

The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

Annual Report and Financial Statements

2013-2014

Presented to Parliament pursuant to Article 6(2)(b) of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009

(SI 2009/476)

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The Trustees' present their Report on the affairs of The Sports Council Trust Company together with the financial statements and auditor's report for the year ended 31 March 2014.

Structure, governance and management

Constitution of The Sports Council Trust Company

The Sports Council Trust Company ("the Charity") is a company limited by guarantee which is governed by its Memorandum and Articles of Association; it is also a registered charity with the Charities Commission (Charity number 803779).

The sole member and parent body for both financial years presented in this report was The English Sports Council (ESC).

The Parent/Subsidiary Memorandum updated in December 2012, effective from 1 May 2012, between ESC and the Charity provides the operating and governance framework between ESC (the Parent) and the Charity (the Subsidiary).

Organisational structure

The Charity is administered by a Board of Trustees that regularly meets to discuss the objectives and activities of the Charity. The directors of the Charity are its Trustees. During the financial year ended 31 March 2014 the Board met two times (2013: four times). The Board also met in very early April 2014 which formed part of the 2013-14 cycle.

The Board currently comprises the Chairman and seven Trustees details of whom can be found on page 8.

The Chairman has accountability for the management of the operations of the Charity. To facilitate effective operations, the Chairman delegates authority for the day-to-day administration of the Charity to officers of the ESC through a Service Level and Agency Agreement (SLA), which included providing staff to manage the operational contracts of the National Sports Centres. As a result of this operational model being in place the Charity has no employees.

Objectives and Activities

The Charity's objectives are the preservation and safeguarding of the physical and mental health of the community through physical recreation (including sports) and education and the provision of facilities, which shall be available to members of the public. In pursuit of these objectives, the Charity has a grant making function.

To achieve these objectives over the year under review, the Charity focused on:

- Increasing participation in sport through a wide range of sporting activities;
- Providing, improving and maintaining world class training facilities (the National Sports Centres);
- Providing community access to facilities;
- Ensuring that the National Sports Centres continue to promote holistic sports development programmes;
- Awarding grants to various sporting organisations; and
- Monitoring the performance of investments and available funding.

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

Strategic Report

The Strategic Report is designed to replace and enhance reporting previously included in the Business Review section of the Trustees' Report. Its purpose is to inform readers and help them assess how the Trustees have performed their duty to promote the success of the Charity during the year under review.

Achievements

The Charity's public benefit purpose is achieved through facilities which are managed and operated for the benefit of the community.

The National Sports Centres owned by the Charity during the year were:

- Bisham Abbey (Bisham) - managed by Serco
- Lilleshall - managed by Serco
- Plas y Brenin the National Mountain Sports Centre (PYB) - managed by Mountain Training Trust (MTT)

Other facilities owned by the Charity were:

- The Redgrave and Pinsent Rowing Lake – leased to British Rowing

The National Sports Centres and the Rowing Lake occupy a unique position in the sporting landscape. Their primary role is to help members of the public play more sport and enjoy the physical and mental benefits they provide by giving them access to high quality sports facilities.

The public benefit is also enhanced by their secondary role as training centres for elite sports men and women.

The five year (2012-16) sports development strategy at Bisham and Lilleshall has five key objectives, increase participation in community sport, encourage sustained participation in community sport, develop talent and elite performance, enhance and support the sporting workforce and improve levels of satisfaction within sport and physical activity.

Each site develops an annual plan that provides initiatives that flow from the five year objectives and requires a number of measurable tasks to be completed.

PYB also has a five year (2012-16) sports development plan in place though the emphasis is slightly different to take account of the composition of the site.

Bisham Abbey

Based in rural Berkshire, Bisham Abbey is a busy and flexible National Sports Centre which plays home to a range of sports including tennis, rowing, hockey, football, golf, and squash.

It features a multi-use sports area, gym and fitness centre and an English Institute of Sport (EIS) strength and conditioning area, as well as on-site accommodation for use by members of the public and athletes.

This year extensive capital investment has been made into the facilities and is due for completion in May 2014. The major part of this work has been the demolition and rebuild of the onsite accommodation, the new accommodation block is now linked directly to the main sports reception and houses a new catering area.

In addition a new 3G football pitch and two new grass football pitches have been laid.

Improved changing accommodation has also been provided.

England Hockey hosted a question and answer session for local community clubs and colleges with then England Senior Men's assistant coach Bobby Crutchley. The session provided an invaluable insight into elite coaching techniques which can be transferred to a local club environment.

During the course of the year, Win Tennis, the Ofsted and Lawn Tennis Association ('LTA') accredited tennis academy based at Bisham Abbey, became insolvent and was placed into administration, however SCTC and Serco worked with the administrators to safeguard the education of boarding students for the remainder of the academic year. SCTC and Serco, in conjunction with the LTA, will replace Win Tennis with a tennis offering that is aligned with both organisations' desired sporting outcomes.

Llilleshall

In the heart of Shropshire Llilleshall has a range of sports facilities spread throughout its substantial grounds.

The improved sports facilities and accommodation completed in early 2013/14 have been well used this year with a range of sports benefitting from the new facilities.

New LED lighting has been installed within the sports halls and this is helping to demonstrate the cost effectiveness of the technology, reducing energy consumption and ongoing maintenance costs and is proving to be of interest for the sports sector.

England Hockey ran their first Advanced Apprenticeship in Sporting Excellence course at Llilleshall during February. The event saw over 150 players under the age of 18 attend the site for a weekend which

incorporated both play and lectures from Loughborough University. In addition to this, squad training for U16 & U18 boys and girls was held during half term. The U21 men and women's teams also attended site and held matches against the U18 squads.

Archery GB are also running a new series of archery development workshops the sessions offer a more in-depth support programme for skills and technique development.

The Royal British Legion's (TRBL) Battle Back Centre continues to provide support and rehabilitation opportunities for wounded, injured or sick service men and women.

Plas y Brenin

PYB is managed by MTT, a non-profit making charity, set up by Mountain Training and The British Mountaineering Council, specifically to run The National Mountain Centre. MTT is committed to providing first class outdoor training at the most affordable price.

Located in Snowdonia, PYB provides a focal point for a year-round programme of mountain sports courses and activities.

The centre's facilities include two wall climbing areas, an abseil tower and a canoe training pool – as well as access to the Snowdonia National Park itself.

The £400k investment into 45 bedrooms in the main house completed at the end of last financial year has been well received and provides an improved standard of facility to support the sports opportunities at PYB.

The annual Snowman Triathlon was held for the second year at PYB, and one of an annual series taking place in North Wales, with 350 entrants taking part in triathlon

and sprint events. The events were filmed for Channel 4 TV showcasing the swim, mountain run and road cycle bringing approximately 500 new visitors to the centre.

MTT at PYB delivered Continuing Professional Development (CPD) courses for all of the key National Governing Bodies (NGBs) supporting the NGBs in their course delivery programmes. This included; Mountain Training Induction and Provider Update courses, Bespoke First aid for Mountain Bike Leaders and Canoe England Orientation courses.

PYB has been at the fore-front of development and delivery of the new Coaching Award Scheme courses for Mountain Training, and are to deliver new Lowland Leader, Mountain and Hill skills courses in the future. This is positive and nimble reaction to a changing landscape of NGB awards.

The Community Adventure Sport project at PYB continues to grow in impact and participants, with some 665 visits from local user groups in the year.

The Rowing Lake

The Rowing Lake was specifically designed for the training of development rowers and elite rowers, it is also available for wider use by the community.

British Rowing leases the facility from SCTC and undertakes an extensive programme of rowing development and training.

Performance

The management contracts in place at Bisham, Lilleshall and Plas y Brenin contain performance indicators and reporting mechanisms which are designed to ensure

that the strategic objectives for the facilities are delivered. The Trustees are provided with a performance update at each Board meeting on all facilities and are kept abreast of any items that need remediating.

Performance is measured against a set of key performance measures across four categories:

- Internal business processes
- Continuous improvement
- Customer perspective
- Financial

These measures contain both contractual requirements and additional indicators that provide important information to support performance and identify progress against the National Sports Centres' objectives. These performance measures are clearly linked to the Charity and ESC's objective of wider community engagement.

A number of external independent accreditations are required to be maintained as part of the contract. Both Lilleshall and Bisham were awarded QUEST excellence scores this year which places the centre in the top 10% of facilities for quality service in the country. The centres were commended for a range of performance measures and Serco were noted to be particularly strong on working in partnership with stakeholders including ESC to achieve the strategic objectives.

Both Serco and MTT complied with contractual requirements during the year including the delivery of the sports development plans, and no deductions were applied to the management fee for performance failures.

Charitable grants

SCTC awarded the following grants during the year to:

- MTT for their PYB community sport adventure project to work with 144 people to undertake six week courses in four mountain sports in conjunction with the local community groups.

Financial review

The Charity's operational activities, including grant making, are funded by property income and returns from the investment fund. Asset investment activities are funded with income from a Lottery grant and gifts of assets from the ESC.

Total incoming resources for the year were £11.4m (2013: £9.9m). This included £4.7m (2013: £2.8m) to cover operational activities and £6.7m (2013: £7.1m) to fund asset investment.

The funding received in the year was invested into The National Sports Centres and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

Net incoming resources for the year were £2.3m (2013: £4.2m). The reduction is due to:

- £0.3m lower grant income from ESC
- £1.2m increase in depreciation charges of which £0.2m follows the increased levels of asset investment from a £16.0m Lottery grant, £0.6m accelerated depreciation charges on buildings demolished at Bisham Abbey, and £0.4m is due to accelerated depreciation charges on leasehold improvements at Victoria House (note 9)
- £0.4m increase of loss on revaluation at Lilleshall.

The Charity generated a small surplus on its day to day activities in the year of £36k (2013: £27k), after awarding community grants of £14k (2013: £16k) and is made up as follows:

	2014 £'000	2013 £'000
Property income	4,566	2,701
Financial asset income	19	19
Charitable activities	(9,071)	(5,636)
Add back: Depreciation	3,373	2,178
Add back: Loss on revaluation	1,084	690
Add back: Loss on disposal	3	43
Gifts in kind	82	56
Governance costs	(20)	(23)
Operating surplus	36	27

The value of the Charity's funds increased to £80.6m from £72.0m as set out in note 8. This increase comprises mainly of capital investment into The National Sports Centres of £6.7m. Separate funds are maintained to identify and account for the principal funding sources of the Charity. The details of these funds are set out in notes 13 and 14. None of these funds are in deficit.

There are management policies in place to cover grants, investment, and reserves as set out below.

Grants policy

The Charity has a small grants policy which enables awards to be granted to suitable applicants.

The Charity's policy is to accept applications from not for profit organisations supporting the sporting activities of disadvantaged people including, though not restricted to, young people, people with disabilities, and people from ethnic minority groups. Awards given

will relate to either participation in sporting events, the subsidy of sporting events or the provision of facilities and equipment for disadvantaged people.

Investment policy

The Charity's investment policy relating to the portfolio of equity investments is to:

- generate a level of income that will contribute to both operating expenditure and grant making activities
- preserve capital and generate reasonable returns.

The charity's investment funds have been held with Barings Asset Management Limited since October 2010 and are invested in a Targeted Return Common Investment Fund. The objective of this investment is to maximise income generation with low investment risk. The investment manager maintains a balanced portfolio which results in less volatility than a pure equity investment and provides the Charity with monthly updates on key issues.

Reserves policy

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

Restricted reserves are reserves which cannot readily be realised and used for an alternative purpose than that specified; principally these are in relation to fixed assets gifted from ESC or funded through ESC's Lottery Fund. Restricted reserves at 31 March 2014 amounted to £78.6m (2013: £70.3m).

Unrestricted reserves are where the use of these funds is not restricted and can be applied to the on-going operational aspects of the organisation. Unrestricted reserves at 31 March 2014 amounted to £2.0m (2013: £1.7m).

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

Included in unrestricted reserves at 31 March 2014 were financial assets of £0.6m (2013: £0.6m), and net current assets of £0.3m (2013: £0.2m) which combined provides the equivalent of three months of resource expenditure excluding non-cash items such as depreciation. Financial assets are included for liquidity purposes although these assets are not intended for sale.

Principal Risks and Uncertainties

The Board of Trustees identifies and reviews the major risks at every Board meeting. The Board reviews the risks facing the Charity by using a formal risk register to identify and ensure that all reasonable steps are taken to mitigate against the risks identified.

The following risks are considered by the Trustees to be the most significant risks facing the Charity:

- Reduction in funding and support provided by ESC
- The management contractors (operators) engaged to operate the National Sports Centres may underperform and fail to meet agreed sporting outcomes and financial targets
- Health and safety issues resulting from use by the public of the Charity's facilities
- Investments made by the Charity do not achieve capital growth or generate

sufficient income to support its charitable objects.

Additional risks not presently known to the Charity, or those which the Trustees currently deem immaterial, may also impact on the Charity's operations.

Plans for future periods

The capital investments at Bisham will be completed in early in May 2014 and the focus will be to establish the business levels required and ensure that the NGB and community sport activities are able to fully utilise the facilities.

A strategic review of the facilities and opportunities available through MTT at PYB is to be undertaken jointly with ESC utilising an independent consultancy to ensure that the National Mountaineering Centre stays at the forefront of the outdoor activity market and continues to deliver world class opportunities for participation in this sector.

Green initiatives

At PYB there was a large programme of energy efficiency improvements to the main building. Secondary glazing to all the older listed windows, new double glazed doors and windows to the lecture room and bar, new loft insulation and new pipe lagging throughout. A programme of re-lamping is in place to introduce energy efficient lighting.

At Lilleshall and Bisham:

Lilleshall outdoor car park lighting was changed from standard to LED lighting, reducing costs and carbon footprint.

Borehole adaptation works at Bisham linked the borehole to the sites' building management system maximising water extraction and reducing mains water usage.

A new building management system was installed at Bisham and Lilleshall to provide greater control of utility consumption at both sites.

A new heating system was implemented at Bisham and has reduced energy consumption by half.

Solar panels have been placed on the Bisham football pavilion roof and panels will also be located on the Sports Centres roof, as part of the capital re-development works.

Going concern

The Charity plans to continue with its activities as outlined above for the foreseeable future.

After making enquiries of the management of ESC, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Charity continues to adopt the going concern basis in preparing its financial statements.

TRUSTEES

The Trustees of the Charity are:-

- David Knight (Chairman)
- Bernard Spittle OBE
- Brian Armstrong
- Geoff Lawton
- Keith Nicholls
- Mike Green
- Peter Weiss
- Sonia Howe

On 1 June 2013, Mike Green, Sonia Howe, Geoff Lawton and Keith Nicholls were reappointed as Trustees of the Charity for further three year terms. On 15 October 2013, the Chairman, David Knight, was reappointed for a further eighteen month term. On 22 January 2014, Brian Armstrong was reappointed a Trustee for a further three year term.

All appointments to the Charity for the position of Chairman, Trustee and Company Secretary are made by ESC and are in accordance with:

- The Parent/Subsidiary Memorandum
- The Memorandum and Articles of Association of the Charity
- ESC's Recruitment and Selection Guidelines: Subsidiary Boards.

Upon appointment, Trustees receive corporate governance, financial and legal information in relation to the Charity in the form of its Memorandum and Articles of Association and other governing and policy documents, the annual report, management accounts, Charity

Commission guidance and the Seven Principles of Public Life.

The Board of Trustees undergoes an annual effectiveness review. For 2013/14 this took place in April 2014 as part of a larger review of Board effectiveness, a process that was facilitated by a third party provider.

A robust induction programme is in place which provides the Trustees with an overview of the governance and operations of the Charity and ESC.

The Company Secretaries who served during the year were:

- Michelle Vassall (resigned 17 December 2013)
- Erin Stephens (appointed 18 December 2013, resigned 30 April 2014)
- Andrew Norman (appointed 1 May 2014)

Registered Office, 21 Bloomsbury Street, London WC1B 3HF

Banker, Barclays Bank Plc, London Corporate Banking, 1 Churchill Place, London E14 5HP

Solicitor, Moorhead James, Kildare House, 3 Dorset Rise, London EC4Y 8EN

Investment Manager, Barings Asset Management Limited, 155 Bishopsgate, London EC2M 3XY

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

The Trustees are responsible for preparing the Strategic and Annual Report and the Financial Statements in accordance with applicable law and regulations.

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

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

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

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

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware,

that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The Trustees as Company Directors approve the Strategic Report included as part of the Trustees' report on pages 2 to 6.

By Order of the Board

David Knight
Chairman
Date: 20 May 2014

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

I certify that I have audited the financial statements of the Sports Council Trust Company for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Financial Activities, the Balance Sheet the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the trustees and the auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sports Council Trust Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of

the financial statements. In addition I read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sports Council Trust Company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

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

- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion the information given in the Trustees' Annual 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 are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Date: 4 June 2014

Statement of Financial Activities

	Note	2014 Restricted £'000	2014 Unrestricted £'000	2014 Total £'000	2013 Total £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	6,715	82	6,797	7,155
Activities for generating funds:					
Property income	3	-	4,566	4,566	2,701
Financial asset income	4	-	19	19	19
Total incoming resources		6,715	4,667	11,382	9,875
Resources expended					
Charitable activities	5	4,399	4,672	9,071	5,636
Governance costs	6	-	20	20	23
Total resources expended		4,399	4,692	9,091	5,659
Net incoming/(outgoing) resources		2,316	(25)	2,291	4,216
Other recognised gains/losses					
Revaluation of tangible fixed assets	13/14	6,034	296	6,330	705
Revaluation of financial assets	10	-	(1)	(1)	39
Repayment of restricted funds		-	-	-	(6)
Net movement of funds in year		8,350	270	8,620	4,954
Reconciliation of funds					
Total funds brought forward		70,269	1,740	72,009	67,055
Total funds carried forward	8	78,619	2,010	80,629	72,009

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

The notes on pages 15 to 28 form an integral part of these financial statements

Balance Sheet as at 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	9	79,713	71,128
Financial assets	10	636	637
Current assets			
Debtors	11	2,952	1,434
Cash at bank		11	10
Liabilities: amounts falling due within one year			
Creditors	12	(1,438)	(1,200)
Provisions	18	(1,090)	-
Net current assets		435	244
Total assets less current liabilities		80,784	72,009
Liabilities: amount falling due after more than one year			
Provisions	18	(155)	-
Net assets		80,629	72,009
The funds of the charity:			
Restricted capital funds	13	78,619	70,269
Unrestricted income funds	14	2,010	1,740
Total charity funds	15	80,629	72,009

The financial statements on pages 12 to 28 were approved by the Board of Trustees and were signed on its behalf by:

David Knight
Chairman

Date: 20 May 2014

The notes on pages 15 to 28 form an integral part of these financial statements

Cash Flow Statement

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	16.1	4,894	6,120
Interest and dividends received	4	19	19
Net cash inflow from financial assets and servicing of finance		19	19
Capital expenditure activities			
Purchase of lottery funded assets		(4,709)	(5,708)
TRBL funded additions		(203)	(442)
Net cash outflow from capital expenditure activities	16.2	(4,912)	(6,150)
Net cash inflow/(outflow)		1	(11)
Changes in cash balances during the year			
Balance at 1 April		10	21
Net cash inflow/(outflow)		1	(11)
Balance at 31 March		11	10

The notes on pages 15 to 28 form an integral part of these financial statements

1 Accounting policies

1.1 Basis of accounting

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

1.2 Incoming resources

Voluntary income includes gifted assets, gifts in kind, Lottery and other grants. Grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

The value of gifts of fixed assets is based on the amount actually expensed by the donor.

The value of gifts in kind is based on a reasonable estimate of the value of time spent in administration functions of the Charity by The English Sports Council (ESC).

Property income is recognised on a receivable basis.

Financial asset income is recognised on a receipts basis due to the timing of statements from the investment fund. The accounting treatment adopted materially matches income accrued.

1.3 Charitable activities

The majority of the charitable activities are the provision of facilities as set out in note 5. Expenditure is recognised when a liability is incurred. These costs are allocated to activities directly or on the basis of location or usage.

Costs directly related to activities are general administration costs of the Charity. Location costs are costs incurred in connection with freehold and leasehold property occupied by ESC, British Rowing and Sports Coach (underlease expired 15 April 2013). Usage costs relate to depreciation, and gains and losses on revaluation on tangible fixed assets.

Community grants awarded are recognised in the period in which the grant is approved by the Trustees.

1.4 Governance costs

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

1.5 Dividends

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

1.6 Tangible fixed assets

Tangible fixed assets funded by a Lottery grant from ESC are paid for directly by the Charity and funds are drawn down from ESC against the Lottery grant. All other capital works are paid for by ESC and the assets gifted to the Charity.

Land and buildings

Full valuations of land and buildings are carried out by external experts, on a quinquennial basis, between full valuations annual desktop valuations are carried out. The latest full valuation of land and buildings was carried out as at 31 March 2014.

Valuations are based on Depreciated Replacement Cost (DRC) for specialist properties, and open market value for other properties.

The DRC basis generates an open market valuation of the land. The valuation of each building is derived through an estimate being made of the gross current replacement cost of the buildings and other site works, from which deductions are then made to allow for age, condition and obsolescence.

Any assets under construction are valued at the costs incurred to date.

Artworks and antiques

Artworks and Antiques are valued by external experts. Valuations are derived with reference to the retail market (at the valuation date) and the probable cost of replacing the items when compared with items in a similar condition.

Equipment and lease hold improvements

Other property, plant and equipment have not been re-valued as fair value is considered not to be materially different to depreciated historic cost.

The capitalisation threshold is £1,000 and assets purchased below the capitalisation threshold are normally expensed in year, with the exception of grouped assets.

Grouped assets are assets, which individually, are less than £1,000 however together form a single collective asset.

Depreciation

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

Buildings	Unexpired life, maximum of 65 years as advised by valuer.
Bund	41 years
Leasehold improvement	Expected life of lease
Equipment	5 years

Impairment reviews have been conducted in accordance with FRS11. No depreciation is charged in the year of acquisition or construction. A full year's depreciation is charged in the year of disposal.

1.7 Property operating leases

Payments made under operating leases (rental agreements) are recognised in the statement of financial activities on a straight line basis over the term of the lease. Lease incentives (e.g. rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

1.8 Dilapidations

Full provision for the probable cost of dilapidations at the date of the expected termination of the lease is made in the financial statements in the year in which it is decided not to renew the lease.

1.9 Financial assets

Subsequent to purchase, listed stocks and shares are recognised at fair value based on reference to the market in which they exist. These assets are classified as available for sale assets; however there is no immediate intention to sell these.

There are no financial assets other than those set out in note 10.

1.10 Funds

Details of all restricted and unrestricted funds are provided in notes 13 and 14.

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

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

1.11 Taxation

No taxation is chargeable on the Charity's activities which are of a charitable nature, and thus outside the scope of corporation tax.

1.12 Going concern

The financial position of the Charity is supported by ESC. The ESC is the major

provider of funds through the gifting of assets, provision of deficit funding for the operation of The National Sports Centres and through a Lottery grant to support the Charity's other capital expenditure. The Charity does not commit to any capital expenditure that requires funding from its own resources.

The going concern basis continues to be applied in preparing these financial statements.

2 Voluntary income

	2014 £'000		2013 £'000	
	Restricted	Unrestricted	Restricted	Unrestricted
Lottery grant ¹	5,418	-	4,646	-
Gifts of fixed assets ²	1,297	-	1,909	-
TRBL ³	-	-	544	-
Gifts in kind - Administration service ²	-	82	-	56
Total	6,715	82	7,099	56

¹ The lottery grant from ESC Lottery Fund amounts to £16.0million to fund capital investment at Bisham and Lilleshall. The amount receivable to date is £14.1million (2013: £8.7million).

² Gifts of fixed assets and gifts in kind (administration service) are from ESC.

³ Grant funding from The Royal British Legion.

3 Property income

	2014 £'000	2013 £'000
Freehold/Leasehold Income	4,566	2,701

Property income is from freehold and leasehold property occupied by ESC, British Rowing and Sports Coach UK (underlease expired 15 April 2013). Property income includes rent, rates, service charges and other property costs such as repairs, maintenance and legal costs.

Included in 2014 is accrued income of £1.3million from ESC to fund the provisions for dilapidations and onerous leases at two leased properties (note 18) and £0.4m for the lease at Bloomsbury Street which commenced in September 2013.

4 Financial asset income

	2014 £'000	2013 £'000
Dividends – listed stocks and securities	19	19

5 Charitable activities

	2014 £'000		2013 £'000	
	Restricted	Unrestricted	Restricted	Unrestricted
Community grants awarded				
Plas y Brenin Community Adventure Sport Project	-	14	-	-
Telford Powerchair Football Club	-	-	-	15
East Sussex Association of Blind and Partially Sighted People	-	-	-	1
The Angling Trust	-	-	-	6
Funded from restricted reserve	-	-	-	(6)
Total community grants	-	14	-	16
Provision of facilities				
Usage				
Depreciation	3,314	59	2,141	37
Loss on revaluation of fixed assets	1,082	2	689	1
Loss on disposal of fixed assets	3	-	43	-
Total	4,399	61	2,873	38
Costs directly related to activities				
ESC administrative charge	-	28	-	28
Gifts in kind administrative service	-	82	-	56
Total	-	110	-	84
Location costs				
Property costs	-	4,464	-	2,584
Legal and professional	-	23	-	41
Total	-	4,487	-	2,625
Total provision of facilities	4,399	4,658	2,873	2,747
Total charitable activities	4,399	4,672	2,873	2,763

Provision of facilities costs are allocated as set out in the accounting policies note 1.3. Property costs include £1.3m provisions for dilapidations and onerous leases at two leased properties (note 18), and £0.4m for the lease at Bloomsbury Street which commence in September 2013.

All income and expenditure relating to the National Sports Centres management contract are accounted for by the ESC. The ESC fund the operational deficit of the National Sports Centres which was £4.2 million in 2014 and 2013.

6 Governance costs

	2014 £'000	2013 £'000
Trustees' travel & expenses	1	2
Audit fees	19	21
Total	20	23

Seven Trustees were paid travel & expenses during the year (2013: Eight).

There were no fees for non-audit work. The audit fees for 2013 included £2,000 for the audit of Caversham Lakes Trust Limited.

7 Staff costs

The Charity employed no staff directly in 2014 and 2013.

ESC provides a financial and administrative service to the Charity, under the terms of a service level agreement, for which a charge is made (note 23).

The Trustees did not receive fees or allowances for the year (2013: Nil).

8 Reconciliation of the movement in funds

	2014 £'000	2013 £'000
Net assets at 1 April	72,009	67,055
Capital investment		
Gifted assets (ESC)	1,297	1,909
Lottery funded assets	5,418	4,646
TRBL funded assets	-	544
Other movements		
Net revaluation of fixed assets	5,246	16
Depreciation	(3,373)	(2,178)
Operational surplus	36	27
(Decrease)/increase in value of financial assets	(1)	39
Disposal of assets	(3)	(43)
Payment of grant from restricted fund	-	(6)
Net assets at 31 March	80,629	72,009

9 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Art works and Antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2013	9,334	72,426	1,736	214	2,404	960	87,074
Additions:							
Gifted assets	-	506	-	776	15	-	1,297
Lottery funded	-	2,608	-	2,740	70	-	5,418
Disposals	(3)	-	(93)	-	(37)	-	(133)
Revaluation	2,085	3,294	-	-	-	(133)	5,246
At 31 March 2014	11,416	78,834	1,643	3,730	2,452	827	98,902
Depreciation							
At 1 April 2013	-	(13,464)	(981)	-	(1,501)	-	(15,946)
Charge for year	-	(2,542)	(569)	-	(262)	-	(3,373)
Disposals	-	-	93	-	37	-	130
At 31 March 2014	-	(16,006)	(1,457)	-	(1,726)	-	(19,189)
Net Book Value							
At 31 March 2013	9,334	58,962	755	214	903	960	71,128
At 31 March 2014	11,416	62,828	186	3,730	726	827	79,713

Land, Buildings and bund were valued at 31 March 2014 by Wilks Head and Eve LLP, a quality assured partnership which provides expert specialist advice in asset valuations and surveying. The valuation is in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards ('The Red Book').

Land, buildings and bund comprise freehold properties. All assets are owned, no assets are supported by either finance leases or PFI contracts.

The historical cost of Land, Buildings and bund at 31 March 2014 was £79.2 million (2013: £78.4 million).

Bisham Abbey hostel block accommodation was demolished in June 2013; as a result it was fully depreciated.

The remaining useful life of leasehold improvements in Victoria House has been reduced from 6 to 1.5 years as a result of the decision in 2013 to terminate the lease at Victoria House in September 2014.

There is a collection of art works, furniture and fittings at Bisham that date from the 16th Century. The historical significance of these assets classifies the collection as Art Works and Antiques. The collection was valued by Sotheby's as at 31 March 2014.

10 Financial assets

Listed stocks and securities	2014 £'000	2013 £'000
Market value at 1 April	637	598
Revaluation of financial asset	(1)	39
Market value at 31 March	636	637

The financial assets are represented by an investment managed by Barings Asset Management in their Targeted Return Common Investment Fund. This investment is classified as an available for sale financial

asset. There is no intention of selling this investment.

The historical cost of asset at 31 March 2014 was £0.6million (2013: £0.6 million).

11 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Trade debtors	81	101
Lottery grant receivable (ESC)	837	129
Grant receivable (TRBL)	26	229
ESC	838	-
Prepayments	516	798
Accrued income	499	177
Total	2,797	1,434
Amounts falling due after more than one year		
ESC	155	-
Total	155	-
Total debtors	2,952	1,434

12 Creditors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Trade creditors	37	2
Deferred income	11	9
ESC	-	548
Accruals	1,390	641
Total	1,438	1,200

13 Restricted capital funds

	Revaluation reserve (land and buildings)	ESC funded assets ¹	ESC Lottery funded assets ²	Capital ³	Other ⁴	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2012	10,832	35,691	18,525	91	212	65,351
Gifted assets	-	1,909	-	-	-	1,909
Grant receivable	-	-	4,646	-	544	5,190
Revaluation of assets	698	-	-	-	-	698
(Loss)/profit on revaluation	-	(384)	(248)	5	(62)	(689)
Depreciation	-	(1,623)	(511)	(3)	(4)	(2,141)
(Loss)/profit on disposals	-	(44)	-	-	1	(43)
Amortisation of reserve	338	(232)	(103)	(2)	(1)	-
Repayments	-	-	-	-	(6)	(6)
Balance at 31 March 2013	11,868	35,317	22,309	91	684	70,269
Gifted assets	-	1,297	-	-	-	1,297
Grant received	-	-	5,418	-	-	5,418
Revaluation of assets	6,034	-	-	-	-	6,034
(Loss)/profit on revaluation	-	(350)	(607)	3	(128)	(1,082)
Loss on disposal of fixed asset	-	(3)	-	-	-	(3)
Depreciation	-	(2,622)	(671)	(3)	(18)	(3,314)
Amortisation of reserve	141	(91)	(46)	(1)	(3)	-
Balance at 31 March 2014	18,043	33,548	26,403	90	535	78,619

¹ ESC funded assets

This fund supports the initial acquisition and the subsequent funding of tangible fixed asset additions at The National Sports Centres. ESC receives funding from two sources, Exchequer Grant-in-Aid and the National Lottery Distribution Fund. These two sources of funding are required to be accounted for separately. This fund represents assets funded by ESC's Exchequer Grant-in-Aid.

² ESC Lottery funded assets

This fund also supports the initial acquisition and the subsequent funding of tangible fixed asset additions at The National Sports Centres and is funded by ESC's National Lottery Distribution Fund.

³ Capital

This fund supports improvements to facilities at The National Sports Centres and was donated by The Lawn Tennis Association.

⁴ Other

The charity entered into an agreement with The Royal British Legion (TRBL) in 2011, who contributed to the expenditure on building improvements at Lilleshall. The facilities at Lilleshall are used for TRBL beneficiaries and Ministry of Defence personnel.

14 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2012	133	1,571	1,704
Amortisation of reserve	12	(12)	-
Revaluation of assets	7	-	7
Depreciation	-	(37)	(37)
Operational surplus	-	27	27
Revaluation of financial assets	-	39	39
Balance at 31 March 2013	152	1,588	1,740
Amortisation of reserve	(6)	6	-
Revaluation of assets	296	-	296
Loss on revaluation	-	(2)	(2)
Depreciation	-	(59)	(59)
Operational surplus	-	36	36
Revaluation of financial assets	-	(1)	(1)
Balance at 31 March 2014	442	1,568	2,010

15 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Financial assets £'000	Other assets £'000	Total 2014 £'000	Total 2013 £'000
Restricted funds					
Revaluation reserve	18,043	-	-	18,043	11,867
ESC funded assets	33,548	-	-	33,548	35,315
ESC lottery fund	26,403	-	-	26,403	22,310
Capital	90	-	-	90	91
Other	535	-	-	535	685
Total	78,619	-	-	78,619	70,268
Unrestricted funds					
Revaluation reserve	442	-	-	442	153
Other	652	636	280	1,568	1,588
Total	1,094	636	280	2,010	1,741
Total funds	79,713	636	280	80,629	72,009

16 Cash flow statement

16.1 Net cash flow from operating activities

	2014 £'000	2013 £'000
Net incoming resources	2,291	4,216
Gifted assets	(1,297)	(1,909)
Loss on revaluation	1,084	689
Loss on disposals	3	43
Repayment of restricted funds	-	(6)
Financial asset income	(19)	(19)
Depreciation	3,373	2,178
(Increase)/decrease in debtors	(1,518)	1,151
Decrease in creditors (excluding capital expenditure accruals)	(268)	(223)
Increase in provisions	1,245	-
Total	4,894	6,120

16.2 Analysis of changes in cash from capital expenditure

	2014 £'000	2013 £'000
Lottery funded additions	5,418	4,646
TRBL funded additions	-	544
(Increase)/decrease in capital expenditure accruals	(506)	960
Net cash outflow	4,912	6,150

17 Commitments under operating leases

	2014 £'000	2013 £'000
Expiring within one year	779	29
Expiring between two and five years inclusive	102	1,580
Expiring in over five years	745	51
Total	1,626	1,660

All the Charity's commitment under leases to pay rentals is shown above. The break clause at Victoria House was exercised during the year, thus reducing the commitments expiring between two and five years.

The Charity leases assets to ESC, British Rowing and Sports Coach UK (underlease expired 15 April 2013), and future commitments are expected to be met through their occupation of the properties. The rental income for the year amounted to £2.8million (2013: £1.7million) all of which

was receivable from ESC. Note 9 sets out in the Leasehold Improvement column the

capital value held in relation to the properties leased to ESC.

18 Provisions

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Balance at 1 April	-	-
Provided during the year:		
Dilapidations	529	-
Onerous lease	561	-
Total	1,090	-
Amounts falling due after more than one year		
Balance at 1 April	-	-
Provided during the year:		
Onerous lease	155	-
Total	155	-
Balance at 31 March	1,245	-

Provisions have been made during the year for dilapidations and onerous leases on two leased properties.

Victoria House

The break clause on the lease at Victoria House was exercised during the year and the lease expires on 28 September 2014. The dilapidations estimate of £0.5m to return the premises to its pre-occupation condition has been provided by the landlord but is still subject to negotiation. Victoria House will be vacated by the end of April 2014 and so in order to reflect that no economic benefit is being derived from the lease an onerous lease provision of £0.5m has been included in the financial statements.

Cardigan Road

The previous tenant exercised the break clause in April 2013; however there is currently no likelihood of letting the premises to a new tenant. Thus, an onerous lease provision of £0.2m for rent payable until the lease expires in April 2018 has been included in the financial statements. A £50k dilapidation provision has also been included reflecting the expected costs.

These costs will be funded by ESC and thus accrued income has been recognised in these financial statements (note 3).

There are no contingent liabilities or contingent assets for the current year. (2013: Nil)

19 Value added tax

The Charity is in a group VAT registration scheme with ESC and is jointly and severally liable for all group VAT liabilities. No VAT is charged on transactions between fellow members of the VAT group which includes ESC. Any irrecoverable VAT incurred by the Charity would be part of the accounts, however it is met on its behalf by ESC.

20 Capital commitments

Capital commitments contracted but not provided for in the financial statements at 31 March 2014 amount to £1.9m (2013: £7.3million). These commitments are being funded through the Lottery grant funding from ESC. The total Lottery grant from ESC is £16.0m of which £14.1m has been utilised as at 31 March 2014.

21 Parent body rights over assets

Grants made by ESC to the Charity since June 1990 were made on the basis that any tangible fixed assets acquired by such grants should be available for clawback (return of sale proceeds to the Exchequer and Lottery) in the event of disposal or change of use.

On 5 October 1994, the Charity Commission granted an Order under the Charities Act 1993 by which the Charity must repay to ESC the whole proceeds of sales of fixed assets, or such part as represents public funds, sold on or after the 1st April 1989, which were originally purchased in whole or in part with funds provided by the Exchequer.

22 Derivatives and other financial instruments

The Charity relies mainly on grant, donation, and property funding to finance its operations. Other than cash resources and items such as debtors and creditors that arise from its operations, it holds no other

financial instruments other than the financial asset referred to in note 10, nor enters into derivative transactions.

The return from the financial asset is not material and therefore the Charity is not exposed to significant market risk. The Board regularly undertakes reviews to mitigate the risks of performance of this instrument.

The Charity performs all transactions in Sterling and therefore has no currency exchange risk. The Charity does not enter into any forward foreign currency contracts or similar financial instruments. The Charity does not borrow money and therefore has no exposure to interest rate risk or liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. The Charity does not enter into any interest rate swaps or similar financial instruments.

23 Related party transactions

The Charity has a close working relationship with its parent body ESC. ESC is the Charity's main provider of funds enabling the Charity to carry out its charitable objectives. ESC also provides a financial and administrative service to the Charity through a gift in kind (note 2) and an annual charge of £28,000.

Included within note 3 on property income are recharges to ESC for property costs, repairs, legal and professional costs in respect of properties occupied by ESC.

	2014 £'000	2013 £'000
Property income	4,521	2,587
Amount (owing from)/owing to ESC	(993)	548

24 Security

ESC was granted a mortgage debenture on 21 December 2006 incorporating a charge over the entire Lottery grant funded assets provided for The Rowing Lake. This mortgage debenture was novated to The Sports Council Trust Company on 29 March 2012.

25 Ultimate parent body

The results of The Charity are consolidated in the financial statements of ESC. The financial statements of ESC Group are available from its registered office at 21 Bloomsbury Street, London, WC1B 3HF.

26 Post balance sheet events

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

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