(19,035)</u> |
| Increase in cash | 19 | <u>69,309</u> | <u>239,353</u> |

The notes on pages 14 to 29 form part of these financial statements

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

1 Accounting policies

Basis of Accounting

The financial statements of The English Institute of Sport Limited are prepared on a going concern basis as referred to in the Directors' report and in accordance with UK GAAP and the Companies Act 2006.

Grant Income

The income shown in the income and expenditure account represents amounts received from UK Sport during the year less amounts credited to a deferred income account. Grant income received during the financial year but not used is deferred until the following year. Grant funding used to acquire fixed assets is credited to this account and then released over the life of the assets.

Fixed Assets

Fixed assets are capitalised at cost where cost exceeds £500. When an item costs less than this but forms part of a group of assets whose total is greater than £500 then these items are also capitalised.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|------------------------|-----------|
| Leasehold Improvements | - 5 years |
| Fixtures & Fittings | - 5 years |
| Computer Equipment | - 3 years |

Intangible Assets

Intangible assets acquired by the company are measured at cost less accumulated amortisation.

Amortisation

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|-----------|
| Software & Licences | - 5 years |
|---------------------|-----------|

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

1 Accounting Policies *(continued)*

Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating Lease Agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownerships remain with the lessor, are charged against income on a straight line basis over the period of the lease.

Pension Costs and Other Post-Retirement Benefits

The pension scheme is a defined benefit scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variation from the cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

The defined benefit scheme is funded, with assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return of high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Taxation

The company pays taxation on interest receivable and any non exchequer funded income.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

2 Income

The income and (deficit)/surplus before tax are attributable to the one principal activity of the company.

An analysis of income is given below:

| | 2013 | 2012 |
|---|-------------------|-------------------|
| | £ | £ |
| UK Sport grant | 10,326,218 | 10,288,773 |
| Sport England grant | 830,169 | - |
| Income from sale of services | 6,272,920 | 6,157,669 |
| Sponsorship income | 36,125 | - |
| Other income | 230,316 | 113,015 |
| Grant released to the income & expenditure account in respect of depreciation | 383,373 | 766,487 |
| Transfer of fixed asset additions to deferred income | (1,070,618) | (748,928) |
| Grant income released from prior year | 43,577 | 19,026 |
| Unused grant released carried forward | (49,355) | (43,577) |
| | <u>17,002,725</u> | <u>16,552,465</u> |

3 Operating deficit

Operating deficit is stated after charging:

| | 2013 | 2012 |
|--|-----------|-----------|
| | £ | £ |
| Depreciation of owned fixed assets | 928,852 | 788,999 |
| Depreciation of assets held under finance lease agreements | - | 19,035 |
| Amortisation | 33,488 | 27,525 |
| Loss on disposal of fixed assets | 23,642 | 50,849 |
| Auditor's remuneration | | |
| - as auditor | 13,650 | 13,650 |
| - for other services | - | - |
| Operating lease costs: | | |
| - plant and equipment | 11,176 | 11,330 |
| - other | 1,390,779 | 1,378,619 |

Included within other operating lease costs are facility rental costs where the agreement is on an annual rolling basis. Hence, these costs are not disclosed as commitments under operating leases within note 15.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

4 Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

| | 2013 | 2012 |
|----------------|------------|------------|
| | No | No |
| Management | 6 | 6 |
| Administration | 25 | 24 |
| Operations | 223 | 226 |
| | <u>254</u> | <u>256</u> |

The aggregate payroll costs of the above were:

| | 2013 | 2012 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 9,098,735 | 8,848,944 |
| Social security costs | 760,639 | 754,370 |
| Other pension costs | 1,031,169 | 785,565 |
| | <u>10,890,543</u> | <u>10,388,879</u> |

5 Directors' Emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

| | 2013 | 2012 |
|---|----------------|----------------|
| | £ | £ |
| Emoluments receivable | 184,003 | 184,484 |
| Value of company pension contributions to defined benefit schemes | 15,064 | 15,439 |
| | <u>199,067</u> | <u>199,923</u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

5 Directors' Emoluments *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

| | 2013 | 2012 |
|-------------------------|-------------|----------|
| | No | No |
| Defined benefit schemes | <u>2</u> | <u>2</u> |

6 Interest Income and Similar income

| | 2013 | 2012 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Bank interest receivable | 1,513 | 1,644 |
| Other finance income in respect of defined benefit pension schemes | <u>104,000</u> | <u>235,000</u> |
| | <u>105,513</u> | <u>236,644</u> |

7 Taxation on Ordinary Activities

(a) Analysis of charge in the year

| | 2013 | 2012 |
|---|-------------------|-------------------|
| | £ | £ |
| Current tax: | | |
| UK Corporation tax based on the results for the Year at 20% (2012: 20%) | <u>303</u> | <u>329</u> |
| Total current tax | <u>303</u> | <u>329</u> |

(b) Factors affecting current tax charge

The tax assessed on the surplus on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2012: 20%). The differences are explained below:

| | 2013 | 2012 |
|---|-------------------|-------------------|
| | £ | £ |
| (Deficit)/surplus on ordinary activities before taxation | <u>(232,922)</u> | <u>134,001</u> |
| (Deficit)/surplus on ordinary activities by the rate of tax | - | 26,800 |
| Income and expenditure not attributable for tax purposes | <u>303</u> | <u>(26,471)</u> |
| Total current tax (note 7(a)) | <u>303</u> | <u>329</u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

8 Tangible Fixed Assets

| | Leasehold Improve- ments £ | Fixtures & Fittings £ | Computer Equipment £ | Total £ |
|-------------------------|---|--|-------------------------------------|--------------------|
| Cost | | | | |
| At 1 April 2012 | 353,415 | 4,094,943 | 2,433,001 | 6,881,359 |
| Additions | 54,710 | 976,531 | 625,426 | 1,656,667 |
| Disposals | (28,626) | (80,412) | (493,571) | (602,609) |
| At 31 March 2013 | <u>379,499</u> | <u>4,991,062</u> | <u>2,564,856</u> | <u>7,935,417</u> |
| Depreciation | | | | |
| At 1 April 2012 | 278,261 | 3,105,062 | 1,710,959 | 5,094,282 |
| Charge for the year | 34,625 | 535,698 | 358,529 | 928,852 |
| On disposals | (28,626) | (74,497) | (475,844) | (578,967) |
| At 31 March 2013 | <u>284,260</u> | <u>3,566,263</u> | <u>1,593,644</u> | <u>5,444,167</u> |
| Net book value | | | | |
| At 31 March 2013 | <u>95,239</u> | <u>1,424,799</u> | <u>971,212</u> | <u>2,491,250</u> |
| At 31 March 2012 | <u>75,154</u> | <u>989,881</u> | <u>722,042</u> | <u>1,787,077</u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

9 Intangible Assets

| | Software & Licences £ |
|---------------------------|--|
| Cost | |
| At 1 April 2012 | 160,112 |
| Additions | 16,560 |
| At 31 March 2013 | <u>176,672</u> |
| Amortisation | |
| At 1 April 2012 | 27,525 |
| Amortisation for the year | 33,488 |
| At 31 March 2013 | <u>61,013</u> |
| Net book value | |
| At 31 March 2013 | <u><u>115,659</u></u> |
| At 31 March 2012 | <u>132,587</u> |

Intangible assets represent amounts spent on the Connect project which is EIS's intranet and document management system.

10 Debtors

| | 2013 | 2012 |
|------------------------------------|-----------------------|----------------|
| | £ | £ |
| Trade Debtors | 216,569 | 141,366 |
| Amounts owed by group undertakings | 978 | - |
| Other debtors | 5,877 | 6,773 |
| Prepayments and accrued income | 598,251 | 415,813 |
| | <u>821,675</u> | <u>563,952</u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

11 Creditors: Amounts Falling due Within One Year

| | 2013 | 2012 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Trade creditors | 842,568 | 557,163 |
| Other creditors including taxation and social security: | | |
| Corporation tax | 303 | 329 |
| Other taxation and social security | 386,786 | 386,110 |
| Finance lease agreements | - | 3,173 |
| Other creditors | <u>10,268</u> | <u>12,657</u> |
| | 1,239,925 | 959,432 |
| Accruals | <u>353,662</u> | <u>333,872</u> |
| | <u><u>1,593,587</u></u> | <u><u>1,293,304</u></u> |

£67,066 (2012: £53,662) of the Other taxation and social security balance relates to VAT liabilities due to the parent company.

12 Deferred income

Funding used to acquire fixed assets is credited to the deferred income account and then released over the life of the asset. Income received in advance but not utilised is also credited to the deferred income account and is released the following year

| | 2013 | 2012 |
|---------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Deferred income re fixed assets | 2,606,909 | 1,919,664 |
| Income received in advance | <u>69,551</u> | <u>43,577</u> |
| | <u><u>2,676,460</u></u> | <u><u>1,963,241</u></u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

13 Commitments under Finance Lease Agreements

Future commitments under finance lease agreements are as follows:

| | 2013 | 2012 |
|--------------------------------------|-------------|--------------|
| | £ | £ |
| Amounts payable within 1 year | - | 3,173 |
| Amounts payable between 2 to 5 years | - | - |
| | <u>-</u> | <u>3,173</u> |

14 Pension Commitments

The company participates in the London Pension Fund Authority Superannuation Scheme (LPFA). It is one of a large number of employers whose staff participate in the scheme, but the data given in this note relates just to the company. The majority of the company's staff are members of the scheme.

The pension scheme is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £693,169 (2012: £685,565).

Following advice of the consulting actuaries to the LPFA, as at 31st March 11 The English Institute of Sport Limited's employer contributions (as a percentage of pensionable salary) were reduced from 12.5% to 9.1%.

A Triennial Actuarial Valuation was carried out as at 31st March 2010 for funding purposes. A further interim valuation was requested as at 31st March 2012.

A valuation for FRS17 purposes was carried out as at 31st March 2013 by a qualified independent actuary. The assumptions used by the actuary for FRS17 valuation purposes were:

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

14 Pension Commitments *(continued)*

| | | |
|---|-------------|------------|
| Financial assumptions: | 2013 | 2012 |
| | % | % |
| Rate of increase in salaries | 3.1 | 3.1 |
| Rate of increase in pensions in payment | 2.6 | 2.5 |
| Discount rate | 4.7 | 4.6 |
| Inflation assumption | 3.4 | 3.3 |
| | | |
| Average future life expectancies at age 65: | Males | Females |
| Current pensioners | 22.1 years | 24.1 years |
| Future pensioners | 24.1 years | 26.0 years |

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus is:

| | 2013 | | 2012 | |
|-------------------------------------|--|------------------------------|-------------------------------------|--------------------------------|
| | Long term rate of return expected % | Value £ | Long term rate of return expected % | Value £ |
| Equities | 6.0 | 12,698,000 | 6.3 | 10,285,000 |
| Target Return Portfolio | 4.6 | 1,739,000 | 4.5 | 1,691,000 |
| Alternative assets | 5.0 | 2,609,000 | 5.3 | 1,972,000 |
| Cash | 0.5 | 348,000 | 3.0 | 141,000 |
| | | <hr/> | | <hr/> |
| Total market value of assets | | 17,394,000 | | 14,089,000 |
| Present value of scheme liabilities | | (17,765,000) | | (15,830,000) |
| Net pension liability | | <hr/> (371,000) <hr/> | | <hr/> (1,741,000) <hr/> |

The overall expected rate of return on scheme assets is projected by the scheme actuaries using modelling techniques, with reference to key assumptions and the relative weighting of scheme assets.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

14 Pension Commitments *(continued)*

The amounts recognised in the income and expenditure account are as follows:

| | 31 March 2013 | | 31 March 2012 | |
|-------------------------------------|---------------|------------------|---------------|----------------|
| | % of pay | £ | % of pay | £ |
| Current service cost | 11.3 | 1,032,000 | 8.9 | 788,000 |
| Interest cost | 8.4 | 764,000 | 7.5 | 662,000 |
| Expected return on Employers Assets | (9.5) | (868,000) | (10.1) | (897,000) |
| Past service cost | 0.0 | - | 0.0 | - |
| Total | 10.2 | 928,000 | 6.2 | 553,000 |
| Actual Return on Scheme Assets | | <u>2,090,000</u> | | <u>132,000</u> |

Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

| | 31 March 2013 £ | 31 March 2012 £ |
|--|-----------------------|-----------------------|
| Actuarial gains/(losses) | <u>1,604,000</u> | <u>(3,202,000)</u> |
| Actuarial gains/(losses) recognised in STRGL | <u>1,604,000</u> | <u>(3,202,000)</u> |
| Cumulative Actuarial losses | <u>(4,543,000)</u> | <u>(6,147,000)</u> |

Changes in the present value of the defined benefit obligation are as follows:

| | 31 March 2013 £ | 31 March 2012 £ |
|--|-----------------------|-----------------------|
| Opening defined benefit obligation | <u>15,830,000</u> | <u>11,357,000</u> |
| Current Service cost | 1,032,000 | 788,000 |
| Interest cost | 764,000 | 662,000 |
| Contributions by Members | 532,000 | 528,000 |
| Actuarial (gain)/loss | (384,000) | 2,436,000 |
| Estimate benefits paid (net of transfers in) | (9,000) | 59,000 |
| Closing defined benefit obligation | <u>17,765,000</u> | <u>15,830,000</u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

14 Pension Commitments *(continued)*

Changes in the fair value of plan assets are as follows:

| | 31 March 2013 | 31 March 2012 |
|--|--------------------------|------------------|
| | £ | £ |
| Opening fair value of employers assets | 14,089,000 | 12,683,000 |
| Expected return on assets | 868,000 | 897,000 |
| Contributions by Members | 532,000 | 528,000 |
| Contributions by the Employer | 694,000 | 688,000 |
| Actuarial gain/(loss) | 1,220,000 | (766,000) |
| Benefits paid (net of transfers in & including unfunded) | (9,000) | 59,000 |
| Closing fair value of Employers assets | 17,394,000 | 14,089,000 |

A history of experience gains and losses is shown below:

| | 31 March 2013 | 31 March 2012 | 31 March 2011 | 31 March 2010 | 31 March 2009 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | £ | £ | £ | £ | £ |
| Fair value of employer assets | 17,394,000 | 14,089,000 | 12,683,000 | 10,610,000 | 6,684,000 |
| Present value of defined benefit obligation | (17,765,000) | (15,830,000) | (11,357,000) | (10,607,000) | (5,024,000) |
| (Deficit)/Surplus | (371,000) | (1,741,000) | 1,326,000 | 3,000 | 1,660,000 |
| Experience gains/(losses) on assets | 1,220,000 | (766,000) | (147,000) | 1,708,000 | (2,147,000) |
| Experience losses on liabilities | - | - | (1,450,000) | - | - |

The major categories of plan assets as a percentage of total plan assets are as follows:

| | 31 March 2013 | 31 March 2012 |
|---------------------|--------------------------|------------------|
| | % | % |
| Equities | 73 | 73 |
| Target return funds | 10 | 12 |
| Alternative assets | 15 | 14 |
| Cash | 2 | 1 |

The Actuaries estimate the employers contributions for the year ending 31 March 2014 will be approximately £699,000

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

15 Commitments under Operating Leases

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as set out below:

| | 2013 | | 2012 | |
|-------------------------------|-----------------------|------------------|-------------------------|------------------|
| | Land & Buildings £ | Other Items £ | Land and Buildings £ | Other Items £ |
| Operating leases which expire | | | | |
| Within 1 year | 3,415 | - | 1,028,044 | 4,608 |
| Within 2 to 5 years | - | 14,352 | 1,150 | 3,531 |
| After more than 5 years | - | - | - | - |
| | <u>3,415</u> | <u>14,352</u> | <u>1,029,194</u> | <u>8,139</u> |

16 Related Party Transactions

The English Institute of Sport Limited's ultimate controlling party is UK Sport. Copies of the group financial statements can be obtained from them at 40 Bernard Street, London, WC1N 1ST, or from their website (www.uk sport.gov.uk)

During the year the company has been in receipt of Exchequer grant income totalling £8,439,304 (2012: £8,292,694) from UK Sport. There were also other grants as follows: Performance Lifestyle grant £916,641 (2012: £891,061), Expert faculty grant £200,000 (2012: £200,000), Property rental grant £14,267 (2012: £14,267), Medical Journal Access grant £20,000 (2012: £20,000), People & Systems Skills Development Project grant £450,000 (2012: £600,000) and Talent identification grant £286,004 (2012: £270,750).

During the year, UK Sport paid on behalf of The English Institute of Sport Limited items totalling £360,212 (2012: £352,380). Also, The English Institute of Sport Limited recharged UK Sport £28,777 (2012: £5,615) of shared expenditure.

The balance due to UK Sport at the year end is £67,066 (2012: £53,662) which is disclosed within short term creditors and represents VAT liabilities for October 12 - March 13. The balance due to The English Institute of Sport is £978 (2012: £Nil)

17 Company Limited by Guarantee

The member has guaranteed the sum of £1 on winding up for payment of debts and liabilities.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

18 Income and Expenditure Account

| | 2013 £ | 2012 £ |
|--|------------------|--------------------|
| Balance brought forward | (1,779,284) | 1,289,044 |
| (Deficit)/surplus for the financial year | (233,225) | 133,672 |
| Defined pension benefit scheme | <u>1,604,000</u> | <u>(3,202,000)</u> |
| Balance carried forward | <u>(408,509)</u> | <u>(1,779,284)</u> |

19 Notes to the Statement of Cash Flows

Reconciliation of Operating deficit to Net Cash Inflow from Operating Activities

| | 2013 £ | 2012 £ |
|--|------------------|------------------|
| Operating deficit | (338,435) | (102,643) |
| Depreciation | 928,852 | 808,034 |
| Loss on disposal of fixed assets | 23,642 | 50,849 |
| Amortisation | 33,488 | 27,525 |
| (Increase)/decrease in debtors | (257,723) | 151,990 |
| Increase in creditors | 1,016,701 | 90,865 |
| Provision for service cost of defined benefit pension scheme | 1,032,000 | 788,000 |
| Defined benefit pension scheme contributions paid | <u>(694,000)</u> | <u>(688,000)</u> |
| Net cash inflow from operating activities | <u>1,744,525</u> | <u>1,126,620</u> |

Returns on Investments and Servicing of Finance

| | 2013 £ | 2012 £ |
|--|--------------|--------------|
| Interest received | <u>1,513</u> | <u>1,644</u> |
| Net cash inflow from returns on investments and servicing of finance | <u>1,513</u> | <u>1,644</u> |

Taxation

| | 2013 £ | 2012 £ |
|----------|--------------|----------------|
| Taxation | <u>(329)</u> | <u>(1,027)</u> |

Capital Expenditure

| | 2013 £ | 2012 £ |
|---|--------------------|------------------|
| Payments to acquire tangible fixed assets | (1,656,667) | (708,737) |
| Payments to acquire intangible fixed assets | (16,560) | (160,112) |
| Receipts from sale of fixed assets | <u>-</u> | <u>-</u> |
| Net cash outflow from capital expenditure | <u>(1,673,227)</u> | <u>(868,849)</u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

19 Notes to the Statement of Cash Flows (continued)

Financing

| | 2013 | 2012 |
|-----------------------------------|----------------|-----------------|
| | £ | £ |
| Capital element of finance leases | <u>(3,173)</u> | <u>(19,035)</u> |
| Net cash outflow from financing | <u>(3,173)</u> | <u>(19,035)</u> |

Reconciliation of Net Cash Flow to Movement in Net Funds

| | 2013 | | 2012 | |
|---|--------------|-----------------------|---------------|-----------------------|
| | £ | £ | £ | £ |
| Increase in cash in the year | 69,309 | | 239,353 | |
| Cash outflow in respect of finance Leases | <u>3,173</u> | | <u>19,035</u> | |
| | | <u>72,482</u> | | <u>258,388</u> |
| Change in net funds | | 72,482 | | 258,388 |
| Net funds at start of year | | <u>731,472</u> | | <u>473,084</u> |
| Net funds at end of year | | <u><u>803,954</u></u> | | <u><u>731,472</u></u> |

Analysis of Changes in Net Funds

| | At 1 Apr 2012 £ | Cash flows £ | At 31 Mar 2013 £ |
|--------------------------|-----------------------|----------------------|------------------------|
| Net cash: | | | |
| Cash in hand and at bank | <u>734,645</u> | <u>69,309</u> | <u>803,954</u> |
| Debt: | | | |
| Finance lease agreements | <u>(3,173)</u> | <u>3,173</u> | <u>-</u> |
| Net funds | <u><u>731,472</u></u> | <u><u>72,482</u></u> | <u><u>803,954</u></u> |

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2013

20 Post Balance Sheet Events

There were no post balance sheet events up to the date the report and accounts were authorised for issue. The authorised for issue date is the date of certification by the Comptroller and Auditor General.

The English Institute of Sport Limited

Management Information

Year Ended 31 March 2013

The following pages do not form part of the statutory financial statements which are the subject of the Comptroller and Auditor General's report on pages 8 to 9.

The English Institute of Sport Limited

Detailed breakdown of Operating and Administrative expenses

Year Ended 31 March 2013

| | 2013 | | 2012 | |
|--|------------------|-------------------|----------------|-------------------|
| | £ | £ | £ | £ |
| Operating and Administrative expenses | | | | |
| Personnel Costs | | | | |
| Wages and salaries | 9,098,735 | | 8,885,591 | |
| Staff national insurance contributions | 760,639 | | 733,162 | |
| Staff pension contributions | <u>1,031,169</u> | | <u>770,126</u> | |
| | | 10,890,543 | | 10,388,879 |
| Establishment Expenses | | | | |
| Utilities | 22,832 | | 12,866 | |
| Insurance | 83,522 | | 73,106 | |
| Repairs and maintenance | <u>44,105</u> | | <u>35,819</u> | |
| | | 150,459 | | 121,791 |
| General expenses | | | | |
| Travel and motor expenses | 781,435 | | 757,744 | |
| Telephone | 179,796 | | 184,594 | |
| Information systems costs | 754,401 | | 644,918 | |
| Meeting and workshops | 164,507 | | 198,287 | |
| Athletes equipment and consumables | 444,899 | | 351,881 | |
| Relocation expenses | 4,660 | | 3,172 | |
| Stationery and postage | 69,821 | | 62,863 | |
| Staff training | 260,338 | | 358,008 | |
| Other staff costs | 97,612 | | 80,302 | |
| Recruitment expenses | 26,975 | | 42,700 | |
| Contracted service providers | 892,988 | | 920,539 | |
| General expenses | 17,491 | | 24,908 | |
| Marketing | 44,982 | | 35,889 | |
| Legal and professional fees | 21,982 | | 11,967 | |
| Technical consultancy fees | 123,296 | | 150,550 | |
| Payroll administration costs | 16,739 | | 13,240 | |
| Auditors remuneration & accountancy costs | 16,452 | | 19,307 | |
| Depreciation of leasehold improvements | 34,625 | | 38,393 | |
| Depreciation of fixtures and fittings | 535,698 | | 503,954 | |
| Depreciation of office equipment | 392,017 | | 293,212 | |
| Loss on disposal of fixed assets | <u>23,642</u> | | <u>50,849</u> | |
| | | 4,904,356 | | 4,747,277 |
| | | | | |
| Carried forward | | <u>15,945,358</u> | | <u>15,257,947</u> |

The English Institute of Sport Limited

Detailed breakdown of Operating and Administrative expenses

Year Ended 31 March 2013

| | 2013 | | 2012 | |
|--|------|-------------------|------|-------------------|
| | £ | £ | £ | £ |
| Operating and Administrative expenses <i>(continued)</i> | | | | |
| Brought forward | | 15,945,358 | | 15,257,947 |
| Financial Costs | | | | |
| Financial costs | | 436 | | 2,643 |
| Operating lease: Property & P&E | | 1,390,779 | | 1,389,949 |
| Bank charges | | 4,587 | | 4,569 |
| | | <u>1,395,802</u> | | <u>1,397,161</u> |
| | | <u>17,341,160</u> | | <u>16,655,108</u> |



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