

The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

Annual Report and Financial Statements 2011-2012

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Annual Report and Financial Statements 2011-2012

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The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

TRUSTEES' REPORT

The Trustees' present their Report on the affairs of the Company together with the financial statements and auditor's report for the year ended 31 March 2012.

STRUCTURE, GOVERNANCE and MANAGEMENT

Governing document

The Sports Council Trust Company ("the Charity") is a company limited by guarantee which is governed by its Memorandum and Articles of Association. It is a registered charity with the Charities Commission. The sole member as at 1 April 2011 and throughout the year was The English Sports Council (also known as Sport England).

On 26 July 2010, the government announced its intention to merge our parent body, The English Sports Council, with UK Sport. Discussions are taking place with the Department for Culture, Media and Sport (DCMS) concerning the timing of the merger. The English Sports Council has obtained assurance from DCMS that it will continue to operate for at least the next 12 months. Having discussed these circumstances with The English Sports Council, the Trustees' expectation is that the operation of the Charity will continue in its current form for at least the next 12 months. As a result, the Trustees' consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Appointment of Trustees

The directors of the Company are its Trustees and, for the purposes of charity law, throughout this report are collectively referred to as Trustees. All appointments to the Charity for the position of Chairman, Trustees and Company Secretary are made by The English Sports Council and are in accordance with:

- the Parent/Subsidiary Memorandum;
- the Company's Memorandum and Articles of Association; and
- The English Sports Council's Recruitment and Selection Guidelines: Subsidiary Boards.

Trustee induction and training

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

Organisation

The Board of Trustees administers the Charity. During the year the Board met four times. The Charity has no employees.

The Chairman has accountability for the management of the operations of the Charity. To facilitate effective operations, the Chairman delegates authority for day-to-day administration to officers of The English Sports Council (see related parties below) as set out in the Service Level and Agency Agreements between The English Sports Council and the Charity. The Chairman throughout the year was David Knight.

Related parties

The English Sports Council is the principal related party with the Charity (note 2). The Parent/Subsidiary Memorandum entered into on 26 July 2010, effective from 1 April 2010, between The English Sports Council and the Charity provides the operating and governance framework between The English Sports Council (the Parent) and the Charity (the Subsidiary). The Parent/Subsidiary Memorandum is subject to periodic review and was reviewed by the Board on 17 May 2012.

The Charity acquires tangible assets and, through formal agency agreements, The English Sports Council operates as the Charity's agent in relation to the use, management and maintenance of those assets.

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Risk management

The Board of Trustees identifies and reviews the major risks that the Charity faces in relation to its activities and is satisfied that it has taken all reasonable steps to mitigate those risks. Risk consideration is a standing agenda item at board meetings and the Charity has adopted a formal risk register.

The following risks are considered by the Trustees to be the most significant risks facing the Charity. Additional risks not presently known to the Charity, or that it currently deems immaterial, may also impact on the Charity's operations:

- Reduction of funding and support provided by The English Sports Council;
- The management contractors engaged to operate the National Sports Centres may underperform and fail to meet targets; and
- Investments made by the Charity do not achieve capital growth or generate sufficient income to meet its charitable objects.

OBJECTIVES AND ACTIVITIES

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

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

The Charity aims to meet these charitable objects by providing opportunities for increased participation in a wide range of sporting activities and access to community facilities.

The main objectives of the Charity are:

- The provision and maintenance of world-class training facilities at the National Sports Centres;
- The provision of grants to various sporting organisations; and
- Ensuring that the National Sports Centres fulfil the Charity's aspiration to become a beacon of sports development in England.

The strategies to achieve these objectives included:

- Awarding management contracts to Serco Leisure Operating Limited (Serco) for each of the National Sports Centres and to the Mountain Training Trust (MTT) for the Plas y Brenin National Mountain Centre, which includes performance metrics aligned to strategic and charitable objectives;
- Reviewing the grants policy and available funding; and
- Monitoring the performance of the investment manager.

Further explanation on the significant activities that contributed to the achievement of the Charity's objectives is detailed in the following sections of the Trustees' Report.

REVIEW OF ACTIVITIES

The National Sports Centres owned or leased by the Charity during the year were Bisham Abbey and Lilleshall, in addition to Plas y Brenin, the National Mountain Centre for Wales. These facilities are managed on behalf of the Charity through agency agreements with The English Sports Council. As of 29 March 2012, The Redgrave and Pinsent Rowing Lake (formerly owned by Caversham Lakes Trust Limited, a wholly owned subsidiary of The English Sports Council) was transferred to the Charity in order to rationalise and harmonise The English Sports Council's operations. In addition, the Charity continues to oversee the operation of the car park and campsite at Harrison's Rocks.

Bisham Abbey and Lilleshall are managed by Serco, who were awarded the management contracts in 2011 for a term of 15 years. These contracts focus on National Governing Bodies and sports development, with a view to creating a world-leading community sport environment, flagship facilities and high performance that deliver against The English Sports Council's National Centre strategic objectives. Throughout the year, 26 training and familiarisation sessions were delivered to prepare

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the National Sports Centres' teams and to ensure that all parties were aware of and understood future requirements to meet these objectives.

Following a robust review the previous year, the contract for the management of Plas y Brenin was awarded to Mountain Training Limited (MTL), the parent company of the incumbent operator, MTT. MTT continue to undertake the day to day management of Plas y Brenin under a service contract with its parent company, MTL.

The Redgrave and Pinsent Rowing Lake is managed and operated by British Rowing via a lease arrangement (pursuant to a lease dated 1 November 2006) and a management agreement remains in place between British Mountaineering Council Land and Property Trust and the Charity in relation to the operation of the car park and ancillary facilities at Harrison's Rock.

The Charity has, through a Lottery award granted in 2011-12, invested further in Lilleshall and Bisham Abbey, providing improved sports facilities and accommodation to provide an environment which accommodates community, club and elite activity, as well as driving effective talent development at each level. The focus is now on raising standards to achieve the delivery of the objectives set for the National Sports Centres.

The activities undertaken at each of the National Sports Centres to achieve the Charity's objectives are detailed below:

Bisham Abbey

Since their appointment, Serco has commenced implementing the improvements identified as part of the internal audit the previous year. These include improvements to the grounds, landscapes, specialist sports services, maintenance and catering facilities. In recognising the challenges that lay ahead, Serco has also focused on improving the internal/operational governance of the centre and has taken the following action:

- New staff appointments;
- Procedure reviews;
- eProduced sports development plans;
- Produced marketing plans; and
- Catering improvements.

In addition, replacement of the indoor tennis courts was completed in August 2011 and significant investment has been made to improve the grounds and equipment. Throughout the financial year, the contractor also spent £70k on lifecycle projects.

During the year, Bisham Abbey hosted international hockey camps from 11 different countries, including China, Australia, Korea, Spain and the USA. Other visitors included the South African rugby union academy, Dutch football academy, Irish and Welsh FA senior squads as well as football federation for Australia and Red Bull Formula 1 team.

Lilleshall

Serco has also made significant improvements at Lilleshall, implementing the improvements identified as part of the internal audit at this centre, as well as improving its internal and operational governance. In addition, £450k was spent on lifecycle projects.

The work on the conversion of Eaton Colson as part of the Battleback Centre for the Royal British Legion is now complete, with the exception of the reception area which is scheduled for completion in June 2012. In addition, the pavilion works, the refurbishment of the accommodation and the work being undertaken to create a new sports hall have all commenced and are expected to be completed during 2012.

Various events have been held at Lilleshall throughout the year, including a weekend residential instructors' course attended by the English Shotokan Academy, which had 75 attendees from across the UK, Europe and Japan. The course comprised of training sessions and the organisation's AGM. Lilleshall also hosted a number of National Governing Bodies of Sport, including regular users such as England Hockey, British Gymnastics, England Squash, Rugby Football Union, English Table Tennis and Archery GB.

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Plas y Brenin

Plas y Brenin runs a year round programme of mountain sports courses including rock climbing, mountaineering, scrambling, hill walking and orienteering, mountain biking, skiing, kayaking and canoeing. There is also a large day visitor programme of activities taking place throughout the year.

A number of large weekend residential events were held at Plas Y Brenin throughout the year, including a winter climbing event, Christmas walking and folk music. Not only were these hugely successful, but they were also sell out events, which contributed to increased usage for the year.

The new mountain bike training trail has now been completed and the new partnership with Scott Sports included MTT hosting a training camp event for a professional road cycling team. The popularity of cycling continues to grow and a new range of courses are now offered at Plas y Brenin, as well as the trail being available to the local youth biking club.

During the year, the British Mountaineering Council held its AGM and annual gathering at Plas y Brenin, which was attended by 130 members. A coaching conference was also held by the British Mountaineering Council, which attracted over 50 attendees.

The Redgrave and Pinsent Rowing Lake

The Redgrave and Pinsent Rowing Lake is predominantly used by the GB Rowing Team Squad and is their frontline training facility. Throughout the year, the centre has been used by Olympic squads, Paralympic squads and development teams. The Oxford University Boat Club and University College Oxford Boat club also have a right of entry to The Redgrave and Pinsent Rowing Lake under the Original Land Transfer Agreement.

Harrison's Rocks

The Charity is responsible for the operation of the car park and campsite at Harrison's Rocks, which is an outcrop of sandstone rocks used widely by the mountaineering and rock climbing community.

Other operational activities

During the year, David Oxley and Tim Marshall resigned as Trustees of the Charity, after numerous years of exceptional service and dedication to the Charity. In addition, Scott Pugh resigned as Board Secretary and a new Board Secretary, Michelle Vassall, was appointed in his stead.

During the course of the previous financial year, the Charity reviewed its grants policy and established new grant criteria; Barings Asset Management Limited was also appointed to replace Barclays Wealth Management as Investment Manager in October 2010. As a result and due to increased returns from the Charity's investment portfolio, the Charity was able to recommence grant making, awarding a grant to the Clifton Cricket Club.

PUBLIC BENEFIT

The public benefit provided by the Charity is the provision of facilities, the National Sports Centres, for physical recreation (including sport) which are available for use by members of the public. The National Sports Centres are managed and operated for the benefit of the community, with the aim of enhancing physical and mental health via the provision of sporting opportunities and by protecting access to sporting facilities for the public.

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

In pursuit of their charitable objectives throughout the year ended 31 March 2012, the Charity sees the following results and achievements as significant towards enhancing the level of community use at its National Sports Centres:

Bisham Abbey

Sports facilities include tennis courts, rowing, hockey pitches, football pitches, a multi-purpose grass pitch, nine hole short golf course, squash courts and a multi-sports facility, including an English Institute of Sport (EIS) strength and conditioning area, and sports science medical centre. It also includes a gym and fitness centre and has on-site accommodation.

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The tennis academy continues to develop at Bisham Abbey by offering opportunities for the whole talent pathway from mini tennis and working with schools to introduce players to the sport, through to developing the Bisham Tennis Club. This is achieved by coaching, identifying talent and running a successful residential programme for elite players. During July and August 2011, WIN tennis tripled their summer requirements and ran junior tennis camps for six weeks, with numbers attending being between 60 and 80 per week. These camps were run alongside additional High Performance Camps which were available to international and UK players. Of the 95 players who continue to train at Bisham Abbey, 28 are world and European-ranked.

FAB football academy also has 200 boys attending training each week. Coaching staff at levels two, three and four offer a professional learning environment for all players between the ages of 6 – 18, with scholarship opportunities for school leavers.

2011 saw a squash development programme implemented for young and senior players at Bisham Abbey and the new Berkshire County Sport Partnership has been based at Bisham Abbey since September 2011.

Lilleshall

Sports facilities include an international standard gymnastics hall, squash courts, an international archery performance centre, a hockey pitch, a multi-purpose astroturf pitch, football pitches, rugby pitch, multi-purpose indoor sports halls and an EIS strength and conditioning area and sports science medical centre.

The English Sports Council, in conjunction with The Royal British Legion (TRBL), continues to work on a joint venture to establish a Battle Back Challenge Centre. This will provide wounded, injured and sick service men and women with sporting opportunities and outdoor activities as part of a holistic rehabilitation. The Battle Back Centre, to be established in the Eaton Colson Hall, will provide for up to 40 residents and will focus on rebuilding the individuals' confidence and motivation to enable them to either return to service or adapt to civilian life. These works have been progressing well and the handover of the first phase of accommodation took place in September 2011. The Royal British Legion has also added further funding to the project to improve the standard of finishes.

Lilleshall has been used as a training ground for the British International Archers, who invited 200 school children to watch them shoot to help them prepare for dealing with the noise and atmosphere of a major sporting environment.

Plas y Brenin

On-site sports facilities include two wall climbing areas, an abseil tower and a canoe training pool. In order to ensure quality verification, Canoe England has designated Plas y Brenin as their sole delivery centre for Level three UK Coaching Certificate courses in recreational coaching. The first UK Coaching Certificate and British Canoe Union coaching certificate Level three Competitive Slalom for the British Canoe Union was delivered by Plas y Brenin's Head of Paddle Sport. The coaches at Plas y Brenin are now leading in the directing of Level three canoe courses in all disciplines. Outdoor skills training, such as navigation, search and rescue, water awareness and first aid, have also been delivered to a range of organisations such as the RSPCA, RSPB, RAF and Outdoor Expeditions.

Throughout the year, Plas y Brenin has hosted safety seminars for the British Canoe Union and British Mountaineering Council, a ski mountaineering symposium (which looked at barriers to participation and promoting community participation) and the Outdoor Writers and Photographers' Guild AGM.

Through the North Wales outdoor partnership, funding for a short fast track training scheme for local people has been achieved. This will provide six week courses involving eight people based at Plas y Brenin.

The Redgrave and Pinsent Rowing Lake

The Redgrave and Pinsent Rowing Lake is predominantly used by the GB Rowing Team Squad and is their front line training facility. However, there are also conditions of use in place for community access.

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Harrison's Rocks

Harrison's Rocks is an outcrop of sandstone rocks used widely by the mountaineering and rock climbing community.

PERFORMANCE

The new management contracts in place at Bisham Abbey and Lilleshall with Serco contain performance reporting mechanisms to include sports and National Governing Body development and participation targets driving sporting outcomes clearly linked to The English Sports Council's aims and objectives, including that of wider community engagement, and during the course of the 2011-12 reporting year, a new balanced scorecard reporting approach has been developed, which will be presented regularly to the Trustees during 2012-13. Each of the management contracts performed well in the first year and no deductions were applied to the management fee for any performance failures.

Actual bed nights at Bisham Abbey this year totalled 23,491 against a target of 24,621, and 75% of this usage was from National Governing Bodies. In addition, there were over 180,000 visits to the site from non-residential users (compared to 114,000 visits in 2010-11). At Lilleshall, actual bed nights in 2011-12 totalled 30,788 against a target of 33,834, 58% of these were NGBs. There were also 140,000 visits from non-residential users (compared with 92,000 visits in 2010-11).

There were approximately 18,215 rower days at The Redgrave and Pinsent Rowing Lake during the year, 12,138 of which were senior rowers (able bodied and adaptive) and approximately 6,077 were development and club rowers.

At Plas y Brenin there were 23,250 student days, compared to 24,790 in the previous year. In addition, Plas y Brenin are now also collecting information on non-residential participants; in 2011/12 there were 9680 non residential visitors.

OTHER ACHIEVEMENTS

The National Sports Centres continue to enhance and support the delivery of talent development from community to world class performance by the National Governing Bodies, through the provision of a mix of high quality sports facilities, co-located with supporting provision in a unique inspirational sporting environment. Investment in The English Institute of Sport's Strength and Conditioning Gym and Performance Centre continues to provide athletes with the facilities which contribute to their performance.

Through their training and selection events at Lilleshall, the GB Paralympic archers won silver medal at the Arizona cup in the USA. Back in the UK, 19 of the able bodied archers began the chase for just six places in London 2012.

Plas y Brenin has developed a partnership with British Cycling for the running of a new British cycling mountain bike leader award and will be one of only two centres used by British cycling to deliver this training. In addition, Plas y Brenin has continued to develop its partnership with British Canoe Union and has developed level three canoeing courses, with Plas y Brenin having responsibility for being the sole provider of these courses for canoe England. Plas y Brenin is also responsible for the quality assurance of the lower level courses provided by other providers across England.

In 2011, GB Rowing, the elite team within British Rowing, who use The Redgrave and Pinsent Rowing Lake, qualified a record 47 out of a possible 48 rowers in 13 of 14 Olympic boat classes and also qualified eight out of a possible nine rowers in three of four Paralympic boat classes for the London 2012 Olympics and Paralympics via the World Championships in Slovenia. GB Rowing was also the top rowing nation, winning the overall World Championships with a total of seven gold medals, three silvers and four bronze. The Lake was also used by Development Team (the U23, the Junior and the European Development Teams), who held their final camps and pre-competition training at The Lake and returned with seven medals from their respective competitions.

CAPITAL INVESTMENT

There has been substantial capital investment into the National Sports Centres over the past year to enhance the facilities provided for the public benefit. Investment has principally taken place at Bisham Abbey and Lilleshall.

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Of the £16 million English Sports Council lottery funding awarded to Bisham Abbey and Lilleshall, £4,054,454 has been spent during the course of the financial year. In addition £1,060,838 of English Sports Council exchequer funding (through gifting) has been spent on capital improvements. The Royal British Legion (TRBL) also contributed £270,332 for the improvement of facilities at Lilleshall. The total of this capital investment amounts to £5,385,624, and includes £91,339 spent on regional offices.

The total capital investment included within the financial statements is £13,720,124 comprising the amount above of £5,385,624 plus £8,334,500 representing The Redgrave and Pinsent Rowing Lake transferred from Caversham Lakes Trust Limited.

Bisham Abbey

Capital spend at Bisham Abbey during 2011-12 was £577,438 and included fire alarm replacement, conference room refurbishments, underground car park lighting, new signage and branding, and new gym equipment.

Lilleshall

Capital invested at Lilleshall in 2011-12 was £4,716,847 and includes new spectator seating for the hockey pitches, conference room upgrades, new CCTV and reception toilets refurbishment. This amount includes nearly £4m of lottery funding spent on the creation of a new outdoor pavilion, the refurbishment of the Eaton Colson accommodation as part of the Battleback Centre for The Royal British Legion, and the refurbishment of Kent Hall bedrooms to a standard similar to that of a hotel.

Plas y Brenin

£70k of improvements were undertaken at Plas y Brenin in 2011/12 and these were funded by the contractor. These improvements included the construction of a mountain bike training trail, investment to the accommodation facilities, the bar and dining room and a new fleet of kayaks and canoes.

Other than the above, there has been no further capital investment by the Charity.

FINANCIAL REVIEW

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

The Charity's main activities in pursuance of its charitable objectives has been the acquisition and maintenance of tangible fixed assets and facilities for physical recreation operated by The English Sports Council, as the Charity's agent, for use by the public.

The Charity received net assets amounting to £1,060,838 by way of a gift from The English Sports Council in the year to 31 March 2012 (2011: £1,991,538) The Charity utilised £4,054,454 out of the £16 million Lottery grant approved (2011: £nil) to improve facilities at Bisham Abbey and Lilleshall. The Charity also received £270,332 (2011: £nil) from The Royal British Legion to improve facilities at Lilleshall. The asset transfer from Caversham Lakes Trust Limited brought assets with a depreciated replacement cost value of £8,334,500 into the Charity. The total increase in assets from these sources amounted to £13,720,124.

The net incoming resources of the Charity for the year to 31 March 2012 were £11,807,723 as set out in the Statement of Financial Activities. (2011: net outgoing resources £4,646,538).

There was a small operational surplus for the year of £30,413 (2011: deficit £20,336) , as set out in note 18 after allowing for the asset valuation, depreciation, and grants receivable applied to capital expenditure. The operational surplus refers to the day to day activities of the Charity.

The desktop external valuation of the Charity's National Centres undertaken by the Valuation Office Agency yielded a net surplus of £436,506. In accordance with UK Accounting Standards, assets should be valued separately and not as a portfolio. Any valuation increases/decrease, to the extent they are not offset by a previous valuation surplus or deficit, is charged to the Statement of Financial Activities. The total amount of these valuation increases/decreases amounted to for 2012 increase

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£436,506 (2011: decrease £4,385,505), The total revaluation surplus for the year amount to £390,020 (2011: deficit £6,029,389).

There has been an increase in the net assets of the Charity of £12,190,779, between 1 April 2011 and 31 March 2012. An analysis of assets and how they have been funded is set out in note 19. The increase in net assets can be summarised as follows:

	£
Net assets 1 April 2011	54,864,421
Add net property revaluation	436,506
Add assets gifted from The English Sports Council	1,060,838
Add Lottery funded assets	4,054,454
TRBL funded assets	270,332
Assets transferred from Caversham Lakes Trust Limited	8,334,500
Less decrease in value of financial assets	(6,964)
Less depreciation charge for the year	(1,989,300)
Add operational surplus for the year	30,413
 Net assets 31 March 2012	67,055,200

Capital Investment Summary

	Gifted – ESC £	CLTL Transfer £	Lottery Funded £	TRBL £
Bisham Abbey				
Artificial hockey pitch	51,058	-	-	-
New sports centre - planning	3,349	-	57,326	-
Bisham Abbey Building	115,766	-	-	-
Gym equipment	299,498	-	-	-
Conferencing facilities	-	-	31,807	-
Other	8,634	-	10,000	-
Bisham Abbey - Total	478,305	-	99,133	-
 Caversham Lakes				
Freehold Building	-	1,457,000	-	-
Freehold Bund	-	6,337,500	-	-
Land	-	540,000	-	-
Caversham Lakes Total	-	8,334,500	-	-
 Lilleshall				
Main hall refurbishment	239,963	-	-	-
Eaton Colson upgrade	-	-	1,373,109	270,332
Ford Hall refurbishment	244,453	-	-	-
Kent Hall major refurbishment	-	-	1,554,078	-
New remote pavilion	-	-	418,190	-
New sports hall	-	-	591,512	-
Other	6,778	-	18,432	-
Lilleshall Total	491,194	-	3,955,321	270,332
 Regional Offices				
Victoria House - New meeting rooms	91,339	-	-	-
Regional Offices - Total	91,339	-	-	-
	1,060,838	8,334,500	4,054,454	270,332

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Summary by Property

Bisham Abbey	577,438
Caversham Lakes	8,334,500
Lilleshall	4,716,847
Regional Offices	91,339
	<u>13,720,124</u>

Grants policy

The Charity has a small grants policy which enables awards to be granted to suitable applicants. The Charity's policy is to accept applications from not for profit organisations supporting the sporting activities of disadvantaged people including, though not restricted to, young people, people with disabilities, and people from ethnic minority groups. Applications must relate to participation in sporting events, the subsidy of sporting events or the provision of facilities or equipment for people within The English Sport Council's priority disadvantaged groups as specified in the Charity's grant award criteria.

Investment policy

The Charity confirmed that the investment policy relating to the portfolio of equity investments is to firstly generate a level of income that will contribute to both operating expenditure and grant making activities and secondly to preserve capital and generate reasonable returns.

The charity's investment funds have held with Barings Asset Management Limited since October 2010 and are invested in a Targeted Income Fund. The objective of this investment is to maximise income generation with low investment risk. Therefore risk exposure relating to financial instruments is minimised. The investment manager maintains a balanced portfolio with less volatility than a pure equity investment and reports quarterly on investment performance. The investment manager presented at a meeting of the Board on 22 February 2012. The investments generated income of £17,469 in the year (2011 £7,591) and the current market value of the investments at 31 March 2012 is £597,800 (2011: £604,764).

Reserves policy

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

Restricted reserves include those which cannot readily be realised and used for an alternative purpose; principally the fixed assets gifted from The English Sports Council, its predecessor The Sports Council, the former Sports Council Trust, or funded through The English Sports Council National Lottery Distribution Fund.

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

Unrestricted reserves at 31 March 2012 amounted to £1,704,459 (2011 £1,732,189). This amount includes reserves for financial assets of £597,800 and net current assets £223,685 to provide working capital. Working capital for liquidity purposes includes financial assets although these assets are not intended for resale. This equates to three months on resource expenditure excluding non-cash items such as depreciation and revaluations.

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PLANS FOR FUTURE PERIODS and POST BALANCE SHEET EVENTS

The Charity plans to continue the activities outlined above in the forthcoming years. After making enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements. Regarding going concern please note the comments set out within the Governing document section on page 1.

TRUSTEES

The Trustees of the Charity are:-

- David Knight (Chairman)
- Mike Green
- Sonia Howe
- Geoff Lawton
- Tim Marshall MBE (resigned 20 May 2011)
- Keith Nicholls
- David Oxley CBE (resigned 20 May 2011)
- Bernard Spittle OBE

The Company Secretaries who served during the year were:

- Scott Pugh (resigned 30 November 2011)
- Michelle Vassall (appointed 30 November 2011)

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TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

By Order of the Board

David Knight
Chairman

Date: 1 June 2012

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE SPORTS COUNCIL TRUST COMPANY

I certify that I have audited the financial statements of the Sports Council Trust Company for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the trustees and the auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sports Council Trust Company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

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

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date 15 June 2012

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)

	Note	2012 Restricted £	2012 Unrestricted £	2012 Total £	2011 Total £
Incoming Resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Grants and donations	3	13,720,124	70,190	13,790,314	2,085,694
<i>Activities for generating funds:</i>					
Property income	4	-	3,017,149	3,017,149	2,846,960
<i>Financial asset Income</i>	5	-	17,569	17,569	7,742
Total incoming resources		<u>13,720,124</u>	<u>3,104,908</u>	<u>16,825,032</u>	<u>4,940,396</u>
Resources expended					
<i>Charitable activities</i>					
Community programmes	6	-	6,000	6,000	-
Provision of facilities	7	1,907,438	3,087,920	4,995,358	9,567,192
<i>Governance costs</i>	7	-	15,951	15,951	19,742
Total resources expended		<u>1,907,438</u>	<u>3,109,871</u>	<u>5,017,309</u>	<u>9,586,934</u>
Net incoming/(outgoing) resources		11,812,686	(4,963)	11,807,723	(4,646,538)
Revaluation of fixed assets	13	405,823	(15,803)	390,020	6,029,389
Revaluation of financial assets	10	-	(6,964)	(6,964)	5,224
Net movement of funds in year		<u>12,218,509</u>	<u>(27,730)</u>	<u>12,190,779</u>	<u>1,388,075</u>
<i>Reconciliation of funds</i>					
Total funds brought forward		53,132,232	1,732,189	54,864,421	53,476,346
Total funds carried forward		<u>65,350,741</u>	<u>1,704,459</u>	<u>67,055,200</u>	<u>54,864,421</u>

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

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

Company no. 2517615

BALANCE SHEET
As at 31 March 2012

	Note	2012 £	2011 £
<u>Fixed assets</u>			
Tangible assets	9	66,234,214	54,066,884
Financial assets	10	597,800	604,764
		<u>66,832,014</u>	<u>54,671,648</u>
<u>Current assets</u>			
Debtors	11	2,585,637	1,026,160
Cash at bank		21,323	33,005
		<u>2,606,960</u>	<u>1,059,165</u>
<u>Current Liabilities</u>			
Creditors falling due within one year	12	2,383,774	866,392
<u>Net Current assets</u>		<u>223,186</u>	<u>192,773</u>
<u>Net assets</u>		<u>67,055,200</u>	<u>54,864,421</u>
<u>The funds of the Charity</u>			
Restricted Revaluation Reserve	13	10,831,888	10,149,566
Unrestricted Revaluation Reserve	13	133,394	140,293
Restricted funds – The English Sports Council Funded Assets	14	35,689,778	36,422,863
Restricted funds – The English Sports Council Lottery Funded Assets	15	18,526,001	6,462,438
Restricted funds – other	16	211,981	6,036
Restricted funds – capital	17	91,093	91,329
Unrestricted funds	18	1,571,065	1,591,896
Total Charity funds		<u>67,055,200</u>	<u>54,864,421</u>
Reconciliation of Restricted and Unrestricted reserves:			
Total restricted		65,350,741	53,132,232
Total unrestricted		1,704,459	1,732,189
Total		<u>67,055,200</u>	<u>54,864,421</u>

The Company is entitled to the exemption from the requirements of The Companies Act 2006 section 482 (non-profit-making companies subject to public sector audit).

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

David Knight
Chairman

DATE: 1 June 2012

THE NOTES ON PAGES 17 TO 28 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

CASH FLOW STATEMENT

	Note	2012 £	2011
<u>Net cash inflow/(outflow) from operating activities</u>	20.1	<u>2,977,500</u>	<u>(33,754)</u>
Returns on financial assets and servicing of finance			
Interest and dividends received	5	<u>17,569</u>	<u>7,742</u>
<u>Net cash flow from financial assets and servicing of finance</u>		<u>17,569</u>	<u>7,742</u>
<u>Capital Expenditure activities:</u>			
Purchase of lottery funded assets	9	<u>2,864,328</u>	-
The Royal British Legion funded additions	9	<u>(142,423)</u>	-
<u>Net cash flow from capital expenditure activities</u>	20.3	<u>(3,006,751)</u>	-
<u>Financial asset activities:</u>			
Purchase of financial assets		-	(599,540)
Sale of financial assets		-	<u>599,540</u>
<u>Net cash flow from financial asset activities</u>		<u>-</u>	<u>-</u>
 <u>Net cash (outflow)</u>		 <u>(11,682)</u>	 <u>(26,012)</u>
 Changes in cash balances during the year :			
Balance as at 1 April	20.2	<u>33,005</u>	59,017
Net cash (outflow)	20.2	<u>(11,682)</u>	<u>(26,012)</u>
Balance as at 31 March	20.2	<u>21,323</u>	<u>33,005</u>

THE NOTES ON PAGES 17 TO 28 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 Basis of Accounting

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

1.2 Incoming resources

Voluntary income including gifted assets, gifts in kind and performance related lottery grants. Grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income from property income is recognised on a receivable basis. Financial asset income is recognised on a receipts basis.

1.3 Provision of Facilities : Allocation of Costs

The majority of the Charity's expenditure is spent on the provision of facilities as set out in note 7. Expenditure is recognised when a liability is incurred.

Support costs are allocated to activities directly or on the basis of location or usage. Location relates to the costs in connection with freehold and leasehold property occupied by The English Sports Council and another sport charity.

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

1.4 Governance costs

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

1.5 Costs directly related to activities

These costs relate to the general administration costs of the Charity.

1.6 Grants

Grants are recognised in the period in which the grant is approved by the trustees and there are no conditions attached to the award that has not been complied with by the awardees.

1.7 Dividends

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

1.8 Tangible Fixed Assets

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

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

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

Art Works and Antiques are carried at external valuation dated 17 January 2008. The valuers value these assets for the purposes of insurance based on their opinion of the actual purchase price or probable cost of replacing the items in the condition in which they saw them with comparable items in similar condition by purchase in the normal retail market at the valuation.

Other tangible assets have not been revalued as fair value is not considered to be materially different to depreciated historic cost.

1.9 Depreciation

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

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

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

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

1.10 Financial Assets

Financial Assets are shown at valuation at the end of the year and are classified as available for sale financial assets. There is no planned intention to sell these assets. Any gains or losses arising from the revaluation is shown in The Statement of Financial Activities

1.11 Funds

Details of all restricted and unrestricted funds are provided in notes 14 to 18.

Restricted funds: These funds are earmarked by the donor for specific purposes.

Unrestricted funds: These funds comprise general funds that are expendable at the discretion of the trustees in furtherance of the objects of the Charity and that have not been designated for other purposes.

1.12 Gifts In Kind: The English Sports Council

The amount at which gifts in kind are included for administration costs is based on a reasonable estimate of their gross value to the Charity. For tangible fixed assets and operational costs the value is based on the amount actually expended by the donor.

1.13 Taxation

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

1.14 Going Concern

The financial position of the Charity is supported by The English Sports Council, as the sole member of the Company and is the major provider of funds through the gifting of all capital expenditure on the Charity's National Sports Centres and its other property assets. The Charity does not commit to any capital expenditure that requires funding from its own resources.

The going concern adoption is not affected by The English Sports Council's proposed merger with UK Sport. The Trustees have discussed the announced merger with The English Sports Council. They have been advised that following an assurance from the Department for Culture Media and Sport, The English Sports Council will continue to operate for at least 12 months and, should it be required, be able and willing to continue supporting the charity for the foreseeable future. As a result, The Trustees consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

2 RELATED PARTY TRANSACTIONS

The Charity has a close working relationship with its parent body The English Sports Council (ESC). The English Sports Council is the Charity's main provider of funds enabling the Charity to carry out its charitable objectives. It also provides a financial and administrative service to the Charity for which a charge of £28,000 is made (refer to note 3 for more details on gifts in kind).

Included within note 4 on property income are recharges to The English Sports Council for property costs, repairs and legal and professional costs in respect of properties occupied by The English Sports Council.

	Income included in the financial statements 2012 £	Amount owed to ESC at 31 March 2012 £	Income included in the financial statements 2011 £	Amount owed to ESC at 31 March 2011 £
The English Sports Council	2,837,912	644,975	2,628,731	640,373

Caversham Lakes Trust Limited (CLTL)

The Charity acquired tangible fixed assets from CLTL, a fellow subsidiary of The English Sports Council, as set out in Notes 3 and 9.

3 GRANTS AND DONATIONS

	2012 £	2011 £
Restricted		
Lottery grant (from ESC Lottery fund)	4,054,454	-
Gifts of fixed assets (from ESC)	1,060,838	1,991,538
Fixed assets transferred from Caversham Lakes	8,334,500	-
The Royal British Legion	270,332	-
	<u>13,720,124</u>	<u>1,991,538</u>
Unrestricted		
Gifts in kind (from ESC) – Administration costs	70,190	94,156
	<u>70,190</u>	<u>94,156</u>
Total grants and donations	<u>13,790,314</u>	<u>2,085,694</u>

The total grant from The English Sports Council National Lottery Distribution Fund amounts to £16m to fund capital investment at Bisham Abbey and Lilleshall National Sport Centres. The amount receivable to date is £4,054,454.

4 PROPERTY INCOME

	2012 £	2011 £
Freehold / Leasehold income	<u>3,017,149</u>	<u>2,846,960</u>

Property income is the income from freehold and leasehold property occupied by The English Sports Council, (see also note 2), and the income from a property leased by another sport related Charity, and some recharged expenditure to National Centre leisure operators.

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

5 FINANCIAL ASSET INCOME

Income accrued from the following financial assets:

	2012 £	2011 £
Interest – overnight & short-term investment of bank balances	100	151
Dividends – quoted stocks and securities	17,469	7,591
Total financial asset income	<u>17,569</u>	<u>7,742</u>

6 COMMUNITY PROGRAMMES

	2012 £	2011 £
Clifton Cricket Club - grant	6,000	-
	<u>6,000</u>	<u>-</u>

7 PROVISION OF FACILITIES

The trust allocates its support costs as shown in the table below. Support costs are allocated as set out in the accounting policies in note 1.

		Provision of Facilities	Governance	2012 Total	2011 Total
		£	£	£	£
Costs directly related to activities					
The English Sports Council administrative charge	Direct	28,000	-	28,000	28,000
Gift in kind - Staff Costs	Direct	70,190	-	70,190	94,156
Trustees' travel & expenses	Direct	-	1,451	1,451	4,142
Audit fees (see below)	Direct	-	14,500	14,500	15,600
Support costs allocated to activities					
Property costs	Location	2,931,576	-	2,931,576	2,726,826
Legal and professional	Location	22,640	-	22,640	98,525
Depreciation – restricted	Usage	1,949,794	-	1,949,794	2,193,615
Depreciation-unrestricted	Usage	39,506	-	39,506	38,620
(Profit)/loss on rev of fixed assets -restricted	Usage	(42,356)	-	(42,356)	4,375,955
(Profit)/loss on rev of fixed assets-unrestricted	Usage	(4,130)	-	(4,130)	9,550
Other expenses	Location	100	-	100	1,820
Bank charges	Location	38	-	38	125
Total resources expended		<u>4,995,358</u>	<u>15,951</u>	<u>5,011,309</u>	<u>9,586,934</u>

Restricted items included above are:

	2012 £	2011 £
Depreciation on restricted assets	1,949,794	2,193,615
(Profit) / Loss on revaluation of fixed assets	(42,356)	4,375,955
	<u>1,907,438</u>	<u>6,569,570</u>

Audit fees do not include any fees for non-audit work.

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

8 STAFF COSTS

The Charity employed no staff directly in 2012 (2011: Nil).

The English Sports Council provides a financial and administrative service to the Charity, under the terms of a service level agreement, for which a charge is made.

None of the trustees of Charity received any remuneration from the Charity in the year to 31 March 2012. (2011: £Nil).

Six trustees received reimbursement of travel expenses amounting to £1,451 in the year (2011: eight trustees £4,142).

9 TANGIBLE FIXED ASSETS

	Land	Buildings and Bund	Leasehold improvement	Assets Under Construction	Equipment	Art Works and Antiques	Total
	£	£	£	£	£	£	£
Cost/valuation at April 2011	7,748,000	55,208,257	-	-	2,157,730	959,700	66,073,687
Reclassification	-	(1,796,357)	1,796,357	-	-	-	-
Assets gifted by ESC	-	665,076	91,339	4,925	299,498	-	1,060,838
Transfer from CLTL (see below)	540,000	7,794,500	-	-	-	-	8,334,500
Lottery funded additions	-	3,251,392	-	619,556	183,506	-	4,054,454
TRBL addition (note 16)	-	270,332	-	-	-	-	270,332
Disposals	-	-	(72,353)	-	(32,642)	-	(104,995)
Revaluation	336,000	100,506	-	-	-	-	436,506
Cost/valuation at 31 March 2012	8,624,000	65,493,706	1,815,343	624,481	2,608,092	959,700	80,125,322
Acc depreciation at 1 April 2011	-	(10,952,515)	-	-	(1,054,288)	-	(12,006,803)
Reclassification	-	858,045	(858,045)	-	-	-	-
Charge for year	-	(1,543,613)	(130,458)	-	(315,229)	-	(1,989,300)
Disposals	-	-	72,353	-	32,642	-	104,995
Acc depreciation at 31 March 2012	-	(11,638,083)	(916,150)	-	(1,336,875)	-	(13,891,108)
Net Book Value as at 31 March 2012	8,624,000	53,855,623	899,193	624,481	1,271,217	959,700	66,234,214
Net Book Value as at 31 March 2011	7,748,000	44,255,742	-	-	1,103,442	959,700	54,066,884

Leasehold Improvement has been reclassified into a separate column to clarify disclosure particularly in respect of assets subject to valuation as set out in the accounting policy note 1.8

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

Assets transferred from Caversham Lakes Trust Limited (CLTL), a fellow subsidiary of The English Sports Council, were transferred at depreciated replacement cost as at 29 March 2012

More information on The Royal British Legion (TRBL) additions is set out in note 16.

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

Included within buildings and bund is £6,337,500 for the bund at Caversham Lakes. No depreciation has been charged as the assets were acquired in the year.

The historical cost of Land, Buildings and Bund at 31 March 2012 was £71,475,055 (£57,835,214 at 31 March 2011).

Art Works and Antiques

There is a collection of art works furniture and fittings at Bisham Abbey dating from the 16th Century and the historical significance classifies the collection as Art Works and Antiques. The collection was valued for insurance purposes by Sotheby's at £959,700 as at 17 January 2008. The insurance valuation valued the art works at £909,700 and the furniture and fittings at £50,000. The trustees are of the opinion that there are no circumstances that have occurred since that date that affect the accuracy of this valuation and that the basis for valuation is appropriate for inclusion in the financial statements.

10 FINANCIAL ASSETS

Listed stocks and securities

	2012 £	2011 £
Cost at 1 April	599,540	649,504
Disposals	-	(649,504)
Additions	-	599,540
Cost at 31 March	599,540	599,540
Market value at 1 April	604,764	599,540
Write (down)/up to market value	(6,964)	5,224
Market value at 31 March	597,800	604,764

The financial assets are represented by an investment in a Targeted Income Fund held with Barings Asset Management Limited since October 2010. They are classified as available for sale financial assets. There is no intention of selling these assets.

11 DEBTORS

	2012 £	2011 £
Trade debtors	252,867	-
The English Sports Council – lottery grant receivable	1,190,126	-
The Royal British Legion – grant receivable	127,909	-
Prepayments	680,724	826,849
Accrued income	334,011	199,311
	2,585,637	1,026,160

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

12 CREDITORS

Amounts falling due within one year

	2012	2011
	£	£
The English Sports Council	644,975	640,373
Deferred income	24,238	12,565
Accruals	396,525	213,454
Capital expenditure accruals	1,318,036	-
	<u>2,383,774</u>	<u>866,392</u>

13 REVALUATION RESERVE

	2012	2011
	£	£
<u>Restricted</u>		
<u>Revaluation Reserve Land and Buildings</u>		
Balance brought forward at 1 April	10,149,566	4,265,357
Amortisation of revaluation reserve to restricted fund	276,649	(11,114)
Revaluation of fixed assets	405,823	5,895,323
Revaluation on asset disposals	(150)	-
Balance at 31 March	<u>10,831,888</u>	<u>10,149,566</u>
<u>Unrestricted</u>		
<u>Revaluation Reserve Land and Buildings</u>		
Balance brought forward at 1 April	140,293	5,942
Amortisation of revaluation reserve to unrestricted fund	8,904	285
Revaluation of fixed assets	(15,803)	134,066
Balance at 31 March	<u>133,394</u>	<u>140,293</u>
Total Revaluation Reserve	<u><u>10,965,282</u></u>	<u><u>10,289,859</u></u>

14 RESTRICTED FUNDS – THE ENGLISH SPORTS COUNCIL ASSETS

	2012	2011
	£	£
Balance brought forward at 1 April	36,422,863	38,853,723
Gifts of tangible fixed assets from ESC	1,060,838	1,991,538
Profit/(loss) on revaluation of fixed assets	147,630	(2,537,985)
Depreciation for year	(1,760,158)	(1,905,595)
Amortisation of property revaluation reserve	(181,395)	21,182
Balance at 31 March	<u>35,689,778</u>	<u>36,422,863</u>

The purpose of this fund is the initial acquisition and the subsequent funding of tangible fixed asset additions at The National Sports Centres. This fund represents assets funded by The English Sports Council's Exchequer Grant-in-Aid which is separate from Lottery funding set out in Note 15. The English Sports Council has two funding streams, Exchequer and Lottery; therefore separate funds are required.

The Sports Council Trust Company
Financial Statements for the year ended 31 March 2012

15 RESTRICTED FUNDS – THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND

	2012	2011
	£	£
Balance brought forward at 1 April	6,462,438	8,568,188
Grant receivable in the year	4,054,454	-
Fixed assets transferred from Caversham Lakes	8,334,500	-
Depreciation for year	(187,018)	(279,420)
Loss on revaluation of fixed assets	(44,678)	(1,817,598)
Amortisation of property revaluation reserve	(93,695)	(8,732)
Balance at 31 March	18,526,001	6,462,438

The purpose of this fund is the initial acquisition and the subsequent funding of tangible fixed assets at The National Sports Centres. The English Sports Council has two funding streams, Exchequer and Lottery, therefore separate funds are required.

16 RESTRICTED FUNDS – OTHER

	2012	2011
	£	£
National Anglers Council		
At 1 April	6,036	6,036
Balance at 31 March	6,036	6,036
The Royal British Legion		
Balance brought forward at 1 April	-	-
Grant receivable in year	270,332	-
Loss on fixed assets revaluation	(64,387)	-
Balance at 31 March	205,945	-
Total Restricted Funds - Other	211,981	6,036

The balance remaining on the National Anglers Fund represents funds that were handed to the Charity for safe keeping upon the winding up of the Anglers Association. The trustees are discussing with angling associations the most suitable application of these funds.

The charity has entered into an agreement with The Royal British Legion (TRBL), whereby TRBL contribute to the expenditure on building improvements at Lilleshall National Sports Centre. This contribution is for the use of the facilities at Lilleshall for TRBL beneficiaries and Ministry of Defence personell.

17 RESTRICTED FUNDS – CAPITAL

	2012	2011
	£	£
Balance brought forward at 1 April	91,329	121,637
Depreciation for year	(2,468)	(8,600)
Profit/(loss) on revaluation of fixed assets	3,791	(20,374)
Amortisation of property revaluation reserve	(1,559)	(1,334)
Balance at 31 March	91,093	91,329

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

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18 UNRESTRICTED FUNDS

	2012 £	2011 £
Balance brought forward at 1 April	1,591,896	1,655,463
Depreciation for year	(39,506)	(38,620)
Other operating activity	30,413	(20,336)
Profit/(loss) on fixed assets revaluation	4,130	(9,550)
Net expenditure included in Statement of Financial Activity	(4,963)	(68,506)
Revaluation of financial assets	(6,964)	5,224
Amortisation of property revaluation reserve	(8,904)	(285)
Balance at 31 March	<u>1,571,065</u>	<u>1,591,896</u>

Other operating activity reconciliation

Net (outgoing) resources per SOFA	(4,963)	(68,506)
Depreciation	39,506	38,620
(Profit)/loss on fixed assets revaluation	(4,130)	9,550
Net Operating surplus/(deficit)	<u>30,413</u>	<u>(20,336)</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Assets £	Financial Assets £	Net Current Assets £	2012 Total £	2011 Total £
Restricted Funds					
Revaluation reserve	10,831,888	-	-	10,831,888	10,149,566
The English Sports Council	35,689,778	-	-	35,689,778	36,422,863
The English Sports Council Lottery Fund	18,526,001	-	-	18,526,001	6,462,438
Capital – LTA	91,093	-	-	91,093	91,329
Other restricted funds	205,945	-	6,036	211,981	6,036
Total Restricted Funds	<u>65,344,705</u>	<u>-</u>	<u>6,036</u>	<u>65,350,741</u>	<u>53,132,232</u>
Unrestricted Funds					
Revaluation reserve	133,394	-	-	133,394	140,293
Other unrestricted fund	756,115	597,800	217,150	1,571,065	1,591,896
Total Unrestricted Funds	<u>889,509</u>	<u>597,800</u>	<u>217,150</u>	<u>1,704,459</u>	<u>1,732,189</u>
Total Funds	<u>66,234,214</u>	<u>597,800</u>	<u>223,186</u>	<u>67,055,200</u>	<u>54,864,421</u>

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20 CASH FLOW STATEMENT

20.1 Net cash flow from operating activities

	2012	2011
	£	£
Net surplus/(deficit) for the year	11,807,723	(4,646,538)
Less gift of tangible fixed assets - ESC	(1,060,838)	(1,991,538)
Profit/(loss) on fixed assets revaluation	(46,486)	4,385,506
Assets acquired from Caversham Lakes Trust Limited	(8,334,500)	-
Less financial asset income	(17,569)	(7,742)
Depreciation and write down of assets	1,989,300	2,232,235
(Increase) in capital expenditure accruals	(1,318,035)	-
(Decrease) in debtors	(1,559,477)	(394,318)
Increase in creditors	1,517,382	388,641
Total	<u>2,977,500</u>	<u>(33,754)</u>

20.2 Analysis of changes in cash and cash equivalents

	2012	2011
	£	£
Opening balance	33,005	59,017
Closing balance	21,323	33,005
Net cash (outflow)	<u>(11,682)</u>	<u>(26,012)</u>

20.3 Analysis of changes in cash from capital expenditure

	2012	2011
	£	£
Lottery funded additions in year	4,054,454	-
TRBL funded additions in year	270,332	-
(Increase in capital expenditure accruals	(1,318,035)	-
Net cash outflow	3,006,751	-

21 FINANCIAL COMMITMENTS

The Company had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings	Land and Buildings
	2012	2011
	£	£
Expiring within one year	24,000	-
Expiring between two and five years inclusive	113,476	96,510
Expiring in over five years	1,632,733	1,668,699
	<u>1,770,209</u>	<u>1,765,209</u>

The annual commitments relating to the land and buildings operating leases allocated to The English Sports Council (and for which it meets the out-goings) are treated as those of The English Sports Council by both parties.

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22 ULTIMATE PARENT BODY

The Company remains a wholly owned subsidiary of The English Sports Council, a body incorporated by Royal Charter in 1996.

The results of The Sports Council Trust Company are consolidated in the accounts of The English Sports Council. The financial statements of The English Sports Council Group are available from its registered office at 3rd Floor, Victoria House, London WC1B 4SE.

23 PROVISIONS, CONTINGENT LIABILITIES, and CONTINGENT ASSETS

The Charity owns the head lease for premises at various locations across England. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition. In substance, this may obligate the Charity to incur future expenditure on returning the premises to their pre-occupation condition. Currently, no provision has been made in the accounts for these costs due to the uncertainty in the timing and value of the expenditure. A full provision will be made in the year in which it is decided not to renew the lease.

Any obligation for future expenditure arising from returning the premises to their pre-occupation condition will be match-funded by the English Sports Council. This gives rise to an equal contingent asset. A contingent asset provision equal to the contingent liability provision will be made in the year in which it is decided not to renew the lease.

24 VALUE ADDED TAX

The Charity is in a group VAT registration scheme with The English Sports Council and is jointly and severally liable for all group VAT liabilities. No VAT is charged on transactions between fellow members of the VAT group which includes The English Sports Council and Caversham Lakes Trust Limited. Any irrecoverable VAT incurred by The Charity is met on its behalf by The English Sports Council.

25 ASSET LEASING

The Charity leases assets to our parent company and two other organisations. The rental income for the year amounted to £1,969,000 (2011: £1,995,000) of which £1,906,000 (2011: £1,938,000) was receivable from our parent company. In relation to the capital value of these assets Note 9 sets out in the Leasehold Improvement column the amount held in relation to the properties leased to its parent company. The rental income from our parent company includes renting a part of Bisham Abbey for £40,874 (2011: £34,710). The rental income from other organisations includes £11,000 (2011:£6,000) for a small part of Plas y Brenin. The capital values of the parts leased are not material in relation to the total asset values.

26 CAPITAL COMMITMENTS

Capital commitments contracted but not provided for in the financial statements at 31 March 2012 amount to £12,653,772 (2011 : £nil) These commitments are being funded by a combination of lottery grant funding from The English Sports Council and grant funding from The Royal British Legion.

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27 PARENT BODY RIGHTS OVER ASSETS

Grants made by the English Sports Council (and formerly the Sports Council) and English Sports Council Lottery 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 Sports Council Trust Company repays to the English Sports Council the whole proceeds of sales of fixed assets, or such part as represents public funds, sold on or after the 1st April 1989, which were originally purchased in whole or in part with funds provided by the Exchequer.

28 POST FINANCIAL YEAR END EVENTS

The Annual Report and Financial Statements was authorised for issue on 26 June 2012.



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