

Presented to Parliament pursuant to Section 26(1) and Section 26(3) of the National Lottery Act 1993  
(as amended by the National Lottery Act 1998)

---

# Sports Council for Wales Lottery Distribution Account 2008-2009

Presented to Parliament pursuant to Section 26(1) and Section 26(3) of the National Lottery Act 1993  
(as amended by the National Lottery Act 1998)

---

# Sports Council for Wales Lottery Distribution Account 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2009

The National Audit Office  
scrutinises public spending  
on behalf of Parliament.

The Comptroller and Auditor General, Amyas Morse,  
is an Officer of the House of Commons.  
He is the head of the National Audit Office  
which employs some 900 staff.  
He and the National Audit Office  
are totally independent of Government.

He certifies the accounts of all Government  
departments and a wide range of other public  
sector bodies; and he has statutory authority  
to report to Parliament on the economy, efficiency  
and effectiveness with which departments and  
other bodies have used their resources.

Our work leads to savings and other efficiency  
gains worth many millions of pounds: at  
least £9 for every £1 spent running the Office.

This account can be found on The Stationery Office's  
web site at [www.tsoshop.co.uk](http://www.tsoshop.co.uk)

© Crown copyright 2009

The text in this document may be reproduced  
free of charge in any format or medium providing  
it is reproduced accurately and not used in a misleading context.  
The material must be acknowledged as Crown copyright  
and the title of the document specified.

Where we have identified any third party copyright  
material you will need to obtain permission from  
the copyright holders concerned.

For any other use of this material please write to  
Office of Public Sector Information, Information Policy Team,  
Kew, Richmond, Surrey TW9 4DU or e-mail: [licensing@opsi.gov.uk](mailto:licensing@opsi.gov.uk).

# Contents

	Page
Annual Report	2
Management Commentary	4
Remuneration Report	9
Statement of the Council's and Chief Executive's responsibilities	12
Statement on Internal Control	13
The Certificate and Report of the Comptroller and Auditor General	15
Income and Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Accounts	20

# Annual Report

## History and statutory background

The National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998) nominated the Sports Council for Wales as the body responsible for distributing funds generated by the lottery to sport in Wales. The duties of the Council in performing its Lottery functions are carried out pursuant to the account directions issued by the Secretary of State for Wales, in accordance with Section 26(1) of the National Lottery etc Act 1993 and the Statement of Financial Requirements issued under Section 26(3) of the Act.

## Management

The management and administration of the Lottery function is carried out through the Sports Council for Wales and the panels established by the Sports Council to assist in distributing Lottery funds to good causes in Wales.

The Sports Council for Wales currently comprises of a Board of ten members including a Chair and Vice Chair. The name of the Council Chief Executive and the names of the Council members who served throughout the year are listed below.

Mr Phil Carling **	(Chair)
Prof L McAllister */**	(Vice Chair)
Mr Robert Harris	
Mr H Meredydd *	
Mrs A Baumgardt	
Mr R Palmer *	
Mr D L Roberts	
Dr W M Leyshon	
Mr M Warren */**	
Mrs S M Thomas	
Mr D R Turner	(Co-opted member)*
Dr H Jones	(Chief Executive)

\* Member of the Audit committee

\*\* Member of the Remuneration committee

## Members of the lottery panels

The Council's Royal Charter allows it to appoint committees or panels to exercise any of its functions. For the purposes of Lottery administration, the Sports Council for Wales have appointed a Members Panel (2007-2008 two panels). The Members Panel has been delegated authority to authorise projects on behalf of the Sports Council within financial limits of authority awarded.

The Members Panel members are listed below

Mr R Palmer*	Chair
Prof L McAllister*	Vice Chair
Mr D L Roberts*	
Dr W M Leyson*	
Mr D R Turner*	
Miss Anne Ellis OBE	

\*Member of The Sports Council for Wales

## Declarations of interest

Other than as shown below, none of the members or senior staff of the Sports Council for Wales have declared any interests in organisations which provide, or may seek to provide, commercial services to the Council. Relevant interests of a non-commercial nature relating to members are disclosed in Note 17 of these accounts.

Mr Graham Davies, the Council's Director of Performance and Excellence (left 28 February 2009), also acts as a Director of Wales Ryder Cup 2010 Ltd.

## Management Commentary

### Performance and development during the year

The Sports Council for Wales is the national organisation responsible for developing and promoting sport and physical activity in Wales. Our role is to increase participation, to improve sporting performance, and to raise standards in sport and physical recreation.

The Sports Council is fully committed to achieving equality in sport and physical recreation. The Council's Equality Scheme outlines our proactive approach in this area. It sets out our commitment in working towards achieving equality in all of our functions, whilst embracing the spirit of equality legislation and eradicating any form of unfair discrimination.

### Capital grants

The fund's principal activities are aimed at increasing participation and improving performance in sport and physical recreation. The Sports Council for Wales introduced its plans for the distribution of lottery funds to capital projects in September 1994. A two stage process is used for all capital applications. The first stage of the application enables the initial focus to be more on the added benefits to sport and the aims, objectives and proposed management of the project. Applicants seek provisional approval of a scheme prior to undertaking the investment necessary to present the full application.

Capital grant payments totaling £2,168,000 (2007-2008 £3,377,000) were made during the year. The amount provided in the accounts for hard commitments (signed contracts) relating to capital grants rose by £615,000 in 2008-2009 (2007-2008 reduction of £2,329,000).

As a result of decreasing Lottery funding the decision was taken by the Council, at its July 2008 meeting, to withdraw the Lottery Capital programme in respect of new applications. Payments on capital programmes will continue for the foreseeable future but these payments will relate to meeting the liabilities of existing capital schemes only.

### Revenue grants

In April 1996 the National Lottery directions were amended to allow for revenue funding.

Revenue grant payments totaling £5,036,000 (2007-2008 £5,093,000) were made during the year. The amount provided in the accounts for hard commitments (signed contracts) relating to revenue grants rose by £1,654,000 in 2008-2009 (2007-2008 reduction of £2,661,000). A description of the outcomes against the main schemes follows

Ninety six per cent of primary schools are now offering the Dragon Sport scheme. Eighty per cent of primary school aged children participate in extra-curricular sport, and three-quarters take part in club based sporting activities

The Community Chest programme contributed to the local development of sport through the 22 unitary panels across Wales. In 2008-2009 1,334 awards were made compared to 1,450 in 2007-2008.

The Sports Council for Wales continues to underpin the UK Sport elite performance system in the UK. To date 77 Welsh athletes are on the UK funded elite programmes with 132 at the Talent Cymru level below. 40 non-Olympic athletes are supported via the Elite Cymru scheme against a target for the year of 38

The Coach Cymru scheme also continues to provide funding in order to maintain and develop a network of full time, part time; and fee based high performance coaches to work with our most talented Welsh athletes. Currently there are over 160 posts funded through Coach Cymru.

The Sports Council for Wales supports the development of sport for people with disabilities through the provision of funding to Disability Sport Wales. During 2008-2009 Disability Sport Wales continued to make significant progress in providing opportunities for people to participate in sport by; establishing new clubs and its membership base; and recruiting and developing coaches and volunteers. There are currently 369 clubs providing opportunities for disabled members (2007-2008 356); and 7803 active disabled members (2007-2008 6,044). The number of participatory opportunities offered over the 2008-2009 year was 356,523 (2007-2008 287,690).

Over the period 2009 to 2012, however, our priorities will be

- to build on the success of Welsh athletes at the Beijing Olympic and Paralympic Games as we prepare for the Commonwealth Games in Delhi 2010, the Olympic and Paralympic Games in London 2012, and beyond;
- to create more opportunities for children and young people to participate in sport and physical recreation; and
- to advocate to our partners the importance of adult sport and physical recreation, and disseminate good practice from our various pilot programmes.

## Financial results

The decrease in funds after taking account of costs incurred for the financial year amounted to £2,161,000 (2007-2008 increase £4,090,000). This has been transferred to reserves. An additional capital element of funding amounting to £4,000 was transferred to the government grant reserve. (£25,000 2007-2008)

The balance sheet for 2008-2009 shows a total net asset figure of £2,212,000 (2007-2008, £4,345,000).

## Movement on lottery balance to 31 March 2009

The Council aims to maintain its balance held with the National Lottery Distribution Fund at as low a level as possible consistent with ongoing commitments. The following table shows the movements in the year:

Balance at 1 April 2008	Income received (Net)	Money Drawn Down From NLDF	Transfer to OLDF	Unrealised Gain	Balance at 31 March 2009
(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
9,435	9,826	(8,948)	(488)	33	9,858

The table shows an increase in the balance held of £0.423 million, compared to a reduction of £1.127 million in the previous financial year.

## Environmental, social and community issues

### Environmental issues and policy

The Sports Council for Wales is actively pursuing policies that will seek to reduce the impact the Council's operations have on the environment. Whilst the Council will undertake a number of initiatives to reduce environmental impact, the main delivery will be achieved via the Green Dragon Environmental Standard and by working in conjunction with the Carbon Trust.

The work undertaken so far by the Council has reduced gas, oil and electricity consumption over a number of years, resulting not only in a lower carbon footprint but also in reduced fuel costs. The determination by the Council to reduce the environmental impact of its activities has been recognised with the awarding of level two of the Green Dragon standard to both the Council's National Centres.



## Social and community issues

The Welsh Assembly Government's strategic agenda is set out in *One Wales*. It states that it is a comprehensive and progressive government programme for improving the quality of life of people in all of Wales' communities, from all walks of life, concentrating on the most vulnerable and disadvantaged.

The principles of social justice, sustainability and inclusivity that underpin *One Wales* complement the Assembly Government's long term strategy for sport and physical activity.

The objective of the strategy is to have

An active, healthy and inclusive Wales, where sport and physical activity provide a common platform for participation, fun and achievement, which binds communities and the nation and where the outstanding environment of Wales is used sustainably to enhance confidence in ourselves and our place in the world.

The Role of the Sports Council in the above is twofold: first, in planning and delivering our contributions to the strategies; and second, by supporting our partners in planning, developing and sustaining their contributions.

## Pension scheme

Employees of the Sports Council are members of the Cardiff and Vale of Glamorgan Pension Fund (the Fund). The Fund is a defined benefit scheme providing benefits based on final pensionable pay, and its assets are held separately from those of the Sports Council for Wales. Any pension built up before April 2008 is calculated at a rate of 1/80th with a lump sum of three times pension. Pension built up from 1 April 2008 is calculated at the rate of 1/60th and there is an option to take extra lump sum in exchange for some pension. The contributions of employees are set at 5.5 per cent to 7.5 per cent based on salary range (or 5 per cent for manual staff, who joined the scheme before October 1998).

## Sickness absence data

The sickness data for 2008-2009 for the Sports Council for Wales is as follows

Days Lost (Short Term)	Days Lost (Long Term)	Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
713.22	324.39	1037.61	170.73	6.08

The Sports Council for Wales management are provided with quarterly sickness reports to enable them to understand and manage sickness absence.

The average days lost through sickness in the Welsh Assembly Government for 07/08 was 8 days per person and in the Public Sector as a whole the benchmark is 9.8 average days lost.

## Employee policy

The Sports Council for Wales has an extensive range of policies which reflect current legislation, and aim to secure retention and motivation. These policies are reviewed regularly with staff involvement via a recognition agreement with the PCS Union. All policies are equality checked before implementation.

## Personal data management

### Current practices

The Sports Council for Wales takes all reasonable measures to protect the personal data obtained from its stakeholders, customers and, of course, its employees during the course of its business activities.

During 2008-2009 all sources of personal and sensitive data were identified, recorded in the Council's Risk Register and assigned to managers to ensure the ongoing proper maintenance and use of the data.

Data management controls include password protection on all databases holding personal and sensitive data, restricting access to data, holding manual data in locked cupboards and ensuring data handling protocols are in place.

Finally the Staff Handbook contains a section which provides guidance on data protection issues and this is available to all staff via the internal network.

### Future data protection controls

During the 2009-2010 financial year the Council will review its information technology procedures and will introduce further measures to protect personal data. Such measures will include the use of encrypted portable memory storage devices and controlling and monitoring the amount of personal data that can be taken off site.

During 2008-2009 there were no personal data related issues to report

### Creditor payment policy

The Sports Council for Wales complies with the Better Payment Code and has a policy of paying creditor accounts within 30 days of receipt of agreed invoices following the supply of goods or services. All variation to this procedure must be agreed in writing. Analysis of payments made during the year reveals that 97 per cent by number (2007-2008 98 per cent) of settlements were within the agreed terms. No interest was incurred by the Council during the year as a result of late payments.

The Sports Council for Wales is also aiming to pay suppliers wherever possible within 10 days in accordance with the *Managing Public Money* guidance issued in October 2008.

### Risk identification and management

Corporate risks are assigned to and managed by the appropriate manager, Head of Service, Director or in some cases by the Accounting Officer. Operating risks, especially those of the two national centres, are the responsibility of the two centre managers unless delegated to their subordinates.

During 2008-2009 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via the Council's internal network.

The Risk Register identifies significant corporate risks, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures.

The Risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee. During the year the major risks that had been identified were also reviewed at full Council.

In addition to the above, a new facility was introduced during 2008-2009, by which managers attend the Audit Committee and explain the risks for which they have responsibility, the controls in place to mitigate the risks, and details of any future action required. This process allows Audit Committee members to hear first-hand how risks are being managed, whilst allowing audit committee members to ask questions that will enable them to obtain the assurances they need.

## Financial risk and capital management

The Council mainly holds financial instruments to finance its operations, for example trade receivables and trade payables, and cash balances arise directly from its operations.

The financial risk management of exposures arising from trading financial instruments, primarily trade receivables and trade payables, is through a series of policies and procedures. These risks are managed as follows

### **Liquidity risks**

The Council is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2009-2010, to meet all current contracted commitments. The Council considers that it is not exposed to significant liquidity risks.

### **Interest rate risks**

Cash balances, which are drawn down from the National Lottery to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 2.08 per cent (2007-2008 3.54 per cent) in the year. The year-end cash balance held by the Council in the bank was £911,000.

### **Foreign currency risk**

The Council is not exposed to any foreign exchange risks.

### **Cash flow risk**

The Council is not exposed to any cash flow risk.

## Remuneration of auditors

The Audit Committee oversees the nature and amount of non audit work undertaken by Wales Audit Office our external auditors. During the year 2008-2009 no non audit work was undertaken by Wales Audit Office.

### **Statement on Disclosure of Relevant Audit Information.**

- a As far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware, and
- b The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any audit information and to establish that the auditors are aware of that information.

# Remuneration Report

In accordance with Chapter 7 of the Financial Reporting Manual, the Council is required to disclose the following concerning remuneration during the year of Council Members and Senior Staff with responsibility for running policy making departments. Treasury guidance requires the financial statements to disclose the cash equivalent transfer value of pensions for the Council Members and Senior Staff.

## Remuneration Policy

The Chair, Vice Chair and members of the Council are paid in accordance with the Welsh Assembly Government 'Remuneration and expenses of Chairs and Members of ASGBs and NHS Bodies' policy. With the exception of the Chief Executive, senior managers receive no additional performance or bonus payments.

The Chief Executive is paid a performance bonus in accordance with guidelines issued by the Welsh Assembly Government. The performance bonus is determined by the Remuneration Committee which consists of the Council Chair, Vice Chair and Chair of the Audit Committee supported by the Council's Human Resources Manager. In addition to agreeing the Chief Executive's performance bonus, the Remuneration Committee also meets to agree the annual pay award for all staff via the Welsh Assembly Government's pay remit process.

## Service contracts

The Senior Staff of the Council are employed on terms and conditions broadly analogous to the Welsh Assembly Government terms and conditions

The Council Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed for a further three year period. The Chairman is remunerated at a daily rate of £325 and is contracted to work three days per week. The Vice Chair is remunerated at a daily rate of £307 and is contracted to work one day per week. Other Council Members receive a daily rate of £278 and are contracted to work two days per month.

## Notice Period

The Chief Executive is entitled to four months notice of termination of contract by the Sports Council of Wales and the remaining Senior Staff are entitled to three months notice of termination of contract.

## Salary

'Salary' includes gross salary and performance bonuses where applicable. During the year the Chief Executive was eligible to a bonus, his salary therefore comprised a gross salary of £69,192 (2007-2008 £67,512) and a non-consolidated bonus for the year of £4,868 (2007-2008 £4,750).

During 2008-2009 senior management posts were reorganised. As a consequence, a redundancy payment of £34,044 was made to the Director of Operations, (2008 total £60,744 paid in redundancy payments to Directors) this payment is excluded from the salary bandings shown. Assembly approval was given.

A proportion of the Senior Management salary costs are allocated to lottery.

## Benefits in Kind

There are no benefits in kind.

## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interest of the Senior Managers of the Council.

### Remuneration (subject to audit)

Name	Title	Salary 2008-2009 £000	Salary 2007-2008 £000
P Carling (from 1 February 2007 to 31 January 2010)	Chair	50 - 55	50 - 55
Prof. L McAllister (from 1 April 2007 to 31 March 2009)	Vice Chair	15 - 20	15 - 20
Dr H Jones (from 1 January 2003)	Chief Executive	70 - 75	70 - 75
C James (from 1 February 2006)	Director of Corporate Services	65 - 70	60 - 65
A Hamilton (from 1 September 2007)	Head of People & Programme Development	55 - 60	50 - 55
A Williams (from 14 December 1994)	Manager Plas Menai Watersports Centre	55 - 60	50 - 55
S Powell (from 1 September 2007)	Head of Performance and Excellence	45 - 50	45 - 50
M Frost (from 1 September 2007)	Head of Regions	55 - 60	50 - 55
M Zapple (from 1 April 1997)	Manager Welsh Institute of Sport	55 - 60	50 - 55
G Davies (to 28 February 2009)	Director of Operations	65 - 70	65 - 70
S Butlin (to 31 August 2007)	Director of Participation & Physical Activity	–	50 - 55
H Tolley (to 31 August 2007)	Acting Director of Participation & Physical Activity (1 - 30 April 2007)	–	35 - 40
A Baumgardt (from 1 April 2006 to 31 March 2009)	Council Member	5 - 10	0 - 5
R Palmer (from 1 April 2006 to 31 March 2009)	Council Member	5 - 10	0 - 5
R Harris (from 1 April 2006 to 31 March 2009)	Council Member	5 - 10	0 - 5
H M Davies (from 1 April 2006 to 31 March 2009)	Council Member	5 - 10	0 - 5
D L Roberts (from 1 April 2008 to 31 March 2011)	Council Member	5 - 10	–
S M Thomas (from 1 April 2008 to 31 March 2011)	Council Member	5 - 10	–
M J Warren (from 1 April 2008 to 31 March 2011)	Council Member	5 - 10	–
Dr W M Leyshon (from 1 April 2008 to 31 March 2011)	Council Member	5 - 10	–
Cllr K Evans (to 31 March 2008)	Council Member	–	0 - 5
C Gittoes (to 31 March 2008)	Council Member	–	0 - 5
C Thomas (to 31 March 2008)	Council Member	–	–
P H Thomas (to 31 March 2008)	Council Member	–	–

**Pension Benefits (subject to audit)**

Name	Real increase in Pension at age 65 £000	Total accrued Pension at age 65 at 31 March 2009 £000	CETV at 31 March 2009 £000	CETV at 31 March 2008 £000	Real Increase CETV in year £000
Dr H Jones Chief Executive	7.5 - 10.0	25.0 - 30.0	409	381	23
C James Director of Corporate Services	2.5 - 5.0	5.0 - 10.0	84	69	10
A Hamilton Head of People and Programme Development	2.5 - 5.0	10.0 - 15.0	147	129	14
A Williams Manager Plas Menai Watersports Centre	5.0 - 7.5	15.0 - 20.0	323	292	27
S Powell Head of Performance and Excellence	0 - 2.5	0 - 5.0	82	68	10
M Zapple Manager Welsh Institute of Sport	2.5 - 5.0	10.0 - 15.0	265	215	46
M Frost Head of Regions	0 - 2.5	0 - 5.0	112	90	18

**Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Council's pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

As a result of a Department of Work and Pension review during 2008-2009, the transfer values have been recalculated for 2008 to reflect the change in transfer value factors applied.

**Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. As a result of a Department of Work and Pension review during 2009, the transfer values have been recalculated for 2008 to reflect the change in transfer value factors applied.

Dr H G Jones  
Accounting Officer

14 July 2009

## Statement of the Council's and Chief Executive's responsibilities

Under Section 35 (2) – (3) of the National Lottery etc Act 1993, the Sports Council for Wales is required to prepare a statement of accounts for the financial period in the form and on the basis determined by the Secretary of State for Wales with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Sports Council for Wales Lottery distribution activities at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Council is required to

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether appropriate accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the fund will continue in operation.

The Principal Accounting Officer for the Assembly has designated the Chief Executive as Accounting Officer for the Council. His relevant responsibilities as Accounting Officer for Lottery distribution activities, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers Memorandum issued by the Treasury and published in *Managing Public Money*.

# Statement on Internal Control

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims, and objectives. I also have personal responsibility for safeguarding the proceeds from the National Lottery distributed to the Council and the Council's assets, in accordance with the responsibilities assigned to me in *Managing Public Money*.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally the system of internal control provides reasonable assurance that the Council has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

## Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring that the Sports Council for Wales has an effective risk management process. We have a documented Risk Management Policy that contains definitions relating to risk management and the policy also sets out how we identify, analyse and manage risk.

Corporate risks are assigned to and managed by the appropriate manager, Head of Service, Director or in some cases by myself as the Accounting Officer. Operating risks, especially those of the two national centres, are the responsibility of the two centre managers unless delegated to their subordinates.

The Risk Management Policy is available to all staff and managers via the Council's intranet, and the Council's Risk Register is available to most managers via the Council's internal network.

## The risk and control framework

During 2008-2009 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via the Council's internal network.

The Risk Register identifies significant corporate risks including risks to information, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures. The Risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee. During the year the major risks that had been identified were also reviewed at full Council.

In addition to the above, a new facility was introduced during 2008-2009, by which managers attend the Audit Committee and explain the risks for which they have responsibility, the controls in place to mitigate the risks, and details of any future action required. This process allows Audit Committee members to hear first-hand how risks are being managed, whilst allowing audit committee members to ask questions that will enable them to obtain the assurances they need.

In 2008-2009 there were no information risk issues to report.



## Review of effectiveness

As accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Sports Council for Wales who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control via the Audit Committee meetings and I plan to address weaknesses and ensure continuous improvement of the system in place.

The Council's audit committee not only reviews the Risk Register, but also reviews management procedures for risk assessment and the high level controls in place to moderate business risk. In particular, it examines

- the strategic objectives of the Council and the appropriateness of risks;
- the operation of the risk management review framework;
- internal audit reports and the annual internal audit report;
- the Annual Report and accounts;
- observations made by external audit, particularly the annual management letter and the Additional Assurance Report; and
- compliance with the Management Statement and Financial Memorandum issued by the Welsh Assembly Government as well as compliance with the Lottery Statement of Financial Requirement.

The internal audit service of the Sports Council for Wales during 2008-2009 was provided by KTS Owens Thomas, which operated to standards defined in the Government Internal Audit Manual. Internal audit submit regular reports which include the Head of Internal Audit's independent annual opinion on the adequacy and effectiveness of the Council's system of internal control, together with recommendations for improvement.

*Dr H G Jones*  
Accounting Officer

14 July 2009

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the National Assembly for Wales

I certify that I have audited the financial statements of the Sports Council for Wales Lottery Distribution Account for the year ended 31 March 2009 under the National Lottery etc Act 1993 (as amended). These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

## Respective responsibilities of the Chief Executive and Auditor

The Chief Executive as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Lottery etc Act 1993 (as amended) and the Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and the Secretary of State directions made thereunder. I report to you whether, in my opinion, the information which comprises Management, Performance and development during the year, Financial results and Environmental, social and community issues, given in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Sports Council for Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Sports Council for Wales' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Sports Council for Wales' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises History and statutory background, Members of the lottery panels, Declarations of interest, Movement on Lottery balance to 31 March 2009, Pension scheme, Sickness absence data, Employee policy, Personal data management, Creditor payment policy, Risk identification and management, Financial risk and capital management, Remuneration of auditors and the unaudited part of the remuneration report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Sports Council for Wales' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the National Lottery etc Act 1993 (as amended) and the Secretary of State directions made thereunder, of the state of Sports Council for Wales Lottery Distribution Account's affairs as at 31 March 2009 and of its decrease in funds and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended) and the Secretary of State directions made thereunder; and
- information which comprises Management, Performance and development during the year, Financial results and Environmental, social and community issues, given within the Annual Report, is consistent with the financial statements.

### Opinion on regularity

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

## Report

I have no observations to make on these financial statements.

*Amyas CE Morse*  
Comptroller and Auditor General

16 July 2009

National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

## Income and Expenditure Account for the year ended 31 March 2009

	Notes	2008-2009 £000	2007-2008 £000
<b>Gross income</b>			
Proceeds from National Lottery Distribution Fund (NLDF)	2	<b>9,402</b>	9,069
Investment returns from the NLDF	2	<b>457</b>	728
Recoveries of grant	2	<b>18</b>	46
Release of deferred grant	2	<b>9</b>	4
<b>Total income</b>		<b>9,886</b>	9,847
<b>Expenditure</b>			
Grant commitments made in year	4	<b>9,814</b>	4,654
Less Lapsed and revoked commitments	4	<b>(341)</b>	(1,175)
Staff costs	8	<b>1,682</b>	1,741
Depreciation: owned assets	19	<b>9</b>	4
Other Operating Costs	9	<b>427</b>	572
Olympic Lottery Distribution Fund	2	<b>488</b>	0
<b>Total expenditure</b>		<b>12,079</b>	5,796
Operating (deficit)/surplus		<b>(2,193)</b>	4,051
<b>Investment income</b>			
Interest receivable	2	<b>40</b>	49
<b>(Decrease)/increase in funds before taxation</b>		<b>(2,153)</b>	4,100
Taxation Payable	7	<b>(8)</b>	(10)
<b>(Decrease)/increase in funds after taxation</b>		<b>(2,161)</b>	4,090
<b>(Decrease)/increase in funds for the year</b>		<b>(2,161)</b>	4,090
Balance at 1 April		<b>4,301</b>	211
Unrealised gains	2	<b>33</b>	0
Balance at 31 March		<b>2,173</b>	4,301

Expenditure analysis for 2007-2008 has been amended to comply with the updated Accounts Directions

All recognised gains and losses have been calculated on the historical cost basis and have been reflected in the above statement. All activities are continuing with no acquisitions or disposals.

*The notes on pages 20 to 29 form part of these accounts.*

## Balance Sheet Account as at 31 March 2009

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible fixed assets	19	39	44
<b>Current assets</b>			
Debtors	14	138	12
Investments-balance held in NLDF	2	9,858	9,435
Cash at bank and in hand	11	911	1,417
		<b>10,907</b>	10,864
<b>Creditors: Amounts falling due within one year</b>			
Provision for Hard Grant Commitments	4	(8,400)	(6,165)
Other Creditors	10	(281)	(379)
		<b>(8,681)</b>	(6,544)
<b>Net current assets</b>		<b>2,226</b>	4,320
<b>Creditors: Amounts falling due after more than one year</b>			
Provision for Hard Grant Commitments falling due after one year	4	(53)	(19)
<b>Total assets less liabilities</b>		<b>2,212</b>	4,345
<b>Represented by</b>			
Income and Expenditure Reserve	2	2,173	4,301
Government Grant Reserve	2	39	44
		<b>2,212</b>	4,345

*The notes on pages 20 to 29 form part of these accounts.*

Dr H G Jones  
Accounting Officer

14 July 2009

## Cash Flow Statement for the year ended 31 March 2009

	Notes	2008-2009 £000	2007-2008 £000
<b>Operating activities</b>			
Cash Drawn down from NLDF	2	8,948	10,873
Other income		26	373
Grant Payments		(7,236)	(8,371)
Cash paid to and on behalf of employees		(1,750)	(1,688)
Other operating costs		(462)	(548)
<b>Net Cash (outflow)/inflow from operating activities</b>		<b>(474)</b>	639
<b>Returns on investments and servicing of finance</b>			
Interest received		40	49
<b>Financing activities</b>			
Purchase of fixed assets		(4)	(25)
Loan advanced		(60)	0
Loan repayments		2	0
<b>Taxation</b>			
Corporation tax paid		(10)	(8)
<b>Net cash (outflow)/inflow for the year</b>		<b>(506)</b>	655

The cash flow analysis for 2007-2008 has been amended to comply with the updated Accounts Directions.

# Notes to the accounts for the year ended 31 March 2009

## 1 Accounting policies

### 1.1 Basis of accounting

The accounts have been prepared under the historical cost convention, modified by the valuation of fixed assets by reference to current costs, in accordance with the directions given by the Secretary of State for Wales with the consent of Treasury in accordance with Section 35 of the National Lottery etc Act 1993 (as amended by the Lottery Acts 1998). A copy of the accounts direction can be obtained by request in writing to Sports Council of Wales, Sophia Gardens, Cardiff CF11 9SW. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985 and the Accounting Standards issued or adopted by the Accounting Standards Board so far as these requirements are appropriate.

Separate accounts have been prepared for the activities funded from grant-in-aid, in accordance with the directions issued by the Secretary of State for Wales. There is no requirement for this account to be consolidated with the Council's accounts.

The account has been prepared on a going concern basis. The Council is required to account for long term grant commitments which fall due for payment in subsequent accounting periods, which are funded by future lottery proceeds.

### 1.2 Funding

The distributing activities of the Council's Lottery function are funded by allotted proceeds from the National Lottery. These are held in a fund administered by the Department of Culture, Media and Sport, and are available to be drawn-down into the Council's Lottery bank accounts when needed.

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Council is as shown in their accounts and, at the balance sheet date, has been notified by the Secretary of State for Culture, Media and Sport in respect of current and future commitments.

### 1.3 Tangible fixed assets

The Sports Council for Wales capitalise any fixed assets over £500 used exclusively in the administration of the Lottery function and include such fixed assets at cost, subject to annual valuation, less accumulated depreciation.

### 1.4 Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets having regard to their estimated useful lives and anticipated residual values. The average asset lives used for this purpose are as follows:

Equipment – Computers	3 years
Equipment – Other	3 – 10 years

The policy of the council is to depreciate assets from the month following acquisition.

### 1.5 Pension costs

Contributions to the pension schemes are charged to the Income and Expenditure Account so as to spread the cost of pensions over employees' working lives with the Sports Council for Wales. The application of the requirements of FRS17 does not apply to the Lottery accounts as contracts of employment are held by the Sports Council for Wales.

### 1.6 Allocation of costs

The apportionment of staffing and indirect costs transferred from the Sports Council for Wales to the Lottery account is calculated on the following basis

- 1.6.1 Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities. Where staff are identified as being employed 100 per cent for Lottery purposes their costs are recharged in full. Where staff work, or provide a service to both lottery and exchequer schemes, their costs are recharged in proportion to the amount of time spent on Lottery work.
- 1.6.2 Non staff costs are recharged either on the basis of the floor area occupied by Lottery staff, or where no floor area data is available or considered appropriate, costs are apportioned based upon total Lottery staff time expressed as a percentage of total staff time.
- 1.6.3 Council Members remuneration and traveling expenses is apportioned on a 50/50 basis.

### 1.7 Policy for grant commitments

Hard commitments are analogous to a commitment arising from a legally binding contract. For capital grants soft commitments change to a hard commitment as soon as the applicant returns a signed copy of the contract offer having complied with any special conditions incorporated in the contract.

### 1.8 Financial Instruments

#### Financial assets

##### 1.8.1 Trade debtors

Trade debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

##### 1.8.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Financial liabilities

##### 1.8.3 Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value.

##### 1.8.4 Borrowings

Non interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, non interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate of 3.5 per cent.



## 2 Reconciliation of movement of funds

### *Income and Expenditure Reserve*

	Balances held In NLDF £000	Balances held at SCW £000	<b>Total 2008-2009 £000</b>	Total 2007-2008 £000
Income from the National Lottery	9,406	0	<b>9,406</b>	9,094
Transfer to Government Grant Reserve	0	(4)	<b>(4)</b>	(25)
Drawn down in year by the Council	(8,948)	8,948	<b>0</b>	0
Investment Returns	457	40	<b>497</b>	777
Recoveries of Grants	0	18	<b>18</b>	46
Expenditure in year	(37)	(11,554)	<b>(11,591)</b>	(5,796)
Olympic Lottery Distribution Fund	(488)	0	<b>(488)</b>	0
Taxation Charge	0	(8)	<b>(8)</b>	(10)
Release of Government Grant	0	9	<b>9</b>	4
Total increase / (decrease) in funds	390	(2,551)	<b>(2,161)</b>	4,090
Unrealised gains	33	0	<b>33</b>	0
Balance at 1 April	9,435	(5,134)	<b>4,301</b>	211
Balance at 31 March	9,858	(7,685)	<b>2,173</b>	4,301

### **Government Grant Reserve**

	£000
Balance at 1 April 2008	44
Transfer to Government Grant Reserve	4
Transfer to Income and Expenditure Account	(9)
Balance at 31 March 2009	(39)

The balance held at 31 March 2009 at the NLDF, is unaudited as the audit of the Fund is incomplete. Any adjustment arising from that audit will be reflected in the 2009-2010 accounts and is not expected to be material.

In February 2008 a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1.085m from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games.

This comprises £410 million as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675 million arising from the subsequent budget review.

The Sports Council for Wales was committed to contribute up to £3.196 million in the original bid and this order allows for the transfer of up to a further £4.058 million.

The first transfer of funds took place on 2 February 2009 amounting to £488,118.

**3 Revenue grants paid in the year**

Programme	2008-2009 £000	2007-2008 £000
Elite Cymru	289	305
Coach Cymru	1,132	1,153
Dragon Sport	1,116	1,871
Disability Sport	1,072	378
Community Chest	1,184	1,285
Talent Cymru	243	101
	<b>5,036</b>	<b>5,093</b>

Community Chest includes an amount of £58,430 (2007-2008 £58,000) paid in respect of administration costs of local authorities who administer the grant scheme at local level.

**4 Hard commitments**

	Capital £000	2008-2009 Revenue £000	Total £000	2007-2008 Total £000
Hard commitments as at 1 April	4,627	1,557	6,184	11,174
Hard commitments met in the year	(2,168)	(5,036)	(7,204)	(8,470)
Hard commitments not taken up	(204)	(137)	(341)	(1,175)
Hard commitments made in the year	920	6,179	7,099	3,131
Soft commitments transferred to hard commitments*	2,067	648	2,715	1,523
<b>Grant commitments made in year</b>	2,987	<b>6,827</b>	9,814	4,654
Movement in year	615	1,654	2,269	(4,991)
Rounding adjustment	0	0	0	1
Hard commitments as at 31 March	5,242	3,211	8,453	6,184
<b>Analysed as</b>				
Hard commitments due within one year	5,189	3,211	8,400	6,165
Hard commitments due after one year	53	0	53	19
			<b>2008-2009 £000</b>	<b>2007-2008 £000</b>
Amounts due during 2008-2009 Financial Year			0	6,165
Amounts due during 2009-2010 Financial Year			8,400	19
Amounts due during 2010-2011 Financial Year			53	0
Amounts due during 2011/12, 2012/13 and 2013/14 Financial Year			0	0
Hard commitments carried forward as at 31 March			<b>8,453</b>	<b>6,184</b>
			<b>2008-2009 £000</b>	<b>2007-2008 £000</b>
<b>Intra-government balances</b>				
Balances with other central government bodies			2,754	2,566
Balance with local authorities			1,938	1,986
			<b>4,692</b>	<b>4,552</b>
Balance with bodies external to government			3,761	1,632
			<b>8,453</b>	<b>6,184</b>

## Hard Commitments

A hard commitment is analogous to a commitment arising from a legally binding contract. For capital grants soft commitment changes to a hard commitment as soon as the applicant returns a signed copy of the contract offer having complied with any special conditions incorporated in the contract.

There are no Hard Commitments due in more than five years

## 5 Soft commitments

	<b>2008-2009</b> <b>£000</b>	2007-2008 £000
Soft commitments at 1 April	<b>3,498</b>	2,087
Soft commitments transferred to hard commitments	<b>(2,715)</b>	(1,523)
Soft commitments not taken up	<b>(406)</b>	(31)
Soft commitments made	<b>4,102</b>	2,965
Soft commitments at 31 March	<b>4,479</b>	3,498

A soft commitment occurs when there is agreement by one of the decision making officers or panels to fund a grant scheme and a formal offer made to the applicant body. In addition to the above, approvals in principle commitments totaling a further £202,000 (2007-2008 £900,000) had been made as at 31 March 2009. These arose in respect of projects where a decision making panel had indicated to the respective applicant that they could proceed with preparation of a detailed business case in support of funding.

## 6 Capital commitments

At 31 March 2009, the Lottery account had no contractual commitments for capital fixed asset expenditure (2007-2008 Nil).

## 7 Taxation payable

	<b>2008-2009</b> <b>£000</b>	2007-2008 £000
Tax payable on interest received at 21 per cent (2007-2008 20 per cent)	<b>8</b>	10

## 8 Staff costs

The staff costs figure shown in the Income and Expenditure account is an apportionment of costs incurred by the Sports Council for Wales and is arrived at as follows

	Average No of Staff Involved	<b>2008-2009</b> <b>£000</b>	2007-2008 £000
<b>Gross salary costs</b>			
Chairman P Carling	0.50	<b>26</b>	12
Chief Executive	0.25	<b>19</b>	19
Other Staff	40.25	<b>1,637</b>	1,710
(2007-2008)	45	<b>1,682</b>	1,741
Salaries and Wages		<b>1,338</b>	1,498
Social Security costs		<b>103</b>	87
Other Pension costs		<b>241</b>	156
		<b>1,682</b>	1,741

Staff costs are further analysed as follows

	<b>2008-2009</b> <b>£000</b>	2007-2008 £000
Administration	<b>1,300</b>	1,379
Sports Science Support to Athletes	<b>382</b>	362
	<b><u>1,682</u></b>	<u>1,741</u>

The average number of staff employed are all permanent contract staff.

The 2008-2009 staff cost apportionment are based on actual figures, as compared to the 2007-2008 which are based on a percentage apportionment basis.

## 9 Other operating costs

	<b>2008-2009</b> <b>£000</b>	2007-2008 £000
Direct Costs	<b>169</b>	323
Accommodation	<b>40</b>	41
Consultants	<b>15</b>	18
Travel and Subsistence and Hospitality	<b>23</b>	15
Audit Fee	<b>18</b>	16
Recharges for Sports Council for Wales Services	<b>162</b>	159
	<b><u>427</u></b>	<u>572</u>

## 10 Creditors (amounts falling due within one year)

	<b>2008-2009</b> <b>£000</b>	2007-2008 £000
Sports Council for Wales	<b>254</b>	353
Taxation Payable	<b>8</b>	10
Accruals	<b>19</b>	16
	<b><u>281</u></b>	<u>379</u>
<b>Intra-government balances</b>		
Balances with other central government bodies	<b>27</b>	26
Balance with local authorities	<b>0</b>	0
	<b><u>27</u></b>	<u>26</u>
Balance with bodies external to government	<b>254</b>	353
	<b><u>281</u></b>	<u>379</u>

**11 Analysis of changes in cash**

	1 April 2008 £000	Cash Flow £000	31 March 2009 £000
Cash at Bank and in hand	1,417	(506)	911

**12 Reconciliation of (decrease)/increase in lottery funds before taxation to net cash inflow/(outflow) from operating activities**

	2008-2009 £000	2007-2008 £000
(Decrease)/increase in funds before tax and interest	(2,193)	4,051
NLDF funding	4	25
(Increase)/decrease in debtors	(68)	325
Increase/(decrease) in creditors	2,173	(4,889)
(Increase)/decrease in NLDF	(423)	1,127
Unrealised gain NDLF	33	0
Net cash (outflow)/ inflow from operating activities	(474)	639

**13 Reconciliation of net cash flow to movements in net funds**

	2008-2009 £000	2007-2008 £000
(Decrease)/increase in cash	(506)	655
Movement in liquid resources – NLDF balance	423	(1,127)
(decrease) in net funds	(83)	(472)
Net funds brought forward	10,852	11,324
Net funds carried forward	10,769	10,852

**14 Debtors**

	2008-2009 £000	2007-2008 £000
<b>Due within one year</b>		
Other Debtors and prepayments	86	12
<b>Due within more than one year</b>		
Other Debtors and prepayments	52	0

Included in other debtors and prepayments is £58,333 in respect of an interest free capital loan made over a ten year period.

	2008-2009 £000	2007-2008 £000
Intra-government balances		
Balances with other central government bodies	0	0
Balance with local authorities	80	12
Balance with bodies external to government	58	0
	138	12

Grants repayable had arisen due to a number of reasons, including under spends against amounts awarded and failures by recipients to comply in full with the conditions of grant.

## 15 Contingent liabilities

There were no contingent liabilities at 31 March 2009 (2007-2008 Nil).

## 16 Financial instruments

Financial Reporting Standard 13 : Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the Council's Lottery function faces in undertaking its role.

### *Liquidity risks*

In 2008-2009, £9,402,000 or 94.7 per cent of Lottery income derived from the National Lottery (2007-2008: £9,069,000 or 91.6 per cent). Of the remaining income, £457,000 or 4.6 per cent, derived from investment returns from the balance held with the National Lottery Distribution Fund, (2007-2008: £728,000 or 7.4 per cent), and £67,000 or 0.7 per cent from bank interest and sundry income (2007-2008 : £99,000 or 1 per cent). The Sports Council for Wales does not consider that its Lottery fund is exposed to any significant liquidity risk, and are satisfied that the balance within the NLDF and projected future Lottery proceeds are sufficient to meet its hard commitments.

### *Interest rate risks*

The financial assets of the Lottery are invested in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as government bonds and cash. The Sports Council for Wales has no control over the investment of Funds in the National Lottery Distribution Fund. Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account which on average carried an interest rate of 2.08 per cent (2007-2008 3.54 per cent) in the year. The cash balance at the year-end was £911,000. The Sports Council for Wales considers that its Lottery function is not exposed to significant interest rate risks. Include in debtors (note 14) is £58,333 which relates to an interest free loan. If interest had been charged at a treasury rate of 3.5 per cent then £2,100 would have been charged as interest in these accounts.

### *Foreign currency risk*

The Lottery function of the Council is not exposed to any foreign exchange risks.

## 17 Related party transactions

The Lottery operations of the Sports Council for Wales are funded from the National Lottery Fund through the Department of Culture, Media and Sport. The Department is regarded as a related party. In addition, the Lottery paid capital grants during the year to a number of organisations in which members and senior staff declared an interest and which are considered material.

Having declared an interest, panel members are required to leave the meeting while the relevant application is discussed and a decision made.

<b>Member's Panel</b>	<b>Body</b>	<b>Aggregate Amount £000</b>	<b>Nature of link</b>
G Davies Director of Operations (Left 28 February 2009)	Golf Union of Wales	94	Director of Ryder Cup Wales
A Hamilton Head of People & Programme Development	Welsh Netball Association	59	Member
A Williams Manager Plas Menai Watersports Centre	Welsh Yachting Association	85	Member
Mr D R Turner	Athletics Association of Wales	85	Member of clubs affiliated to Athletics Association of Wales
Dr W M Leyshon	Athletics Association of Wales	85	Member of clubs affiliated to Athletics Association of Wales

There are no balances outstanding at the year end with any related parties.

## 18 Pension

Pension costs for the Sports Council for Wales for 2008-2009 amounted to £1,533,000 (2007-2008 £1,246,000) representing 20.1 per cent (2007-2008 19.4 per cent) of pensionable pay and advanced contributions in respect of early retirement costs. Payments of £247,000 were made in respect of early retirement costs following the redundancy of staff. From 2009-2010, the rates will be 21 per cent. Contributions to the Fund have been determined by an independent qualified actuary. The latest triennial valuation of the Fund was carried out as at 31 March 2007 and the actuary's report was prepared in accordance with Guidance Note GN9 issued by the Institute and Faculty of Actuaries, current at the valuation date, to the extent that it applies to the Local Government Pension Scheme.

Full disclosure under FRS17 'Retirement Benefits' are set out in the Sports Council For Wales consolidated financial statements which are publicly available.

**19 Tangible fixed assets**

	Equipment £000	Total £000
Cost or Valuation at 1 April 2008	49	49
Additions	4	4
Disposals	0	0
At 31 March 2009	<u>53</u>	<u>53</u>
Depreciation at 1 April 2008	(5)	(5)
Charge for the year	(9)	(9)
Disposals	0	0
At 31 March 2009	<u>(14)</u>	<u>(14)</u>
<b>Net Book Value at 31 March 2009</b>	<u>39</u>	<u>39</u>
Net Book Value at 31 March 2008	<u>44</u>	<u>44</u>

**20 Post balance sheet events**

The Accounting Officer authorised these financial statements for issue on 16 July 2009.



For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Tel: 020 7798 7400  
Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

DG Ref: 009126

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliamentary Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax Orders 020 7219 3866

Email [bookshop@Parliament.uk](mailto:bookshop@Parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

Customers can also order publications from

**TSO Ireland**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-328846-8



9 780103 288468