



# **The United Kingdom Sports Council**

**Grant-in-Aid and National Lottery Distribution Fund  
Annual Report and Accounts  
for the year ended 31 March 2020**

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## **Grant-in-Aid and National Lottery Distribution Fund Annual Report and Accounts for the year ended 31 March 2020**

Presented to Parliament pursuant to Sections 34(3) and 35(5) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998, and the National Lottery Act 2006).

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## Introduction by the Chair

The year leading up to the Summer Olympic and Paralympic Games is always an incredibly exciting one as the long-awaited goal finally comes into view. Although the end might be in sight there remains a huge amount of work for the sports and their athletes as qualification must be completed and preparations fine-tuned.

The past year has seen a fantastic 48 Milestone Target (MST) medals (11 Gold, 14 Silver, 23 Bronze) won across Olympic Summer sports - as an indicative comparison to the final year of the Rio cycle, the 2015 outcome was 47 medals delivered against a similar range.

Across the Summer Paralympic programme 127 MST medals (49 Gold, 44 Silver and 34 Bronze) were secured, comfortably delivering the 105-146 target range. Again, as an indicative comparison in 2015, 125 medals were won, delivering within the planned range of 110-156.

There were also some impressive performances from our Winter athletes in both Olympic and Paralympic disciplines as they completed their first year of the Beijing 2022 cycle.

At UK Sport we moved into a new cycle ourselves, saying goodbye to Liz Nicholl who has been a tremendous asset to the organisation for 20 years, the past nine as CEO. We welcomed our new CEO, Sally Munday, in September 2019. Sally has joined us with 30 years of experience working in the sports sector and I know Sally will be a wonderful successor to Liz as we embark on our ambitious new strategy for high performance sport in the UK.

Looking towards Tokyo the important question is 'What will success look like at the Games?'. Clearly, we want to continue to demonstrate that our Olympic and Paralympic family in the UK are on this special journey for the long term. We want to once again show that young British athletes, from any walk of life, have a bright future and will be given the best possible support to enable them to fulfil their potential and achieve their dreams. We also want to give the nation something to be truly proud of, feel part of and help inspire a healthy, ambitious and cohesive nation.

British success in Tokyo is about more than a number of medals, and certainly more than merely delivering 'one more' than last time. There is more than one prize at stake and success for us in Tokyo is about remaining a 'top' Olympic and Paralympic nation in Tokyo and seeing clear signs that this success continues to be sustainable, progressing on to Paris, LA and beyond. It is also crucial to us that we ensure our success is a platform for broader impact on the nation - we know that sport can bring the nation together like little else can and has an impact far beyond what happens on the field, the track or in the arena. We want to know that the investment we have made in British athletes is having a much wider impact on the nation and is delivering pride, cohesion, inspiration and ambition.

At the heart of our High Performance system, sustained success is about valuing people who have the skills, passion and commitment to excellence, who contribute to medal winning success that inspires the nation. As a result, this year we launched the inaugural PLx awards with the purpose of recognising those individuals, teams and sports who have made a significant contribution to the GB High Performance system. I want to offer again my congratulations to both our fantastic award winners and to all of those who have been successfully shortlisted for an award.

Whilst celebrating and recognising great contributions already made, we are also always looking forward. Work has commenced at pace on the Paris 2024 investment process as we prepare to inspire the nation once again over the next Summer Olympic and Paralympic Cycle. We are clear that we will put athletes first in everything that we do. We have also made clear our commitment to the ethical pursuit of excellence. We believe success is defined not just by 'what' but by 'how' and will act to uphold the integrity of the high performance system. The public consultation conducted last year demonstrated the UK public believe that our sporting system can be a force for good in society. As a result, we're working on a new and ambitious social impact strategy which will sit at

the heart of our work with sports and athletes.

UK Sport has also taken great pride in being a key partner and investor into some of the biggest and best major events hosted in 2019. The Netball World Cup was a particular highlight, over 6 million people across the UK attending or following the event, and it is estimated to have delivered an £8m economic boost to the Liverpool's economy. The Road Cycling World Championships in Yorkshire were another highlight with the Championships having been hailed "the most inclusive and diverse ever held".

Despite the many positive and exciting events and developments within sport over the last year, we are now engulfed by something no one could have predicted. In recent weeks we have all been rocked by the impact of the COVID-19 pandemic across the world. Sports and athletes' preparations for the Tokyo Games have been put on hold. The Olympic and Paralympic Games have been postponed until the summer of 2021 and qualification opportunities for the Games have also been delayed.

This has presented an acute risk for sports both in terms of their immediate survival, as well as their ability to qualify for the Games and deliver performances there to make the nation proud. UK Sport's organisational response has been to adapt our corporate strategy to address the circumstances in which we all now find ourselves. UK Sport will protect the high-performance system – National Governing Bodies, athletes and other partner organisations - during this time to ensure it survives and continues to thrive.

We will work to address how best to help the system prepare for the resumption of activity – especially in terms of ensuring that our World Class Programme athletes are supported to be fully competitive at the re-scheduled Olympic and Paralympic Games next summer.

We have also initiated activity to ensure the high performance sports system in the UK can play our part in helping society during the crisis to help the system – for example, through athletes inspiring people to stay active, or through mobilising expertise and resources to support key workers and health professionals.

With each of these steps it is crucial that the incredible people throughout the high performance system who make it as exceptional as it is are safe and feel supported.

We are grateful for the National Lottery and Exchequer funding provided during the year, and for the exceptional additional funding provided by the Department for Culture, Media and Sport (DCMS) to meet the needs in this Cycle. The COVID-19 pandemic has created a number of significant risks around funding and we will be working tirelessly with our partners to plan ahead to deliver at the Tokyo Games in 2021, as well as starting the 2024 Paris Cycle.

As always, our thanks are due to all those who support us in helping to deliver sporting achievements that inspire the nation.



**Dame Katherine Grainger DBE**  
**Chair**  
The United Kingdom Sports Council

11th December 2020

## **Performance Report**

### **Legislative Background**

UK Sport was established by Royal Charter on 19 September 1996 and became fully operational on 1 January 1997. UK Sport is a National Lottery distributing body under Section 23(2) of the National Lottery etc. Act 1993.

### **Purpose and Structure**

UK Sport provides strategic investment to enable Great Britain's Olympic and Paralympic sports and athletes to achieve their full medal winning potential. We have a very clear remit at the 'top end' of Britain's sporting pathway, supporting athletes and sports to compete and win medals at the Olympic and Paralympic Games. UK Sport also leads the UK's major sporting events programme and seeks through these incredible sporting moments to inspire a nation.

We receive funding from the National Lottery Distribution Fund together with Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS). A small amount of commercial income is also generated, mainly from sponsorships.

Funding is distributed through the UK Sport Group which comprises UK Sport, the English Institute of Sport (EIS) and Yorkshire 2019 Limited. While UK Sport primarily provides strategic investment to National Governing Bodies (NGBs) and elite athletes, EIS provides sport science, medicine, technology and engineering services to elite athletes predominantly in World Class Programme (WCP) funded sports. Yorkshire 2019 Limited was created in November 2016 to deliver the 2019 UCI World Road Cycling Championships; this event having now taken place, it will be wound up in 2020-21.

### **Strategy and Objectives**

UK Sport uses a VMOST (Vision, Mission, Objectives, Strategy, Tactics) framework for its strategic planning, which is done on a 4 year cycle to coincide with Olympic and Paralympic years. These are illustrated by Table 1. Each directorate and team within the organisation has their own SMART Objectives and Budgets linked to these strategies, with performance against these objectives reported regularly to the Board.

**Table 1: UK Sport VMOST Framework, 2017-2020.**



**Openness & Integrity, Commitment to Excellence, Working Together**

Vision	Mission	Objectives	Strategies	<b>Organisation</b> Develop our organisation as an expert, agile and courageous model of high performance
<b>Vision</b> A nation inspired by Olympic and Paralympic success	<b>Mission</b> Driving and showcasing British medal success on the world stage	1 Secure and optimally invest our resources to develop and sustain <b>success</b>	A Secure the financial <b>resources</b> required to achieve our <b>Vision</b>	
		2 Enable World Class Programmes to deliver <b>more medals and medallists</b> in PyeongChang and Tokyo	B Invest our <b>resources</b> strategically, objectively, efficiently and effectively to <b>optimise success</b>	
		3 Enable World Class Programmes to <b>recruit, retain and develop</b> cohorts of <b>athletes</b> capable of sustaining consistent medal success through to 2028	C Drive <b>medal winning success</b> through World Class Programmes	
		4 Drive the <b>evolution</b> of a world leading and resilient <b>high performance system</b>	D Drive a <b>cutting edge, aligned, agile and resilient</b> high performance system	
		5 Establish the UK as a world-leading host of <b>innovative and inspirational</b> international sporting <b>events</b>	E Drive the UK's programme of <b>international sporting events</b> into the 2020s to set new benchmarks in terms of <b>impact, innovation and quality</b>	
		6 Demonstrate the inspirational <b>impact</b> of Olympic and Paralympic success in contributing to wider <b>positive social and economic benefits</b> for the nation	F <b>Evidence, maximise and promote</b> the <b>inspirational impact</b> of Olympic and Paralympic <b>success</b> in delivering positive social and economic outcomes	
		7 Drive and influence the highest standards of <b>professional, organisational and ethical conduct</b> in national and international sport	G Drive and support world-leading standards of <b>professional, organisational and ethical conduct</b> in <b>funded bodies</b>	

## Performance Overview

It has been an eventful year for UK Sport as it continued to deliver on its 2017-21 Strategic Plan. The expectation that the year would be the last before the Tokyo Olympics and Paralympics 2020 meant that preparations reached a climax, with athletes continuing to deliver medals across multiple sports in line with performance targets and events attracting hundreds of thousands of people across the UK.

The COVID-19 pandemic has however caused major disruption, most notably with the Olympics and Paralympics being postponed for a year, but also with other events being postponed and cancelled, and NGBs losing major income streams. This means that UK Sport has an even more vital role to ensure the high performance system is protected so it can continue to effectively support athletes and sports for the years to come, prepare for the delayed Olympic and Paralympic Games and play its part in supporting national efforts to tackle the COVID-19 pandemic.

Across the year there was significant medal success from British athletes. 48 medals were counted for milestone target purposes by summer Olympic sports, delivering the target range of 40-77. Notable successes were achieved in various world championships; including Swimming with Adam Peaty winning two individual golds (one in a non-Olympic event) as part of a total GB haul of seven, there were golds for Dina Asher-Smith and Katarina Johnson-Thompson at the World Athletics Championships, and for Max Whitlock and Joe Fraser on the pommel and parallel bars respectively at the World Gymnastics Championships. Liam Heath won the second world title of his career in the Canoe Sprint and Lauren Price took the gold in the women's Boxing middleweight division. Finally, on home soil three Taekwondo world champions were made – with Bianca Walkden, Jade Jones and Bradly Sinden taking golds. For comparison, at this stage leading up to the Rio Olympics, 47 medals were won. This is a similar but not direct like for like comparison given that there were some different sports/disciplines.

Summer Paralympic sports were similarly successful, with 127 medals counted for milestone purposes across 16 sports, delivering the range of 105-146. Again, for comparison at the same stage in 2015, 125 medals were counted against a range of 110-156. A large number of athletes became world champions with strong performances spread across the sports. 43 medals were counted for the Para Swimming squad at the home world championships, with Alice Tai a leading light. Wheelchair Fencer Piers Gilliver won his first world title and the Para Cycling squad were successful on both the track and the road with Dame Sarah Storey a multiple gold medallist again. The Para Canoe squad topped their medal table for the 8th consecutive time and the dominant Para Rowing mixed four won the world title for a 9th year as part of a successful regatta. Matt Skelhon became double world champion in Shooting and Matt Bush became the first British male Para Taekwondo world champion.

In September 2019, UK Sport Board agreed to increase the Aspiration Fund by up to £1m, in addition to the £3m already announced in 2018. This fund supports sports that do not currently receive full UK Sport world class programme funding in their attempt to qualify for Tokyo. Furthermore, Medal Support Plans continue to be awarded to sports, again not in receipt of full world class programme funding where world championship medals have been won in the Tokyo cycle.

Following the 2019 Winter Sports Annual Review, the Board agreed to award an additional £3.5m of funding to sports in the run up to Beijing 2022. This included £1.3m for Ski and Snowboard, £1.2m for Para Ski and Snowboard and £0.9m for Wheelchair Curling (as part of a Medal Support Plan following their silver at the 2019 world championships). The Winter Sports 2019/20 calendar was then heavily disrupted by the COVID-19 pandemic, with a large number of events curtailed or cancelled in their entirety. Nevertheless, there were successes in Ski and Snowboard events in particular. On the Olympic side 9 medals were won across world cup events with Katie Ormerod crowned the first ever British winner of the snowboard title. On the Paralympic side, snowboarder Owen Pick, the flagbearer at the PyeongChang Winter Paralympic Games in 2018, won the world cup series and there were multiple podiums for the VI skiers.

UK Sport's strategy for investing in Olympic and Paralympic success creates a crucial platform from which to reach, engage and inspire people in their daily lives. The sporting performances and achievements of our athletes play a positive role for example in inspiring the nation to become active or to increase their activity levels, with research regularly showing that over 60% of the public are inspired by the success/stories of our athletes and, of these, approaching 40% being motivated to be more active as a result. In addition, research carried out over the last two years shows that half of all people who are inspired by the success/stories of British athletes (48%) consistently report feeling happier and more satisfied with their life as a result.

In September 2019, Yorkshire played host to the Road World Championships and Para Cycling International, with the event managed by UK Sport's subsidiary, Yorkshire 2019 Limited. Over £12m of public money was invested in the event, with 1162 participants from 67 nations taking part in what is one of the major events in global cycling's calendar. Despite poor weather, over 700,000 spectators lined the roads to watch across a week of world class racing. Championships included a range of men's and women's races, across age groups from junior to elite, starting in different towns and cities (Beverley, Bradford, Doncaster, Leeds, Northallerton, Richmond, Ripon, Tadcaster, Wetherby) throughout Yorkshire and each finishing in the main competition town of Harrogate. British success in the event included 3 bronze medals in the World Championships and 23 medals in Para Cycling.

A report from the UCI (the international governing body for cycling) showed a direct economic impact of £22m to the Harrogate area, demonstrating the value of hosting such mega events. The UK Government has committed to legacy investment of £15m for improved cycling facilities across England, helping to continue the growth in popularity of the sport.

In addition to the Road Championships, this year UK Sport has supported 16 events, including four World Championships and four European Championships. Notably this includes the IPC Para Swimming World Championships and Olympic European Boxing qualifier, in which the UK was approached with a request to host these events.

The calendar of major sporting events for the next decade continues to grow, with the World Trampoline Championships secured for 2023 and ongoing programming work to identify event hosting opportunities. To date the opportunities list features over 70 events, including nine mega events, with feasibility work to bid for and host the FIFA World Cup, the Ryder Cup and the Rugby World Cup 2025 currently taking place. There is additional uncertainty over the disruption to future events with the current COVID-19 crisis and UK Sport will closely monitor the situation. The Major Events Team are working hard to build a 2021 events programme to support the qualification and preparation of GB athletes ahead of the rescheduled Olympic and Paralympic Games.

In 2019-20 an evolved approach to monitoring culture and ways of working within World Class Programmes (WCP) was introduced. As well as on-going culture health checks carried out through quantitative surveys, 'walk the floor' immersive site visits were introduced which provided a more comprehensive, detailed insight and exploration of culture across a WCP. Evidence suggests a positive system picture, with 77% of sports having clearly identifiable strengths in their culture. An encouraging improvement seen this year is that 79% of athletes, staff and stakeholders believe measures are being taken to improve mental health and wellbeing, along with over half of respondents acknowledging there are consequences for inappropriate behaviour.

Following the launch of the Mental Health strategy there has been significant progress in understanding and supporting athlete mental health and this remains a major priority for UK Sport. Mental Health awareness training workshops have been facilitated across 26 sports, UKS and the EIS. The next step to education is the implementation of Mental Health Champion Training. The Mental Health Expert Panel continues to provide guidance to the high-performance system on complex cases, on mental health strategy development (with the panel helping to develop Mental Health strategies in 19 World Class Programmes) and providing general advice from which there have been 105 requests to access the panel, with 85% of these now completed. Feedback on the Panel has been positive with the Panel seen as a 'highly valued source of advice for the system'.

Mental Health COVID-19 specific support includes access for sports to the EIS Mental Health, Psychology and Performance Lifestyle teams, who have worked together to develop resources and provide guidance for the high performance system. The Mental Health Expert Panel has developed a workshop on supporting healthy adjustments which will be delivered to Psychologists initially with the potential to run an additional session for wider audiences.

## **Key Risks and Issues**

Organisationally, our risk appetite is carefully assessed and reviewed to consider the nature and type of work across our organisation and within our teams and thus the appropriate level of risk-taking. By nature, as an Arm's Length Body (ALB) operating within the wider governmental control framework, we are required to be more risk averse. However, to maintain our competitive advantage we often need to explore innovative and creative solutions, often at short notice, to complex problems and opportunities – this requires a degree of acceptance of risk and the ability to work with agility. When required this is done in a calculated and informed way, with implications and benefits considered, prior to decisions being taken.

The worldwide COVID-19 pandemic has created the major challenge, in the short, medium and long term, to UK Sport achieving its strategic objectives. Lottery receipts, from which a key part of UK Sport's income is drawn, could be reduced below forecasts for 2020-21 and beyond. While funding from Exchequer is confirmed until March 2021, there is uncertainty over the next settlement, in terms of its size. This presents challenges planning for the next Olympic cycle and beyond. Given this increased uncertainty, UK Sport is reviewing its reserves policy and whether the minimum level should be increased to deal with the new funding environment.

With the Tokyo 2020 Olympics being postponed for a year, and major disruptions to sports' income streams, athletes' training regimes and the cancellations of sporting events in general, UK Sport faces a major challenge in ensuring that the high performance system is able to remain resilient through this period. In addition, this impacts the organisation's strategy for the Paris 2024 Olympics and beyond. The uncertainty of when and how restrictions will be lifted, both nationally and internationally, means that UK Sport needs to be flexible and to react quickly to the changing landscape.

To help provide support to sports during the COVID-19 pandemic, UK Sport has agreed with DCMS to write off grants which have been awarded to partners where they relate to cancelled or postponed events in 2020 due to COVID-19. This means that where funds have already been committed to an event and cannot be recovered, these will not be clawed back by UK Sport. The Accounting Officer of the Body receiving the award will need to certify that any non-recoverable expenditure has been spent in accordance with the grant conditions. The remainder of the grant funding will be clawed back where possible.

Other key risks are captured in UK Sport's risk register, which is used as a key tool to influence decision making. Mitigating actions are considered and developed to minimise risks where appropriate and are updated on a regular basis. Further details about the significant risks managed during 2019-20 are provided in the Governance Statement.

## **Performance Analysis**

UK Sport is held to account by DCMS against a set of key performance indicators (KPIs). At the beginning of the year formal KPIs between UK Sport and DCMS are agreed with results of previous years published on UK Sport's website. UK Sport attends formal quarterly meetings with DCMS where progress against KPIs is discussed, monitored and agreed. Risks which link to UK Sport not achieving the milestones against these KPIs are included in the Corporate Risk Register and closely monitored.

The following table sets out our performance against the 2019-20 targets agreed for the year. It should be noted that the Winter Sports season was incomplete due to COVID-19, so certain events in which targets were set did not go ahead as planned (including Para Ski and Snowboard events against which all Winter Paralympic medals targets were set).

Objective	Performance Target	Milestone Event Indicator	Milestone Event Result
<b>Performance Success – Summer Olympic</b>	Achieve within the medal range	40-77	48
<b>Performance Success – Summer Paralympic</b>	Achieve within the medal range	105-146	127
<b>Performance Success – Winter Olympic</b>	Achieve within the medal range	4-12	9
<b>Performance Success – Winter Paralympic</b>	Achieve within the medal range	4-8	0
Drive a <b>culture of integrity, professionalism, and organisational</b> excellence throughout the HPS	Percentage of UK Sport-funded athletes who feel cared about as a person as well as a performer in their World Class Programme	>76% of athletes agree	80% agree
Drive a <b>culture of integrity, professionalism, and organisational</b> excellence throughout the HPS	Percentage of UK Sport-funded staff who feel cared about as a person as well as a performer in their World Class Programme	>76% of staff agree	81% agree
Support successful bids to <b>host strategically targeted international sporting events</b>	The number of pinnacle international sporting events secured for the UK	3-5 pinnacle events added this year.	3 secured
To drive <b>number of spectators</b> at and <b>direct economic</b> impact in host communities from supported international sporting events in 2019-20	Achieve within the total attendance range and achieve within the economic impact range	Road World Championships, 1-3m spectators, Economic Impact £100m.	Y2019 post event reports cumulative spectator attendance of between 700k and 1.2m, With the UCI commissioned report, stating an Economic Impact of £22m for Harrogate. For the overall EI, this has yet to be announced by the UCI, however it is expected not to achieve the KPI

Objective	Performance Target	Milestone Event Indicator	Milestone Event Result
		Other Events 150,000-200,000 spectators >£17m Economic Impact	target of £100m (the total number of spectators was negatively impacted by extreme bad weather conditions)  Other Events 180,000 spectators £20m Economic Impact
Successfully operationalise a <b>long-term mega event hosting programme</b> which identifies, sequences and costs high-value-targets	Initiate Feasibility work into 3 Mega events	Agreed list of mega event hosting targets for the 2020's is established with the home country event agencies	Feasibility work in progress for 3 Mega Events
Funded organisations exhibit the <b>highest standards of governance</b>	Assess all organisations receiving public funding, to ensure that all maintain compliance with the Code for Sports Governance	100%.	100% of organisations that have passed their compliance deadline have achieved and continue to maintain compliance
To <b>inspire</b> the next generation through school and community sport	% of athletes on UK Sport's World Class Programme completing at least one appearance per annum	85%	85%
	% of athletes on UK Sport's World Class Programme completing five or more appearances per annum	50%	59%
	Total number of days completed by the whole athlete cohort in year	6000	5826- towards the end of the year many of the athlete appearances had to be cancelled due to COVID-19- otherwise was on track to hit the target

Objective	Performance Target	Milestone Event Indicator	Milestone Event Result
To develop a more sustainable <b>mixed funding model</b> aimed at reducing dependency on public funding	To increase the levels of non-public investment in World Class Programmes for the 2017-2021 period	Co-funding contributions from NGBs for 19/20 exceed £3m cash and £3m VIK	£3.8m cash for the year

## Social responsibility

UK Sport has appropriate operational policies and procedures in place to meet its legal requirements. Those policies on whistleblowing, anti-corruption and anti-bribery matters were updated during the year.

No significant human rights, environmental or social issues have arisen during the course of the financial year. UK Sport is an equal opportunity employer which has taken positive action to ensure it meets its legal duties under the Disability Discrimination Act (1995), Disability Equality Duty (2006) and the Equality Act (2010).

## Sustainability Reporting

UK Sport falls below the threshold for mandatory inclusion of a Sustainability Report.

## Financial Statements

The Accounts section of this report is separated into two distinct areas in line with statutory requirements, namely Grant-in-Aid and National Lottery Distribution Fund accounts.

They include accounts for UK Sport as well as a consolidated Group position including EIS and Yorkshire 2019 Limited. Accounts for the two subsidiaries are also published separately.

## Policy on Lottery Additionality

With funding derived from two primary sources, Grant-in-Aid and Lottery, UK Sport is required to have a policy on "additionality" that sets out what is funded through each source.

Historically, UK Sport has funded major events and Athlete Performance Awards exclusively through Lottery funding. This approach is expected to continue. The World Class Programmes have been funded by a mix of Lottery and Exchequer funding in a proportion determined at the start of each Olympic Cycle. Our approach has been that once a grant commitment for World Class Programmes has been recorded through the Grants Management System as a proportion of Lottery and Exchequer funding then these allocations will remain in place for the duration of the programme. However, having the ability to replace Lottery grant commitments with Exchequer funding has been necessary to manage fluctuations in income and re-profiling of expenditure within some programmes.

The 'additionality' policy agreed with the Lottery team at DCMS and the National Audit Office (NAO) provides a clear set of guidelines under which funding can be reallocated:

*Lottery funding is distinct from Government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding.*

*UK Sport has regard to the principles of additionality and this definition when progressing its investment strategies and programmes. Where appropriate, Lottery funding complements investment strategies such as the World Class Performance Programmes, which are geared*

*to achieving long-term Olympic and Paralympic success.*

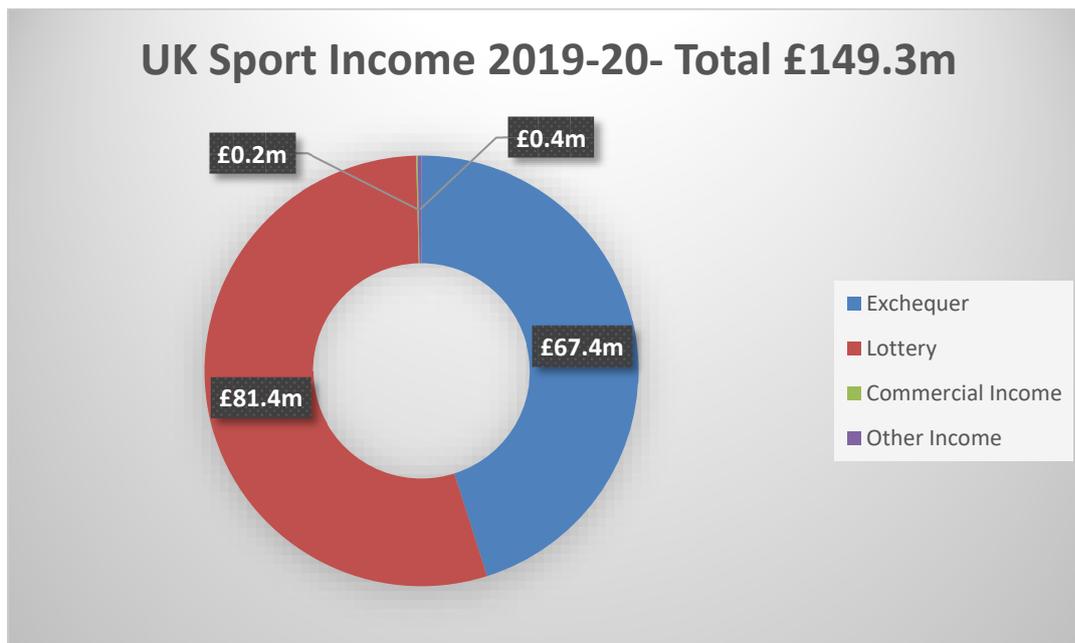
*Awards for the World Class Performance Programmes are committed at the start of each Olympic and Paralympic cycle using a combination of Exchequer and Lottery funding. In the event that additional Exchequer funding is made available to UK Sport or there is a reduction in planned Exchequer financed activity elsewhere in the business, the awards may be adjusted to reflect a greater proportion of Exchequer funding.*

*The Major Events Programme and funding of Athlete Performance Awards are solely Lottery funded. These are prime examples of Lottery funded programmes that are not provided as a statutory responsibility or funded by Government, but add real value to the UK's sporting ambitions.*

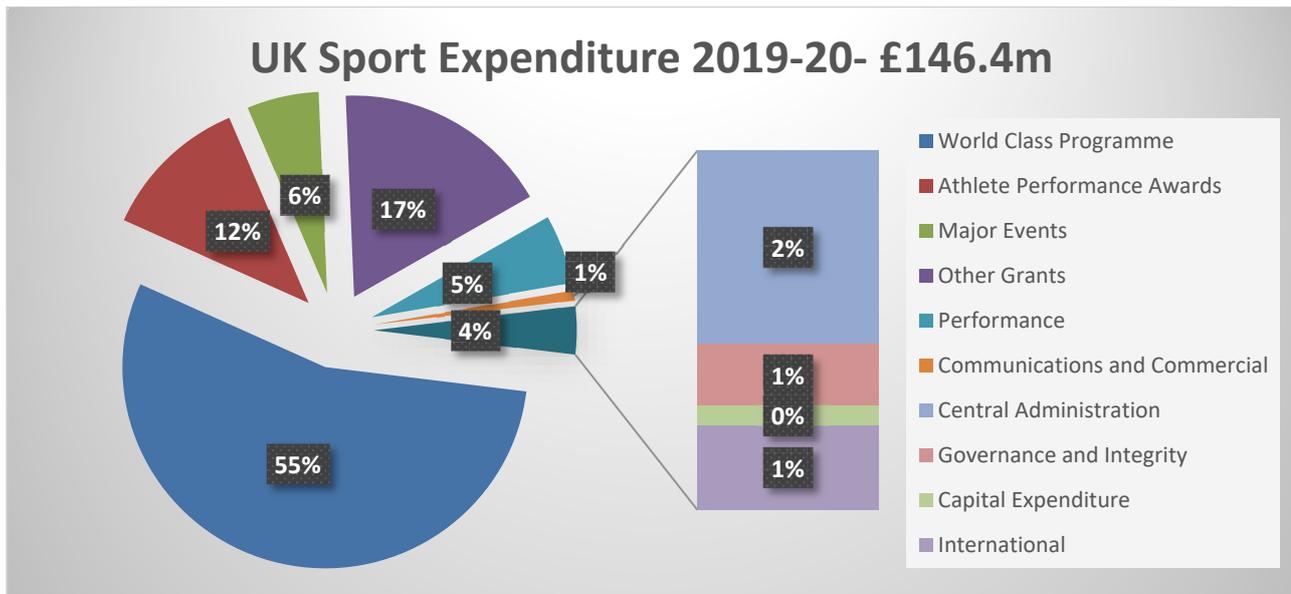
## Financial Performance

Total income of £149.3 million (£144.3 million in 2018-19) was received by UK Sport which included £7.4m from DCMS in respect of the underwrite against shortfalls in Lottery income. UK Sport received £81.3 million from the National Lottery Distribution Fund (£73.4 million in 2018-19) and £67.4 million from Exchequer (£70.1 million in 2018-19). Exchequer Funding includes £1.7m for the Road Cycling Championships in 2019, as well as £2.0m for the Women's Euro Football Championships 2021.

Commercial income was £0.2m; this was a reduction from 2018-19 owing to a gap between a contract expiry and the renewal with regards to rights.



Total expenditure of £146.4 million (£138.9 million in 2018-19) was less than income received and is shown split out below:



Grants for the World Class Programmes, and Athlete Performance Awards made up the greatest part of the expenditure incurred. These payments are not equally phased over the cycle giving rise to fluctuations in the level of expenditure year on year. Such movements are managed through the Lottery Reserve. The balance on the Lottery Reserve is forecast to be £20.9m at the end of 2020/21. The reserves policy for the Paris cycle is being reviewed; previously the minimum balance at the end of the cycle was £15m; but the current uncertainties over future funding mean a larger balance may be required to manage any shortfalls.

Administration and operating costs have continued to be monitored closely. The Exchequer resource outturn was within 0.21% (£0.135 million) of budget, meeting the DCMS target of 1%. The DCMS Lottery performance target of 8% for administrative spend was also met with a result of 6.88% for the year.

The Statement of Financial Position on the Exchequer Account at 31 March 2020 shows negative overall Taxpayer’s Equity of £20.0 million (£28.0 million in 2018-9). This is offset by a surplus on the Lottery account of £33.7 million (£34.7 million in 2018-19) to give a total group position of £13.7 million (£6.7 million in 2018-9). These liabilities include pension provisions of £18.1 million.

**Expenditure on Consultancy**

During 2019-20 expenditure on consultancy at UK Sport was £271,440 (2018-19: £331,941). The expenditure on consultancy relates to various projects, including advice and support on the organisation’s Strategic Projects

**Funded Athlete Demographics**

UK Sport funded 1074 athletes as at 31 March 2020 (1,111 athletes at 31 March 2019) with the following demographic breakdown:

Gender	31/3/20	31/3/19
Female	46%	46%
Male	54%	54%

Disability	31/3/20	31/3/19
No	73%	77%
Yes	27%	23%

Age range	31/3/20	31/3/19
<16	1%	1%
16 - 25	56%	60%
26 - 44	40%	36%
45 - 68	3%	3%

Ethnicity	31/3/20	31/3/19
Asian	1%	1%
Black	3%	3%
Mixed/Other	6%	5%
Not disclosed	1%	1%
Not specified	6%	4%
White	83%	86%

### Going Concern

The financial statements have been prepared on a going concern basis. Grant commitments and other obligations have been entered into on the basis of the continuing receipt of financial provision in the following ways:

- UK Sport has a statutory entitlement to a set percentage of the National Lottery Distribution Fund in accordance with the National Lottery Act 1993 as amended.
- Grant-in-Aid financing from DCMS. A one year settlement for 2020-21 has been agreed. In November 2020 as part of the Government Spending Review a further one year settlement is in the process of being finalised for the year 2021-22.
- The liabilities shown in the Statement of Financial Position mainly arise from staff membership of the public sector pension scheme (London Pensions Fund Authority). These fall within the scope of Section 39 of the Public Service Pensions Act 2013 which allows all future liabilities to be met from the Consolidated Fund.

The impact of the COVID-19 pandemic is not considered to affect the going concern basis of accounts preparation.



**Sally Munday OBE**  
**Chief Executive and Accounting Officer**  
The United Kingdom Sports Council

11th December 2020

## Accountability Report

### Corporate Governance Report

The Chair and Board members are appointed by the Secretary of State in compliance with the Code of Practice of the Commission for Public Appointments. The Board currently consists of the Chair and nine members, seven independent and two representatives of the Home Nation Sports Councils (Sports England and Sport Scotland). Approval is pending from the Secretary of State on the appointment of representatives of the other two Home Nation Sports Councils (Sport Wales and Sport NI). In addition, two members are awaiting confirmation by the Secretary of State as at 31<sup>st</sup> March 2020, following the end of terms of Lis Astall and Sarah Springman. There are two Observers, the Chair of the English Institute of Sport (EIS) and the Head of Sport at DCMS.

Independent Board members are appointed for a fixed term of three years and may be re-appointed for one further term of three years as agreed by the Secretary of State for DCMS. The Board agreed in September 2019 to extend the term for members to four years; this received approval through amendment to the UK Sport Royal Charter in November 2020. The Board Chair has been appointed for four years. The appointment process set by Government permits representatives (usually the Chair) of the Home Country Sports Councils to automatically sit on the UK Sport Board for the duration of their term.

Board membership during 2019-20 was:

Name	Position	Start Date	Term duration
Dame Katherine Grainger DBE	Chair	July 2017	4 year appointment to 30 June 2021
Nicholas Bitel	Member (Chair, Sports Council England)	April 2013	Appointed to April 2017 Reappointed to 21 April 2021
Mel Young MBE	Member (Chair, Sport Scotland)	June 2016	4 year appointment to 1 May 2020, reappointed to November 2024
Vacant	Member (Chair, Sport Wales)	n/a	Awaiting appointment by Secretary of State
Vacant	Member (Chair, Sport Northern Ireland)	n/a	Awaiting appointment by Secretary of State
Lis Astall	Member (Senior Independent Director)	October 2013	Term ended 27 <sup>th</sup> October 2019
Sally Bolton OBE	Member	March 2018	4 year appointment to 14 March 2022
John Dowson	Member (Senior Independent Director)	March 2015	3 year appointment to 15 March 2018 Re-appointed for 4 years 15 March 2022
Annie Panter	Member	January 2018	4 year appointment to 30 January 2022
Nicola Roche CBE	Member	December 2014	3 year appointment to 14 December 2017 Re-appointed for 4 years to 14 December 2021

<b>Name</b>	<b>Position</b>	<b>Start Date</b>	<b>Term duration</b>
Professor Sarah Springman CBE	Member	October 2013	Term ended 27 October 2019
Martyn Worsley	Member	March 2018	4 year appointment to 11 March 2022

The Board normally meets six times each year to provide strategic direction to the organisation, as well as considering and making decisions on those recommendations put forward by UK Sport's officers, panels and internal committees. The minutes of UK Sport Board meetings are made available on the UK Sport website.

The Board has an established Group Audit and Risk Committee (GARC) to support them in their responsibilities for issues of risk, control and governance. Its membership comprised:

- Chair, a UK Sport Board member appointed by the UK Sport Board;
- Not less than two other non-executive UK Sport Board members appointed by the UK Sport Board;
- One external member nominated by the EIS Board and approved by the UK Sport Board who may be a non-executive member of the EIS Board; and
- Up to two other external members nominated by the GARC and approved by the UK Sport Board.

At least one member has significant recent accounting experience. This Committee has oversight of both UK Sport and EIS and normally meets four times during the year to advise the Board and Accounting Officers on:

- Strategic processes for risk, control and governance (and the Governance Statement);
- Accounting policies, Annual Report and Accounts;
- Both internal and external audit planned activity, results and effectiveness;
- Adequacy of management response to issues identified by audit activity;
- Level of assurance provided on the management of corporate governance obligations.

Further to this arrangement the Board is advised by a number of additional standing sub-committees:

- Remuneration Panel – ensuring employment matters in UK Sport are dealt with professionally. The Panel, consisting of the UK Sport Board Chair and three other members, met in April 2020 (delayed from March 2020 due to COVID-19).
- Major Events Panel – makes recommendations to UK Sport Board on National Lottery investment into major events. The panel, currently consisting of two UK Sport Board Members (one of whom acts as the Panel Chair) and four independent members, met six times during the year.
- Eligibility Sub-Committee- considers cases under the UK Sport Funding Eligibility Policy to determine the eligibility of individuals to receive public funding and / or publicly funded benefits. The panel, currently consisting of a pool of four UK Sport Board Members (one of whom acts as the Panel Chair) and two independent members, met 4 times during the year.

## **Director Team**

Sally Munday took up the post of Chief Executive at UK Sport in September 2019 and leads the Executive team that oversees 118 full time equivalent permanent staff and 16.6 full time equivalent fixed term contract staff across the business as of 31 March 2020. Naomi Hicks started in the position of Director of Communications and Partnerships in October 2019, replacing Vanessa Wilson who left at the end of March 2019. In January 2020, Director of Performance Chelsea Warr left to return to her

home country of Australia, with the recruitment process for her successor ongoing as at 31<sup>st</sup> March 2020. Michael Bourne is acting as Interim Director of Performance and will continue to do so until a Director of Performance is appointed.

<b>Name</b>	<b>Position</b>
Sally Munday	Chief Executive and Accounting Officer (from September 2019)
Simon Morton	Chief Operating Officer
Sophie du Sautoy	Director of Business Services
Jaqui Perryer	Group Director of HR for UK Sport and English Institute of Sport
Michael Bourne	Interim Director of Performance
Naomi Hicks	Director of Commercial and Partnerships (from October 2019)

## **Subsidiary bodies**

### ***(i) English Institute of Sport (EIS)***

UK Sport has held sole responsibility for the English Institute of Sport (EIS) since April 2006. Its accounts are approved separately by the Board of the EIS and are subject to external audit by the National Audit Office.

UK Sport is entitled to appoint three Directors to the Board of EIS, one of whom is appointed as the Chair. John Steele is currently the Chair of the EIS. In addition, UK Sport has agreed that a Board Member and its Director of Performance should be the remaining two appointments to the EIS Board.

At the heart of the EIS four-year 2020 Tokyo cycle strategy is the drive to ensure that its service provision is specifically tailored to achieve maximum performance impact for each World Class Programme (WCP) and is delivered as effectively and efficiently as possible. Eight strategic priorities have been identified each with supporting actions to drive delivery and key performance indicators (KPIs) to monitor performance. These KPIs are agreed by both the UK Sport and the EIS Boards.

The EIS is bound by funding agreements which are applied alongside a separate Financial Memorandum. The Group Audit and Risk Committee advises both the EIS and UK Sport Boards through an annual programme of audit reviews agreed by the Boards.

### ***(ii) Yorkshire 2019 Limited***

In October 2016, the UK was awarded the right to host the 2019 UCI World Road Cycling Championships in Yorkshire. The event has been funded principally through DCMS and UK Sport, with the balance coming from local authorities and commercial income. DCMS has channelled its funding through UK Sport, and relies on UK Sport to provide assurance of that investment and of the event more generally. DCMS has underwritten the event. For these reasons, it was agreed during the business planning and bidding phase that a Special Purpose Vehicle (SPV) be established by UK Sport as the organisation to oversee and coordinate the delivery of the event. As such Yorkshire 2019 Limited is a wholly-owned subsidiary with the financial results of the company appearing within the Group financial statements.

The Championships took place in September 2019 and the SPV will be wound up in 2020.

Yorkshire 2019 Limited has a Board of 12 directors, with 7 of these independent (including the Chair) and 5 nominated by stakeholders. The five stakeholders with the right to nominate a director are British Cycling, DCMS, UK Sport, Welcome to Yorkshire and a Host Local Authority. Chris Pilling is currently the Chair of Yorkshire 2019 Limited.

At 31<sup>st</sup> March 2020 the organisation employed 3 paid staff. All their contracts ended as at 1<sup>st</sup> April

2020 as the company is to be wound up following the accounts being finalised.

### Reporting of Personal Data Related Incidents

UK Sport holds personal information relating to employees, athletes, athlete support personnel and others relating to activities arising out of its operating environment within the high performance sport system. There are robust and specific measures in place to ensure information security applies to such information.

In accordance with the General Data Protection Regulations 2016 (GDPR), guidance from the Information Commissioner’s Office and the Cabinet Office Guidance under the HMG Security Policy Framework (SPF), UK Sport enhanced its information and data security policy and procedures. As part of the implementation of the new requirements all staff were required to undertake additional online training (on information security and the GDPR) and have been subject to a wider security education and awareness campaign.

UK Sport recorded two personal data security incidents in 2019-20. None fulfilled the criteria for reporting to the Information Commissioner’s Office.

*Table 1: Summary of Protected Personal Data Related Incidents Formally Reported to the Information Commissioner’s Office in 2019-2020*

Date of Incident	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps
None	n/a	n/a	n/a	n/a

Incidents deemed by the Data Controller not to fall within the criteria for reporting to the Information Commissioner’s Office, but are considered breaches or ‘near misses’, are recorded centrally within UK Sport and set out in the table below.

*Table 2: Summary of Other Protected Personal Data Related Incidents in 2019-20*

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	1
IV	Unauthorised disclosure	1
V	Other	0

The first of these cases was an incident where a document which recorded the names of two individuals was left on top of a full shredder. This was reported and then disposed of securely. The second case involved an email containing the email addresses of 6 internal staff that was sent to the wrong recipient but was successfully recalled prior to the recipient viewing the email. It was assessed that there was a minimal risk to data subjects in both cases, and mitigating measures are in place to help minimise recurrence of similar incidents in the future.

## **Complaints Summary**

UK Sport has a published complaints procedure on its website.

In 2019-20 there were no complaints about staff (none in 2018-19) and 24 complaints in relation to various types of sporting issues (10 in 2018-19). Where relevant UK Sport refers complaints directly to the sports organisation involved for resolution or, if appropriate, to UK Sport's Head of Integrity.

It should be noted UK Sport is not a regulator of sport or prescribed regulator for whistleblowing purposes under the Public Interest Disclosure Act 1998, nor does UK Sport have legal powers of investigation into internal sporting disputes or the affairs of sport Governing bodies.

## Statement of Accounting Officer's Responsibilities

The Royal Charter and section 35(2) and (3) of the National Lottery etc. Act 1993 requires UK Sport to prepare a statement of accounts for both UK Sport and its consolidated Group for each financial year in the form and on the basis determined by the Secretary of State for DCMS with consent of HM Treasury. In addition, the Exchequer accounts are prepared in conjunction with the Government Resources and Accounts Act 2000. The accounts are prepared on an accrual basis and must show a true and fair view of UK Sport's state of affairs at the year end and of its income, expenditure and cash flows for the financial year.

In preparing the accounts UK Sport is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State for DCMS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Ensure that UK Sport has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by subsidiary organisations;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis.

The Accounting Officer for DCMS has designated the Chief Executive Officer of UK Sport as Accounting Officer. The relevant responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping of proper records and for safeguarding UK Sport's assets are set out in "Managing Public Money" published by HM Treasury and in the Financial Directions issued by the Secretary of State for Digital, Culture, Media and Sport under section 26(3) of the National Lottery etc. Act 1993.

In my role as Accounting Officer I am supported by the National Director of English Institute of Sport and Chair of the Board of Yorkshire 2019 Limited, both of whom have been appointed as the Accounting Officer for their organisation with reporting responsibilities to myself. They are required to prepare an annual assurance report as well as meeting the requirements of their respective governance and financial frameworks.

As Accounting Officer, as far as I am aware there is no relevant audit information of which UK Sport's auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that UK Sport's auditors are aware of that information.

As Accounting Officer, I confirm that the annual report and accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.



**Sally Munday OBE**  
**Chief Executive and Accounting Officer**  
The United Kingdom Sports Council

11th December 2020

## Governance Statement

### Introduction

As Accounting Officer, I am required to prepare an annual governance statement which records the stewardship of UK Sport, drawing together evidence on governance and risk management. The statement is intended to give a clear overview of the dynamics of the organisation and its control structure, providing a sense of potential vulnerabilities and how successful it has been in coping with the challenges faced during the year. The period of this report covers the time from 1 April 2019 until the date of signing the document. Without doubt, dealing with both the preparations and impact of the COVID-19 pandemic (which began to be felt in March 2020) has been unprecedented in terms of the risks that both UK Sport and our sector have had to deal with before and is detailed within this report. The commentary around COVID-19 is however balanced with narrative around the risks that were being managed between April 2019 and March 2020.

I became the Chief Executive Officer and Accounting Officer of UK Sport on 24 September 2019. Simon Morton, our Chief Operating Officer was the interim CEO and Accounting Officer between the period of the outgoing CEO, Liz Nicholl, leaving in June 2019 and my start date. I undertook a comprehensive handover with both Liz and Simon, and am therefore able to sign off this report for the full financial year and up to the date of signing this report.

### Governance Framework

UK Sport was established in 1996 by Royal Charter as an Arm's Length Body (ALB) of DCMS. The formal relationship between DCMS and UK Sport is encapsulated in a number of framework documents, most notably our Management Agreement.

UK Sport's constitution is set out in Article 1 of the Royal Charter, with the Secretary of State (and other members of DCMS ministerial team) accounting for the organisation in Parliament. My respective responsibilities as Accounting Officer are set out in Chapter 3 of *Managing Public Money*. UK Sport is also compliant with the Corporate Governance Code as applied to an ALB via the relevant principles set out in *Corporate Governance in Central Government Departments: Code of Good Practice 2017* and Lottery Financial Directions issued under *Sections 26(3), (3a) and (4) of the National Lottery etc. Act 1993* (as amended by the *National Lottery Act 1998*, and the *National Lottery Act 2006*).

A *Code for Sports Governance* sets out the governance requirements that all organisations funded by Sport England and UK Sport are required to meet. It provides for three tiers of compliance with Tier 3 representing the highest level of compliance. UK Sport are classified as a Tier 3 organisation.

UK Sport's governance framework supports the way in which we work to help deliver our strategy and ensure that the right committees and accountability structure is in place to help us deliver our strategic objectives.

The UK Sport Board takes overall responsibility for the UK Sport strategy, policies and performance. The Board is supported by a number of committees – the Group Audit and Risk Committee, the Major Events Panel and the Remuneration Panel. Each of these committees provides challenge and input from a non-executive perspective. Information on the work of the Board, Committees and an assessment of their effectiveness is provided in the following sections.

### UK Sport Board and Committee Effectiveness

The Board met 6 times in 2019-20 based around business priorities and the annual calendar of Board activity.

The Board was quorate for all meetings in the year. Attendance of Board members was as follows:

<b>Main Board Attendance</b>	<b>May</b>	<b>June</b>	<b>Sep</b>	<b>Dec</b>	<b>Feb</b>	<b>Mar</b>	<b>Overall</b>
Dame Katherine Grainger	Y	Y	Y	Y	Y	Y	6/6
Nick Bitel (Sport England)	Y	Y	Y	Y	Y	Y	6/6
Mel Young MBE (Sport Scotland)	Y	Y	Y	Y	Y	Y	6/6
Vacant (Sport Wales)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vacant (Sport NI)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lis Astall	N	N	Y	n/a	n/a	n/a	1/3
Sally Bolton OBE	Y	N	Y	Y	Y	Y	5/6
Martyn Worsley	Y	N	Y	Y	Y	Y	5/6
John Dowson	Y	Y	Y	Y	Y	Y	6/6
Annie Panter	Y	Y	Y	Y	Y	Y	6/6
Nicky Roche CBE	Y	Y	Y	Y	Y	Y	6/6
Sarah Springman CBE	Y	Y	Y	n/a	n/a	n/a	3/3

Board members Sarah Springman and Lis Astall's terms both ended in October 2019. Interviews have taken place for their replacements and appointments will be confirmed in the Spring/Summer of 2020.

The two Home Nation Sports Council nominated posts again remained vacant for the whole of the year, awaiting the formal appointment by the respective Secretaries of State. Meanwhile regular dialogue and relevant papers continue to be shared with senior management at these two Home Country Sport Councils to maintain effective working relationships. The UK Sport CEO meets quarterly with Home Country Sport Council CEOs and the UK Sport Chair also meetings quarterly with the Home Country Sport Council Chairs.

One-to-one review meetings between the Chair and individual Board Members were conducted in December 2019, in addition to the Board undertaking a review of its effectiveness - in line with the requirements of the Code for Sports Governance. An externally facilitated Board Effectiveness Review is being undertaken and recommendations will be discussed at the May 2020 Board Meeting.

The Board is supported by advisory bodies including the Group Audit and Risk Committee (GARC) for UK Sport and EIS, the Audit Committee for Yorkshire 2019 Limited, the Remuneration Panel, Major Events Panel and the Eligibility Panel. Reports of appropriate quality to meet the information needs of both the GARC who advises the Board, and the Board themselves have been provided. These have comprised regular updates as well as individual papers on specific issues.

### **Group Audit and Risk Committee**

The GARC met four times during the year. Regular agenda items included agreement of the Internal Audit work plan for 2019-20 (produced in conjunction with BDO as the new Internal Auditors) followed by the outcome of reviews and progress on responding to the recommendations made, review and approval of the External Audit Plan, management of risk, and the review of financial and legal policies and procedures. In addition, the Committee reviewed the 2018-19 Annual Reports and Accounts and recommended their approval to Board, received deep dive presentations on a number of risk areas covering; the operational progress of Yorkshire 2019 Limited and Cyber Security.

In line with best practice, a review of the GARC Terms of Reference (TOR) was conducted in November 2019. The review of the TOR was carried out in line with guidance provided for public bodies, provided in the 'Audit and Risk Assurance Committee Handbook' issued by HM Treasury (March 2016). Some minor amendments were made to the Terms of Reference to reflect operational practice and inclusion of responsibilities in relation to special purpose vehicles. The updated Terms of Reference were subsequently approved by the Board at the March 2020 meeting.

The attendance profile for the Committee in 2019-20 was:

	<b>June 2019</b>	<b>Sept 2019</b>	<b>Nov 2019</b>	<b>Mar 2020</b>	<b>Overall</b>
John Dowson (Chair)	Y	Y	Y	Y	4/4
Anwar Ahmed	Y	Y	Y	Y	4/4
Lis Astall	Y	N/A	N/A	N/A	1/1
Vic Luck	Y	Y	Y	Y	4/4
Martyn Worsley	Y	N	Y	Y	3/4

Lis Astall (UKS Board Member) stepped down from the GARC following her Board appointment coming to an end in September 2019. It is anticipated that one of the 2 new Board members will be appointed to the GARC once they have been formally announced in the Spring/Summer of 2020.

The GARC is carrying out its annual review of effectiveness at the June 2020 meeting using the National Audit Office Audit Committee effectiveness toolkit. Throughout the 2019-20 year the GARC have ensured that points raised during the last effectiveness review have been implemented, such as building on the induction process for new Members and clarifying responsibilities around whistleblowing.

**Executive Responsibilities**

My responsibilities as Accounting Officer for UK Sport are set out in full in the DCMS Permanent Secretary's appointment letter. As such, I am personally responsible for safeguarding the public funds for which I have charge; for ensuring propriety and regularity in the handling of those funds; and for reporting to the Board of UK Sport for the day-to-day operations and management of the organisation and the achievement of its strategic aims. I am also responsible for ensuring that UK Sport is run on the basis of the standards set out in Box 3.1 of *Managing Public Money*. A clear scheme of delegation (and supporting policies and procedures) exists within the organisation to assist with my management of this.

In my role as Accounting Officer I attend both Board and Group Audit and Risk Committee meetings to ensure any significant risks or issues of control are brought to their attention and discussed. I am therefore able to provide the assurances necessary within this statement for the period from April 2019 to the date of approval of the annual report and accounts.

For any periods of absence I have delegated my Accounting Officer responsibilities to the Chief Operating Officer (COO). I have further been supported in my role as Accounting Officer by the National Director of EIS and Chief Executive Officer of Yorkshire 2019 Limited (to December 2019) and the Chair of Yorkshire 2019 (post December 2019), as the respective Accounting Officers for their organisations.

**System of Internal Control**

The system of internal control within UK Sport seeks to mitigate rather than eliminate risk. The decision as to which risks are mitigated or accepted relates both to the organisation's capacity to influence them and/or absorb their potential impact. The methodology used to evaluate risk in terms

of likelihood and potential impact (through a Risk Heat Map) helps promote focus on the most significant risks facing the organisation and its subsidiaries. EIS has adopted an equivalent approach. The system of internal control for Yorkshire 2019 Limited is overseen by its own Board and Audit Committee with a UK Sport nominee on both. This presence, together with formal reporting arrangements set out in a Governance and Finance Memorandum, ensures appropriate oversight of their governance arrangements, including the effective management of risk and their system of internal control.

In order to provide evidence-based assurances on the management of risks that threaten the achievement of UK Sport's objectives a Risk Assurance Framework has been adopted. An assurance mapping exercise takes place every six months. As set out in HM Treasury's 'Assurance Frameworks' document (December 2012) the three lines of defence model has been used to identify and understand our assurance arrangements. The first line of defence deals with the front-line or business operational areas such as performance data and policies. The second line of defence is associated with oversight of management activity, for example, Directors Team. Finally, the third line of defence relates to independent assurance such as internal audit.

The assurance risk mapping exercise was reviewed by internal audit during 2019-20 who concluded that currently UK Sport and EIS have an array of assurances provided to management across most of the key areas of the business and no area has been assessed as not having any assurance activity in place or where it is materially weak. Assurances in place are thought to be well designed, most notably the first line of defence. It has been noted that there are some current gaps, but these are relatively small and compare favourably to other organisations.

UK Sport's Board is provided with an update of the Corporate Risk register on a quarterly basis and a specific risk management session is scheduled for the June 2020 meeting. The Board has also spent time discussing risk appetite at the June and December 2019 meetings and approved a revised risk appetite statement and matrix of risk appetite across the different business functions. The Board agreed that UK Sport's approach to risk is driven by its objective of being an expert, agile and courageous model of high performance, as well as its status as a publicly funded body. These factors necessitate a nuanced view of high risk is assessed based on different factors. This means that for instance UK Sport has a low risk appetite towards things such as finance and compliance, but accepts a more moderate level of risk around the investments through World Class Programmes where delivery is through a third party. The Board also expressed a desire to take more risk in certain areas of the business in the preparations for the Paris Cycle, particularly in the areas of innovation and funding for new sports which we will take forward as part of the preparations for the next funding cycle.

The COVID-19 crisis and its associated impacts has brought even more into focus the need to manage risks effectively. In June 2020 the Board will spend time discussing the UK Sport response and the future approach to risk management and whether it necessitates a change in approach.

## **Policies and Procedures**

Beneath our overarching Policy on Internal Control sits a number of critical policies and procedures, which effectively describe to staff the detail of their responsibilities. The policies include:

- Adoption Policy
- Anti-Fraud, Anti-Corruption and Anti-Bribery
- Budgetary Control
- Business Continuity
- Cash Management
- Delegated Authority
- Document Retention
- Fixed Asset
- Gifts and Hospitality
- Health and Safety
- Healthy Lifestyle
- Home Based Working Policy
- Maternity Policy

- Parental Leave Policy
- Personal Information
- Probation Period
- Procurement Policy and Procedure
- Recruitment Procedures
- Travel and Expenses
- Whistleblowing

These policies and procedures are regularly reviewed and updated to ensure they are current with both statutory and legislative requirements and recognised best practice. In 2019-20 particular focus has been placed upon updating anti-fraud policies and procedures as part of a wider piece of work to ensure that UK Sport has in place appropriate processes to minimise fraud.

### **Fraud**

Fraud is a risk that all organisations face. During 2019-20 UK Sport has undertaken considerable work to assess the risk of fraud, produced a fraud action plan and raised awareness of the risks with all employees. A dedicated Fraud Awareness week was introduced with almost 100% of staff receiving training delivered by the legal team. The work and action plans were also reported to the March 2020 Group Audit and Risk Committee.

During 2019-20 there have not been any instances of fraud within UK Sport identified.

### **Staff Engagement**

Following on from UKS Culture Health Check, a follow up pulse survey and stress survey was run in 2019. The Pulse survey, which followed up only on development areas identified in the previous survey, showed positive improvements across key areas with the following highlights:

- There was a significant increase in staff who had confidence in the future direction of UK Sport
- The majority of staff agreed that there was effective leadership at UK Sport
- There was a significant increase in staff who felt that staff worked effectively as a team and across functions
- There was a significant increase in staff who felt UK Sport supported their professional development
- There was a positive response to the effectiveness of the Making a Difference groups in developing employee engagement
- The number of staff who reported they had experienced or witnessed unacceptable behaviour decreased from the previous year

The Stress Survey results, at both an organisational and directorate level, provided further context to the areas that were causing staff some concern. Reflecting on both sets of survey results the Making A Difference Group Chairs, in conjunction with HR, identified that the ongoing development areas fall into the following categories:

- Flexible working/ways of working
- Mental Health and Wellbeing
- Communication (including change management)
- Line manager skill/leadership capability
- Social interaction (formal and informal)
- Organisational strategy and workload planning
- Working practices and protocols around emailing out of office hours

## **Risk Profile**

Where significant risks are recognised the potential impacts are identified and corresponding scenario plans with mitigating actions developed. A number of risks have been accepted/managed through 2019-20 the most significant of which relate to the impact of COVID-19.

### **COVID-19**

COVID-19 has had a significant impact on UK Sport and the high performance system, as it has for individuals and organisations across the world. The speed with which the pandemic arose, alongside the implications gave rise to a number of risks and situations that required careful management and stewardship both within UK Sport and the wider high-performance system. Prior to the UK lockdown, the UK Sport Directors Team began meeting every 48 hours in order to manage the impact and a member of staff was appointed as the lead coordinator to collate and respond to queries from within UK Sport and also our partners.

Preparations around Business Continuity were stepped up, with each area of the business reviewing readiness for both large scale employee absence as well as the possibility of enforced remote working. In light of the risks around staff well-being, the Directors Team took the decision a week prior to the UK lockdown to commence remote working after receiving assurances that the key supporting infrastructure was in place and tested to support such a move.

Staff well-being has been a driving factor in determining the action needed with action plans in place to ensure staff stay connected and focused and to support positive physical and mental health. Comprehensive health and safety assessments have been conducted for staff to enable effective remote working and organisationally, UK Sport has increased its emphasis on employee engagement and communications to connect colleagues and ensure sufficient support and clear priorities across the organisation.

The Directors Team also conducted a "what if" exercise in March 2020 to identify the possible implications and action needed. This was also discussed at the March 2020 Board meeting alongside a more comprehensive agenda item on the impact to the Sports Sector.

The financial implications of the pandemic have been wide-reaching and concerning and UK Sport has been in dialogue with the Government on behalf of a number of Governing Bodies experiencing significant forecast reductions in their non-public funding. The postponement of the Tokyo Games until 2021 meant that UKS put a case to the Government for an early spending review settlement for UK Sport, to enable commitments to be made to WCPs beyond 31 March 2021.

The impact of the pandemic has also had knock-on implications for wider risks that UK Sport continues to monitor, such as the risks posed by information being held outside of the office. These risks are being managed and monitored through UK Sport's standard risk management process.

As this report covers the financial year 2019-20 then a commentary is also provided on the most significant risks being managed to the point of UK lockdown in March 2020:

#### *(i) Income*

UKS has two main sources of income derived from Grant-in-Aid and National Lottery proceeds with planned activity in the Tokyo cycle heavily reliant upon proceeds meeting projected levels. At the start of 19/20 UK Sport did not have a confirmed grant-in-aid settlement for 20/21 (the planned final year of the Tokyo cycle). This risk was eliminated in September 2019 when the outcomes of the one year Spending Round were announced confirming UKS exchequer funding for 20/21 and also a continuation of the DCMS underwrite against shortfalls in National Lottery income.

Future planning will remain dependent upon the forecast of Lottery proceeds being met. UK Sport are reviewing the plans for both the 2021-22 financial year and the four year Olympic cycle in light of the 2020 Spending Review settlement being finalised.

A risk remains on the risk register to cover the longer-term risk around UK Sport funding and the lack

of a longer term resource commitment, particularly in light of COVID-19, which presents major challenges for the planning of the next cycle of UKS activity (2021/25).

*(ii) Cyber Security*

Cyber security is and will remain a constant ever-changing threat, and an area that requires continuous improvement and constant vigilance. UK Sport has successfully renewed its Cyber Essentials Plus accreditation and also rolled out Multi-Factor Authentication to all systems. Externally commissioned penetration testing of systems is carried out annually and analytical tools are also used to identify unusual network activity.

In November 2019 UK Sport became the target of a sustained brute force cyber attack which has continued in waves. The attack has not resulted in any unauthorised access to UKS systems. Sharing of incident logs has been carried out with the National Cyber Security Centre (NCSC) who have also produced various information leaflets on the threat for the wider sporting sector. The NCSC also presented alongside the Head of IT and Information Security to the March Group Audit and Risk Committee.

Whilst UK Sport has taken all appropriate measures to minimise the chances of a cyber attack being successful it is also important that we continue to invest in our people, processes and technology as the type and scale of attacks worldwide evolve.

*(iii) EU Exit*

Over the course of the year there was significant uncertainty around the UK's exit from the European Union. There were risks around the impact of a no deal exit on exchange rates (which is still an ongoing risk during the trade negotiations with the EU) and the exchange of data between the UK and the rest of Europe. The latter issue was significant for UK Sport as some of the servers were located in Amsterdam. A decision was taken to bring forward the planned move of that data back to the UK to remove this risk.

*(iv) Integrity and Culture of World Class Programmes*

UK Sport has continued to develop and invest in its Sport Integrity function that which provides central resource and expertise for the high-performance system to strengthen efforts to identify, investigate and learn from issues that threaten its integrity. The Integrity Team continues to work with National Governing Bodies (NGBs) to improve the handling of integrity issues within their World Class Programmes (WCPs), as well as working in conjunction with the British Athletes' Commission (BAC) and Sport Resolutions UK (SRUK) to help resolve issues in a constructive and timely manner. In response to a number of historic concerns raised in April 2017, an independent investigation was jointly commissioned by British Canoeing and UKS to examine British Canoeing's governance, corporate responsibility and behaviour with regard to these allegations. The key findings and recommendations of the report were published in March 2020. In February 2020, UK Sport commissioned an independent first stage review into UK Athletics, to define the key components of a 'fit for the future' NGB for Athletics in the UK and recommend areas of change.

*(v) Legal*

There were no significant legal cases involving UK Sport during 2019-20

## **Subsidiary Companies**

A number of measures are in place to provide assurance on both EIS and Yorkshire 2019 Limited's activities and operations.

## **EIS**

The Group Audit and Risk Committee have oversight of the risk management and risk reporting of UKS and EIS where risk is discussed at every meeting. Operational level risks relating to EIS are also fed through the Performance Directorate Mission Control group of which the EIS National Director is a part.

The EIS Risk Register is aligned to strategic objectives and is reviewed and updated by the EIS Senior Leadership Team (SLT) on at least a quarterly basis. This is reported to both the GARC and EIS Board. Their primary risks during the year were:

*(i) Staff recruitment and retention*

The recruitment of staff of a sufficient quality and retaining quality staff is of paramount importance to deliver services of a high standard to athletes. To this end, the EIS has invested in recruitment training for staff, an improved recruitment platform, continues to review its benefits structure, undertakes an annual staff survey and acts on the priority messages, and continues to invest in learning and development opportunities.

*(ii) Cyber Security*

Ensuring appropriate controls are in place to manage the increasing cyber risks. These include introducing multi-factor authentication across the whole organisation, raising awareness of all staff to cyber risk, the development of a cyber security strategy and working toward cyber essentials accreditation.

*(iii) Managing financial position across the cycle*

Ensuring maximum funding is available to deliver world class services to sports whilst remaining within overall funding constraints is constantly monitored by the Senior Leadership Team, GARC and EIS board. Additional monitoring has been put in place to ensure the organisations stays within its budgetary levels

*(iv) Duty of care, ethical practice and anti-doping*

The EIS has processes in place to ensure practitioners work within the boundaries of ethical practice, ensure compliance with anti-doping regulations and maintain a duty of care to athletes and each other. These include a professional code, training, technical support, minimum standards on recruitment and ongoing monitoring.

*(v) COVID-19*

The Senior Management at EIS have assessed the impact of the COVID-19 on the ongoing activities of the EIS. 70% of EIS's income is provided by UK Sport and this is guaranteed to March 2021, with 27% through services sold to National Governing Bodies. In turn, their income for these services come from UK Sport. The EIS has also taken steps to ensure services can continue to be provided remotely. The EIS is also working closely with all stakeholders to ensure the return to training environments will be smooth when the time comes.

## **Yorkshire 2019 Limited**

UK Sport (and DCMS) have maintained their oversight at Yorkshire 2019 (Y2019) Board level with nominated Directors - Simon Morton (UK Sport) and Nick Pontefract (DCMS). Esther Britten – Head of Events also attended as an Observer. Esther also attends the Y2019 Audit Committee, joined by Andrew Maynard – Head of Finance and Risk, UK Sport.

The event was monitored via the Major Events Consultant (MEC) and Head of Events (HoE) reporting to the UK Sport Major Events Assurance Group, chaired by the Major Events Panel Chair and UK Sport board member Nicky Roche. In the latter stages of event planning this group was used as an escalation method for issues with recommendations given to UK Sport officers on how to manage and mitigate the risks.

The Head of Events and MEC met with the CEO monthly and the MEC met regularly with the Director of Operations and other members of the Y2019 Executive. The MEC escalated issues via the HoE and Risk Assurance group.

Head of Events and Head of Finance and Risk shared financial updates in the weeks immediately preceding, during and immediately post event. This allowed the management of the shortfall in commercial income and the need to activate the underwrite agreement with DCMS.

Since staging the event, a weekly conference call has been held to manage, monitor and plan for the closure of Y2019 Limited. This meeting has included UK Sport (Head of Finance and Risk, Head of Events, Major Events Consultant), Y2019 (Chair, Director of Operations, Finance Director and CEO), DCMS (finance and sport team - Sept to Jan). Y2019 ceased to employ an Executive from 31<sup>st</sup> December and so the Chair has stepped in to manage the closedown and with whom the usual weekly conference call has taken place.

### **Independent Assurance**

Following a comprehensive joint tender process with Sport England (SE) and the Heritage Lottery Fund (HLF), BDO were appointed as UK Sport internal auditors from 1 April 2019. The aim of the joint procurement was to optimise the opportunity of each organisation benefiting from the added value that should be delivered through an increased sharing of best practice across the organisation and the wider client pool of the successful internal audit provider.

A transition plan for the change of internal auditors was put in place to ensure a smooth transition between providers including both BDO and Mazars (outgoing internal auditors) attending the June 2019 GARC.

The June GARC reviewed an initial plan of internal audit for the year, however, it was agreed that as a first report, BDO would conduct a risk assurance mapping exercise to a) help inform where internal audit can most add value to existing arrangements and b) serve as a useful tool in terms of inducting BDO to the business. The GARC reviewed the plan at the September meeting and agreed further internal audit work in a further six areas; follow up reviews of previous internal audit recommendations to ensure that they had been implemented, the integrity unit (advisory), mega-events (advisory), key financial controls, succession planning and travel and subsistence. The latter three topics were also reviewed across Sport England and the Heritage Lottery Fund to enable joint areas of best practice and learnings to be identified across the three bodies. All planned audits from the Plan were completed during the year.

The Internal Audit opinion for the year takes together the assurance ratings and recommendations of individual assignments completed in 2019-20, management's responsiveness to internal audit recommendations and the direction of travel with regards to internal control, governance and risk management. The opinion for 2019-20 for UKS was that "there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved". This opinion statement is comparable with the opinion issued by Mazars in 2018-19 and therefore the assessment has remained the same.

### **Code for Sports Governance**

#### ***(i) Group compliance***

UK Sport and EIS follow the same process as funded organisations to assess and maintain compliance with Tier 3 of *A Code for Sports Governance* ("the Code"). Both organisations were confirmed as compliant with the Code in October 2017. Since then, the UK Sport Governance Team has worked with the organisations' Boards and senior leadership to action areas for further development and ensure continued compliance. UK Sport's Governance Action Plan, detailing the analysis of its compliance with the requirements of the Code, has been published on the UK Sport website.

Yorkshire 2019 Limited was previously assessed against Tier 2 of the Code, in line with UK Sport's approach to other major event investments. Not all of the Tier 3 requirements are deemed to be appropriate for major event delivery companies, as these organisations tend to be time-bound. Accordingly, some of the requirements usually applicable to Tier 3 are not considered relevant and were not included in the Tier 2 compliance assessment for Yorkshire 2019 Limited. These include requirements related to long-term planning or policy review which are beyond the intended term of the organisation.

Yorkshire 2019 Limited's compliance with Tier 2 of the Code was confirmed by UK Sport in February 2019. As with UK Sport and EIS, UK Sport Governance Managers worked with Yorkshire 2019 Limited's Board and senior leadership to action areas for further development, maintain an up-to-date Governance Action Plan and ensure continued compliance through to the operation of the event.

UK Sport continues to implement its Diversity Action Plan (DAP) for Board and senior leadership, developed pursuant to the Code requirements and published on the UK Sport website. The plan was utilised during the recent recruitment for CEO and Director of Commercial and Communications positions, and UK Sport also works closely with DCMS and the Home Nation Sports Councils to encourage recruitment and appointment of directors who can contribute to the diversity of the UK Sport Board. However, progress in this area remains slow so work will be prioritised to drive and achieve meaningful diversity on the Board.

UK Sport have appointed a Board Diversity Champion and have instigated an internal Diversity and Inclusion Working Group. A bespoke recruitment package has been developed for internal staff which includes a focus on unconscious bias and equality legislation, and work is also progressing on diversifying our methods of attracting new talent into UK Sport and the system. The UK Sport DAP is updated annually and published on the UK Sport website.

As part of its responsibility to maintain compliance with *A Code for Sports Governance*, the UK Sport Board has been undertaking an externally facilitated board effectiveness review. The process commenced in December 2019 and is due to be completed by June 2020. Compass Partnership was appointed to undertake the review, following a selection process. The review has considered the effectiveness of the Board and 'ways of working'. Reviews of the organisation's risk management and internal control systems and organisational policies are covered elsewhere in this governance statement, but also contribute to continued Code compliance.

## **(ii) Funded Organisation compliance**

UK Sport's Governance Managers work closely with portfolios of funded partners to maintain up-to-date governance action plans (GAPs) and ensure appropriate ongoing compliance with *A Code for Sports Governance*. They also seek assurances about the organisations' broader governance and provide support and guidance with governance related issues.

In addition, UK Sport has partnered with Sport England to design and commission an independent external audit programme for funded partners. Following a joint tender, BDO were appointed to deliver both finance and governance audits for UK Sport and Sport England. The programme was launched in March 2019, and the first round of assurance reviews began in August 2019. UK Sport now has the ability to seek independent external assurance of Code Compliance for all of our funded organisations.

Throughout the year, in addition to our regular monitoring and support of governance in UK Sport funded organisations, UK Sport has made several more substantial governance interventions in funded organisations in order to maintain Code compliance, protect our investment and ensure the delivery of World Class Programmes. Additional support - including board and chair recruitment consultancy, organisational review and board restructuring - has been provided to UK Athletics, British Curling, British Bobsleigh and Skeleton Association, the British Equestrian Federation, the British Triathlon Federation and British Wheelchair Basketball.

Following the award of Aspiration Fund investment to seventeen sports in December 2018, the Governance Team worked closely with the Aspiration Fund project lead to support four previously non-compliant organisations to develop Governance Action Plans

and achieve compliance with Tier 2 of the Code. This standard reflects the nature and duration of the investments made into these organisations through the Aspiration Fund. The four organisations that achieved Tier 2 Code Compliance in September 2019 are BSURF Limited (British Surfing), BKF Limited (The British Karate Federation), the British Volleyball Federation and Skateboard GB.

UK Sport previously identified Board recruitment as an area of challenge for our funded partners, with the potential to impact on standards of governance in the sector if not carried out well. In response to these concerns, and the outputs of a thematic Code compliance review carried out in 2018/19, the Governance Team produced several guidance notes and templates on the subject in July 2019. These resources for the sector help to support effective recruitment processes and succession planning. UK Sport will continue to explore ways to support the recruitment of diverse and high-calibre boards within funded organisations.

To that end, UK Sport have worked in partnership with Sport England to commission Perret Laver, a recruitment consultancy, to build a diverse network of highly skilled and experienced people with an interest in becoming board members within the sports sector. The support provided by Perrett Laver includes a personal action plan and training for all candidates of the network and help and support around recruitment for our funded organisations. Currently the programme is set to run until March 2021, with the aim to recruit around 160 candidates to the network within that time.

### **(iii) Independent Assurance of Funded Organisations**

As mentioned above, UK Sport worked closely with Sport England to design and launch an independent finance and governance assurance programme. Following a joint-tender and procurement process, BDO was appointed to deliver both the finance and governance assurance reviews of funded partners.

The new programme was launched to funded partners in March 2019. Following a planning and consultation period, assurance reviews for 2019/20 were confirmed and communicated to all funded partners in July 2019. The first reviews began in August 2019. UK Sport's intention, as communicated to funded partners, is that every funded partner should receive at least one independent assurance review in their four-year Olympic/Paralympic funding cycle.

In March 2020, due to the disruption caused by COVID-19, a decision was made to halt the Assurance Programme. Several 19/20 reviews which were ongoing have been paused and will be restarted on a case-by-case basis as the circumstances of each organisation allow. Assurance Review selections for 2020/21, which were due to be communicated to funded partners in March 2020, have been postponed indefinitely subject to a review of plans for the 2020/21 Assurance Programme to take place when more information is known about a transition out of lockdown and a restart of normal sporting activity.

In order to support the organisational and financial sustainability of funded partners, Sport England and UK Sport have tasked BDO with producing guidance and support addressing the governance and finance related challenges that funded partners will face as a result of the COVID-19 disruption.

As noted elsewhere in this report, BDO has also been appointed as UK Sport's Internal Auditors (in a joint contract with UK Sport, Sport England and the Heritage Lottery Fund). During the Internal Audit procurement UKS and SE sought assurance from BDO as to how any potential conflict of interest would be managed if they were successful. BDO was able to demonstrate substantial and sufficient assurance including:

- The provision of a different audit manager for both contracts; and
- In the event there is an internal audit covering grant award assurance then a different partner will oversee the work and if necessary an independent review of the work will be conducted.

BDO also identified the advantage managing both contracts would offer in providing UKS with a wider, more informed, holistic and integrated assurance programme.

#### **(iv) Organisational Health**

In recent cycles, when considering the corporate environments in which our investments sit, UK Sport has focused primarily on raising the governance standards of funded bodies, leading to remarkable progress against the Code for Sports Governance in the last few years. As we set out on a new long-term performance journey, and as the business of leading a sport nationally becomes more complex and pressurised, one of the major areas of emphasis in UK Sport's investment approach for the next cycle is to consider and – critically – to support not only the governance but also the wider 'sporting' and 'organisational' health of the bodies we invest into.

Throughout the initial phase of this process, UK Sport has identified certain areas which it considers critical in demonstrating a healthy organisation in which it can invest. These areas are the performance against an established strategy; the leadership, culture and people within an organisation; Governance; financial sustainability; legal and risk; and integration and connectivity within and across a particular sport.

Through the identification of these priority areas of Organisational Health, UK Sport has developed a framework which can be utilised to evaluate not only the bodies that it is considering investing into, but also as a self-assessment tool. This framework will be used to guide UK Sport on areas of focus to maintain and improve its organisational health, and in doing so set an example to the sector. An Organisational Health strategy will be developed in 2020/21 with the aim of supporting funded partners with a technical and/or financial programme designed to strengthen their corporate health and achieve greater success, both on and off the field of play.

#### **UK Sport Organisational Health**

UK Sport's governance framework and the risk management and internal control systems reported on above are not an end in themselves. Instead, they contribute to UK Sport's overall organisational health and set a foundation from which UK Sport can act to achieve its strategic aims, fulfil its stated purpose and ensure future success. By considering governance, control and risk across the whole high-performance system UK Sport gathers better insight into how delivery of its strategy can be improved both now and in the future.

By taking a whole-system view UK Sport has been able to encourage development of robust governance frameworks around each of its World Class Programmes leading to improved capability and capacity in the organisations in which it invests. This has been achieved in part through the roll-out of *A Code for Sports Governance* along with significant support from UK Sport to allow funded organisations to update their governance frameworks, and to recruit and retain the skills and experience they require in executive and non-executive roles.

UK Sport is already looking ahead to consider its future investment strategy for the Paris cycle and beyond. Led by the Board, the process has included wide-ranging engagement with stakeholders from across and beyond the high-performance system, including an extensive independent public consultation. This type of stakeholder engagement is a core part of UK Sport's Stakeholder Engagement strategy, established as part of its responsibilities under *A Code for Sports Governance*.

Overall, the governance, risk and internal control systems outlined above have contributed to UK Sport's position as a robust and healthy organisation with a clear handle on the operational delivery of its strategic aims and a well-handled approach to considering and mitigating risk.

## **Prompt Payment**

UK Sport measures the time taken to pay suppliers to ensure that we continue to meet prompt payment best practice. We record the date on which an invoice is posted on the system as appropriate for payment by the Finance team and then measure the number of days that it takes to make payment from that date. In 2019-20 our performance was that 97% of invoices were paid within 30 days.

## **Remuneration and Staff Report**

### **Directors' Remuneration**

Director recruitment, remuneration and employment terms and conditions are overseen by the Remuneration Panel. Remuneration of the CEO and any higher earners is subject to DCMS approval. The remuneration policy adopted follows recommendations of the Senior Salaries Review Body. The Remuneration package comprises three elements:

#### *(i) Salaries*

Salaries are consistent with public sector standards whilst being comparable in the market. Salary bands are determined by job evaluation based on the job factor analysis, internal relativities and external market indicators.

#### *(ii) Performance Related-Pay*

Performance related-pay depends on the outcome of annual performance review of objectives and competences, and on still being in post at 31 March 2020. It was decided that due to the financial pressures felt across the sporting system, no performance related pay would be awarded to UK Sport staff, including Directors, for 2019-20.

#### *(iii) Pension Arrangements*

Employees who were previously members of the Local Government Pension Scheme (LGPS) were automatically enrolled into the London Pensions Fund Authority (LPFA) Superannuation Scheme on 1 April 2014. A further collaboration between the LPFA and Lancashire County Pension Fund (LCPF) led to the setting up of the Local Pensions Partnership (LPP) in April 2016 to administer the day to day running of the fund, although the LPFA remains the administering authority. The arrangement is registered as a public service pension scheme under the Finance Act 2014 and complies with the relevant provisions of the Pension Schemes Act 1993, Pensions Act 1995 and the Pensions Act 2014. As such it is a tax approved defined benefit occupational pension scheme.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the Fund was carried out in January 2020 and informs the contributions for the three year period 2020-21 to 2022-23. The report confirmed that there would be no change in contribution rates, and that the deficit payment previously payable would not be required.

Members currently have contribution rates which vary between 5.5% and 12.5% depending on the level of pay band. Members can opt to contribute at 50% of the normal contribution rate reducing their accrued benefits by half.

Benefits are based on pensionable salary and duration of membership. Members accrue pension entitlement at an annual rate of 1/49<sup>th</sup> of pensionable pay. Pensionable pay is a career average. Members prior to 31 March 2008 accrued benefits of 1/80<sup>th</sup> of final pay up to that date with an automatic lump sum of three times pension on retirement, while membership between 1 April 2008 and 31 March 2014 accrued benefits of 1/60<sup>th</sup> of final pay with no automatic lump sum although there was the facility to exchange some of the pension entitlement for lump sum.

A lump sum worth three times the assumed pensionable pay is paid if death occurs whilst still in

service together with a spouse, civil partner or eligible cohabiting partner entitlement equal to half the member's accrued pension benefits.

The pension arrangements available to staff comply with the Government's new workplace pension scheme requirements. At 31 March 2020 all Directors, but not the Chair, were members of the LPFA pension scheme.

### **Directors' Contracts**

Directors are on permanent employment contracts and are required to give three months' notice of their intention to leave. Should their posts become redundant they are entitled to a redundancy package which provides a top-up from statutory entitlement to actual pay.

Emoluments of the Chair and Directors, including performance related pay and pension benefits, for the year ended 31 March 2020 are provided in the following sections.

## Remuneration (salary, benefits in kind and pensions)

Audited information

Single total figure of remuneration

Official	Position	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits <sup>1</sup> (£000)		Total (£000)	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
K Grainger DBE	Chair	55 - 60	55 - 60	-	-	-	-	-	-	55 - 60	55 - 60
L Nicholl CBE <sup>2</sup>	CEO	40 - 45	135 - 140	10 - 15	10 - 15	-	-	(18) <sup>3</sup>	32	35 - 40	180 - 185
S Munday OBE <sup>4</sup>	CEO	75 - 80	-	-	-	-	-	22	-	95 - 100	-
S Morton <sup>5</sup>	Director	105 - 110	105 - 110	15 - 20	15 - 20	-	-	38	40	160 - 165	160 - 165
S du Sautoy <sup>6</sup>	Director	90 - 95	60 - 65	5 - 10	0 - 5	-	-	37	22	130 - 135	85 - 90
N Hicks <sup>7</sup>	Director	35 - 40	-	-	-	-	-	12	-	50 - 55	-
J Perryer <sup>8</sup>	Group Director	95 - 100	95 - 100	-	-	-	-	30	(4)	125 - 130	90 - 95
C Warr <sup>9</sup>	Director	130 - 135	130 - 135	5 - 10	5 - 10	-	4,200	42	30	180 - 185	175 - 180
M Bourne <sup>10</sup>	Interim Director	95 - 100	-	0 - 5	-	-	-	33	-	135 - 140	-
V Wilson <sup>11</sup>	Director	-	80 - 85	-	10 - 15	-	-	-	31	-	125 - 130

<sup>1</sup> The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in lump sum, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. The real increase in pension may have increased in any one year as a result of a real pay increase in that year, and when that increase is multiplied by a factor of 20 it may cause significant fluctuations between the value of pension benefits accrued between financial years.

<sup>2</sup> Left UK Sport 5<sup>th</sup> July 2019

<sup>3</sup> Pay lower than previous year meaning net reduction in pension benefits

<sup>4</sup> Joined UK Sport 24<sup>th</sup> September 2019

<sup>5</sup> Acting CEO 8<sup>th</sup> July 2019 to 23<sup>rd</sup> September 2019

<sup>6</sup> On maternity leave until September 2018.

<sup>7</sup> Joined UK Sport 31<sup>st</sup> October 2019

<sup>8</sup> 0.4 FTE funded by UK Sport, 0.6 FTE funded by EIS

<sup>9</sup> Ended Director Duties 15th Jan 2020 (on gardening leave until 15th April 2020)

<sup>10</sup> Acting Performance Director from 16th January 2020. His remuneration for the Financial Year 2018-19 is not included

<sup>11</sup> Left UK Sport 31<sup>st</sup> March 2019

All UK Sport staff are entitled to claim up to £40 each month as a healthy lifestyle allowance. This allowance has been included in the salary where applicable. Staff may sell up to five days of unused annual leave allowance per year; salary is also inclusive of any monies paid in lieu of this.

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions (CETV).

### Pension Entitlement

Audited Information	Accrued pension at pension age as at 31/3/20 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/20 £000	CETV at 31/03/19 £000	Real Increase in CETV £000
L Nicholl CBE	75 - 80 plus lump sum of 135 - 140	(0 - 2.5) plus lump sum of (2.5 - 5)	1,528	1,502	0
S Munday OBE	0 - 5 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	18	0	18
S Morton	25 - 30 plus lump sum of 10 - 15	0 - 2.5 plus lump sum of 0 - 2.5	351	282	64
S du Sautoy	15 - 20 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	143	105	36
N Hicks	0 - 5 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 5	7	0	7
J Perryer	0 - 5 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	56	27	29
C Warr	35 - 40 plus lump sum of 25 - 30	2.5 - 5 plus lump sum of 0 - 2.5	492	407	79
M Bourne	10 - 15 plus lump sum of 0 - 5	0 - 2.5 plus lump sum of 0 - 2.5	102	70	31

Accrued pension represents the amount payable if a Director leaves at the stated date. CETV are not payable directly to Directors but represent the potential liability if a Director should leave the scheme and wish to transfer accrued benefits to another scheme. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and don't take account of any reduction in benefits arising from Lifetime Allowance Tax that may be due when pension benefits are taken.

### Board Members' Remuneration

Members' remuneration for attending meetings was £218 per day (2018-19, £218) and half that amount for half-day meetings, up to 36 days each year. Travel expenses are paid as appropriate. Those who have received remuneration are as follows:

<b>Audited Information</b>	<b>2019-20 £</b>	<b>2018-19 £</b>
Lis Astall <sup>1</sup>	436	2,834
Nicholas Bitel <sup>2</sup>	-	-
Sally Bolton OBE	1,308	1,199
John Dowson	2,507	2,943
Annie Panter	1,308	1,635
Nicola Roche CBE	1,962	3,379
Sarah Springman CBE <sup>3</sup>	436	1,744
Martyn Worsley	1,853	3,052
Mel Young MBE	1,090	1,744

Figures shown may include late payments from earlier years not claimed before the previous year accounts were signed off.

## Staff Report

### (i) Staff Costs

<b>Costs</b>	<b>UK Sport</b>		<b>Group</b>	
	<b>2019-20 £000</b>	<b>2018-19 £000</b>	<b>2019-20 £000</b>	<b>2018-19 £000</b>
Wages and Salaries (including performance related pay)	7,326	6,856	22,131	20,993
Other staff costs	171	339	1,219	340
Social Security costs	872	827	2,524	2,393
Pension Service costs	2,735	2,146	7,775	7,950
Administration expense relating to pension scheme	39	34	97	83
Yorkshire 2019 Pension costs	-	-	48	48
<b>Total staff cost</b>	<b>11,143</b>	<b>10,202</b>	<b>33,794</b>	<b>31,807</b>

Further details of the split of costs between both the Exchequer and Lottery accounts can be found at Note 4.1 of the Exchequer Accounts and Note 6 of the Lottery accounts.

### (ii) Compensation for Loss of Office

Redundancy and other departure costs, where paid, are in accordance with statutory requirements. Exit

<sup>1</sup> Term Ended September 2019

<sup>2</sup> Has elected not to take fees

<sup>3</sup> Term Ended September 2019

The United Kingdom Sports Council Grant-in-Aid and National Lottery Distribution Fund  
Annual Report and Accounts for the Year Ended 31 March 2020

costs are accounted for in full in the year of departure. Where DCMS has agreed early retirements, the additional costs are met by UK Sport and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

No members of staff left under compulsory redundancy terms in 2019-20.

*(iii) Payments to Past Directors*

There were payments totalling £5,004 to Rod Carr (former Chair of UK Sport) for coaching services in 2019-20.

*(vi) Fair Pay Disclosure*

The relationship between the remuneration of the highest paid director in UK Sport and the median remuneration of staff, and the range of remuneration paid, based on annualised full-time equivalent figures at 31 March 2020 is shown below.<sup>1</sup>

	<b>2019-20</b>	<b>2018-19</b>
Band of the highest paid Director's salary, bonus and benefits in kind (£000)	145-150	150-155
Median equivalent of workforce (£)	54,460	54,105
Remuneration ratio	2.7	2.8

	<b>2019-20</b>	<b>2018-19</b>
Highest remuneration paid (£000)	145-150	150 - 155
Lowest remuneration paid (£000)	20-25	20 - 25

UK Sport has a small number of employees. This can give rise to shifts in the median remuneration figure year on year depending on the number of staff in post at 31 March.

Note 2019-20 figures include actual bonus paid in 2019. Therefore there's a nil bonus contribution for high paid members of staff who joined during the year, which drives the small shift in ratio and reduction in the top band compared to the previous year.

*(v) Off Payroll Engagements*

As at 31 March 2020 there was one off payroll engagement, for seven months, for eight days a month on average, for a day rate higher than £245. An IR 35 assessment was carried out and appropriate tax deducted.

*(vi) Apprenticeship Levy*

UK Sport contributed £23,689 in 2019-20 and claimed a total of £3,111 from the digital fund to support training costs for an apprenticeship position.

*(vii) UK Sport Staff Composition*

As at March 2020 UK Sport employed 143 members of staff with a full time equivalent (FTE) of 138.6. This comprised 125 permanent and 18 fixed term staff (with an FTE of 121.0 and 17.6 respectively).

<b>Gender</b>	<b>UK Sport Staff</b>
Male	46%
Female	54%

<sup>1</sup> The median pay calculation is taken as a snapshot at 31 March 20 (including bonuses paid in Summer 2019).

<b>Ethnicity</b>	<b>UK Sport Staff</b>
Black, Minority, Ethnic	12%
White	80%
Not Specified	0%
Not Disclosed	8%

<b>Age</b>	<b>UK Sport Staff</b>
<16	0%
16-24	3%
25-34	34%
35-44	41%
45-55	15%
55- 64	7%
65+	0%

Disability disclosure has historically not been specifically requested from staff.

*(viii) Average Number of Staff during the Year (FTE)*

<b>UK Sport Staff</b>	<b>2019-20</b>	<b>2018-19</b>
Employees <sup>1</sup>	134	121
Other staff (includes agency/seconded staff)	3	6
<b>Total</b>	<b>137</b>	<b>127</b>

UK Sport does not recognise any Trade Union and no facility time has therefore been claimed by Union officials.

*(ix) Sickness Absence*

UK Sport has policies and procedures in place to monitor sickness absence, (both long and short term) and this information is regularly reviewed by the Senior Management Team. During 2019-20, sickness absence averaged 4.5 days (2018-19 - 1.2 days) per person.

*(x) Staff Policies Applied During the Financial Year*

UK Sport is committed to the fair recruitment and development of all staff regardless of age, disability, gender reassignment, marriage and civil partnership, sexual orientation, pregnancy and maternity, race, religion, belief and gender. HR Policies are reviewed regularly by members of the team. Processes around HR management including career management and employability are embedded across the organisation.

<sup>1</sup> The total UK Sport staff in the table above incorporates both Exchequer and Lottery funded positions. The split of staff numbers between the two sets of accounts is set out in Note 4.2 of the Exchequer Accounts and Note 7 of the Lottery Accounts.

## Parliamentary Accountability and Audit Report

### Regularity of expenditure

UK Sport is required to report on the regularity of expenditure including losses and special payments in line with managing public money requirements.

For 2019-20 UK Sport made one special severance payment during 2019-20, totalling £12,246. There were fruitless payments and write offs totalling £51,678 during the year, the majority of which were either wholly or in part related to the disruption caused by COVID-19 during February and March 2020.



**Sally Munday OBE**  
**Chief Executive and Accounting**  
**Officer**

The United Kingdom Sports Council

11th December 2020



**Dame Katherine Grainger DBE**  
**Chair**

The United Kingdom Sports Council

11th December 2020



**The United Kingdom Sports Council  
Grant-in-Aid  
Entity and Group Accounts  
for the Year Ended  
31 March 2020**

## **The United Kingdom Sports Council Grant-in-Aid Entity and the United Kingdom Sports Council Group Accounts**

### **THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE UNITED KINGDOM SPORTS COUNCIL**

#### **Opinion on financial statements**

I have audited the financial statements of The United Kingdom Sports Council Grant-in-Aid for the year ended 31 March 2020. The financial statements comprise: the Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of The United Kingdom Sport Council Grant-in-Aid's affairs as at 31 March 2020 and of the group's and the parent's total comprehensive net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Royal Charter of The United Kingdom Sports Council and Secretary of State directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of The United Kingdom Sports Council Grant-in-Aid in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the United Kingdom Sports Council Grant-in-Aid's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the United Kingdom Sports Council Grant-in-Aid have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the United Kingdom Sports Council Grant-in-Aid's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

My responsibility is to audit the financial statements of The United Kingdom Sports Council Grant in Aid.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and The United Kingdom Sports Council Grant-in-Aid's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the United Kingdom Sports Council Grant-in-Aid's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the United Kingdom Sports Council Grant-in-Aid or the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the United Kingdom Sports Council Grant-in-Aid or the group to cease to continue as a going concern.

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

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

### **Other Information**

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

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Royal Charter of The United Kingdom Sports Council;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Accountability Report; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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 and the parts of the Annual Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

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

16<sup>th</sup> December 2020

## Statement of Comprehensive Net Expenditure for the Year Ended 31/03/20

	Note	UK Sport		Group	
		2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
<b>INCOME</b>					
Other Operating Income	3	2,718	2,970	15,041	10,766
<b>Total</b>		<b>2,718</b>	<b>2,970</b>	<b>15,041</b>	<b>10,766</b>
<b>EXPENDITURE</b>					
Staff Costs	4.1	7,859	7,297	30,510	28,902
Grants and Other Operating Costs	5	57,323	64,816	53,356	56,599
<b>Total</b>		<b>65,182</b>	<b>72,113</b>	<b>83,866</b>	<b>85,501</b>
<b>NET EXPENDITURE BEFORE TAXATION AND INTEREST</b>		<b>(62,464)</b>	<b>(69,143)</b>	<b>(68,825)</b>	<b>(74,735)</b>
Net Interest on the Pension Liability	17.3/19	(378)	(390)	(1,158)	(1,167)
Interest Receivable	7	3	5	13	13
Taxation	8	-	-	-	1
Interest Payable		(25)	-	(50)	-
<b>NET EXPENDITURE FOR THE PERIOD</b>		<b>(62,864)</b>	<b>(69,528)</b>	<b>(70,020)</b>	<b>(75,888)</b>
<b>Other Comprehensive Expenditure</b>					
Unrealised foreign exchange gain		-	-	17	6
Pension Scheme Re-measurements	17.4/19	3,511	851	15,219	2,702
<b>TOTAL COMPREHENSIVE NET EXPENDITURE FOR THE FINANCIAL YEAR</b>		<b>(59,353)</b>	<b>(68,677)</b>	<b>(54,784)</b>	<b>(73,180)</b>

All activities relate to continuing activities.

The notes on pages 49 to 76 form part of these accounts.

Grant-in-Aid income received from DCMS is credited directly to the Statement of Changes in Taxpayers' Equity and is not shown above as income. The value received in the year was £67.357m.

## Statement of Changes in Taxpayers' Equity for the Year Ended 31/03/20

	Note	UK Sport				Group			
		2019/20		2018/19		2019/20		2018/19	
		Revenue Reserve £'000	Pension Reserve £'000						
<b>Balance Brought Forward</b>		<b>(12,207)</b>	<b>(15,795)</b>	<b>(14,066)</b>	<b>(15,347)</b>	<b>(6,629)</b>	<b>(49,607)</b>	<b>(7,160)</b>	<b>(46,025)</b>
Retained Deficit for Year		(62,864)	-	(69,528)	-	(70,020)	-	(75,888)	-
Transfer from the Pension Reserve		1,666	(1,666)	1,296	(1,296)	5,833	(5,833)	6,322	(6,322)
Grant-in-Aid Income Received	2	67,357	-	70,091	-	67,357	-	70,091	-
Pension Scheme Re-measurements	17.4/19	-	3,511	-	851	-	15,219	-	2,702
Unrealised foreign exchange movements		-	-	-	-	17	-	6	-
Other Movements		-	(4)	-	(3)	-	(5)	-	38
<b>Balance at 31 March</b>		<b>(6,048)</b>	<b>(13,954)</b>	<b>(12,207)</b>	<b>(15,795)</b>	<b>(3,442)</b>	<b>(40,226)</b>	<b>(6,629)</b>	<b>(49,607)</b>

The notes on pages 49 to 76 form part of these accounts.

## Statement of Financial Position as at 31/03/20

	Note	UK Sport		Group	
		31/03/20 £'000	31/03/19 £'000	31/03/20 £'000	31/03/19 £'000
<b>NON-CURRENT ASSETS</b>					
Property Plant and Equipment	9	1,248	530	3,638	2,218
Intangible Assets	10	661	814	1,592	1,774
<b>Total Non-Current Assets</b>		<b>1,909</b>	<b>1,344</b>	<b>5,230</b>	<b>3,992</b>
<b>CURRENT ASSETS</b>					
Trade and Other Receivables	11	1,282	1,010	2,838	2,913
Cash and Cash Equivalents	12	1,826	2,943	2,883	4,178
Restricted Cash	12	-	-	210	193
<b>Total Current Assets</b>		<b>3,108</b>	<b>3,953</b>	<b>5,931</b>	<b>7,284</b>
<b>Total Assets</b>		<b>5,017</b>	<b>5,297</b>	<b>11,161</b>	<b>11,276</b>
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables	13.1	(5,885)	(10,570)	(9,423)	(10,971)
<b>Net Current Assets / (Liabilities)</b>		<b>(2,777)</b>	<b>(6,617)</b>	<b>(3,492)</b>	<b>(3,687)</b>
<b>Non-Current Assets plus Net Current Assets</b>		<b>(868)</b>	<b>(5,273)</b>	<b>1,738</b>	<b>305</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	14	(234)	(234)	(234)	(234)
Trade and Other Payables	13.2	(4,946)	(6,700)	(4,946)	(6,700)
Pension Liabilities	17.2/19	(13,954)	(15,795)	(40,226)	(49,607)
<b>Total Non-Current Liabilities</b>		<b>(19,134)</b>	<b>(22,729)</b>	<b>(45,406)</b>	<b>(56,541)</b>
<b>Assets less Liabilities</b>		<b>(20,002)</b>	<b>(28,002)</b>	<b>(43,668)</b>	<b>(56,236)</b>
<b>TAXPAYERS' EQUITY</b>					
Pension Reserve	17.2/19	(13,954)	(15,795)	(40,226)	(49,607)
Revenue Reserve		(6,048)	(12,207)	(3,442)	(6,629)
<b>Total Taxpayers' Equity</b>		<b>(20,002)</b>	<b>(28,002)</b>	<b>(43,668)</b>	<b>(56,236)</b>

The notes on pages 49 to 76 form part of these accounts.



**Sally Munday OBE**  
Chief Executive and Accounting Officer

The United Kingdom Sports Council  
11th December 2020



**Dame Katherine Grainger DBE**  
Chair

The United Kingdom Sports Council  
11th December 2020

## Statement of Cash Flows for the Year Ended 31/03/20

	No	UK Sport		Group	
		2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash Generated from Operations</b>	15	<b>(67,615)</b>	<b>(68,785)</b>	<b>(65,958)</b>	<b>(68,709)</b>
Interest Received	7	3	5	13	13
Interest Paid		(25)	-	(50)	-
<b>Net Cash Flow from Operating Activities</b>		<b>(67,637)</b>	<b>(68,780)</b>	<b>(65,995)</b>	<b>(68,696)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments to Acquire Property Plant and Equipment	9	(85)	(179)	(672)	(912)
Payments to Acquire Intangible Assets	10	(230)	(210)	(612)	(562)
Receipts from Sale of Fixed Assets		-	-	1	-
<b>Net Cash Flow from Investing Activities</b>		<b>(315)</b>	<b>(389)</b>	<b>(1,283)</b>	<b>(1,474)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Grant-in-Aid	2	67,357	70,091	67,357	70,091
Payment of Lease Liabilities	20.2	(522)	-	(1,374)	-
<b>Net Cash Flow from Financing Activities</b>		<b>66,835</b>	<b>70,091</b>	<b>65,983</b>	<b>70,091</b>
<b>Net (Decrease)/ Increase Cash and Cash Equivalents in the Period</b>		<b>(1,117)</b>	<b>922</b>	<b>(1,295)</b>	<b>(79)</b>
Cash and Cash Equivalents at 1 April		2,943	2,021	4,371	4,444
Change in cash and cash equivalents due to exchange rate movements	12	-	-	17	6
<b>Cash and Cash Equivalents at 31 March</b>	12	<b>1,826</b>	<b>2,943</b>	<b>3,093</b>	<b>4,371</b>

The notes on pages 49 to 76 form part of these accounts.

## **NOTES TO THE ACCOUNTS**

### **1. Statement of Accounting Policies**

#### **1.1 Accounting Policies**

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FRoM) issued by HM Treasury and on the basis of the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, with the approval of the Treasury, in accordance with article 14 of the Royal Charter of 26 March 2002, a copy of which can be obtained from UK Sport at 21 Bloomsbury Street, London, WC1B 3HF.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to UK Sport for the purpose of giving a true and fair view has been selected. The policies adopted by UK Sport are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements have been prepared on a going concern basis. Grant commitments and other obligations have been agreed on the basis of continuing receipt of Grant-in-Aid financing from DCMS. A four-year settlement to 2019/20 plus an additional one-year settlement for 2020/21 has been agreed with DCMS. A further settlement for the period beyond March 2021 is expected to be agreed during 2020. The liabilities shown in the Statement of Financial Position mainly arise from staff membership of the public sector pension scheme (LPFA). These fall within the scope of Section 39 of the Public Service Pensions Act 2013 which allows all future liabilities to be met from the Consolidated Fund.

#### **1.2 Accounting Convention**

The Accounts Direction requires that, when material, accounts are prepared on a modified historical cost (MHCA) basis in which the Statement of Comprehensive Net Expenditure reflects the consumption of resources at their current value and the Statement of Financial Position shows the value of non-current assets, current asset investments and (if material) inventories at their value to the business by reference to current costs. No entries have been made in the current period as adoption of MHCA would not have a material impact on the accounts.

Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the International Accounting Standards issued or adopted by the International Accounting Standards Board and HM Treasury guidance on accounts of Non-Departmental Public bodies in so far as those requirements are appropriate.

#### **1.3 Use of Estimates and Judgements**

The preparation of financial statements in conformity with IFRS requires management to make key judgements, assumptions and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Pension costs recognised within UK Sport's accounts are subject to estimation. The key assumptions applied by the actuary are set out in Notes 17 and 18.

Included within these is an assumed difference between CPI (which drives future pension increases) and RPI. At 31 March 2020, the actuary has estimated CPI to be lower than RPI by 0.8%, compared to a difference of 1.0% applied at 31 March 2019. This change reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated. This change in accounting estimate has driven an increase in the defined benefit obligation for UK Sport Exchequer of £1,844,000. The increase for the English Institute of Sport element of the pension is £4,448,000, therefore contributing to an overall increase in the Group pension liability of £6,292,000.

#### **1.4 Basis of Consolidation**

The English Institute of Sport (EIS) and Yorkshire 2019 Limited have been accounted for as subsidiary entities during the current and prior year within the consolidated accounts, as UK Sport is the sole member of both companies. This treatment is in accordance with the guidance set out in the Financial Reporting Manual (FRoM) issued by HM Treasury. Yorkshire 2019 Limited became a subsidiary of UK

Sport on its incorporation on 24 November 2016 in order to stage the 2019 World Road Cycling Championships. Following the championships, the Company has been finalising its accounts, and is expected to be wound up in 2020. Its results have been prepared on a break-up basis and have been included in the Group accounts as such.

## 1.5 Income Recognition

### *Grant-in-Aid Received*

Grant-in-Aid received towards resource expenditure is regarded as a contribution from a controlling party. It is therefore treated as financing and credited to Taxpayers' Equity.

### *Fundraising Income*

Income from fundraising activities is recognised in the Statement of Comprehensive Net Expenditure on a receivable basis at the point when UK Sport has legal entitlement; there is a reasonable certainty of receipt; the amount can be quantified with reasonable accuracy and any conditions for receipt have been met.

### *Investment Income*

Investment income comprises interest receivable on cash balances and short-term deposits. Interest receivable is credited to the Statement of Comprehensive Net Expenditure on an accrual basis.

### *Other Operating Income*

Other operating income comprises the recharge of services provided from the UK Sport Exchequer Account to the Lottery Account, income received for the funding of International Development activities, and sponsorship income. The recharge of services and International Development income are recognised on a receivable basis at the point when UK Sport has legal entitlement; there is a reasonable certainty of receipt; the amount can be quantified with reasonable accuracy and once any conditions for receipt have been met. Sponsorship income is recognised on an accruals basis over the period to which it relates.

## 1.6 Property Plant and Equipment

The assets of UK Sport are computers, leasehold improvements and other office equipment, together with right-of-use assets newly capitalised under IFRS 16 from 1 April 2019. More details on the change in accounting policy and its impact are given in Note 20. All property occupied by UK Sport is leased. All assets are stated in the Statement of Financial Position at depreciated historical cost as proxy to current value in existing use, as the useful economic lives are short and are a realistic reflection of the consumption of the assets. Yorkshire 2019 Limited does not hold any property plant and equipment.

The minimum capitalisation threshold is £2,500 for UK Sport whilst for EIS it is £500. Where staff work on capital projects, attributable salary costs are capitalised.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales value and the carrying amount of the asset and is recognised in the Statement of Comprehensive Net Expenditure for the year.

Depreciation is provided on all property plant and equipment at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Computer Equipment	2-5 years
Office Refurbishment	5-9 years
Office Equipment	2-5 years
Other Equipment	2-5 years

Leasehold improvements and fixtures and fittings at 21 Bloomsbury Street WC1B 3HF will be depreciated until the end of the lease term. Similarly, right-of-use assets will be depreciated on a straight-line basis over the capitalised term of the contract.

A full year of depreciation is charged in the year of acquisition and none in the year of disposal.

## 1.7 Intangible Assets

The intangible assets of UK Sport are computer software and software licences. Intangible assets are initially measured at cost and amortised on a straight-line basis over their useful lives. Amortisation of intangible assets is charged over their useful economic life, on the following basis:

Computer Software	2-5 years
Software Licences	Over the life of the licence

A full year of amortisation is charged in the year of acquisition and none in the year of disposal.

## 1.8 Research and Development

Research and development costs are written off as incurred and not carried forward as an asset as the recognition criteria of IAS 38 are not met.

## 1.9 Grants and Loans Awarded

Grants payable are charged to the Statement of Comprehensive Net Expenditure on an accrual basis. Grant expenditure is recognised in the accounts when an offer has been made and is free of performance related conditions and is free from conditions under the control of UK Sport. Other grant commitments do not meet this requirement and have therefore not been accrued.

UK Sport may give financial assistance by way of grants and loans to any person or organisation in furtherance of its objectives.

## 1.10 Pension Costs

The pension liabilities and assets are recorded in line with IAS 19, with a valuation undertaken by an independent actuary. IAS 19 measures the value of pension assets and liabilities at the end of each reporting period, determines the benefits accrued in the year and the interest on scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge which is shown in the Statement of Comprehensive Net Expenditure together with the interest on scheme assets and liabilities. The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

Further information on the pension scheme is available in Notes 17-19 to the accounts.

## 1.11 Leases and Provisions

A lease was signed for 9 years and 3 months at 21 Bloomsbury Street WC1B 3HF with DCMS with effect from 1 September 2013.

This lease was previously accounted for as an operating lease, with payments recognised in the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. Under the transition to IFRS 16, a right-of-use asset and lease liability were recognised for this lease on 1 April 2019 through a cumulative catch-up adjustment. Going forwards, lease payments will be allocated to reduce the lease liability, whilst entries on the Statement of Comprehensive Net Expenditure will comprise notional finance costs on that liability, together with depreciation of the right-of-use asset. Further details of this treatment are presented in Note 20.

Provision was made in the accounts for the estimated cost of dilapidations at lease expiry, which remains unaffected by the transition to IFRS 16.

## 1.12 Charges to and from UK Sport

UK Sport is required to apportion between its Grant-in-Aid and National Lottery distribution activities the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably attributable to the National Lottery distribution functions and vice versa. The costs apportioned to the National Lottery distribution activities are paid from the UK Sport Lottery Fund to the Grant-in-Aid account. The apportionment of the costs has been determined in the manner most appropriate to the

particular service, for example staff numbers, staff time or floor space. In all cases the charges to the Lottery distribution activity have been calculated on a full cost recovery basis in accordance with HM Treasury's "Managing Public Money".

### 1.13 Investment

There are no fixed asset or trade investments. Bank interest is included in the Statement of Comprehensive Net Expenditure.

### 1.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand 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.

### 1.15 Restricted Cash Asset

In 2017/18 Yorkshire 2019 Limited placed CHF 3,550,000 into an Escrow account established and operated by Pinsent Masons LLP on behalf of Yorkshire 2019 Limited and the Union Cycliste Internationale (UCI).

This is in line with the agreement between the UCI and Yorkshire 2019 Limited to host the 2019 World Road Cycling Championships. As at 31 March 2020, a balance of CHF 250,000 (£210,000) remained, which was released back to the Company shortly after the balance sheet date.

The cash held in the Escrow account is not immediately accessible to Yorkshire 2019 Limited due to contractual restrictions and therefore it has been separated from the Cash and Cash Equivalent balance on the Statement of Financial Position.

### 1.16 Value Added Tax

UK Sport is registered for VAT and makes supplies for both business and non-business purposes. Business supplies are subject to VAT at the standard rate. Recovery of input VAT is restricted by non-business activities and a suitable methodology has been agreed with HMRC.

EIS is part of the same VAT group as UK Sport and makes supplies for both business and non-business purposes. Supplies made in the course of business are both standard rated and exempt. Recovery of input VAT is therefore subject both to a partial exemption calculation and business/non-business apportionment in accordance with the methodologies agreed with HMRC.

Yorkshire 2019 Limited is also registered for VAT but is not part of the UK Sport/EIS VAT group. All costs incurred by Yorkshire 2019 Limited are fully recoverable for VAT.

### 1.17 Accounting standards adopted in 2019-20

IFRS 16 – Leases has been adopted within the UK Sport accounts from 1 April 2019. The FReM requires adoption of this standard from 1 April 2020, but UK Sport has elected to early-adopt the standard in line with others in the DCMS group.

## 2. Grant-in-Aid

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Received from DCMS-Revenue	62,936	64,491	62,936	64,491
Received from DCMS-Capital	4,421	5,600	4,421	5,600
<b>Total</b>	<b>67,357</b>	<b>70,091</b>	<b>67,357</b>	<b>70,091</b>

A total of £67.357m (2018/19, £70.091m) Grant-in-Aid was made available and drawn down during the year.

### 3. Other Operating Income

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Costs Apportioned to UK Sport Lottery Account	2,169	2,212	2,169	2,212
Other	549	758	542	745
EIS	-	-	8,090	7,482
Yorkshire 2019 Limited	-	-	4,240	327
<b>Total</b>	<b>2,718</b>	<b>2,970</b>	<b>15,041</b>	<b>10,766</b>

UK Sport is required to apportion between its Grant-in-Aid and National Lottery distribution activities, the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably attributable to the National Lottery distribution functions and vice versa. The costs apportioned to the Lottery distribution activities are paid from the UK Sport Lottery Fund to the Grant-in-Aid account.

### 4. Staffing and Management

#### 4.1 Staff Costs

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Wages and Salaries (including performance related pay)	5,034	4,759	19,839	18,896
Other Staff Costs	155	293	1,203	294
Social Security Costs	603	580	2,255	2,146
Pension Service Costs <sup>1</sup>	2,038	1,639	7,078	7,443
Administration Expense Relating to Pension Scheme	29	26	87	75
Yorkshire 2019 Pension costs <sup>2</sup>	-	-	48	48
<b>Total Staff Costs</b>	<b>7,859</b>	<b>7,297</b>	<b>30,510</b>	<b>28,902</b>

#### 4.2 Average Number of Staff during the Year (Full Time Equivalent Values)

	2019/20	2018/19
<b>Employees</b>		
UK Sport	93	85
English Institute of Sport	399	381
Yorkshire 2019 Limited	18	12
<b>Total</b>	<b>510</b>	<b>478</b>

<sup>1</sup> The pension current service cost represents the increase in the present value of a defined benefit obligation resulting from employee service in the period, as calculated by the actuary. The employer contributions to the scheme are shown in Notes 17.6 and 18.6.

<sup>2</sup> Staff employed by Yorkshire 2019 Limited are not members of the LPFA.

### Other Staff (Full Time Equivalent Values)

UK Sport	3	6
English Institute of Sport	-	-
Yorkshire 2019 Limited	-	5
<b>Total</b>	<b>3</b>	<b>11</b>

Other staff numbers include agency and seconded staff numbers. Note that the staff numbers disclosed for Yorkshire 2019 excludes the temporary workers who supported the direct event delivery for a short period in autumn 2019.

### 4.3 Report of Civil Service and Other Compensation Schemes – Exit Packages

EXIT PACKAGE COST BAND	Number of compulsory redundancies				Other departures agreed			
	UK Sport		Group		UK Sport		Group	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
< £10,000	-	-	2	4	-	-	-	-
£10,001 - £20,000	-	-	-	-	1	-	1	-
£20,001 - £30,000	-	-	-	-	-	-	-	-
> £30,001	-	-	-	-	-	-	-	-
<b>Total Number of Exit Packages</b>	-	-	<b>2</b>	<b>4</b>	<b>1</b>	-	<b>1</b>	-
<b>Total Value of Exit Packages</b>	-	-	<b>£5,906</b>	<b>£17,396</b>	<b>£12,246</b>	-	<b>£12,246</b>	-

### 5. Grants and Other Operating Costs

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
<b>National Support – Grants</b>				
Sports Bodies	46,862	54,846	27,457	34,420
Performance	85	110	85	110
International Representation	399	391	399	391
Yorkshire 2019 Limited <sup>1</sup>	616	-	-	-
	<b>47,962</b>	<b>55,347</b>	<b>27,941</b>	<b>34,921</b>
<b>National Support – Other Costs</b>				
Performance	5,792	5,730	5,790	5,706
Communications	490	582	490	582
International Representation	31	61	31	61
English Institute of Sport	-	-	8,023	10,116
Yorkshire 2019 Limited	-	-	5,964	999
	<b>6,313</b>	<b>6,373</b>	<b>20,298</b>	<b>17,464</b>

<sup>1</sup> £9m of Exchequer funds were committed to Yorkshire 2019 Limited in 2017-18 and were accrued into the UK Sports accounts at that time. An additional £0.6m was paid to Yorkshire 2019 Limited during 2019/20 after the event, which is recognised in UK Sport's accounts in the current Financial Year. This additional payment was made in fulfilment of an agreement made between DCMS and the company to underwrite the event. UK Sport also received additional Grant-in-Aid funds from DCMS to cover these underwrite payments.

The United Kingdom Sports Council Grant-in-Aid and National Lottery Distribution Fund  
Annual Report and Accounts for the Year Ended 31 March 2020

**Finance and Management Services**

HQ Office Costs	2,093	2,484	2,093	2,484
Depreciation/Amortisation	955	612	3,024	1,730
	<b>3,048</b>	<b>3,096</b>	<b>5,117</b>	<b>4,214</b>
<b>Total</b>	<b>57,323</b>	<b>64,816</b>	<b>53,356</b>	<b>56,599</b>

## 6. Further Disclosure

Additional detail on figures already included in Notes 4 and 5 is given below.

The operating result is stated after charging:

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Travel, Subsistence and Hospitality:				
Chair and Members	15	21	20	28
Employees	726	766	2,074	2,246
Consultants' Fees and Legal Fees	271	332	1,155	952
Contingent Labour	155	291	1,203	292
Performance Programme Delivery – Specialist Services	1,533	1,727	1,533	1703
International Programme Delivery – Specialist Services	81	27	81	27
Provisions (Released)/Provided for in Year	-	-	-	-
Depreciation	549	229	2,207	935
Amortisation	406	384	816	795
Loss on Disposal of Tangible Assets	-	-	15	14
Loss on Disposal of Intangible Assets	-	-	-	-
Auditor's Remuneration for Audit Work <sup>1</sup>	35	34	64	56

## 7. Investment Income

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Interest Receivable	3	5	13	13

## 8. Taxation

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Corporation Tax Payable	-	-	-	(1)

UK Sport has reached agreement with HMRC that payments to charitable entities may be treated as a charge on income under S.330 ICTA 1988 and offset in full against taxable investment income. No corporation tax liability arose for UK Sport in 2019/20.

<sup>1</sup> No amounts are due to external auditors for non-current work. No non-audit work has been performed by the external auditors.

## 9.1 UK Sport – Property Plant and Equipment

	Leasehold Improvement £'000	Fixtures & Fittings £'000	IT Equipment £'000	Office Equipment £'000	Other £'000	Right-of-use Assets £'000	Total £'000
<b>Cost</b>							
At 01/04/19	940	153	631	85	29	-	1,838
Additions	-	6	74	4	-	-	84
Transition to IFRS 16	-	-	-	-	-	1,183	1,183
Disposals	-	-	(33)	-	-	-	(33)
<b>At 31/03/20</b>	<b>940</b>	<b>159</b>	<b>672</b>	<b>89</b>	<b>29</b>	<b>1,183</b>	<b>3,072</b>
<b>Depreciation</b>							
At 01/04/19	612	90	499	78	29	-	1,308
Charge for Year	103	22	90	6	-	328	549
Depreciation on Disposal	-	-	(33)	-	-	-	(33)
<b>At 31/03/20</b>	<b>715</b>	<b>112</b>	<b>556</b>	<b>84</b>	<b>29</b>	<b>328</b>	<b>1,824</b>
<b>Net book value</b>							
At 31/03/19	328	63	132	7	-	-	530
<b>At 31/03/20</b>	<b>225</b>	<b>47</b>	<b>116</b>	<b>5</b>	<b>-</b>	<b>855</b>	<b>1,248</b>

## 9.2 Group – Property Plant and Equipment

	Leasehold Improvement £'000	Fixtures & Fittings £'000	IT Equipment £'000	Office Equipment £'000	Other Equipment £'000	Right-of-use Assets £'000	Total £'000
<b>At Cost</b>							
At 01/04/19	1,085	6,252	1,859	85	99	-	9,380
Additions	4	445	218	5	-	142	814
Transition to IFRS 16	-	-	-	-	-	2,828	2,828
Disposals	(3)	(623)	(111)	-	(28)	-	(765)
<b>At 31/03/20</b>	<b>1,086</b>	<b>6,074</b>	<b>1,966</b>	<b>90</b>	<b>71</b>	<b>2,970</b>	<b>12,257</b>
<b>Depreciation</b>							
At 01/04/19	748	4,753	1,483	79	99	-	7,162
Charge for Year	107	631	255	6	-	1,208	2,207
Depreciation on Disposal	(3)	(609)	(110)	-	(28)	-	(750)
<b>At 31/03/20</b>	<b>852</b>	<b>4,775</b>	<b>1,628</b>	<b>85</b>	<b>71</b>	<b>1,208</b>	<b>8,619</b>
<b>Net Book Value</b>							
At 31/03/19	337	1,499	376	6	-	-	2,218
<b>At 31/03/20</b>	<b>234</b>	<b>1,299</b>	<b>338</b>	<b>5</b>	<b>-</b>	<b>1,762</b>	<b>3,638</b>

### 10.1 UK Sport – Intangible Assets

	<b>Information Technology £'000</b>
<b>At Cost</b>	
At 01/04/19	2,579
Additions	253
Disposals	(103)
<b>At 31/03/20</b>	<b>2,729</b>
<b>Amortisation</b>	
At 01/04/19	1,765
Charge for Year	406
Amortisation on Disposal	(103)
<b>At 31/03/20</b>	<b>2,068</b>
<b>Net Book Value</b>	
<b>At 31/03/19</b>	<b>814</b>
<b>At 31/03/20</b>	<b>661</b>

Within the closing net book value there are £70,000 (2018/19 £41,000) assets under the course of construction which are yet to be depreciated.

### 10.2 Group – Intangible Assets

	<b>Information Technology £'000</b>
<b>At Cost</b>	
At 01/04/19	4,950
Additions	635
Disposals	(164)
<b>At 31/03/20</b>	<b>5,421</b>
<b>Amortisation</b>	
At 01/04/19	3,176
Charge for Year	816
Amortisation on Disposal	(163)
<b>At 31/03/20</b>	<b>3,829</b>
<b>Net Book Value</b>	
<b>At 31/03/19</b>	<b>1,774</b>
<b>At 31/03/20</b>	<b>1,592</b>

Within the closing net book value there are £70,000 (2018/19 £41,000) assets under the course of construction which are yet to be depreciated.

## 11. Trade and Other Receivables

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Trade Receivables	55	106	726	1,230
Other Receivables	302	404	27	293
VAT	-	-	50	-
Prepayments and Accrued Income	925	500	2,035	1,390
<b>Total</b>	<b>1,282</b>	<b>1,010</b>	<b>2,838</b>	<b>2,913</b>

All amounts fall due within one year.

The Other Receivables balance at 31 March 2020 includes an intercompany receivable of £0.2m with Yorkshire 2019 Limited and a further £0.1m with the English Institute of Sport.

## 12. Cash and Cash Equivalents

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Balance at 1 April	2,943	2,021	4,371	4,444
Net Change in Cash and Cash Equivalents	(1,117)	922	(1,295)	(79)
Foreign exchange gain on Cash and Cash Equivalents	-	-	17	6
<b>Balance at 31 March</b>	<b>1,826</b>	<b>2,943</b>	<b>3,093</b>	<b>4,371</b>

### Government Banking Services

Balances Held with Government Banking Services	349	1,732	349	1,732
Balances Held with Restricted Escrow Account				
- Current Assets	-	-	210	193
- Non-Current Assets	-	-	-	-
Balances Held with Commercial Banks	1,477	1,211	2,534	2,446
<b>Total</b>	<b>1,826</b>	<b>2,943</b>	<b>3,093</b>	<b>4,371</b>

At 31 March 2020 Yorkshire 2019 Limited held a balance of £0.210m in a restricted Escrow account to cover any eventual liabilities that arise to Yorkshire 2019 Limited post the hosting of the 2019 World Road Cycling championships. This balance was released from Escrow shortly after the balance sheet date.

## 13.1 Trade and Other Payables

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Trade Payables	48	734	1,121	1,939
Other Payables	116	-	140	39
VAT	103	84	103	84
Other Taxation and Social Security	233	212	879	847
Accruals and Deferred Income	4,953	9,540	5,813	8,062
Right-of-use Lease Liabilities	432	-	1,367	-
<b>Total</b>	<b>5,885</b>	<b>10,570</b>	<b>9,423</b>	<b>10,971</b>

Within the UK Sport accruals balance, £3.0m relates to funding committed to Rugby League World Cup 2021 Limited. A further £1.2m relates to funding committed to the Football Association Limited for the UEFA Women's European Championship 2021. Both amounts were due for payment in 2020/21 as at the balance sheet date.

The right-of-use lease liability for UK Sport relates to payments due for the main office location at 21 Bloomsbury Street.

### 13.2 Non-Current Trade and Other Payables

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Accruals and Deferred Income	4,374	6,700	4,374	6,700
Right of Use Lease Liabilities	572	-	572	-
<b>Total</b>	<b>4,946</b>	<b>6,700</b>	<b>4,946</b>	<b>6,700</b>

The UK Sport accruals balance includes £3.7m relating to funding committed to Rugby League World Cup 2021 Limited due for payment in 2021/22. A further £0.7m relates to funding committed to the Football Association Ltd for the UEFA Women's European Championship 2021.

The right of use lease liability for UK Sport relates to payments due for the main office location at 21 Bloomsbury Street.

### 14. Provision for Liabilities

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Opening Balance	234	234	234	234
Provision Made in Year	-	-	-	-
Provision Paid in Year	-	-	-	-
Provision Released in Year	-	-	-	-
<b>Closing Balance</b>	<b>234</b>	<b>234</b>	<b>234</b>	<b>234</b>

Provision was made in the accounts in a prior year for the anticipated cost of making good any dilapidations at 21 Bloomsbury at the end of the tenancy agreement.

### 15. Reconciliation of Operating Deficit to Cash Generated from Operations

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Net Expenditure Before Taxation and Interest	(62,464)	(69,143)	(68,825)	(74,735)
Depreciation/Amortisation of Property Plant and Equipment	955	613	3,023	1,730
Loss on Disposal of Property Plant and Equipment	-	-	15	14
(Increase)/Decrease in Receivables	(271)	1,527	75	617
(Decrease)/Increase in Payables	(7,123)	(2,688)	(4,921)	(1,490)
(Decrease)/Increase in Provisions	-	-	-	-
Pension Scheme: Non-Cash Movement	1,288	906	4,675	5,155
<b>Net Cash Outflow from Operations</b>	<b>(67,615)</b>	<b>(68,785)</b>	<b>(65,958)</b>	<b>(68,709)</b>

### 16. Financial Instruments

UK Sport has adopted IFRS 7 and IFRS 9 Financial Instruments and has undertaken a review of major contracts to identify transactions that require disclosure. Most financial instruments relate to contracts for non-financial items in line with UK Sport's expected purchase and usage requirements and UK Sport therefore is exposed to limited credit, liquidity or market risk.

#### *Liquidity Risks*

In the year £67.357m or 82% (2018/19, £70.091m or 87%) of the Group's income derived from DCMS Grant-in-Aid. The remaining balance of £15.041m or 18% (2018/19, £10.766m or 13%) is derived from other operating activities. UK Sport is satisfied that it has sufficient liquid resources to cover amounts due within one year.

#### *Interest Rate Risks*

Cash balances, which are drawn down as Grant-in-Aid to pay grant commitments and operating costs, are held in a Government Banking Service account and drawn down into UK Sport's current account as necessary. The Group's unrestricted cash balance at 31 March 2020 was £2.883m (2018/19, £4.178m).

#### *Foreign Currency Risk*

During the year ended 31 March 2017 cash was placed into an Escrow account in Swiss Francs, in line with contractual obligations for the 2019 World Road Cycling Championships. This balance was subject to exchange rate variances during the year, but was released from Escrow shortly after the balance sheet date.

### **17. Superannuation Scheme – UK Sport**

Staff at UK Sport (Grant-in-Aid and Lottery) are entitled to become members of the London Pension Fund Authority (LPFA) Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants, and data given in this note refers to the whole scheme and to the identified UK Sport portion of it whilst Note 18 provides equivalent details for EIS. There is a generic scheme for staff covered by the accounting policy Note 1.10. Staff employed by Yorkshire 2019 Limited are not members of the LPFA but instead hold personal pension plans into which pension contributions are paid.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by the Local Pensions Partnership in accordance with the Local Government Pension Scheme Regulations 2013.

The amounts disclosed in these accounts are the portion deemed to be apportioned to the Grant-in-Aid funded part of the scheme. As all scheme members are or were employees of UK Sport, the pension deficit recorded in the Lottery Accounts would become part of the Grant-in-Aid pension deficit in the event of the Lottery Fund being wound up.

The Pension Scheme is of the defined benefit type and is funded by employees and employers at actuarially determined rates. The employer's contribution for the year amounted to £0.605m or 12.0% of pensionable pay (2018/19, £0.588m or 12.0%). An additional pension contribution of £0.174m (2018/19, £0.171m) was also made to reduce the pension liability in respect of prior years.

Contributions are set every three years as a result of the triennial valuations by the consulting actuaries to the LPFA. There are no minimum funding requirements in the LGPS but the contributions are generally set to a target funding level of 100% using the actuarial valuation assumptions. If UK Sport was to withdraw from the fund, a cessation valuation would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due, on a set of assumptions deemed appropriate by the Fund Actuary.

The latest valuation was at 31 March 2019, the results of which were confirmed in early 2020. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date. Following this revaluation, UK Sport's employer contribution rate will remain unchanged at 12% of pensionable pay for the period until the next triennial valuation, with additional contributions no longer required.

International Accounting Standard IAS 19 issued by the International Accounting Standards Board requires that the following information, which has been prepared for us by Barnett Waddingham (the consulting actuaries to the LPFA) for this purpose, be disclosed in these accounts with respect to the scheme.

## 17.1 Pension Commitments

### Financial Assumptions

	2019/20	2018/19
	%	%
Price Increases	2.6	3.4
Salary Increases	2.8	3.9
Pension Increases	1.8	2.4
Discount Rate	2.4	2.5

### Average Future Life Expectancies at Age 65:

	Males (years)	Females (years)
Current Pensioners	22.1	24.0
Future Pensioners	24.2	26.1

## 17.2 Fair Value of Employers Assets

	31/03/20	31/03/19
	£'000	£'000
Equities	12,247	12,723
Target Return Funds	5,845	6,236
Infrastructure	1,653	1,409
Property	2,252	2,199
Cash	693	818
<b>Total Fair Value of Assets</b>	<b>22,690</b>	<b>23,385</b>
Present Value of Scheme Liabilities	(36,644)	(39,180)
<b>Net Pension Liability</b>	<b>(13,954)</b>	<b>(15,795)</b>

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

	31/03/20	31/03/19
	%	%
Equities	54	54
Target Return Funds	26	27
Infrastructure	7	6
Property	10	9
Cash	3	4

## 17.3 Amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2019/20	2018/19
	£'000	£'000
Service Cost	2,038	1,639
Net Interest on the Defined Liability	378	390
Administration Expenses	29	26
<b>Total</b>	<b>2,445</b>	<b>2,055</b>

#### 17.4 Re-measurements in Other Comprehensive Income:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of interest	(667)	1,679
Other actuarial gains	(960)	-
Change in financial assumptions	5,357	(2,865)
Change in demographic assumptions	335	2,037
Experience loss on defined benefit obligation	(554)	-
<b>Re-measurements</b>	<b>3,511</b>	<b>851</b>

#### 17.5 Changes in the present value of the defined benefit obligation:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening defined benefit obligation</b>	<b>39,180</b>	<b>35,820</b>
Current service cost	1,768	1,639
Interest cost	956	932
Change in financial assumptions	(5,357)	2,865
Change in demographic assumptions	(335)	(2,037)
Experience loss on defined benefit obligation	554	-
Estimated benefits paid net of transfers in	(794)	(433)
Past service costs including curtailments	270	-
Contributions by scheme participants	427	419
Unfunded pension payments	(25)	(25)
<b>Closing defined benefit obligation</b>	<b>36,644</b>	<b>39,180</b>

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of employers' assets</b>	<b>23,385</b>	<b>20,473</b>
Interest on assets	578	542
Return on assets less interest	(667)	1,679
Other actuarial gains/(losses)	(960)	-
Administration expenses	(29)	(26)
Contributions by employer including unfunded	774	756
Contributions by scheme participants	427	419
Estimated benefits paid net of transfers in including unfunded	(818)	(458)
<b>Closing fair value of employer assets</b>	<b>22,690</b>	<b>23,385</b>

#### 17.7 A History of Experience Gains and Losses is shown below:

	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	22,690	23,385	20,473	19,097	15,111
Present Value of Defined Benefit Obligation	(36,644)	(39,180)	(35,820)	(35,562)	(25,856)
<b>Deficit</b>	<b>(13,954)</b>	<b>(15,795)</b>	<b>(15,347)</b>	<b>(16,465)</b>	<b>(10,745)</b>
Experience Losses on Assets	-	-	-	-	-
Experience Gains/(Losses) on Liabilities	(554)	-	-	634	51

In order to assess the actuarial value of the LPFA's liabilities as at 31 March 2020, Barnett Waddingham have rolled forward the actuarial value of the liabilities reported as at the latest formal valuation, allowing for the different financial assumptions required under IAS 19. In addition, they have also considered the effect of contributions paid into, and estimated benefits paid from, the Fund by UK Sport and its employees.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2020 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation to 31 March 2020 should not introduce any material distortions in the results provided that the actual experience of UK Sport and the Fund has been broadly in line with the underlying assumptions and the structure of the liabilities is substantially the same as the latest formal valuation.

To calculate the asset share Barnett Waddingham have rolled forward the assets allowing for contributions paid into and estimated benefits paid from, the Fund by and in respect of the employer investment returns, and its employees.

In December 2018 there was a Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination in the Judicial and Fire Service pension schemes respectively. In June 2019 the Government was refused leave to appeal and the Government Actuary Department developed a methodology to estimate the impact of this judgement on those bodies that are part of the Local Government Pension Scheme. The impact based on this initial methodology has been included in the figures presented here at 31 March 2020.

The Ministry of Housing, Communities and Local Government initiated a consultation into its proposals following this case in July 2020, the results of which may further inform how the impact of this case on pension liabilities and service costs is evaluated. The impact of any changes proposed in the consultation is not expected to be material. Any future developments arising from the consultation will therefore be considered in the valuation of the pension liability at 31 March 2021.

The actuarial valuation for IAS 19 purposes has been allocated between the Lottery and Exchequer accounts in accordance with accounting policy Note 1.10.

### **Material Valuation Uncertainty**

Most (65%) of the London Pension Fund Authority's assets have quoted prices in active markets, but there are unquoted property, credit, infrastructure and private equity assets, with UK Sport's Grant-in-Aid share of these amounting to an estimated £7.873m (Group £23.471m). The private equity, credit and infrastructure assets involve a degree of estimation in their valuation, and due to the impact of COVID-19 on the markets, there are inherent risks in the valuation techniques that mean there is a material uncertainty attached to the valuation of these assets. In addition, the property assets held by the fund are subject to valuation by external valuers, and due to the unprecedented impact of COVID-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in UK Sport Grant-in-Aid accounts, than would normally be the case.

### **17.8 Sensitivity**

Participating in this defined benefit pension scheme means that UK Sport is exposed to a number of risks, including investment and interest rate risk with regards to the market values and returns of the fund assets. The benefits of the fund are also linked to inflation, whilst the fund assets are not, which gives rise to a risk that deficits may emerge as a result of this. There are also demographic risks, for example that members of the fund live longer than has been assumed.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit UK Sport e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The sensitivity of the UK Sport pension liability to changes in assumptions is as follows:

	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustment to discount rate</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	35,688	36,644	37,626
<b>Adjustment to long term salary increase</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	36,703	36,644	36,586
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	37,572	36,644	35,740
<b>Adjustment to mortality age rising assumption</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	37,873	36,644	35,455

## 18. Superannuation Scheme – EIS

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

The Pension Scheme is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £1.711m (2018/19, £1.604m).

A Triennial Actuarial Valuation was carried out as at 31 March 2019 for funding purposes. As a result of this, employer contributions remained at 12%.

In December 2018 there was a Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination in the Judicial and Fire Service pension schemes respectively. In June 2019 the Government was refused leave to appeal and the Government Actuary Department developed a methodology to estimate the impact of this judgement on those bodies that are part of the Local Government Pension Scheme. The impact based on this initial methodology has been included in the figures presented here at 31 March 2020.

The Ministry of Housing, Communities and Local Government initiated a consultation into its proposals following this case in July 2020, the results of which may further inform how the impact of this case on pension liabilities and service costs is evaluated. The impact of any changes proposed in the consultation is not expected to be material. Any future developments arising from the consultation will therefore be considered in the valuation of the pension liability at 31 March 2021.

### Material Valuation Uncertainty

Most (65%) of the London Pension Fund Authority's assets have quoted prices in active markets, but there are unquoted property, credit, infrastructure and private equity assets, with EIS's share of these amounting to an estimated £15.598m. The private equity, credit and infrastructure assets involve a degree of estimation in their valuation, and due to the impact of COVID-19 on the markets, there are inherent risks in the valuation techniques that mean there is a material uncertainty attached to the valuation of these assets. In addition, the property assets held by the fund are subject to valuation by external valuers, and due to the unprecedented impact of COVID-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in the EIS accounts, than would normally be the case.

A valuation for IAS 19 purposes as at 31 March 2020 was carried out by a qualified independent actuary. The assumptions used by the actuary for IAS 19 valuation purposes were:

## 18.1 Pension Commitments

<b>Financial Assumptions:</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>%</b>	<b>%</b>
Price Increases	2.6	3.4
Salary Increases	2.8	3.9
Pension Increases	1.8	2.4
Discount Rate	2.4	2.5
<b>Average Future Life Expectancies at Age 65:</b>	<b>Males</b>	<b>Females</b>
	<b>(years)</b>	<b>(years)</b>
Current Pensioners	23.6	25.1
Future Pensioners	24.0	26.1

## 18.2 Fair Value of Employer Assets

	<b>31/03/20</b>	<b>31/03/19</b>
	<b>£'000</b>	<b>£'000</b>
Equities	24,261	24,123
Target Return Portfolio	11,581	11,825
Infrastructure	3,275	2,672
Property	4,462	4,170
Cash	1,372	1,551
<b>Total Market Value of Assets</b>	<b>44,951</b>	<b>44,341</b>
Present Value of Scheme Liabilities	(71,223)	(78,153)
<b>Net Pension Liability</b>	<b>(26,272)</b>	<b>(33,812)</b>

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

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

	<b>31/03/20</b>	<b>31/03/19</b>
	<b>%</b>	<b>%</b>
Equities	54	54
Target Return Portfolio	26	27
Infrastructure	7	6
Property	10	9
Cash	3	4

## 18.3 Amounts recognised in the Statement of Comprehensive Net Expenditure account:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Service Cost	5,040	5,804
Net Interest on the Defined Liability	780	777
Administration Expenses	58	49
<b>Total</b>	<b>5,878</b>	<b>6,630</b>

## 18.4 Re-measurements recognised in Other Comprehensive Income:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of interest	(1,289)	3,138
Other actuarial (losses)/gains on assets	(1,834)	-
Change in financial assumptions	13,389	(5,883)
Change in demographic assumptions	1,050	4,596
Experience gain/(loss) on defined benefit obligation	392	-
<b>Re-measurements</b>	<b>11,708</b>	<b>1,851</b>

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

	2019/20 £'000	2018/19 £'000
<b>Opening defined benefit obligation</b>	<b>78,153</b>	<b>68,329</b>
Current service cost	5,007	4,683
Interest cost	1,899	1,789
Change in financial assumptions	(13,389)	5,883
Change in demographic assumptions	(1,050)	(4,596)
Experience (gain)/loss on defined benefit obligation	(392)	-
Estimated benefits paid in excess of transfers in	(119)	(103)
Past service costs, including curtailments	33	1,121
Contributions by scheme participants	1,081	1,047
<b>Closing defined benefit obligation</b>	<b>71,223</b>	<b>78,153</b>

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

	2019/20 £'000	2018/19 £'000
<b>Opening fair value of employer's assets</b>	<b>44,341</b>	<b>37,651</b>
Interest on assets	1,119	1,012
Return on assets less interest	(1,289)	3,138
Other actuarial gains/(losses)	(1,834)	-
Administration expenses	(58)	(49)
Contributions by employer including unfunded	1,710	1,645
Contributions by participants	1,081	1,047
Estimated benefits paid plus unfunded net of transfers in	(119)	(103)
<b>Closing fair value of employer's assets</b>	<b>44,951</b>	<b>44,341</b>

### 18.7 History of Experience Gains and Losses

	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000	2015/16 £'000
Fair Value of Employer Assets	44,951	44,341	37,651	33,604	25,216
Present Value of Defined Benefit Obligation	(71,223)	(78,153)	(68,329)	(65,757)	(38,782)
<b>Deficit</b>	<b>(26,272)</b>	<b>(33,812)</b>	<b>(30,678)</b>	<b>(32,153)</b>	<b>(13,566)</b>
Experience Losses on Assets	-	-	-	-	-
Experience Gain / (Losses) on Liabilities	392	-	-	(1,195)	-

### 18.8 Sensitivity:

The sensitivity of the EIS pension liability to changes in assumptions is as follows:

	£'000	£'000	£'000
<b>Adjustment to discount rate</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	68,968	71,223	73,554
<b>Adjustment to long term salary increase</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	71,406	71,223	71,042
<b>Adjustment to pension increases and deferred revaluation</b>	<b>0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	73,383	71,223	69,134
<b>Adjustment to mortality age rising assumption</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	73,615	71,223	68,909

## 19. Group Pension Amounts

	Note	2019/20 £'000	2018/19 £'000
Pension Liabilities UK Sport	17.2	(13,954)	(15,795)
Pension Liabilities EIS	18.2	(26,272)	(33,812)
<b>Total Group Pension Liabilities</b>		<b>(40,226)</b>	<b>(49,607)</b>
Pension Scheme Re-measurements UK Sport	17.4	3,511	851
Pension Scheme Re-measurements EIS	18.4	11,708	1,851
<b>Total Group Pension Re-measurements</b>		<b>15,219</b>	<b>2,702</b>
Net Interest on the Defined Liability UK Sport	17.3	(378)	(390)
Net Interest on the Defined Liability EIS	18.3	(780)	(777)
<b>Total Net Interest on the Group Defined Liability</b>		<b>(1,158)</b>	<b>(1,167)</b>

## 20. Change in Accounting Policy: IFRS 16 Leases

UK Sport Group has adopted IFRS 16 Leases from 1 April 2019, which has had a material impact on the UK Sport Exchequer accounts. As a result, the Group has changed its accounting policy for lease contracts as detailed below, which has resulted in right-of-use assets and lease liabilities being recognised for most lease contracts.

The Group applied IFRS 16 using the modified retrospective approach by making a cumulative catch up adjustment on 1 April 2019 to recognise the new right-of-use assets and lease liabilities. Prior year balances have therefore not been restated.

### a. Application of IFRS 16

On transition to IFRS 16, the Group has applied the practical expedient to grandfather the assessment of which arrangements are identified as leases, in line with FReM application guidance. Therefore, on transition, IFRS 16 has only been applied to those contracts that were already recognised as leases under the previous accounting standards.

The Group has applied the optional exemptions for both short-term leases (those with a term 12 months or less, after the assessment of extension options), and leases of low value assets (those with an approximate asset value below £5,000).

UK Sport has elected not to apply the new standard to leases of intangible assets. All the contracts recognised under IFRS 16 relate to use of buildings for workspace, and all the assets have therefore been grouped within a single asset category.

Where a contract contains both lease and non-lease components (such as service charges), the Group has only capitalised amounts in relation to the lease components. Service components continue to be recognised as expenses in the Statement of Comprehensive Net Expenditure. This separation accounts for part of the reconciliation between the lease commitment disclosures at 31 March 2019 under IAS 17, which included service components, and the lease liabilities recognised on transition at 1 April 2019, from which service components have been excluded.

### b. Discount rate

None of the leases capitalised under IFRS 16 in these accounts indicate an implicit interest rate within the lease contract. Therefore, the discount rate applied when assessing the value of the lease liability under amortised cost has been taken as the HM Treasury discount rate promulgated in Public Expenditure System (PES) papers, which represents the incremental borrowing rate to the UK Sport Group.

### c. Impact on the Financial Statements

On transition to IFRS 16, the Group recognised an additional £2.828m (UK Sport £1.183m) of right-of-use assets, and £3.171m (UK Sport £1.526m) of lease liabilities, with the difference relating to lease accruals and prepayments as at 31 March 2019.

When measuring lease liabilities, the Group discounted lease payments using the HM Treasury discount rate of 1.99%. The lease liabilities recognised on transition can be reconciled back to the closing operating lease commitments at 31 March 2019 as follows:

	<b>UK Sport</b>	<b>Group</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating lease commitment at 31st March 2019</b>	1,578	3,740
Discounted at 1.99%	1,526	3,648
Adjusted for:		
- Leases of low-value assets not capitalised	-	(29)
- Variable lease payments based on an index or rate	-	47
- Service components not capitalised	-	(495)
<b>Lease liabilities recognised at 1 April 2019</b>	<b>1,526</b>	<b>3,171</b>

The adoption of IFRS 16 has also impacted the expenses recognised in the Statement of Comprehensive Net Expenditure (SoCNE) during the year. Instead of lease payments being recognised as rental expenses, the entries in the SoCNE instead comprise depreciation of the right-of-use assets and finance costs representing the notional interest on the lease liabilities. The impact of this change in accounting policy on the entries in the SoCNE is shown below. Note that this only captures those leases recognised on transition on 1 April 2019, and does not include entries relating to new leases entered into during the year.

	<b>UK Sport</b>		<b>Group</b>	
	<b>IFRS 16</b>	<b>IAS 17</b>	<b>IFRS 16</b>	<b>IAS 17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2019/20 SOCNE impact from capitalised leases</b>				
Rental expense	-	345	-	1,173
Finance cost	25	-	48	-
Right-of-use asset depreciation	328	-	1,164	-
Contribution to SOCNE expenditure	353	345	1,212	1,173

The transition to IFRS 16 therefore has minimal impact on the net expenditure recognised in the SOCNE, but effectively reclassifies rental costs as depreciation and finance charges.

## 20.2 Leases: Contributions for the year ended 31 March 2020

One lease is capitalised for UK Sport in relation to office space at 21 Bloomsbury Street. Within the Group accounts, a further seven right-of-use assets have been recognised, which are all office or other workspace used by the English Institute of Sport. All of the right-of-use assets recognised within the group are therefore held within a single asset category.

	<b>UK Sport £'000</b>	<b>Group £'000</b>
<b>Right-of-use assets</b>		
Recognised on transition 1 April 2019	1,183	2,828
Additions during the year	-	142
Depreciation charge for the year	(328)	(1,208)
<b>Balance at 31 March 2020</b>	<b>855</b>	<b>1,762</b>

	<b>UK Sport £'000</b>	<b>Group £'000</b>
<b>Lease liabilities</b>		
Maturity Analysis – undiscounted cash flows		
Less than 1 year	438	1,381
1 to 5 years	592	592
More than 5 years	-	-
Total undiscounted lease liabilities at 31 March 2020	1,030	1,973
Lease liabilities included in the statement of financial position at 31 March 2020	1,004	1,939
Current	432	1,367
Non-current	572	572

	<b>UK Sport £'000</b>	<b>Group £'000</b>
<b>Amounts recognised in Statement of Cash Flows</b>		
Payment of lease interest (operating activities)	25	50
Payment of lease principal (financing activities)	522	1,374
<b>Total cash outflow for leases</b>	<b>547</b>	<b>1,424</b>

## 21. Grant Commitments

On the undertaking that funds are to be provided by DCMS, UK Sport at 31 March 2020 had entered into commitments to pay grants to governing bodies in respect of their approved programmes in the following years (these commitments at 31 March 2020 have not yet been recognised in the Statement of Comprehensive Net Expenditure Account nor Statement of Financial Position).

	UK Sport		Group	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
2019/20	-	33,956	-	14,787
2020/21	27,785	32,670	10,074	14,983
2021/22	316	205	57	-
	<b>28,101</b>	<b>66,831</b>	<b>10,131</b>	<b>29,770</b>

Grant commitments are based on the assumption that Exchequer funding will continue at the planned rate to 2021/2022.

## 22. Contingent liabilities

During the year ended 31 March 2017 Yorkshire 2019 Limited (a subsidiary of UK Sport) entered into a contract entitling a third party to a Performance Security in the event of debts or liabilities caused by Yorkshire 2019 Limited. This security amounted to £210,000 as at 31 March 2020, and was released back to the company shortly after the balance sheet date.

## 23. Capital Commitments

As at 31 March 2020 UK Sport had made commitments of £10,792 (31/03/2019 £63,486) to purchase further capital equipment.

## 24. Events After the Reporting Period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts.

There are no other post balance sheet events requiring disclosure.

## 25. Related Party Transactions

UK Sport is an Arm's Length Body sponsored by DCMS, who are regarded as a related party. During 2019/20 UK Sport had various material transactions with DCMS and with the Sports Councils for the Home Countries. It further provided grants to two subsidiaries EIS and Yorkshire 2019 Limited.

As a matter of policy and procedure the Board, and Committee members, Award Panel members and staff maintain registers of interest which are available to the public. In these they are required to declare any interests, both direct and indirect, of commercial interests with the UK Sport together with interests associated with grant applications. Where a member has an interest, they are required to declare it and exclude themselves from relevant grant appraisal discussions and other commercial decisions.

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The following table details those related party transactions that arose during the year, as well as any outstanding balances at the balance sheet date:

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
English Institute of Sport	Subsidiary	Grant paid	19,405,047
		Recharged income	601,352
		Recharged costs	94,158
		Accounts Receivable	114,715
		Accounts Payable	13,944
Yorkshire 2019 Limited	Subsidiary	Grant paid (some of which accrued in 2017/18)	3,399,817
		Recharged costs	287
		Accounts Receivable	199,013
DCMS	Parent department	Grant-in-Aid received	67,357,000
Lis Astall UK Sport Board (Member) Group Audit & Risk Committee (Member)	British Equestrian Federation (Member)	Grant	1,201,939
		Income	2,000
	Paragon Identity (Non-Executive)	Service provision	1,411
Nicholas Bitel UK Sport Board (Member)	Sport England (Chair)	Grant	40,000
		Other income	4,300
		Other costs	89,058
		Accounts Receivable	5,500
John Dowson UK Sport Board (Member) Group Audit & Risk Committee (Member)	Wheelchair Basketball (Leadership mentoring and coaching role 2020 with NGB Performance Director)	Grant	381,558
Dame Katherine Grainger DBE UK Sport Board (Chair)	British Rowing (Retired athlete and member of working panel for internal culture review)	Grant	1,933,471
		Other costs	300
	UKAD (Member on DCMS panel for UKAD review)	Other costs	8,033
		Income	500

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Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
		Accounts Payable	5,608
Dame Katherine Grainger DBE cont.	Youth Sport Trust (Trustee)	Other costs	2,880
	British Olympic Association (Member of Athletes commission)	Other costs	75,729
	Netball Scotland (Patron)	Other costs	1,500
Vic Luck Group Audit & Risk Committee (Member)	English Institute of Sport (Director)	Grant and recharges	See above
Annie Panter UK Sport Board (Member)	English Institute of Sport (Non-Executive Director)	Grant and recharges	See above
Sarah Springman CBE UK Sport Board (member)	British Rowing (Member)	Grant and recharges	See above
	British Triathlon (Patron)	Grant	694,412
		Other income	6,785
Other costs		1,346	
John Steele UK Sport Board (Observer)	English Institute of Sport (Chair)	Grant and recharges	See above
	British Rowing (Consultant)	Grant and recharges	See above
		Grant	922,941
		Other income	1,500
	England Hockey (Consultant)	Other costs	5,000
		Loughborough University (Executive Director)	Service provision
		Accounts Payable	14,719

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Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
Mel Young MBE	Sport Scotland (Chair)	Grant	40,000
UK Sport Board (Member)		Other charges	11,842
		Other income	2,000
		Accounts Payable	10,000
Simon Morton	Yorkshire 2019 (Director)	Grants and recharges	See above
Chief Operating Officer			
Natalie Dunman	Seconded as Performance Director to British Skeleton	Other costs	7,665
Head of Pathways		Recharged income	49,250
		Accounts Payable	280
		Accounts Receivable	21,250
Chelsea Warr	English Institute of Sport (Non-Executive Director)	Grants and recharges	See above
Director of Performance			

## 26.1 Subsidiary Undertakings

**English Institute of Sport** The Manchester Institute Of Health And Performance, 299 Alan Turing Way,  
Manchester, England, M11 3BS

UK Sport was given responsibility for the EIS in April 2006. The following results of EIS have been included in the consolidated results:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Statement of Comprehensive Net Expenditure</b>		
Income	27,695	28,004
Administrative Expenses	(31,170)	(32,178)
<b>Operating Surplus/(Deficit) before Interest and Taxation</b>	<b>(3,475)</b>	<b>(4,174)</b>
Interest Receivable	9	9
Interest Payable and Similar Charges	(807)	(763)
<b>Deficit on Ordinary Activities Before Taxation</b>	<b>(4,273)</b>	<b>(4,928)</b>
Tax on Surplus on Ordinary Activities	-	1
<b>Deficit for the Financial Year</b>	<b>(4,273)</b>	<b>(4,927)</b>
Re-measurement of the Net Defined Benefit Liability	11,930	1,332
<b>Total Comprehensive Net Income/(Expenditure) for the Year</b>	<b>7,657</b>	<b>(3,595)</b>
	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Statement of Financial Position</b>		
Property Plant and Equipment	1,482	1,688
Intangible Assets	932	960
Current Assets	2,844	2,915
Payables: Falling Due Within One Year	(2,617)	(2,825)
<b>Total Assets less Current Liabilities</b>	<b>2,641</b>	<b>2,738</b>
Deferred Income	(2,532)	(2,746)
<b>Net Liabilities Excluding Pension Liability</b>	<b>109</b>	<b>(8)</b>
Defined Benefit Pension Scheme Liability	(26,272)	(33,812)
<b>Net Liabilities Including Pension Liability</b>	<b>(26,163)</b>	<b>(33,820)</b>
<b>Reserves</b>		
<b>Revenue Reserve</b>	<b>(26,163)</b>	<b>(33,820)</b>

The above figures have been presented on a gross basis as per the EIS annual accounts prior to intercompany eliminations and alignment adjustments. The pension figures contained in the 2019/20 accounts produced by EIS were prepared on the basis of FRS 102. A separate actuarial valuation based on IAS 19 was commissioned to provide the pension figures in line with the accounting policy adopted for the UK Sport accounts which are presented in Note 18. An adjustment has also been made on consolidation to align the treatment of leases across the group, from EIS's preparation under FRS 102 to the new FReM IFRS 16 standard applied at Group level. Further details are given in Note 20.

## 26.2 Subsidiary Undertakings

**Yorkshire 2019 Limited** 1 Park Row, Leeds, United Kingdom, LS1 5AB

The following results of Yorkshire 2019 Limited have been included in the consolidated results:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Statement of Comprehensive Net Expenditure</b>		
Income	7,724	1,637
Operating and Administrative Expenses	(7,735)	(1,637)
<b>(Deficit)/Surplus for the period</b>	<b>(11)</b>	<b>-</b>
Unrealised foreign exchange (loss)/gain	17	6
<b>Total Comprehensive Net Expenditure for the period</b>	<b>6</b>	<b>6</b>
	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Statement of Financial Position</b>		
Restricted cash	210	193
Current assets and other receivables	70	461
Current Liabilities	(280)	(660)
<b>Total Assets less Liabilities</b>	<b>-</b>	<b>(6)</b>
<b>Reserves</b>		
<b>Revenue Reserve</b>	<b>-</b>	<b>(6)</b>

The above summary has been presented on a gross basis prior to inter-company eliminations and alignment adjustments taking place within the Group accounts.



**The United Kingdom Sports Council  
National Lottery Distribution Fund  
Accounts for the Year Ended  
31 March 2020**

## **The United Kingdom Sports Council Lottery Distribution Fund**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the United Kingdom Sports Council National Lottery Distribution Fund for the year ended 31 March 2020 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the United Kingdom Sport Council National Lottery Distribution Fund's affairs as at 31 March 2020 and of the comprehensive net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the United Kingdom Sports Council National Lottery Distribution Fund in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the United Kingdom Sports Council National Lottery Distribution Fund's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the United Kingdom Sports Council National Lottery Distribution Fund have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the United Kingdom Sports Council National Lottery Distribution Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Responsibilities of Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Kingdom Sports Council National Lottery Distribution Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the United Kingdom Sports Council National Lottery Distribution Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on United Kingdom Sports Council National Lottery Distribution Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the United Kingdom Sports Council National Lottery Distribution Fund to cease to continue as a going concern.

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

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

## **Other Information**

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

## **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993;
- in light of the knowledge and understanding of the UK Sports Council Lottery Distribution Fund and its environment obtained in the course of the audit, I have not identified any material misstatements in the Accountability Report; and
- the information given in Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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 and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Gareth Davies**  
**Comptroller and Auditor General**

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

16<sup>th</sup> December 2020

## Statement of Comprehensive Net Expenditure for the Year Ended 31/03/20

	Note	2019/20 £'000	2018/19 £'000
<b>INCOME</b>			
National Lottery Share of Proceeds	2	80,990	72,961
Investment Returns from NLDF	2	392	374
Interest Receivable		9	7
Other Operating Income		30	83
<b>Total</b>		<b>81,421</b>	<b>73,425</b>
<b>EXPENDITURE</b>			
Accrued Grant Commitments	3	3,060	3,714
Accrued Grant De-commitments	3	(2,392)	(15)
Grant Clawbacks		(16)	(963)
Other Grant Payments	5	76,568	61,060
Staff Costs	6	3,284	2,905
Amortisation	9	3	2
Other Operating Costs		736	690
Costs Apportioned from UK Sport Grant-in-Aid Account		2,169	2,212
<b>Total</b>		<b>83,412</b>	<b>69,605</b>
<b>(DECREASE)/INCREASE IN LOTTERY FUNDS BEFORE TAXATION</b>		<b>(1,991)</b>	<b>3,820</b>
Net Interest on the Pension Liability	12.3	(108)	(111)
<b>(DECREASE)/INCREASE IN LOTTERY FUNDS</b>		<b>(2,099)</b>	<b>3,709</b>
<b>Other Comprehensive Expenditure</b>			
Pension Scheme Re-measurements	12.4	1,017	242
<b>Total Comprehensive Net (Expenditure)/ Income</b>		<b>(1,082)</b>	<b>3,951</b>

All activities relate to continuing activities.

The notes on pages 85 to 97 form part of these accounts.

## Statement of Changes in Equity for the Year Ended 31/03/20

	Note	2019/20		2018/19	
		Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000
<b>Balance Brought Forward</b>		<b>39,312</b>	<b>(4,566)</b>	<b>35,211</b>	<b>(4,416)</b>
Retained (Deficit)/Surplus for the Year		(2,099)	-	3,709	-
Pension Scheme Re-measurements	12.4	-	1,017	-	242
Transfer from the Pension Fund		549	(549)	392	(392)
Other Movements		-	(2)	-	-
<b>Balance at 31 March</b>		<b>37,762</b>	<b>(4,100)</b>	<b>39,312</b>	<b>(4,566)</b>

The notes on pages 85 to 98 form part of these accounts.

## Statement of Financial Position as at 31/03/20

	Note	31/03/20 £'000	31/03/19 £'000
<b>NON-CURRENT ASSETS</b>			
Intangible Assets	9	18	8
<b>Total Non-Current Assets</b>		<b>18</b>	<b>8</b>
<b>CURRENT ASSETS</b>			
Investments – Balance at NLDF	2	20,232	47,331
Trade and Other Receivables	10	140	51
Cash and Cash Equivalents	14	21,067	1,158
<b>Total Current Assets</b>		<b>41,439</b>	<b>48,540</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	(124)	(365)
Grant Commitments Falling Due Within One Year	3	(2,226)	(6,969)
<b>Total Current Liabilities</b>		<b>(2,350)</b>	<b>(7,334)</b>
<b>Net Current Assets</b>		<b>39,089</b>	<b>41,206</b>
<b>Non-Current Assets plus Net Current Assets</b>		<b>39,107</b>	<b>41,214</b>
<b>NON-CURRENT LIABILITIES</b>			
Grant Commitments Falling Due After One Year	3	(1,345)	(1,902)
Pension Liability	12.2	(4,100)	(4,566)
<b>Total Non-Current Liabilities</b>		<b>(5,445)</b>	<b>(6,468)</b>
<b>Total Assets less Liabilities</b>		<b>33,662</b>	<b>34,746</b>
<b>EQUITY</b>			
Pension Reserve	12.2	(4,100)	(4,566)
Revenue Reserve		37,762	39,312
<b>Total Equity</b>		<b>33,662</b>	<b>34,746</b>

The notes on pages 85 to 98 form part of these accounts.



**Sally Munday OBE**  
**Chief Executive and Accounting Officer**  
The United Kingdom Sports Council  
11th December 2020



**Dame Katherine Grainger DBE**  
**Chair**  
The United Kingdom Sports Council  
11th December 2020

## Statement of Cash Flows for the Year Ended 31/03/20

	Note	2019/20 £'000	2018/19 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net Cash Generated from Operations</b>	13	<b>19,913</b>	<b>264</b>
Interest Received		9	7
<b>Net Cash Flow from Operating Activities</b>		<b>19,922</b>	<b>271</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to Acquire Intangible Assets		(13)	-
<b>Net Cash Flow from Investing Activities</b>		<b>(13)</b>	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents in the Year</b>		<b>19,909</b>	<b>271</b>
Cash and Cash Equivalents at 1 April		1,158	887
<b>Cash and Cash Equivalents at 31 March</b>	14	<b>21,067</b>	<b>1,158</b>

The notes on pages 85 to 98 form part of these accounts.

## **NOTES TO THE ACCOUNTS**

### **1. Accounting Policies**

#### **1.1 Statement of Accounting Policies**

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) and in a form directed by the Secretary of State with consent of Treasury in accordance with section 35(3) of the National Lottery etc. Act 1993.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to UK Sport for the purpose of giving a true and fair view has been selected. The particular policies adopted by UK Sport Lottery are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the International Accounting Standards issued or adopted by the International Accounting Standards Board (except in relation to the recognition of commitments as detailed below), the Treasury guidance on the accounts of Non-Departmental Public Bodies and the National Lottery etc. Act 1993 insofar as those requirements are appropriate to the UK Sport Lottery Fund.

The accounts have been prepared under the accruals convention and, as such, all income and expenditure is taken into account in the financial period to which it relates (except in relation to the recognition of commitments as detailed below).

The accounts cover the year to 31 March 2020, in compliance with section 35 of the National Lottery etc. Act 1993.

Separate accounts have been prepared for the UK Sport operations funded from Grant-in-Aid, in accordance with the Accounts Direction and other instructions issued by the Secretary of State. Consolidated accounts have not been prepared because The English Institute of Sport Limited and Yorkshire 2019 Limited are subsidiaries of UK Sport Exchequer only.

There are no standards in issue but not yet adopted that will have a material effect on the reported income or net assets of the group.

The financial statements have been prepared on a going concern basis. UK Sport has a statutory entitlement to a set percentage of the Lottery Distribution Fund in accordance with the National Lottery Act 1993 as amended. Grant commitments reflect the forecast distribution expected from the Fund.

#### **1.2 Use of Estimates and Judgements**

The preparation of financial statements in conformity with IFRS requires management to make key judgements, assumptions and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Pension costs recognised within UK Sport's accounts are subject to estimation. The key assumptions applied by the actuary are set out in Note 12.

Included within these is an assumed difference between CPI (which drives future pension increases) and RPI. At 31 March 2020, the actuary has estimated CPI to be lower than RPI by 0.8%, compared to a difference of 1.0% applied at 31 March 2019. This change reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated. This change in accounting estimate has driven an increase in the defined benefit obligation for UK Sport Lottery of £533,000.

#### **1.3 Grant Commitments**

Grants payable are charged to the Statement of Comprehensive Net Expenditure on an accruals basis. The reporting of grants has been aligned with the FReM. Where the recognition criteria are met, commitments are reflected in the Statement of Financial Position as a liability (see Note 3). Otherwise, they are disclosed as other grant commitments (see Note 4).

#### **1.4 Intangible Assets**

The intangible assets of UK Sport are computer software and software licences. Intangible assets are initially measured at cost and amortised on a straight-line basis over their useful lives.

Amortisation of intangible assets is charged over their useful economic life on the following basis:

Computer Software 2-5 years  
Software Licences over the life of the licence

A full year of amortisation is charged in the year of acquisition and none in the year of disposal.

#### **1.5 Pension Costs**

The pension liabilities and assets are recorded in line with IAS 19, with a valuation undertaken by an independent actuary. IAS 19 measures the value of pension assets and liabilities at the end of each reporting period, determines the benefits accrued in the year and the interest on scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge, which is shown in the Statement of Comprehensive Net Expenditure together with the net interest on the pension liability. The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members is recognised in the Statement of Changes in Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

Further information on the pension scheme including the valuation of the pension funds and recharges is provided in Note 12 to the accounts.

#### **1.6 Charges to and from UK Sport**

UK Sport is required to apportion between its Grant-in-Aid and National Lottery distribution activities the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably used on UK Sport Lottery Fund functions and vice versa. The costs apportioned to the National Lottery distribution activities are paid from the UK Sport Lottery Fund to the Grant-in-Aid account. The apportionment of the costs has been determined in the manner most appropriate to the particular service, for example staff numbers, staff time or floor space. In all cases the charges to the National Lottery distribution activities have been calculated on a full cost recovery basis in accordance with HM Treasury's *"Managing Public Money"*.

#### **1.7 Value Added Tax**

The making of Lottery awards is deemed to be a non-business activity. VAT is therefore not charged on grants made and input tax is not recovered but treated as an additional expense of the item to which it relates.

#### **1.8 Investments**

The funds attributable to the Lottery Fund, whilst they are within the National Lottery Distribution Fund, are invested by the National Debt Commissioners, and interest accrued is credited to the balance available for distribution.

Capital sums are distributed in accordance with the provisions of the National Lottery etc. Act 1993. Interest earned on the sums invested is apportioned to each of the National Lottery distributors in proportion to their percentage share of the total remaining National Lottery Distribution Fund (NLDF) at the time the interest is received.

#### **1.9 Cash and Cash Equivalents**

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

## 2. National Lottery Distribution Fund

During the year under review the UK Sport Lottery Fund has received and drawn down the following sums:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance Brought Forward</b>	<b>47,331</b>	<b>43,412</b>
Share of Net Operator Proceeds	80,990	72,961
Investment Returns from NLDF	392	374
<b>Available for Distribution</b>	<b>128,713</b>	<b>116,747</b>
Funds Drawn Down	(108,481)	(69,416)
<b>Balance Carried Forward</b>	<b>20,232</b>	<b>47,331</b>

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to UK Sport is shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State as being available for distribution by UK Sport in respect of current and future commitments.

Funds are drawn down from the NLDF into the bank account of the UK Sport Lottery Fund in order to meet payments falling due from suppliers and awards to recipients on a monthly basis.

The market value carried forward at 31 March 2020 is £20.232m (31 March 2019, £47.331m) representing 23% of outstanding commitments made at that point. Once the closing UK Sport Lottery cash balance of £21.067m is included, the total of £41.299m represents 48% of the outstanding commitments. A cash large balance was held at 31 March 2020 to facilitate grant payments in early April 2020 which were due to fall before the next scheduled drawdown date from the NLDF fund. The balance of outstanding commitments will be met by anticipated future NLDF revenue receipts.

## 3. Accrued Grant Commitments

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Accrued Commitments Brought Forward	8,871	8,408
Commitments Made in the Year	3,060	3,714
De-commitments Made in the Year	(2,392)	(15)
<b>Total Accrued Grant Commitments</b>	<b>9,539</b>	<b>12,107</b>
Accrued Grant Commitments Met in the Year	(5,968)	(3,236)
<b>Accrued Grant Commitments Carried Forward</b>	<b>3,571</b>	<b>8,871</b>

### Accrued Grant Commitments by Year

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Amounts Falling Due During 2019/20	-	6,969
Amounts Falling Due During 2020/21	2,226	1,262
Amounts Falling Due During 2021/22	325	100
Amounts Falling Due During 2022/23	607	440
Amounts Falling Due During 2023/24	340	100
Amounts Falling Due During 2024/25	73	-
<b>Total</b>	<b>3,571</b>	<b>8,871</b>

Accrued commitments made in the year are shown as expenditure, but during the year some commitments will be made and paid in the same year, or de-committed, which accounts for the difference between outstanding accrued commitments at 31 March 2019 and actual amounts paid in 2019/20.

Prior to the balance sheet date, decisions were made to cancel eight planned events due to COVID-19. As a result of these cancellations, UK Sport expects to reduce its funding of these affected events by an estimated £685,000. £558,000 of this reduction has been included in the decommitments above and has been removed from the outstanding commitments at 31st March 2020. The remaining £127,000 of savings relate to amounts already paid to events, which UK Sport hopes to recover during 2020/21 once the accounts for these cancelled events have been finalised.

#### 4. Other Grant Commitments

	<b>2019/20</b> <b>£'000</b>	<b>2018/19</b> <b>£'000</b>
Amounts Falling Due During 2019/20	-	73,820
Amounts Falling Due During 2020/21	69,474	63,876
Amounts Falling Due During 2021/22	10,851	6,320
Amounts Falling Due During 2022/23	2,041	105
	<b>82,366</b>	<b>144,121</b>

The accounting policies applied for National Lottery funding require commitments to be accrued in the accounts when an offer has been made and are free of performance related conditions and are free from conditions under the control of UK Sport. Other grant commitments do not meet this requirement and have therefore not been accrued. Revenue can only be recognised when funds are made available within the National Lottery Distribution Fund. To provide appropriate financial security for grantees, UK Sport commits funds for a period of up to four years with the expectation that actual funds will be available from future National Lottery revenue to meet future years' expenditure.

#### 5. Lottery Grant Payments

		<b>2019/20</b> <b>£'000</b>	<b>2018/19</b> <b>£'000</b>
<b>Accrued Grant Payments</b>			
Major Events	3	5,968	3,236
		<b>5,968</b>	<b>3,236</b>
<b>Other Grant Payments</b>			
Athletes		17,204	17,265
National Governing Bodies and Partners		59,091	43,496
International Relations		273	299
		<b>76,568</b>	<b>61,060</b>
<b>Total Grant Payments</b>		<b>82,536</b>	<b>64,296</b>

#### 6. Staff Costs

		<b>2019/20</b> <b>£'000</b>	<b>2018/19</b> <b>£'000</b>
Wages and Salaries		2,292	2,097
Other Staff Costs		16	46
Social Security Costs		269	247
Current Service Costs	12.3	697	507
Administration Expense Relating to Pension Scheme	12.3	10	8
<b>Total Employee Costs</b>		<b>3,284</b>	<b>2,905</b>

## 7. Average Number of Staff During the Year (Full Time Equivalent Values)

The average number of staff employed on a full-time equivalent basis during the year were as follows:

	2019/20	2018/19
UK Sport		
<b>Average Staff Numbers</b>	<b>41</b>	<b>36</b>

## 8. Lottery Funds

	2019/20 £'000	2018/19 £'000
The Lottery Fund is stated after charging for:		
External Auditors' Remuneration for Audit Work	29	29

No amounts are due to external auditors for non-current work. No non-audit work has been performed by the external auditors.

## 9. Intangible Assets

All intangible fixed assets are computer software.

	£'000
<b>Cost</b>	
At 01/04/19	657
Additions	13
<b>At 31/03/20</b>	<b>670</b>
<b>Amortisation</b>	
At 01/04/18	649
Charge for Year	3
<b>At 31/03/19</b>	<b>652</b>
<b>Net Book Value</b>	
<b>At 31/03/18</b>	<b>8</b>
<b>At 31/03/19</b>	<b>18</b>

## 10. Trade Receivables

	2019/20 £'000	2018/19 £'000
Trade Receivables	40	32
Other Receivables	100	-
Prepayments	-	19
<b>Total</b>	<b>140</b>	<b>51</b>

All amounts fall due within one year.

## 11. Trade Payables

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Trade Payables	-	17
VAT	7	3
Accruals and Deferred Income	117	345
<b>Total</b>	<b>124</b>	<b>365</b>

## 12. Superannuation Scheme

Staff at UK Sport (Grant-in-Aid and Lottery) are entitled to become members of the London Pension Fund Authority (LPFA) Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants, and data given in this note refers to the whole scheme and to the identified UK Sport portion of it. There is a generic scheme for staff covered by the accounting policy Note 1.5 above.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by the Local Pensions Partnership in accordance with the Local Government Pension Scheme Regulations 2013.

All staff are contractually employed by UK Sport. Whether they work on Lottery related matters or not does not affect the terms and conditions of their employment or their pension entitlement. If in the long term they were still employed by UK Sport but the Lottery accounts continued with pension fund deficits, then the employees, regardless of the Lottery nature of their employment, would still be entitled to look to the Grant-in-Aid accounts to ensure their pension entitlement was met. Under IAS 19 it is the economic entity which suffers the charge to its Statement of Comprehensive Net Expenditure that must make disclosure of that relevant portion of the shared fund.

The pension is of the defined benefit type and is funded by employees and employers at actuarially determined rates.

Employer's contribution for the period amounted to £0.266m or 12% of pensionable pay (2018/19: £0.234m or 12%).

The share charged to these accounts is a proportion of the amount paid by UK Sport in total.

Contributions are set every three years as a result of the triennial valuations by the consulting actuaries to the LPFA. There are no minimum funding requirements in the LGPS but the contributions are generally set to a target funding level of 100% using the actuarial valuation assumptions. If UK Sport was to withdraw from the fund, a cessation valuation would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due, on a set of assumptions deemed appropriate by the Fund Actuary.

The latest valuation was at 31 March 2019, the results of which were confirmed in early 2020. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date. Following this revaluation, UK Sport's employer contribution rate will remain unchanged at 12% of pensionable pay for the period until the next triennial valuation, with additional contributions no longer required.

International Accounting Standard (IAS 19) requires that the following information, which has been prepared by Barnett Waddingham (the Consulting Actuaries to the LPFA) for this purpose, be disclosed in these accounts with respect to the scheme.

## 12.1 Pension Commitments

<b>Financial Assumptions</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>%</b>	<b>%</b>
Price Increases	2.6	3.4
Salary Increases	2.8	3.9
Pension Increases	1.8	2.4
Discount Rate	2.4	2.5
<b>Average Future Life Expectancies at Age 65:</b>	<b>Males</b>	<b>Females</b>
	<b>(years)</b>	<b>(years)</b>
Current Pensioners	22.1	24.0
Future Pensioners	24.2	26.1

## 12.2 Fair Value of Employer's Assets

	<b>Fund Value at 31/03/20</b>	<b>Fund Value at 31/03/19</b>
	<b>£'000</b>	<b>£'000</b>
Equities	3,507	3,634
Target Return Portfolio	1,675	1,782
Infrastructure	474	403
Property	645	628
Cash	198	234
<b>Total Fair Value of Assets</b>	<b>6,499</b>	<b>6,681</b>
Present Value of Scheme Liabilities	(10,599)	(11,247)
<b>Net Pension Liability</b>	<b>(4,100)</b>	<b>(4,566)</b>

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

	<b>31/03/20</b>	<b>31/03/19</b>
	<b>%</b>	<b>%</b>
Equities	54	54
Target Return Portfolio	26	27
Infrastructure	7	6
Property	10	9
Cash	3	4

## 12.3 Amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Service Cost	697	507
Net Interest on the Defined Liability	108	111
Administration Expenses	10	8
<b>Total</b>	<b>815</b>	<b>699</b>

## 12.4 Re-measurements in Other Comprehensive Income

	2019/20 £'000	2018/19 £'000
Return on plan assets in excess of interest	(190)	479
Other actuarial gains/(losses)	(278)	-
Change in financial assumptions	1,548	(822)
Change in demographic assumptions	97	585
Experience (loss)/gain on defined benefit obligation	(160)	-
<b>Re-measurements</b>	<b>1,017</b>	<b>242</b>

## 12.5 Changes in the present value of the defined benefit obligation:

	2019/20 £'000	2018/19 £'000
<b>Opening defined benefit obligation</b>	<b>11,247</b>	<b>10,251</b>
Current service cost	605	507
Interest cost	273	265
Change in financial assumptions	(1,548)	822
Change in demographic assumptions	(97)	(585)
Experience loss/(gain) on defined benefit obligation	160	-
Estimated benefits paid net of transfer in	(271)	(134)
Past service costs including curtailments	92	-
Contributions by scheme participants	146	129
Unfunded pension payments	(8)	(8)
<b>Closing defined benefit obligation</b>	<b>10,599</b>	<b>11,247</b>

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

	2019/20 £'000	2018/19 £'000
<b>Opening fair value of employer's assets</b>	<b>6,681</b>	<b>5,835</b>
Interest on assets	165	154
Return on assets less interest	(190)	479
Other actuarial gains	(278)	-
Administration expenses	(10)	(8)
Contributions by employer including unfunded	265	234
Contributions by scheme participants	146	129
Estimated benefits paid net of transfers in including unfunded	(280)	(142)
<b>Closing fair value of employer's assets</b>	<b>6,499</b>	<b>6,681</b>

## 12.7 History of Experience Gains and Losses

	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000	2015/16 £'000
Fair Value of Employer Assets	6,499	6,681	5,835	5,416	4,271
Present Value of Defined Benefit Obligation	(10,599)	(11,247)	(10,251)	(10,104)	(7,322)
<b>Deficit</b>	<b>(4,100)</b>	<b>(4,566)</b>	<b>(4,416)</b>	<b>(4,688)</b>	<b>(3,051)</b>
Experience Losses on Assets	-	-	-	-	-
Experience Gains/(Losses) on Liabilities	(160)	-	-	180	14

In order to assess the actuarial value of the LPFA's liabilities as at 31 March 2020, Barnett Waddingham have rolled forward the actuarial value of the liabilities reported as at the latest formal valuation, allowing for the different financial assumptions required under IAS 19. In addition, they have also considered the effect of contributions paid into, and estimated benefits paid from, the Fund by UK Sport and its employees.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2020 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation to 31 March 2020 should not introduce any material distortions in the results provided that the actual experience of UK Sport and the Fund has been broadly in line with the underlying assumptions and the structure of the liabilities is substantially the same as the latest formal valuation.

To calculate the asset share Barnett Waddingham have rolled forward the assets allowing for investment returns, contributions paid into and estimated benefits paid from the Fund by and in respect of the employer and its employees. The Actuarial Valuation for IAS 19 purposes has been allocated between the Lottery and Exchequer accounts in accordance with accounting policy Note 1.5.

In December 2018 there was a Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination in the Judicial and Fire Service pension schemes respectively. In June 2019 the Government was refused leave to appeal and the Government Actuary Department developed a methodology to estimate the impact of this judgement on those bodies that are part of the Local Government Pension Scheme. The impact based on this initial methodology has been included in the figures presented here at 31 March 2020.

The Ministry of Housing, Communities and Local Government initiated a consultation into its proposals following this case in July 2020, the results of which may further inform how the impact of this case on pension liabilities and service costs is evaluated. The impact of any changes proposed in the consultation is not expected to be material. Any future developments arising from the consultation will therefore be considered in the valuation of the pension liability at 31 March 2021.

### **Material Valuation Uncertainty**

Most (65%) of the London Pension Fund Authority's assets have quoted prices in active markets, but there are unquoted property, credit, infrastructure and private equity assets, with UK Sport Lottery's share of these amounting to an estimated £2.255m. The private equity, credit and infrastructure assets involve a degree of estimation in their valuation, and due to the impact of COVID-19 on the markets, there are inherent risks in the valuation techniques that mean there is a material uncertainty attached to the valuation of these assets. In addition, the property assets held by the fund are subject to valuation by external valuers, and due to the unprecedented impact of COVID-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in UK Sport Lottery accounts, than would normally be the case.

### **12.8 Sensitivity**

Participating in this defined benefit pension scheme means that UK Sport is exposed to a number of risks, including investment and interest rate risk with regards to the market values and returns of the fund assets. The benefits of the fund are also linked to inflation, whilst the fund assets are not, which gives rise to a risk that deficits may emerge as a result of this. There are also demographic risks, for example that members of the fund live longer than has been assumed.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The sensitivity of the pension liability to changes in assumptions is as follows:

	£'000	£'000	£'000
<b>Adjustment to discount rate</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	10,323	10,599	10,883
<b>Adjustment to long term salary increase</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	10,616	10,599	10,582
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	10,867	10,599	10,338
<b>Adjustment to mortality age rising assumption</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	10,954	10,599	10,255

### 13. Reconciliation of Increase in Lottery Funds Before Taxation to Net Cash Inflow/ (Outflow) from Operating Activities

	2019/20	2018/19
	£'000	£'000
(Decrease)/Increase in Lottery Funds Before Taxation	(1,991)	3,820
(Increase)/Decrease in Receivables	(89)	(28)
(Decrease)/Increase in Payables	(5,541)	115
Amortisation of Intangible Assets	3	2
Interest Receivable	(9)	(7)
Decrease/(Increase) in NLDF	27,099	(3,919)
Pension Scheme: Non Cash Movement	441	281
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>19,913</b>	<b>264</b>

### 14. Change in Cash and Cash Equivalents

	2019/20	2018/19
	£'000	£'000
Opening Cash Balance	1,158	887
Net Cash Inflow/(Outflow)	19,909	271
<b>Cash and Bank Balances at Year End</b>	<b>21,067</b>	<b>1,158</b>

### 15. Financial Instruments

UK Sport Lottery Fund has adopted IFRS 7 and IFRS 9 Financial Instruments and has undertaken a review of major contracts to identify transactions that require disclosure. Most financial instruments relate to contracts for non-financial items in line with DCMS's expected purchase and usage requirements. UK Sport is therefore exposed to limited credit, liquidity or market risk.

#### Liquidity Risks

In the year £81.38m or 99.95 % (2018/19, £73.33m or 99.88 %) of the UK Sport Lottery Fund's income was derived from the National Lottery. The remaining income is derived from interest on deposits and sundry income. In previous reports, UK Sport considered that the Lottery Fund's ability to meet the grant commitments and other liabilities in the short and longer term is dependent on adequate sales revenue from the National Lottery and on the contingency arrangements in place with the DCMS should the National Lottery revenue fall short of the amounts required.

### *Interest Rate Risks*

The financial assets of the Fund are invested in the National Lottery Distribution Fund (NLDF), which invests in a narrow band of low risk assets such as government bonds and cash. UK Sport has no control over the investment of Funds in the NLDF.

At the balance sheet date the market value of UK Sport's share of investment in the NLDF was £20.232m (2018/19, £47.331m). In the year the average return on these investments was 1.16% (2018/19, 0.82%). Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in a deposit account. The cash balance at the year-end was £21.067m (2018/19, £1.158m). The Fund is not exposed to significant interest rate risks.

### *Foreign Currency Risk*

The Fund is not exposed to material foreign exchange risks.

## **16. Contingent Liabilities**

At 31 March 2020 UK Sport Lottery Fund had no contingent liabilities requiring disclosure.

## **17. Capital Commitments**

As at 31 March 2020, the Lottery Fund had made no commitments to purchase further capital equipment (31/03/19, £nil).

## **18. Related Party Transactions**

UK Sport is an Arm's Length Body sponsored by DCMS, who are regarded as a related party. During 2019/20 UK Sport had various material transactions with DCMS and with the Sports Councils for the Home Countries.

As a matter of policy and procedure the Board, and Committee members, Award Panel members and staff maintain registers of interest which are available to the public. In these they are required to declare any interests, both direct and indirect, of commercial interests with the UK Sport together with interests associated with grant applications. Where a member has an interest they are required to declare it and exclude themselves from relevant grant appraisal discussions and other commercial decisions.

The following table details those related party transactions that arose during the year along with any outstanding amounts due at the balance sheet date:

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
English Institute of Sport	Subsidiary of UKS Exchequer	Recharged income	8,000
Yorkshire 2019 Limited	Subsidiary of UKS Exchequer	Grant paid (most of which accrued in 2017/18)	2,897,500
DCMS	Parent department	Recharged income	21,589
		Accounts Receivable	21,589

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
Lis Astall UK Sport Board (Member)	British Equestrian Federation (Member)	Grant	2,840,005
John Dowson UK Sport Board (Member) Group Audit & Risk Committee (Member)	Wheelchair Basketball (Leadership mentoring and coaching role 2020 with NGB Performance Director)	Grant Other Expenditure Accounts Payable	876,345 2,927 2,927
Dame Katherine Grainger DBE UK Sport Board (Chair)	British Rowing (Retired athlete and member of working panel for internal culture review).	Grant Recharged costs	5,808,192 5,400
Vic Luck Group Audit & Risk Committee (Member)	English Institute of Sport (Director)	Recharged income	See above
Sarah Springman CBE UK Sport Board (Member)	British Triathlon (Patron)	Grant	2,092,390
John Steele UK Sport Board (Observer)	English Institute of Sport (Chair) British Rowing (Consultant) England Hockey (Consultant)	Recharged income Grant and recharges Grant	See above See above 2,010,016
Mel Young MBE UK Sport Board (Member)	Sport Scotland (Chair)	Grant	1,814,152
Annie Panter UK Sport Board (Member)	English Institute of Sport (Non-Executive Director)	Recharged income	See above

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Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
Chelsea Warr Director of Performance	English Institute of Sport (Non-Executive Director)	Recharged income	See above
Simon Morton Chief Operating Officer	Yorkshire 2019 Limited (Director)	Grant	See above
Natalie Dunman Head of Pathways	Seconded as Performance Director to British Skeleton	Grant	1,697,903

## **19. Events After the Reporting Period**

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts.

There are no other post balance sheet events requiring disclosure.

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