



The United Kingdom Sports Council

**Grant-in-Aid and Lottery Distribution Fund Report and
Accounts for the year ended 31 March 2014**

HC 194
SG/2014/85

The United Kingdom Sports Council

Grant-in-Aid and Lottery Distribution Fund Report and Accounts for the year ended 31 March 2014

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).

Presented to the Scottish Parliament pursuant to the Scotland Act 1998 section 88.

Ordered by the House of Commons to be printed 9th July 2014

HC194
SG/2014/85

© The United Kingdom Sports Council (2014)

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as The United Kingdom Sports Council copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at info@uksport.gov.uk

You can download this publication from www.uksport.gov.uk

Print ISBN: 9781474106214

Web ISBN: 9781474106221

Printed in the UK for Williams Lea on behalf of the Controller of Her Majesty's Stationery Office

ID 24061405 07/14 40858 19585

Printed on paper containing **75%** recycled fibre content minimum

Contents

| Annual Report | Page |
|---|-------------|
| Strategic Report | 1 |
| Directors' Report | 7 |
| Remuneration Report | 11 |
| Grant-in-Aid Accounts | 17 |
| Statement of the Board and Chief Executive's Responsibilities | 18 |
| Governance Statement | 19 |
| Independent Auditor's Report | 27 |
| Financial Statements | 29 |
| Lottery Distribution Fund Accounts | 63 |
| Statement of the Board and Chief Executive's Responsibilities | 64 |
| Governance Statement | 65 |
| Independent Auditor's Report | 73 |
| Financial Statements | 75 |

Strategic Report

Legislative background

UK Sport (the United Kingdom Sports Council) was established by Royal Charter on 19 September 1996 and became fully operational on 1 January 1997.

Strategy and Performance

The high performance system continued to deliver outstanding results, with the Sochi 2014 Olympic and Paralympic Games marking a step change in the way Great Britain performed at a Winter Games, and more athletes in more disciplines competing at world level. The result was a record equalling four Olympic medals, plus 13 top eight finishes and the Paralympians continued the success story, returning with six medals to achieve the top of the medal range agreed with UK Sport.

Sochi was the first Winter Games where UK Sport had fully aligned its investment approach with that of summer sports. The World Class Programme leaders, coaches and support teams, the British Olympic Association (BOA) and British Paralympic Association (BPA) ensured that our athletes went to Sochi better supported, prepared and equipped than ever before. The outstanding results provide the evidence.

The past year also saw celebrations of the first anniversary of London 2012 and UK Sport is delighted to have played its part in building a strong legacy with more than 7,500 athlete appearances made at schools and community clubs to inspire the next generation through sport. The Gold Event Series is now more than half way towards its aim of bringing 70 World and European Championships to the UK by 2019. International Relations and International Development programmes also continued, with the latter positively impacting on the lives of more than 15 million children around the world.

The most rigorous Annual Investment Review process ever undertaken demonstrated the strength of the high performance system, identifying 37 sports with the potential to win an Olympic or Paralympic medal by 2020. There was an increase in investment in 18 sports to enhance and protect their medal prospects for Rio, while six had funding withdrawn as they were unable to demonstrate credible medal potential by 2020. We recognise this has been a very difficult time for those sports and their athletes. These decisions were not taken lightly but were vital for UK Sport to remain on course for its goal of winning more medals at the Rio Olympic and Paralympic Games than in London and in accordance with UK Sport's "No Compromise" policy.

Significant progress has also been made in the forthcoming co-location and shared services with Sport England and closer working in a number of strategic areas.

Principal Risks and Uncertainties

Our appetite to risk flexes according to individual circumstance and situation, and by team (due to the nature/type of their work). By nature, as a Non-Departmental Public Body operating within the wider governmental control environment, 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. When required this is done in a calculated and informed way, with implications and benefits considered, prior to decisions being taken. The Governance Statement sets out the main risks and opportunities considered and managed by the organisation in 2013/14, as well as the main trends and factors likely to affect future development.

Financial performance

At the meeting of the December 2012 UK Sport Board an overall financial plan was agreed to guide the prioritisation of resources in advance of the 2013-17 Investment decisions. The overall financial plan provides the context and guiding principles within which the annual budgets are prepared, the budget for 2013/14 having been approved by the UK Sport Board in March 2013.

The level of resource Grant-in-Aid for 2013/14 was agreed as part of a three year settlement from 2012/13 to 2014/15 with DCMS. Grant-in-Aid was initially £39.63m for the year, but this was subsequently increased to £43.02m following the decision by DCMS to exceptionally provide £10m of

funding for the Tour de France. £3.39m of this funding has been made available to UK Sport in 2013/14, with the remaining £6.61m added to UK Sport's 2014/15 Grant-in-Aid allocation.

On the lottery side, proceeds have been lower than 2012/13 lottery income – however, still the second highest year of receipts. The fluctuation of lottery income month on month and the overall forecasts for the year have been a key focus of the Executive Team and Board during the year. The lottery balance at 31 March 2014 is £68.3m, this is being reduced over the course of the Rio investment cycle as these built up funds are released in terms of World Class Performance grants.

Administration and operating costs have continued to be an area of focus, with further efficiencies planned for 2014/15 with the co-location with Sport England and sharing of facilities management contracts. For 2013/14 UK Sport has operated within both the DCMS advised allocation for administration spend in the Exchequer accounts, and the DCMS advised target of 5% for grants processing in the Lottery accounts.

The Statement of Financial Position in the Exchequer accounts showed negative net assets at 31 March 2014 as a result of the Pension Scheme accounting adjustment and the discount rate assumption under International Accounting Standard 19. The discount rate assumption under the Accounting Standards (and reflected in the Statement of Financial Position) results in a greater pension deficit than the discount rate used for the actuarial or triennial valuation. The triennial valuation is used as the basis for determining the rate of employer contributions. The pension scheme was subject to a triennial valuation as at 31 March 2013 and the results were made available in January 2014. The valuation has shown that the scheme is in a marginal deficit position, and that the rate of employer contributions will increase from 10.2% to 12% for the active scheme for the next three years.

The Statement of Financial Position in the Lottery accounts also shows negative net assets at 31 March 2014 and this is due to the commitments basis of accounting which means that grant commitments are recognised in full in the year of the grant being awarded.

Going Concern

The financial statements have been prepared on a going concern basis. A triennial review of the functions of UK Sport is due to be conducted by DCMS later in 2014. We therefore do not have any current knowledge which would suggest that the review would change the going concern status of UK Sport. Future financial provision has been made for UK Sport through section 23 of the National Lottery Act 1993 and the Exchequer settlement agreed with DCMS, as part of the last Comprehensive Spending Review, which runs through to 31 March 2016. As a result, management considers it appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

Policy on Lottery Additionality

Together with the other UK Lottery distributors, UK Sport has adopted the following definition:

"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. The Gold Event Series 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 and legacy of London 2012.

English Institute of Sport

The English Institute of Sport (EIS) is a wholly owned subsidiary of UK Sport and its financial performance is included within the Group financial statements.

The English Institute of Sport (EIS) provides sport science, medicine, technology and engineering services to elite athletes, primarily in World Class funded sports (the company's principal activity). The EIS continues to receive core funding from UK Sport to support its infrastructure, with direct costs

of service provision funded by charging the National Governing Bodies (NGBs) for agreed services. Funding for years 2 to 4 of the Rio cycle, based on the 2013-17 business plan, was confirmed by UK Sport Board in January 2014, subject to the EIS securing £0.5 million in additional savings between now and March 2017.

The focus during the year has been on implementing the proposals set out in the 2013-17 business plan, specifically:

- Establishment of a Performance Solutions team to enable the move from an operational to a technical interface with sports.
- Additional core investment in sports medicine to provide a more pro-active and inter-disciplinary medical service.
- TUPE transfer of the UK Sport Research and Innovation team to EIS on 1 August 2013 in order that a full suite of performance solutions can be provided to sports.
- Investment in additional technical leadership to facilitate the move from operational to technical line management of practitioners.
- Establishment of a new People Development Manager post to enable people development to be better aligned and strategically managed.
- Establishment of a Head of Performance Knowledge post to facilitate the sharing of knowledge and best practice across the high performance system.

Key priorities for the coming year include continued implementation of the business plan proposals; development of a performance data management system; and implementation of a new mental health referral network in partnership with the Priory Hospital Group.

Tour de France Hub 2014 Ltd (TDFHUB2014 Ltd)

In June 2013, the Government announced that it would be investing up to £10m through UK Sport to help support the costs of the initial stages of the 2014 Tour de France that were being hosted in the UK. In July 2013, UK Sport established TDFHUB2014 Ltd as a wholly-owned subsidiary to manage and distribute the £10m of Government funding, and to help co-ordinate planning for the delivery of the first three stages of the event. The Department for Culture, Media and Sport has also secured agreement from the Chancellor that the Government would underwrite the costs of the event up to a maximum of £27m. The underwriting is limited to the costs of delivering a safe and successful road event and a contingent liability is recognised within the DCMS accounts in this respect.

As a wholly owned subsidiary, the financial results of the company are contained within the Group Financial statements.

The main activities of the company in 2013/14 have been:

- Appointment of a Chair (Sir Rodney Walker) and CEO (Nicky Roche), who have appointed a Board and recruited a co-ordination team that will grow to around 50 people.
- A national volunteer programme that has recruited and is training 12,000 'Tour Makers' to support the delivery of the race.
- 18 official Grand Depart Spectator Hubs along the route to offer spectators a great opportunity to watch the race whilst helping to manage the significant crowds expected, and a public communications campaign to advise the public on where they can watch the event.
- Technical and financial support to Local Authorities to help develop their local crowd and transport management plans.
- Central procurement of major delivery infrastructure items and services on behalf of the Local Authorities.
- To bring together the various Local Authorities within one governance structure and developed a programme management system to assess progress and identify risks.
- Working across a range of local stakeholders to develop operational plans for the event and readiness testing exercises.

The company is based in Leeds and will be dissolved in 2014/15 after the event.

General Information

As at March 2014 UK Sport employed 103 members of staff with a Full Time Equivalent (FTE) of 98.4, the average FTE for the year was 101. Sixty per cent of the workforce is female and 40% male, with 90% of the workforce regarding itself as "White British" or "White Other". An Equal Pay Audit was completed in March 2014.

As at 31 March 2014 UK Sport had entered into two off-payroll engagements for more than £220 a day and that last for longer than six months. These off-payroll engagements have been subject to a risk based assessment as to whether assurance is required that the individuals are paying the correct amount of tax and, where necessary, that assurance has been sought.

No significant environmental, social or Human Rights issues have arisen during the course of this financial year. UK Sport is an equal opportunity employer which has taken positive action to ensure we meet our legal duties under the Disability Discrimination Act (1995), the Disability Equality Duty (2006) and more recently the Equality Act (2010).

Gender

| | UK Sport Staff | Funded Athletes |
|--------|----------------|-----------------|
| Male | 40% | 55.74% |
| Female | 60% | 44.26% |

Disability

| | UK Sport Staff | Funded Athletes |
|-----|----------------|-----------------|
| Yes | 2% | 26.25% |
| No | 98% | 73.75% |

Age

| | UK Sport Staff | Funded Athletes |
|-------|----------------|-----------------|
| <16 | 0% | 3.68% |
| 16-25 | 8% | 63.16% |
| 26-44 | 73% | 30.51% |
| 45-65 | 19% | 2.65% |

Ethnicity

| | UK Sport Staff | Funded Athletes |
|---------------|----------------|-----------------|
| Mixed/Other | 0% | 3.68% |
| Asian | 7% | 0.88% |
| Black | 3% | 3.24% |
| White | 90% | 83.53% |
| Not Specified | 0% | 7.35% |
| Not Disclosed | 0% | 1.32% |

Sustainability Reporting

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

Performance

The following table sets out the 2013/14 Performance targets and results for the year.

2013/14 Performance Targets and Results

| Objective | 2013/14 Performance Target | 2013/14 Indicator | 2013/14 Result |
|---|---|--|-----------------------|
| Performance Success – Summer (Olympic) | Achieve no less than the mid-point of the medal range target for aggregated Summer Olympic Sports for 2013 | 26-50 (World Events) | 38 |
| Performance Success – Summer (Paralympic) | Achieve no less than the mid-point of the medal range target for aggregated Summer Paralympic Sports for 2013 | 69-96 (World Events) | 119 |
| Performance Success – Winter (Olympic) | To win at least three medals at the Sochi 2014 Winter Olympics | Olympic: to win at least three medals (range 3-7) | 4 |
| Performance Success – Winter (Paralympic) | To win at least two medals at the Sochi 2014 Winter Paralympics | Paralympic: to win at least two medals (range 2-6) | 6 |
| World Class Events To use London 2012 and Glasgow 2014 to establish the UK as a leading host of major sporting events. | To achieve a top 3-5 position for the UK on the rolling ten-year Global Events Index | Top 3-5 Position | 3rd |
| Governance To improve the governance of NGBs, including in the areas of equality and diversity, through the implementation of the joint UK Sport/ Sport England Governance Framework. | 65% of UK Sport's funded NGBs/funded partners to achieve an (independently audited) green self-assurance rating | 65% | 93% |

| Objective | 2013/14 Performance Target | 2013/14 Indicator | 2013/14 Result |
|---|--|--|--|
| <p>To deliver the requirements of the Written Ministerial Statement of 23 January 2013</p> | <p>Co-location Decision on destination</p> | <p>Sep-13</p> | <p>Complete</p> |
| | <p>Shared Services Implementation Plan for UKS/SE/EIS signed off</p> | <p>end Oct-13</p> | <p>Complete</p> |
| | <p>Legacy Database Maintain an "open rate" of >1.5%</p> <p>75% of Olympic/Paralympic and Commonwealth sports provide content to database newsletters</p> | <p>on-going</p> | <p>Complete</p> |
| | <p>Deliver CRM research of users (to inform progress)</p> | <p>Mar-14</p> | |
| | <p>Major Events 175,000 unique spectators at the Gold Event Series to feel more positively about participating more frequently in sport</p> <p>Athlete Appearances All NGBs to report on a bi-annual basis on the types and volumes of volunteering activity being undertaken by their athletes on the World Class programme</p> | <p>175,000</p> <p>Mar-14</p> | <p>101,753 (59%) of the 172,463 unique spectators reported to feel more positive from the figures received so far (as of 31/03/2014)</p> <p>Over 4,250 appearances completed by c. 900 athletes in 13/14 financial year with 70% of funded athletes having made at least one appearance.</p> <p>This means that since the London 2012 Games, over 7,500 appearances have been completed by c. 1,000 athletes.</p> |



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014

Directors' report

Structure

CEO: Liz Nicholl OBE

Liz Nicholl OBE took up the post of Chief Executive at UK Sport on 23 September 2010 and leads the Directors' team that oversees approximately 103 staff across six work areas. As at March 2014:

Chief Operating Officer: David Cole

Director of Performance: Simon Timson

Acting Director of Finance, Investment and Business Services: Sophie du Sautoy

Director of Major Events and International Relations: Simon Morton

Director of Commercial & Communications: Vanessa Wilson

Board and Governance

UK Sport's 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. Rod Carr CBE was appointed as Chair in April 2013.

Board members are appointed for a fixed term of three years and may be reappointed thereafter as determined by the Secretary of State for Culture, Media and Sport. The Board Chair has been appointed for four years. Representatives (usually the Chair) of the Home Country Sports Councils automatically sit on the UK Sport Board. The minutes of UK Sport Board meetings are made available on the UK Sport website.

Board members during 2013/14 were as follows: detailed information including date and duration of appointment is available on the UK Sport website at www.uk sport.gov.uk

| Name | Position | Start Date | Term duration |
|------------------------------|--|---|--|
| Rod Carr CBE | Chair | April 2013 | 22 April 2013 to 21 April 2017. |
| Baroness Sue Campbell CBE | Chair | March 2005 (left UK Sport on 19 April 2013) | 4 years – reappointed to 31 March 2013. Reappointed for a short term from 20 March 2013 to 19 April 2013. |
| Philip Kimberley | Member | March 2009 | 3 years to March 2012 Reappointed from 16/03/2012 to 15/03/2015 |
| Louise Martin | Member (Chair Sport Scotland) | November 2002 | 3 years – appointed March 2005 Extended to March 2008 Extended to March 2011. Extended to March 2014. |
| Jonathan Vickers | Member | October 2008 | 3 years to October 2011 Extended to October 2014 |
| Brian Henning | Member (Chair Sports Council for Northern Ireland) | December 2012 | Appointed to November 2016 |
| Nicholas Bitel | Member (Chair Sports Council England) | April 2013 | Appointed to April 2017 |

| Name | Position | Start Date | Term duration |
|------------------|-------------------------------------|--------------|--|
| Laura McAllister | Member (Chair Sports Council Wales) | March 2010 | 3 years to March 2013 Reappointed to January 2016 |
| Sarah Springman | Member | October 2013 | 3 year appointment to October 2016 |
| Lis Astall | Member | October 2013 | 3 year appointment to October 2016 |
| Mark Hanson | Member | July 2011 | 3 years – reappointed to March 2016 (although left UK Sport in April 2014) |

In addition, the following panels/committees deal with specific areas of activity:

Remuneration Panel

The Remuneration Panel has a key role to play in ensuring that employment issues in UK Sport are dealt with professionally. As at 31 March 2014 the Panel comprised:

- Rod Carr CBE (Chair)
- Philip Kimberley (Member)
- Louise Martin CBE (Member)

Audit Committee

The Group Audit Committee covers both UK Sport and the EIS and considers external and internal audit reports, oversees risk management processes and reviews the statutory accounts and other financial matters. As at 31 March 2014 the Committee comprised:

- Jonathan Vickers (Chair)
- Lis Astall (Member)
- Craig Hunter (Independent Member)
- Philip Kimberley (Member)
- Peter Rowley (Independent Member)
- Joseph Ryan (Independent Member)

Major Events Panel

The Panel makes recommendations to Board on National Lottery (World Class Events Programme) awards and related policy matters. As at 31 March 2014 the Panel comprised:

- Mark Hanson (Chair)
- David Bedford (Member)
- Sally Bolton (Member)
- David Collier (Member)
- Zara Hyde Peters (Member)
- Jonathan Vickers (Member)

Details of company directorships and other significant interests held by board members which may conflict with management responsibilities can be found on the UK Sport website: <http://www.uk sport.gov.uk/pages/board-members/>

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 2013/14, sickness absence (excluding long term absence) averaged 2.56 days (2012/13, 1.29) per person and one individual had long term sickness absence (2012/13, 6). Long term sickness absence is deemed to be any period of absence over four weeks.

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.

UK Sport has in place robust and specific measures to ensure information security applies to such information.

In accordance with the Data Protection Act 1998, guidance from the Information Commissioner's Office and the Cabinet Office Guidance under the HMG Security Policy Framework (SPF), UK Sport reviewed its information and data security systems and introduced a new Information, Data Security and Communications Systems Policy and Procedure and new staff undertake a compulsory e-learning package provided by the Office for Cyber Security and Information Assurance (OCSIA).

In addition all staff receive information on data security and UK Sport undertakes sticker and poster campaigns to raise further awareness on information and data security.

In March 2014 we reported to DCMS that, of the 20 Mandatory Requirements within the SPF, 18 were deemed met, with the remaining two not being applicable to UK Sport.

UK Sport suffered six protected personal data incidents in 2013/2014. Three incidents were connected with crimes (burglary, theft etc.) where the items stolen were UK Sport encrypted PDA (mobile and/or laptop) devices. Two incidents related to inadvertent losses of encrypted PDA. All above incidents do not fall within the criteria for reporting to the Information Commissioner's Office. UK Sport suffered one protected personal data incident involving the temporary loss of employee payslips in the hands of a courier which were subsequently found and securely destroyed. In accordance with procedure the incident was reported to the Information Commissioner's Office. The Information Commissioner's Office decided that as the data was recovered, there was no evidence of access by unauthorised individuals and the case resulted from a pure accident, and there was no enforceable breach of the Data Protection Act 1998 by UK Sport.

As a result of the incident and review of UK Sport's information security policy, the reporting of data incident procedures was reviewed and communicated to all staff. All staff have also been required to undertake an e-learning course, and UK Sport has reviewed the process of the printing and distribution of employee payslips with its payroll provider.

Table 1: Summary of Protected Personal Data Related Incidents Formally Reported to the Information Commissioner's Office in 2013/14

| Date of Incident | Nature of Incident | Nature of data involved | Number of people potentially affected | Notification steps |
|------------------|--|-------------------------|---------------------------------------|---|
| 22 November 2013 | Temporary loss of Employee Payslips whilst handled by courier. The Payslips were found and securely destroyed. | Employee Payslips | 103 | Notification of the incident was sent to all staff, the ICO, DCMS and Chair of the Audit Committee. |

Table 2: Summary of Other Protected Personal Data Related Incidents in 2013/14

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within UK Sport, are set out in the table below. Small localised incidents are not recorded centrally and are not cited in these figures.

| Category | Nature of Incident | Total |
|-----------------|--|--------------|
| I | Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises | |
| II | Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises | |
| III | Insecure disposal of inadequately protected electronic equipment, devices or paper documents | |
| IV | Unauthorised disclosure | |
| V | Other | 5 |

Remuneration Report

Directors' Remuneration

Director recruitment, remuneration and employment terms and conditions are overseen by the Remuneration Panel, which comprised of Rod Carr, Louise Martin and Philip Kimberley during the year. Remuneration of the CEO and any higher earners is also subject to DCMS approval. Remuneration policy follows recommendations of the Senior Salaries Review Body. The Remuneration package comprises three elements:

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.

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 2014. In 2013/14 the maximum performance related pay available was 10% of basic salary for the CEO and 15% for the other Directors. These payments are not pensionable.

Pension arrangements

Directors are members of the Local Government Pension Scheme (LGPS), a tax approved benefit occupational pension scheme set-up under the Superannuation Act 1972. Benefits are based on final salary and duration of membership. Members accrued pension entitlement in the year at a rate of 1/60 of final pensionable salary. Death in service cover is three years pay plus spouses/civil partner's pension equal to 1/160 of final pensionable salary, times total membership. At 31 March 2014 all Directors, but not the Chair, were members of LGPS.

Director's Contracts

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

Other benefits include healthy lifestyle allowance and annual leave entitlement.

Emoluments of the Chair and Directors, including performance related pay and pension benefits, for the year ending 31 March 2014 are provided in the following sections.

Remuneration (salary, benefits in kind and pensions)

| Audited Information | Officials | Single total figure of remuneration | | | | | | | | | |
|---|-----------------|-------------------------------------|---------|------------------------|---------|------------------------------------|---------|--------------------------|---------|---------------|---------|
| | | Salary (£'000) | | Bonus payments (£,000) | | Benefits in kind (to nearest £100) | | Pension benefits (£'000) | | Total (£'000) | |
| | | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| S Campbell (1) | Chair | 0-5 | 35-40 | 0 | 0 | 0 | 11,000 | - | - | 0-5 | 50-55 |
| R Carr (2) | Chair | 35-40 | 0 | 0 | 0 | 4,800 | 0 | - | - | 40-45 | 0-0 |
| L Nicholl | CEO | 130-135 | 130-135 | 10-15 | 10-15 | 0 | 0 | 63 | 39 | 205-210 | 180-185 |
| D Cole | COO | 100-105 | 100-105 | 5-10 | 5-10 | 0 | 0 | 31 | 61 | 140-145 | 170-175 |
| P Keen (3) | Director | 0 | 5-10 | 0 | 0 | 0 | 0 | - | 6 | 0-0 | 10-15 |
| D Lye (4) | Director | 40-45 | 80-85 | 0 | 5-10 | 0 | 0 | - | 64 | 0-0 | 155-160 |
| C Walker (5) | Director | 0 | 25-30 | 0 | 0 | 0 | 0 | - | 6 | 0-0 | 30-35 |
| S Morton | Director | 80-85 | 80-85 | 5-10 | 5-10 | 0 | 0 | 32 | 34 | 120-125 | 120-125 |
| V Wilson (6) | Director | 75-80 | 80-85 | 5-10 | 5-10 | 0 | 0 | 21 | 21 | 105-110 | 105-110 |
| R Francis (7) | Director | 35-40 | 0 | 0 | 0 | 0 | 0 | 10 | - | 45-50 | 0-0 |
| S du Sautoy (8) | Acting Director | 45-50 | 50-55 | 0-5 | 5-10 | 0 | 0 | 21 | 41 | 70-75 | 95-100 |
| S Timson (9) | Director | 115-120 | 25-30 | 10-15 | 0-5 | 0 | 0 | 16 | 6 | 140-145 | 30-35 |
| Band of the highest paid director's salary and bonus payments remuneration (11) | | 145-150 | 145-150 | | | | | | | | |
| Median total (11) | | 41,994 | 39,234 | | | | | | | | |
| Remuneration ratio (11) | | 3.51 | 3.76 | | | | | | | | |

Notes

- 1 - Sue Campbell's emoluments do not reflect a full year as she left UK Sport on 18 April 2013. The full year equivalent salary band for the 2013/14 year is £35,000-£40,000 for a 0.4 full time equivalent.
- 2 - Rod Carr was appointed as chair on 22 April 2013, therefore emoluments do not reflect a full year. The full year equivalent salary band for the 2013/14 year is £35,000-£40,000 for a 0.4 full time equivalent.
- 3 - Peter Keen's prior year emoluments do not reflect a full year as he took up a non-directorial role as of 1 May 2012 and he left UK Sport on 1 February 2013. The full time equivalent salary band for the 2012/13 year was £95,000-£100,000.
- 4 - Debbie Lye's emoluments do not reflect a full year as she left UK Sport on 20 September 2013. The full time equivalent salary band for the 2013/14 year is £80,000-£85,000.
- 5 - Chris Walker's prior year emoluments do not reflect a full year as he left UK Sport on 13 July 2012. The full time equivalent salary band for the 2012/13 year was £85,000-£90,000.
- 6 - Vanessa Wilson's prior year emoluments include a payment for untaken holiday leave.
- 7 - Ros Francis's emoluments do not reflect a full year as she was appointed director on 8 April 2013 and left UK Sport on 30 September 2013. The full time equivalent salary band for the 2013/14 year is £75,000-£80,000.
- 8 - Sophie du Sautoy was acting Director of Finance from 1 to 8 April 2013 and 31 August to 31 March 2014, therefore emoluments do not reflect a full year. The full time equivalent salary band for the 2013/14 year is £75,000-£80,000. In the prior year Sophie du Sautoy was acting Director of Finance from 16 July 2012, therefore emoluments do not reflect a full year. The full time equivalent salary band for the 2012/13 year was £70,000-£75,000.
- 9 - Simon Timson was appointed as director on 14 January 2013, therefore prior year emoluments do not reflect a full year. The full time equivalent salary band for the 2012/13 year was £110,000-£115,000.
- 10 - Benefits in kind relate to home to office travel which is a taxable benefit.
- 11 - The prior year comparators for the band of the highest paid director's total remuneration, median total and remuneration ratio have been restated to include performance related pay.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) 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, 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.

All UK Sport staff are entitled to claim for 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 5 days of unused annual leave allowance per year; salary is also inclusive of any monies paid in lieu of this.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in UK Sport in the financial year 2013/14 was £145,000 – £150,000 (2012/13, £145,000 – £150,000). This was 3.51 times (2012/13, 3.76 times) the median remuneration of the workforce, which was £41,994 (2012/13, £39,234). The median pay is similar to that of the previous year. This is mainly due to no major changes in the staffing structure.

In 2013/14, 0 (2012/13, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from the £20,000 – £25,000 band to £145,000 – £150,000 (2012/13, £20,000 – £25,000 band to £145,000 – £150,000 band).

Pension Entitlement

| Audited Information | Accrued pension at pension age as at 31/3/14 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/03/14 | CETV at 31/03/13 | Real Increase in CETV |
|----------------------------|--|---|-------------------------|-------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| L Nicholl | 50-55 plus lump sum of 120-125 | -5-0 plus lump sum of -5-0 | 1,182 | 1,144 | 28 |
| P Keen | 0 plus lump sum of 0 | 0 plus lump sum of 0 | 0 | 145 | 0 |
| D Cole | 15-20 plus lump sum of 25-30 | -5-0 plus lump sum of -5-0 | 223 | 205 | 11 |
| C Walker | 0 plus lump sum of 0 | 0 plus lump sum of 0 | 0 | 64 | 0 |
| D Lye | 0 plus lump sum of 0 | 0 plus lump sum of 0 | 0 | 731 | 0 |
| S Morton | 10-15 plus lump sum of 5-10 | 0-5 plus lump sum of 0-5 | 103 | 85 | 13 |
| V Wilson | 0-5 plus lump sum of 0 | 0-5 plus lump sum of 0 | 28 | 16 | 7 |
| S Timson | 15-20 plus lump sum of 0 | -5-0 plus lump sum of 0 | 196 | 179 | 9 |
| S du Sautoy | 0-5 plus lump sum of 0 | 0-5 plus lump sum of 0 | 27 | 17 | 5 |
| R Francis | 0-5 plus lump sum of 0 | 0-5 plus lump sum of 0 | 7 | 0 | 4 |

Accrued pension represents amount payable if a Director leaves at the stated date. Cash-Equivalent Transfer Values (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.

The CETV values disclosed for 31 March 2013 in the 2012/13 annual accounts differ to the prior year CETV values disclosed in this report due to the fact that the transfer factors set by the Government Actuaries Department have changed since April 2013. The prior year figures disclosed in this report are based on the updated transfer factors.

Members' remuneration

Members' remuneration for attending meetings was £218 per day (2012/13, £218) and half that amount for half-day meetings, up to 36 days each year. None of the Members received any benefits in kind and those who have received remuneration are as follows:

| Audited Information | 2013/14 (£) | 2012/13 (£) |
|----------------------|-------------|-------------|
| Rod Carr CBE (1) | - | 5,123 |
| Chris Holmes MBE (2) | 1,308 | 2,943 |
| Dominic Walsh (3) | - | 436 |
| Jonathan Vickers | 4,033 | 3,706 |
| Laura McAllister | 1,090 | 1,199 |
| Louise Martin CBE | 1,526 | 981 |
| Phillip Kimberley | 4,142 | 1,635 |
| Mark Hanson (4) | 436 | 2,071 |
| Brian Henning (5) | 1,526 | 436 |
| Lis Astall (6) | 981 | - |
| Sarah Springman (7) | 436 | - |
| Nicholas Bitel (8) | - | - |

Notes

- 1 – Rod Carr was appointed as Chair of the UK Sport Board on 22 April 2013.
- 2 – Chris Holmes' board term expired on 31 July 2013.
- 3 – Dominic Walsh's board term expired on 31 March 2012.
- 4 – Mark Hanson left the UK Sport Board on 3 April 2014.
- 5 – Brian Henning was appointed to the UK Sport Board as of 1 December 2012.
- 6 – Lis Astall was appointed to the UK Sport Board as of 28 October 2013.
- 7 – Sarah Springman was appointed to the UK Sport Board as of 28 October 2013.
- 8 – Nicholas Bitel has elected not to claim remuneration from UK Sport.

Compensation for loss of office

Three members of staff left under compulsory redundancy terms in 2013/14 (No members of staff left under compulsory redundancy terms in 2012/13).

Reporting of Civil Service and other compensation schemes – exit packages

2013/14

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band (1) |
|------------------------|-----------------------------------|-----------------------------------|--|
| £0 - £10,000 | 3 | 0 | 3 |

2012/13

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
|------------------------|-----------------------------------|-----------------------------------|--|
| All bands | 0 | 0 | 0 |

Redundancy and other departure costs have been paid in accordance with statutory requirements. Exit costs are accounted for in full in the year of departure. Where the department 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.



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014



**The United Kingdom Sports Council Grant-in-Aid
and The United Kingdom Sports Council Group Accounts
for the year ended 31 March 2014**

Statement of the Board and Chief Executive's Responsibilities

The Royal Charter requires the United Kingdom Sports Council to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of UK Sport's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts The United Kingdom Sports Council 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 Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether 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 the going concern basis.

The Accounting Officer for the DCMS has designated the Chief Executive of UK Sport as the Accounting Officer for UK Sport. The relevant responsibilities of an Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for keeping of proper records and for safeguarding UK Sport's assets as set out in "Managing Public Money" published by the Treasury.

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.



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014

Governance Statement

1. Purpose

This statement outlines how I, as Accounting Officer, have discharged my responsibility to manage and control the organisation's resources during the course of 2013/14. As set out in *Managing Public Money*, the Governance Statement provides a clear overview of the dynamics of UK Sport and its control structure, provides a sense of how vulnerable the organisation is or might be; and how successful it has been in coping with the challenges it has faced through the course of the year.

2. Governance Framework

UK Sport was established in 1996 by Royal Charter as an Arm's Length Body (ALB) to the Department for Culture, Media and Sport. The formal relationship between the department and UK Sport is encapsulated in a Framework Document between the two organisations. This document sets out the broad framework within which UK Sport should operate. Copies of the document and any subsequent amendments are placed in the libraries of both Houses of Parliament and made available to members of the public on the UK Sport website.

UK Sport's constitution is set out in Article One of the Royal Charter, with the Secretary of State (and other members of the DCMS ministerial team) accounting for UK Sport's business in Parliament. My respective responsibilities as Accounting Officer are set out in Chapter Three of *Managing Public Money*. UK Sport is also compliant with the Corporate Governance Code as applied to an arm's length body via the relevant principles set out in *Corporate governance in central government departments: Code of good practice 2011* and also the Lottery Financial Directions.

2.1 Board structure

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. Baroness Campbell's second term as Chair finished in April 2013, and she was succeeded, following open recruitment, by Rod Carr. The Board consists of the Chair and nine members, five independent and four representatives of the Home Nation Sports Councils. Collectively they have the skills and experience appropriate to direct UK Sport's business.

During this reporting year there have been a number of changes of personnel on our Board. Rod Carr's appointment as Chair created a vacancy and after an extension to his second term (agreed by Secretary of State) Chris Holmes stood down in June 2013. Lis Astall and Sarah Springman were appointed to the Board in time for our December 2013 meeting. Mark Hanson (an independent Board member who was appointed as Deputy-Chair in 2013) notified us, in January 2014, of a change of circumstances that required him to resign from his position (staying on until the March Board meeting). Neil Chugani has subsequently been appointed and has joined the Board from April 2014. All appointments to the Board have been made following open recruitment.

The Board has an established Group Audit Committee to support them in their responsibilities for issues of risk, control and governance. Following the review of the governance arrangements of UK Sport's subsidiary (the English Institute of Sport Ltd) in 2013, the terms of reference for the Committee were reviewed mid-year and subsequent revisions, intended to broaden the scope of the Committee to encompass responsibilities for the Institute as well, were approved by the Board in September 2013.

The Audit Committee advises the Board and Accounting Officer on:

- the strategic processes for risk, control and governance (and the Governance Statement);
- the accounting policies, the Annual Report and Accounts;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity;
- the effectiveness of internal and external audit; and
- assurances relating to the corporate governance requirements for the organisation.

Further to this, three standing sub-committees of the Board exist:

- Remuneration Panel – ensuring employment matters in UK Sport are dealt with professionally.
- Major Events Panel – providing advice around the development/delivery of UK Sport’s Major Events Programme.
- Mission Control Panel – providing oversight of UK Sport’s Mission Control process.

A fourth sub-committee has also been established, but is only intended to be convened when necessary. The Funding Eligibility Committee met once within the year (July 2013) to consider the case of an individual athlete’s eligibility to receive funding.

2.2 Subsidiary Companies

UK Sport currently has two (trading) subsidiary companies:

English Institute of Sport – 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 Comptroller and Auditor General.

A number of measures are in place to provide me with assurance as to the activities/operations of the EIS. The EIS is bound by a Funding Agreement (alongside a separate Financial Memorandum). Key Performance Indicators are agreed annually and progress against these is reviewed quarterly by the National Director and Director of Business and Finance at the EIS and the Chief Operating Officer and Performance Director from UK Sport. Separate (but reporting into) these quarterly reviews, budget/forecast meetings are held between our Investment Team and the Director of Business and Finance at the Institute. Also, as referred to above, the Terms of Reference for the UK Sport Audit Committee were extended to encompass Group-wide responsibilities from November 2013 (to include the EIS).

Following the review of governance arrangements between UK Sport and the Institute undertaken in 2012 the following further recommendations were implemented in the course of 2013:

- the re-profiling of the skills mix around the EIS Board to a more technical focus to better consider the specialist nature of activity undertaken by the Institute;
- the addition of both a UKS Board member (Sarah Springman) and the UKS Performance Director (Simon Timson) as Board members of the Institute; and
- that the Chair of the EIS attend the UK Sport Board (January 2014) as an observer.

TDFHUB 2014 – TDFHUB2014 Limited is a subsidiary of UK Sport. It was established to deploy £10m of Central Government funding towards hosting the Tour de France 2014 Stages 1 to 3 and to liaise with Leeds City Council, Welcome to Yorkshire and other local and regional authorities hosting the Tour de France 2014 route. The documents governing the relationship between UK Sport and the TDFHUB 2014 Limited are set out within the company’s Articles of Association, Major Events Funding Agreement, between UK Sport and TDFHUB2014 Limited, and Collaboration Agreement between UK Sport, TDFHUB2014 Limited, Leeds City Council and Welcome to Yorkshire.

UK Sport appointed a Major Events Consultant specifically for TDF to be responsible for ‘on the ground’ assurance over our investment and who attends many of the key operational meetings and strategic boards. UK Sport’s Director of Major Events & International Relations has also met with the CEO of TDFHUB2014 Ltd and DCMS officials every two weeks to review progress. UK Sport and DCMS have a formal representative and an observer who sit on both the TDF Board and the Audit Committee to scrutinise decision-making. UK Sport Board receives regular updates from TDFHUB2014 Ltd.

2.3 Board/Committee Effectiveness

Our Board met six times in 2013/14 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 is tabulated below. The attendance for the March meeting is the 18th March meeting which covered the standing agenda items. The Board also met twice more exceptionally during March 2014, to hear representations from Sports following the Annual Investment Review decisions.

| 2013/14 | May | June | Sept | Dec | Jan | Mar | |
|------------------|-----|------|------|-----|-----|-----|-----|
| Rod Carr | Y | Y | Y | Y | Y | Y | 6/6 |
| Lis Astall | - | - | - | Y | Y | Y | 3/3 |
| Nick Bitel | Y | Y | Y | Y | Y | Y | 6/6 |
| Mark Hanson | Y | Y | Y | Y | Y | Y | 6/6 |
| Brian Henning | Y | Y | Y | Y | Y | N | 5/6 |
| Chris Holmes | Y | Y | - | - | - | - | 2/2 |
| Philip Kimberley | Y | Y | Y | Y | Y | N | 5/6 |
| Louise Martin | N | Y | Y | Y | Y | Y | 5/6 |
| Laura McAllister | Y | Y | N | Y | Y | Y | 5/6 |
| Sarah Springman | - | - | - | N | Y | Y | 2/3 |
| Jonathan Vickers | Y | Y | Y | Y | Y | Y | 6/6 |

During the course of the year, the Board reviewed both its purpose (within the context of the Royal Charter and the National Lottery Directions) and matters reserved for its consideration. At their March 2014 meeting they received a single, consolidated Terms of Reference, encapsulating their responsibilities.

Planning is underway for a thorough review of Board effectiveness in June 2014 (with the quantitative research being undertaken in May). It was decided that this would be best undertaken once the new Chair and members were in post (i.e. post December 2013). The last review took place in 2012/13. A skills audit was undertaken in the early part of 2013 to inform the recruitment/selection process for new members to the Board and has been maintained to include the new Board members appointed.

The Audit Committee undertook an effectiveness review at their September 2013 meeting. Actions agreed from this review are monitored through an Audit Committee Self-Assessment Action Tracker. The attendance profile for the Committee is presented below:

| | May 2013 | June 2013 | September 2013 | November 2013 | March 2014 | |
|------------------|----------|-----------|------------------------|-----------------------------|------------|-----|
| Malcolm Cornberg | Y | N | Y | Term ended (September 2013) | - | 2/3 |
| Jonathan Vickers | Y | Y | Y | Y | Y | 5/5 |
| Philip Kimberley | Y | Y | Y | Y | N | 4/5 |
| Joseph Ryan | Y | N | Y | N | Y | 3/5 |
| Chris Holmes | Y | Y | Term ended (June 2013) | - | - | 2/2 |
| Peter Rowley | Y | N | Y | Y | Y | 4/5 |
| Lis Astall | - | - | - | N | Y | 1/2 |
| Craig Hunter | - | - | - | - | Y | 1/1 |

2.4 Executive responsibilities

My responsibilities as Accounting Officer for UK Sport are set out in full in the 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 Audit Committee to ensure any significant risks/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 2013 to the date of approval of the annual report and accounts.

Our Director of Finance, Investment and Business Services left the organisation in September 2013. Interim arrangements were put in place whilst we recruited to fill the vacancy, with the existing Head of Finance and Investment acting up to Director, and the Chief Operating Officer (COO) taking overall responsibility for the co-location project. Following an internal process Sophie du Sautoy was appointed Director of Finance, Investment and Business Services in April 2014. For any periods of absence during the year I have delegated my Accounting Officer responsibilities to the COO.

Individual named directors have responsibility for all policies and procedures pertaining to the Internal Governance of the organisation with the Chief Operating Officer and Director of Finance, Investment and Business Services having operational responsibility for the over-arching control environment within which we operate (including our risk management processes).

3. System of Internal Control

One significant issue of internal control was identified/acted upon in 2013/14 relating to the temporary loss of staff payslips – details of this incident (and how it was managed) are included in Section 3.4 of this statement. A number of other risks were either realised or required managing through the year. This was successfully achieved within the Internal Control processes described hereafter and through our overarching Policy on 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) has been in place since 2007 to promote focus on the most significant risks facing the organisation. The register underwent a significant review in the first quarter of 2013/14.

An Internal Audit of Risk Management was undertaken by our internal auditors in March 2013, with a final report published in May 2013. The report found that "*UK Sport's framework for risk management... provides **substantial assurance** that risks material to the achievement of UK Sport's objectives in respect of this area are adequately managed and controlled.*" A separate "advisory review" of UK Sport's compliance with the Bribery Act (versus the six principles outlined in the Ministry of Justice guidance to the Bribery Act) was undertaken in October 2013, and whilst recommendations to strengthen the control environment were made it was recognised that the procedures in place are proportionate to the potential risk.

UK Sport operates a wide ranging System of Internal Control. Independent to UK Sport, assurance is provided by both internal and external audit functions. Key to the control environment is our:

- approach to managing risk; and our
- policy/procedure framework (incl. scheme of delegated authority).

At its meeting in November 2013 the Audit Committee agreed to renew our Internal Audit contract with Mazars for one year and that a joint procurement exercise be run with Sport England in 2014, with the intention of commencing a new, joint contract from April 2015. The National Audit Office remains External Auditors to UK Sport.

3.1 Risk Profile for 2013/14

Our appetite to risk flexes according to individual circumstance and situation, and by team (due to the nature/type of their work). By nature, as an NDPB operating within the wider governmental control environment, 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. When required this is done in a calculated and informed way, with implications and benefits considered, prior to decisions being taken.

Where significant risks are recognised and accepted then potential impacts are identified and corresponding scenario plans, with mitigating actions developed.

- In December 2013 our Board considered a paper on risks and opportunities that some of the World Class Programmes (WCPs) present to the achievement of UK Sport's Mission and our goal of building on success in London 2012, being the first nation in recent history to win more Olympic and Paralympic medals post hosting, focusing on a target of at least 66 Olympic medals and 121 Paralympic medals. As a result adjustments were made to the published implications of Investment Principles 4, 5, and 6 enabling a more agile and effective management of WCPs where new intelligence suggests they are at risk of not achieving their multi-medal Rio targets. It also enabled rapid realisation of new opportunities by UK Sport to enhance the likelihood of achieving the Rio Mission.
- Following receipt of confirmation from the Secretary of State (SoS) in January 2013 that the proposed merger between ourselves and Sport England did not need to proceed, we have been working closely with Sport England throughout 2013 to ensure that the required efficiencies and closer working between the two bodies were progressed. Officers at the department approved our Shared Service plan in November 2013 and co-location is on schedule for early Summer 2014. The SoS's requirements will form part of the Triennial Review of UK Sport scheduled for later in 2014.
- Prioritisation of resources has continued to be an area of focus and close monitoring. Lottery income for 13/14 has been lower than 12/13 and a factor in this reduction was an adjustment to the National Lottery Distribution Fund (by the Gambling Commission) to divert monies to launch the new game.
- Staff turnover has been under constant review during 2013/14 peaking at 30% in December 2013 (inclusive of completion of fixed-term contracts, the TUPE transfer of six staff to the EIS, redundancies and some further vacancies created as a consequence of some internal candidates being appointed to advertised roles). Our Board has monitored this situation closely and members were re-assured by the actions taken and planned. Whilst it will take several months for the higher than normal turnover experienced in the mid-part of 2013 to work its way through a 12-month rolling average, we finished the year on 24%.

Looking ahead to the future the key risks to UK Sport are as follows:

- As a result of a number of factors (including revised DCMS Lottery projections, the continued growth in success of the Winter Olympic and Paralympic sports and the emergent need to be more analytical/interventionist in our approach to the WCP to maximise potential returns amongst others) our resources, both financial and human have come under increasing pressure. From a financial perspective this is managed through regular review and adjustment of our 13-17 Financial Plan (incl. Lottery Balance). In March 2014 Board agreed a number of measures, including £5.3m of savings and an "in-principle" release (if required) from the lottery balance of £4.6m. Lottery income continues to be monitored.
- Over the course of 2013 a number of new posts were created with the Performance Directorate to support our Mission, Strategy and Analysis activity. It has become increasingly apparent that this is an area that we need to grow further (both capacity and systems) if we wish to continue to build on the success of Beijing, London and Sochi. To support this we are currently seeking an extension to our agreed headcount with DCMS for the years 14/15 and 15/16.
- Following our Annual Investment Review (AIR) decisions in January 2014, the Board heard representations from seven sports, with investment adjustments being made to two. One sport (Synchronised Swimming) has subsequently decided to formally appeal against the Board's decision to withdraw its investment. This appeal is expected to be heard in the Summer of 2014.

Work is continuing to further consider/evaluate the above risks to agree how to approach them and to develop and implement the mitigating action plan required.

3.2 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. Focus has been given in 2013/14 to reviewing and updating a number of these to ensure they are current with both statutory/legislative requirements and recognised best practice. Staff also have access to a fraud and anti-bribery policy, and regular awareness campaigns are run around these issues. The following internal policies (and associated procedures) have been reviewed within the reported year:

- Budgetary Control
- Cash Management
- Communications Systems Policy and Procedure
- Delegated Authority
- Document Retention
- Eye Sight Testing
- Fixed Assets
- GPC and VISA
- Healthy Lifestyle
- Information Data Security
- Learning and Development
- Parental Leave Policy
- Paternity Leave
- Personal Information
- Probation
- Purchase to Pay
- Sales Invoicing
- Travel and Expenses
- Whistleblowing Policy
- Work Experience (Guide and Policy)

3.3 Independent Assurance

3.3.1 Internal Audit

Internal Audit for 2013/14 was provided under contract by Mazars. The Internal Audit Plan for the year was approved by the Audit Committee at its May meeting. The plan was for a total of 62 days (2012/13 70 days planned). Seven specific audits have been completed and reported to Audit Committee.

- APA Online – Data Security (Substantial).
- Core Financial Systems (Substantial).
- Information Security and Data Management (Adequate).
- Corporate Governance and Risk Management – Bribery Act (Advisory).
- Strategic and Corporate Planning – Performance Information/Monitoring (Advisory).
- HR – Learning and Development (Substantial).
- English Institute of Sport (EIS): HR – Recruitment (Limited).

Further to these, “follow-up” visits on previously audited areas have also been undertaken. Across the seven audits (and two follow ups), one Priority 1 recommendation has been made (in relation to Disclosure and Barring Service (DBS) checks within the EIS recruitment process) and 11 Priority 2.

Certain weaknesses and exceptions have been highlighted by the audit work, only one of which (Disclosure and Barring Service (DBS) checks) was deemed fundamental in nature. These matters have been discussed with management, and a number of recommendations have been made. All of these have been, or are in the process of being addressed.

3.3.2 External Audit

The audit of UK Sport’s Annual Report and Accounts for the year ended 31 March 2013 was completed in June 2013. Within the Independent Auditors Report no matters of interest were identified.

3.3.3 Assurance of Grant Funding Awards made by UK Sport to National Governing Bodies

Moore Stephens carry out onsite audits and also assess the annual self-assurance submissions of NGBs and system partners under a joint contract with Sport England. Onsite audits are based on the opinion of independent auditors, and reflect the current status of an organisation's governance, risk and control frameworks at a given time. Self-Assurance is different in that users self-assess themselves against a range of governance criteria providing a rating against their progress in meeting their criteria. UK Sport and Sport England officers meet quarterly with Moore Stephens staff to review progress and manage any operational issues. In addition to the audit and assurance programmes, UK Sport and Sport England piloted an offline self-assurance process for a limited number of joint and sole funded bodies this year. In this, the organisations self-assessed themselves against a similar framework as the full online process on a 'comply or explain' basis, making a declaration as to whether they had achieved full assurance.

A total of fourteen onsite audits were undertaken by Moore Stephens during the year. As at 31 March 2014 the outcomes of these were as follows:

| Status | No. | Green | Grn/ Amber | Amber/ Red | Red |
|---------------------|-----|-------|---------------|---------------|-----|
| Final Report Issued | 7 | 0 | 3 | 4 | 0 |
| Draft Report Issued | 7 | 0 | 5 | 2 | 0 |

Recommendations arising from the audits were wide ranging and reflective of the extent of constitutional and organisational changes taking place in funded bodies at present. UK Sport is working closely with each organisation following their onsite audit to ensure that recommendations are implemented, and supporting them as they develop their organisational structures and enhance their governance and control frameworks.

Within 2013/14 all funded NGBs and system partners (who were not receiving an onsite audit during the same period) undertook either the online or offline Self-Assurance process. The following assurance ratings were received:

| Audit-type | No. | Green | Amber | Red |
|------------|-----|-------|-------|-----|
| Online | 20 | 18 | 2 | 0 |
| Offline | 6 | 6 | 0 | 0 |

Our agreed performance target with the DCMS was for 65% of UK Sport's funded NGBs/funded partners to achieve an (independently audited) Green self-assurance rating – in 2013/14, **93%** (24 out of 26 organisations) achieved this.

3.4 Information Security

UK Sport holds personal information regarding employees, athletes, athlete support personnel and others relating to activities arising out of its operating environment within the high performance sport system.

UK Sport has in place robust and specific measures to ensure information security applies to such information.

In accordance with the Data Protection Act 1998, guidance from the Information Commissioner's Office and the Cabinet Office Guidance under the HMG Security Policy Framework (SPF), UK Sport reviewed its information and data security systems in 2012 and introduced a new Information, Data Security and Communications Systems Policy and Procedure which requires new staff undertake a compulsory e-learning package provided by the Office for Cyber Security and Information Assurance (OCSIA).

In addition to all staff receiving the above training UK Sport undertake sticker and poster campaigns to raise further awareness on information and data security.

In March 2014 we reported to DCMS that, of the 20 Mandatory Requirements within the SPF, 18 were deemed met, with the remaining two not being applicable to UK Sport.

UK Sport suffered six protected personal data incidents in 2013/2014. One incident (the temporary loss of staff payslips) was reported to the Information Commissioners Office. The production and distribution of payslips is outsourced to a third party and the slips were mislaid within their control environment. Officers activated the appropriate procedures as detailed in our Information Security policy and the Information Commissioner's Office was duly notified on 20 December 2013. Following consideration (Ref: ENF0525369) the ICO's conclusion was:

"We have considered the information you have provided about a potential breach of the DPA. We have decided that no further action is necessary at this stage.

This is because the package containing the payslips was found and there does not appear to be any evidence that it was tampered with or that your employees' personal data was accessed by unauthorised individuals. This case appears to have resulted from pure accident while the payslips were in the hands of a courier and there appears to be no enforceable breach of the DPA by UK Sport as data controller. Therefore, from the information provided, this case does not appear to meet the criteria set out in our Data Protection Regulatory Action Policy necessitating further action by the ICO."

As a result of the incident and a review of UK Sport's information security policy the reporting of data incident procedures was reviewed and communicated to all staff. All staff have been required to undertake the e-learning course and UK Sport has reviewed the process of printing and distributing employee payslips with its payroll provider.

Of the remaining five incidents, three were connected with crimes (burglary, theft etc.) where the items stolen included a UK Sport encrypted PDA (mobile and/or laptop) devices. Two incidents related to inadvertent losses of encrypted PDA. All above incidents do not fall within the criteria for reporting to the Information Commissioner's Office.



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014

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

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

I have audited the grant-in-aid and group financial statements of the United Kingdom Sports Council for the year ended 31 March 2014. These financial statements comprise: the United Kingdom Sports Council and Group Statements of Comprehensive Net Expenditure, Changes in Taxpayers' Equity, Financial Position, Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Chief Executive and auditor

As explained more fully in the Statement of the Board and Chief Executive's Responsibilities, the Chief Executive and Board 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 the financial statements. 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 United Kingdom Sports Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the United Kingdom Sports Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual 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 report.

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 United Kingdom Sports Council's and the Group's affairs as at 31 March 2014 and of 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter of the United Kingdom Sports Council; and
- the information given in the Strategic Report and Directors' 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 part of the Remuneration 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.

Sir Amyas C E Morse
Comptroller and Auditor General

30 June 2014

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

Statement of Comprehensive Net Expenditure for the year ended 31/03/14

| | Note | UK Sport | | Group | |
|---|---------|-----------------|---------------------|-----------------|---------------------|
| | | 2013/14 | 2012/13 RESTATED | 2013/14 | 2012/13 RESTATED |
| | | £'000 | £'000 | £'000 | £'000 |
| INCOME | | | | | |
| Other Operating Income | 3 | 3,142 | 6,814 | 10,034 | 14,155 |
| Total | | 3,142 | 6,814 | 10,034 | 14,155 |
| EXPENDITURE | | | | | |
| Staff Costs | 4.1 | 4,872 | 5,221 | 17,332 | 16,132 |
| Grants and Other Operating Costs | 5 | 40,266 | 67,645 | 35,034 | 63,746 |
| Total | | 45,138 | 72,866 | 52,366 | 79,878 |
| NET EXPENDITURE BEFORE TAXATION & INTEREST | | (41,996) | (66,052) | (42,332) | (65,723) |
| Net Interest on the Pension Liability | 17.3/19 | (287) | (330) | (287) | (418) |
| Interest Receivable | 8 | 1 | 3 | 3 | 5 |
| Taxation | 9 | - | - | - | - |
| Interest Payable | | - | - | (2) | - |
| NET EXPENDITURE FOR THE PERIOD | | (42,282) | (66,379) | (42,618) | (66,136) |
| Other Comprehensive Expenditure | | | | | |
| Pension Scheme Remeasurements | 17.4/19 | (311) | 1,008 | (4,384) | 2,828 |
| TOTAL COMPREHENSIVE NET EXPENDITURE FOR THE FINANCIAL YEAR | | (42,593) | (65,371) | (47,002) | (63,308) |

All activities relate to continuing activities.
The notes on pages 33 to 61 form part of these accounts.

Note 22 details the restatement for 2012/13

Statement of Changes in Taxpayer's Equity for the year ended 31/03/14

| Note | UK Sport | | | | Group | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| | 2013/14 | | 2012/13 | | 2013/14 | | 2012/13 | | |
| | Revenue Reserve | Pension Reserve | Revenue Reserve | Pension Reserve | Revenue Reserve | Pension Reserve | Revenue Reserve | Pension Reserve | |
| | RESTATED | | RESTATED | | RESTATED | | RESTATED | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Balance Brought Forward | 1,501 | (6,558) | 1,425 | (7,087) | 4,122 | (6,929) | 3,353 | (8,828) | |
| Retained (Deficit) for year | (42,282) | - | (66,379) | - | (42,618) | - | (66,136) | - | |
| Transfer from the Pension reserve | 546 | (546) | 489 | (489) | 910 | (910) | 939 | (939) | |
| Grant in Aid income received | 2 | 43,020 | - | 65,966 | - | 43,020 | - | 65,966 | |
| Pension Scheme Remeasurements | 17.4/19 | - | (311) | - | 1,008 | - | (4,384) | - | 2,828 |
| Other movements | | - | 54 | - | 10 | - | 35 | - | 10 |
| Balance at 31 March | | 2,785 | (7,361) | 1,501 | (6,558) | 5,434 | (12,188) | 4,122 | (6,929) |

The notes on pages 33 to 61 form part of these accounts.

Statement of Financial Position as at 31/03/14

| | | UK Sport | | Group | |
|---|---------|-------------------|-------------------|-------------------|-------------------|
| | Note | 31/03/14 £'000 | 31/03/13 £'000 | 31/03/14 £'000 | 31/03/13 £'000 |
| NON CURRENT ASSETS | | | | | |
| Property Plant and Equipment | 10 | 1,114 | 306 | 3,289 | 2,799 |
| Intangible Assets | 10.1 | 305 | 275 | 892 | 391 |
| Total Non Current Assets | | 1,419 | 581 | 4,181 | 3,190 |
| CURRENT ASSETS | | | | | |
| Trade and other receivables | 11 | 3,504 | 2,370 | 3,402 | 3,124 |
| Cash and cash equivalents | 12 | 1,095 | 727 | 5,037 | 1,531 |
| Total Current Assets | | 4,599 | 3,097 | 8,439 | 4,655 |
| Total Assets | | 6,018 | 3,678 | 12,620 | 7,845 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 13.1 | (2,265) | (1,916) | (6,180) | (3,462) |
| Non Current Assets plus Net Current Assets | | 3,753 | 1,762 | 6,440 | 4,383 |
| NON CURRENT LIABILITIES | | | | | |
| Provisions | 14 | (968) | (261) | (968) | (261) |
| Pension Liabilities | 17.2/19 | (7,361) | (6,558) | (12,188) | (6,929) |
| Finance lease agreements | 13.2 | - | - | (38) | - |
| Total Non Current Liabilities | | (8,329) | (6,819) | (13,194) | (7,190) |
| Assets less Liabilities | | (4,576) | (5,057) | (6,754) | (2,807) |
| TAXPAYER'S EQUITY | | | | | |
| Pension Reserve | 17.2/19 | (7,361) | (6,558) | (12,188) | (6,929) |
| Revenue Reserve | | 2,785 | 1,501 | 5,434 | 4,122 |
| Total Taxpayer's Equity | | (4,576) | (5,057) | (6,754) | (2,807) |

The notes on pages 33 to 61 form part of these accounts.



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council
25 June 2014



Rod Carr
Chair
United Kingdom Sports Council
25 June 2014

Statement of Cash Flows for the year ended 31/03/14

| | Note | UK Sport | | Group | |
|---|-----------|------------------|------------------|------------------|------------------|
| | | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Other Income | | 2,009 | 5,906 | 9,757 | 12,990 |
| Staff Costs | | (4,613) | (5,062) | (16,709) | (15,611) |
| Operating Costs | | (8,459) | (8,838) | (15,266) | (13,958) |
| Grants | 5 | (30,142) | (58,642) | (14,613) | (48,316) |
| Cash Generated from Operations | 15 | (41,205) | (66,636) | (36,831) | (64,895) |
| Interest Received | 8 | 1 | 3 | 3 | 5 |
| Corporation Tax Paid | | - | - | - | - |
| Interest Paid | | - | - | (2) | - |
| Net Cash Flow from Operating Activities | | (41,204) | (66,633) | (36,830) | (64,890) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Payments to acquire Property, Plant and Equipment | 10 | (1,182) | (155) | (2,109) | (1,812) |
| Payments to acquire Intangible Assets | 10.1 | (266) | (153) | (579) | (170) |
| Receipts from Sale of Fixed Assets | | - | - | 4 | - |
| Net Cash Flow from Investing Activities | | (1,448) | (308) | (2,684) | (1,982) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Grant in Aid | 2 | 43,020 | 65,966 | 43,020 | 65,966 |
| Net Cash Flow from Financing activities | | 43,020 | 65,966 | 43,020 | 65,966 |
| Net Increase/(Decrease) in Cash and Cash Equivalents in the period | | 368 | (975) | 3,506 | (906) |
| Cash and Cash Equivalents at 1 April | | 727 | 1,702 | 1,531 | 2,437 |
| Cash and cash equivalents at 31 March | 12 | 1,095 | 727 | 5,037 | 1,531 |

The notes on pages 33 to 61 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM) issued by HM Treasury and on the basis of the Accounts Direction issued by the Secretary of State for Culture, Media and Sport, with the approval of the Treasury, in accordance with article 14 of the Royal Charter on 26 March 2002.

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 the particular circumstances of 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 entered into on the basis of continuing receipt of Grant-in-Aid financing from the DCMS.

1.1 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. It has been determined that in the current period adoption of MHCA would not have a material impact on the accounts, and hence no entries have been made.

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.

1.2 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 notes 17 and 18.

1.3 Basis of consolidation

The English Institute of Sport (EIS) and TDFHUB2014 Limited have been accounted for as subsidiary entities during the period within the consolidated accounts, in accordance with the guidance set out in the Financial Reporting Manual (FReM) issued by HM Treasury and on the basis that UKS is the sole member. TDFHUB2014 Limited became a subsidiary of UK Sport in July 2013.

The financial activities of the UK Sport Lottery distribution fund have not been included in these accounts and a separate financial report has been prepared for them.

1.4 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 accruals 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.

1.5 Property Plant & Equipment

The assets of UK Sport are computers, leasehold improvements and other office equipment together. All assets are stated in the Statement of Financial Position at depreciated historical cost as proxy to fair value. The minimum capitalisation threshold is £2,500 for UK Sport whilst for EIS it is £500.

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

Depreciation is provided on all property plant & 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 | 5-7 years |
| Office Equipment | 5-7 years |
| Other Equipment | 5-7 years |

Leasehold improvements and Fixtures and fittings at 21 Bloomsbury Street WC1B 3HF will be depreciated until the end of the lease term.

On 1 September 2013, UK Sport made the decision to relocate their head office from 40 Bernard Street London WC1N 1QJ to 21 Bloomsbury Street WC1B 3HF. As a direct consequence of this, the remaining useful life of the Leasehold Improvements at 40 Bernard Street was reduced to accelerate the depreciation on the remaining net book value to reflect the fact that these assets will have no commercial value to UK Sport after vacating, thereby increasing the depreciation charge for the year. A full year of depreciation is charged in the year of acquisition and none in the year of disposal.

1.6 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 |
| Licences | 2-5 years |

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

1.7 Research and Development

Research and Development costs are written off as incurred and not carried forward as an asset as the recognition criteria of IAS38 are not met.

1.8 Grants and Loans Awarded

Grants payable are charged to the Statement of Comprehensive Net Expenditure on an accruals basis. UK Sport may give financial assistance by way of grants and loans to any person or organisation in furtherance of the objectives of the Council.

1.9 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 in the Statement of Comprehensive Net Expenditure and the net interest on the pension liability is shown in the Statement of Comprehensive Net Expenditure. 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.

In June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013. This revised standard has been applied to the financial statements in 2013/14 and the prior year figures have been restated, and the impact is disclosed in Note 22.

1.10 Leases and Provisions

A 15 year lease was signed for the office premises at 40 Bernard Street WC1N 1QJ with Bloomsbury Property Investment Limited at an annual rent of £441,300 with effect from 31 January 2000 to be reviewed every five years. Furthermore, a lease was signed for 9 years and 3 months at 21 Bloomsbury Street WC1B 3HF with the Department for Culture, Media & Sport with effect from 1 September 2013. Provision is made in the accounts to spread the estimated cost of the respective dilapidations over the life of each lease (see Note 14).

Payments for existing and new arrangements are made under operating leases (rental agreements) and are recognised in the statement of comprehensive net expenditure on a straight line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease. Provision is also made for the onerous element of the 40 Bernard Street lease until lease expiry on 31 January 2015.

1.11 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 so 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".

1.12 Investment

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

1.13 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.

1.14 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.

1.15 Standards issued but not yet effective

There are no accounting standards issued but not yet effective that would have a material impact on the accounts of UK Sport.

2. Grant in Aid

| | UK Sport | | Group | |
|----------------------------|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| Received from DCMS-Revenue | 40,551 | 65,650 | 40,551 | 65,650 |
| Received from DCMS-Capital | 2,469 | 316 | 2,469 | 316 |
| Total | 43,020 | 65,966 | 43,020 | 65,966 |

A total of £43.020m (2012/13, £65.966m) Grant-in-Aid was made available and drawn down during the year.

3. Other Income

| | UK Sport | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| Funding for International programme | 321 | 357 | 321 | 357 |
| Funding for World Class programme | - | 3,733 | - | 3,733 |
| Costs apportioned to UKS Lottery account | 2,205 | 2,197 | 2,205 | 2,197 |
| Other | 616 | 527 | 610 | 526 |
| EIS | - | - | 6,898 | 7,342 |
| Total | 3,142 | 6,814 | 10,034 | 14,155 |

4. Staffing and Management

4.1 Staff costs

| | UK Sport | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| | RESTATED | | RESTATED | |
| Wages and Salaries (including performance related pay) | 3,565 | 3,814 | 13,744 | 12,894 |
| Other Staff Costs | 235 | 234 | 468 | 249 |
| Social Security Costs | 369 | 402 | 1,250 | 1,163 |
| Current Service Costs | 685 | 752 | 1,826 | 1,783 |
| Administration expense relating to pension scheme | 18 | 19 | 44 | 43 |
| Total Staff Costs | 4,872 | 5,221 | 17,332 | 16,132 |

4.2 Average number of staff during the year (full time equivalent values)

| | 2013/14 | 2012/13 |
|--|------------|------------|
| Employees | | |
| UK Sport | 72 | 80 |
| English Institute of Sport | 264 | 254 |
| TDFHUB2014 Limited | 8 | - |
| Total | 344 | 334 |
| Other Staff (full time equivalent values) | | |
| UK Sport | 5 | 6 |
| English Institute of Sport | 10 | 2 |
| TDFHUB2014 Limited | 3 | - |
| Total | 18 | 8 |

Other staff numbers include agency and seconded staff.

4.3 Report of civil service and other compensation schemes – exit packages

| EXIT PACKAGE COST BAND | UK Sport | | Group | |
|--------------------------------------|---------------|----------|----------------|----------------|
| | 2013/14 | 2012/13 | 2013/14 | 2012/13 |
| < £10,000 | 3 | - | 9 | 7 |
| £10,000 – £25,000 | - | - | - | 1 |
| Total Number of Exit Packages | 3 | - | 9 | 8 |
| Total Value of Exit Packages | £1,800 | - | £15,647 | £38,549 |

5. Grants and other Operating Costs

| | UK Sport | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| National Support – Grants | | | | |
| Sports Bodies | 26,310 | 56,566 | 13,076 | 46,240 |
| Performance | 53 | 30 | 53 | 30 |
| International Representation | 1,184 | 1,746 | 1,184 | 1,746 |
| Major Events | 2,595 | 300 | 300 | 300 |
| | 30,142 | 58,642 | 14,613 | 48,316 |
| National Support – Other Costs | | | | |
| Performance | 5,499 | 5,895 | 5,478 | 5,873 |
| Communications | 268 | 271 | 268 | 271 |
| International Representation | 132 | 159 | 132 | 159 |
| English Institute of Sport | – | – | 7,637 | 5,486 |
| TDFHUB2014 Limited | – | – | 1,596 | – |
| | 5,899 | 6,325 | 15,111 | 11,789 |
| Finance and Management Services | | | | |
| HQ office costs | 2,521 | 2,253 | 2,521 | 2,253 |
| Onerous lease provision | 509 | – | 509 | – |
| 21 Bloomsbury dilapidations provision | 198 | – | 198 | – |
| 21 Bloomsbury Operating lease | 363 | – | 363 | – |
| Other Co-location costs | 54 | – | 54 | – |
| Depreciation/Amortisation | 580 | 425 | 1,665 | 1,388 |
| | 4,225 | 2,678 | 5,310 | 3,641 |
| Total | 40,266 | 67,645 | 35,034 | 63,746 |

6. Analysis of Net Expenditure by Programme and Administration Budget (UK Sport)

| | 2013/14 | | | 2012/13 RESTATED | | |
|---|--------------------|-------------------------|-----------------|---------------------|-------------------------|-----------------|
| | Programme £'000 | Administration £'000 | Total £'000 | Programme £'000 | Administration £'000 | Total £'000 |
| Expenditure | | | | | | |
| Staff Costs | 2,310 | 2,562 | 4,872 | 2,433 | 2,788 | 5,221 |
| Running Costs | 5,895 | 1,853 | 7,748 | 6,177 | 1,898 | 8,075 |
| Rentals under operating leases | - | 1,060 | 1,060 | - | 705 | 705 |
| Grants | 30,142 | - | 30,142 | 58,642 | - | 58,642 |
| Depreciation | 29 | 324 | 353 | 40 | 163 | 203 |
| Amortisation | 122 | 104 | 226 | 77 | 145 | 222 |
| Loss on disposal | 30 | - | 30 | - | - | - |
| Provision provided for in year | - | 707 | 707 | - | (202) | (202) |
| Income | | | | | | |
| Interest Receivable | - | 1 | 1 | - | 3 | 3 |
| Other Income | 893 | 2,249 | 3,142 | 4,556 | 2,258 | 6,814 |
| Net expenditure after interest | (37,635) | (4,360) | (41,995) | (62,813) | (3,236) | (60,049) |
| Net interest on the pension liability | (166) | (121) | (287) | (154) | (176) | (330) |
| Pension scheme remeasurements | (147) | (164) | (311) | 470 | 538 | 1,008 |
| Total Comprehensive Expenditure for the Financial Year | (37,948) | (4,645) | (42,593) | (62,497) | (2,874) | (65,371) |

6. Analysis of Net Expenditure by Programme and Administration Budget (group)

| | 2013/14 | | | 2012/13 RESTATED | | |
|---|--------------------|-------------------------|-----------------|---------------------|-------------------------|-----------------|
| | Programme £'000 | Administration £'000 | Total £'000 | Programme £'000 | Administration £'000 | Total £'000 |
| Expenditure | | | | | | |
| Staff Costs | 14,769 | 2,563 | 17,332 | 13,344 | 2,788 | 16,132 |
| Running Costs | 13,373 | 2,169 | 15,542 | 10,215 | 1,898 | 12,113 |
| Rentals under operating leases | 1,736 | 744 | 2,480 | 1,402 | 705 | 2,107 |
| Grants | 14,613 | - | 14,613 | 48,316 | - | 48,316 |
| Depreciation | 938 | 324 | 1,262 | 969 | 163 | 1,132 |
| Amortisation | 299 | 104 | 403 | 111 | 145 | 256 |
| Loss on disposal | 26 | - | 26 | 24 | - | 24 |
| Provision provided for in year | - | 707 | 707 | - | - | - |
| Interest payable | 2 | - | 2 | - | (202) | (202) |
| Income | | | | | | |
| Interest Receivable | 2 | 1 | 3 | 2 | 3 | 5 |
| Other Income | 7,785 | 2,249 | 10,034 | 11,897 | 2,258 | 14,155 |
| Net expenditure after interest | (37,969) | (4,362) | (42,331) | (62,482) | (3,236) | (65,718) |
| Net interest on the pension liability | (166) | (121) | (287) | (242) | (176) | (418) |
| Pension scheme remeasurements | (4,220) | (164) | (4,384) | 2,290 | 538 | 2,828 |
| Total Comprehensive Expenditure for the Financial Year | (42,356) | (4,648) | (47,002) | (60,434) | (2,874) | (63,308) |

7. Operating Result

| | UK Sport | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| This is stated after charging: | | | | |
| Travel, Subsistence and Hospitality: | | | | |
| Chair and Members | 22 | 39 | 26 | 39 |
| Employees | 445 | 394 | 1,425 | 1,175 |
| Consultants' Fees and Legal Fees | 62 | 29 | 1,248 | 174 |
| Performance Programme Delivery – Specialist Services | 1,873 | 2,198 | 1,873 | 2,198 |
| International Programme Delivery – Specialist Services | 38 | 32 | 38 | 32 |
| Operating Lease – 40 Bernard Street | 697 | 705 | 697 | 705 |
| Operating Lease – 21 Bloomsbury | 363 | - | 363 | - |
| Movement in provisions | 707 | - | 707 | - |
| Operating Lease: EIS Property | - | - | 1,404 | 1,391 |
| Operating Lease: Plant and Equipment | - | - | 16 | 11 |
| Depreciation | 353 | 203 | 1,262 | 1,132 |
| Amortisation | 226 | 222 | 403 | 256 |
| Loss on Disposal of Tangible Assets | 30 | - | 26 | 24 |
| Auditor's Remuneration for Audit Work | 37 | 37 | 51 | 51 |

8. Investment Income

| | UK Sport | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| Overnight and short term investment of bank balances | 1 | 3 | 3 | 5 |

9. Taxation

| | UK Sport | | Group | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| Corporation Tax payable | - | - | - | - |

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. Accordingly, no corporation tax liability arises.

10.a UK Sport – Property Plant and Equipment

| | Leasehold improvement £'000 | Fixtures & Fittings £'000 | IT equipment £'000 | Office equipment £'000 | Other equipment £'000 | Total £'000 |
|--------------------------|--------------------------------|------------------------------|-----------------------|---------------------------|--------------------------|----------------|
| At Cost | | | | | | |
| At 01/04/12 | 1,042 | - | 871 | 90 | 18 | 2,021 |
| Additions | - | - | 77 | 17 | 61 | 155 |
| Disposals | (4) | - | (4) | (12) | - | (20) |
| At 31/03/13 | 1,038 | - | 944 | 95 | 79 | 2,156 |
| Additions | 949 | 64 | 129 | 40 | - | 1,182 |
| Disposals | - | - | (408) | - | (30) | (438) |
| At 31/03/14 | 1,987 | 64 | 665 | 135 | 49 | 2,900 |
| Depreciation | | | | | | |
| At 01/04/12 | 790 | - | 790 | 81 | 6 | 1,667 |
| Charge for year | 79 | - | 85 | 13 | 26 | 203 |
| Depreciation on Disposal | (4) | - | (4) | (12) | - | (20) |
| At 31/03/13 | 865 | - | 871 | 82 | 32 | 1,850 |
| Charge for year | 246 | 7 | 63 | 21 | 17 | 353 |
| Depreciation on Disposal | - | - | (408) | - | (10) | (418) |
| At 31/03/14 | 1,111 | 7 | 526 | 103 | 39 | 1,786 |
| Net Book Value | | | | | | |
| At 01/04/12 | 252 | - | 81 | 9 | 12 | 354 |
| At 31/03/13 | 173 | - | 73 | 13 | 47 | 306 |
| At 31/03/14 | 876 | 57 | 139 | 32 | 11 | 1,114 |

Within the closing net book value there are £0.096m (2012/13, £0m) of assets under the course of construction which are yet to be depreciated.

10.b Group – Property, Plant and Equipment

| | Leasehold Improvement £'000 | Fixtures & Fittings £'000 | IT Equipment £'000 | Office Equipment £'000 | Other Equipment £'000 | Total £'000 |
|---|-----------------------------------|---------------------------------|--------------------------|------------------------------|-----------------------------|----------------|
| At Cost | | | | | | |
| At 01/04/12 | 1,398 | 4,095 | 3,306 | 89 | 18 | 8,906 |
| Additions | 55 | 977 | 702 | 17 | 61 | 1,812 |
| Disposals | (32) | (80) | (497) | (12) | – | (621) |
| At 31/03/13 | 1,421 | 4,991 | 3,511 | 95 | 79 | 10,097 |
| Additions | 950 | 706 | 413 | 40 | – | 2,109 |
| Disposals | – | (148) | (414) | – | (30) | (592) |
| Reclassification of assets from tangible to intangible | – | – | (708) | – | – | (708) |
| At 31/03/14 | 2,371 | 5,549 | 2,802 | 135 | 49 | 10,906 |
| Depreciation | | | | | | |
| At 01/04/12 | 1,069 | 3,105 | 2,502 | 83 | 6 | 6,765 |
| Charge for year | 114 | 535 | 444 | 13 | 26 | 1,132 |
| Depreciation on Disposal | (32) | (75) | (480) | (12) | – | (599) |
| At 31/03/13 | 1,151 | 3,565 | 2,466 | 84 | 32 | 7,298 |
| Charge for year | 279 | 551 | 395 | 21 | 17 | 1,263 |
| Depreciation on Disposal | – | (147) | (414) | – | (10) | (571) |
| Reclassification of assets from tangible to intangible | – | – | (373) | – | – | (373) |
| At 31/03/14 | 1,430 | 3,969 | 2,074 | 105 | 39 | 7,617 |
| Net Book Value | | | | | | |
| At 01/04/12 | 329 | 990 | 804 | 6 | 12 | 2,141 |
| At 31/03/13 | 270 | 1,425 | 1,045 | 13 | 47 | 2,799 |
| At 31/03/14 | 941 | 1,580 | 728 | 30 | 10 | 3,289 |

Within the closing net book value there are £0.096m (2012/13, £0m) of assets under the course of construction which are yet to be depreciated.

10.1.a UK Sport – Intangible Assets

| | Information Technology £'000 |
|--------------------------|---|
| At Cost | |
| At 01/04/12 | 1,134 |
| Additions | 153 |
| Disposals | - |
| At 31/03/13 | <u>1,287</u> |
| Additions | 266 |
| Disposals | (30) |
| At 31/03/14 | <u>1,523</u> |
| Amortisation | |
| At 01/04/12 | 790 |
| Charge for year | 222 |
| Amortisation on disposal | - |
| At 31/03/13 | <u>1,012</u> |
| Charge for year | 226 |
| Amortisation on disposal | (20) |
| At 31/03/14 | <u>1,218</u> |
| Net Book Value | |
| At 01/04/12 | <u>344</u> |
| At 31/03/13 | <u>275</u> |
| At 31/03/14 | <u>305</u> |

Within the closing net book value there are £0.058m (2012/13, £0.022m) of assets under the course of construction which are yet to be depreciated.

10.1.b Group – Intangible Assets

| | Information Technology £'000 |
|---|---|
| At Cost | |
| At 01/04/12 | 1,294 |
| Additions | 170 |
| Disposals | – |
| At 31/03/13 | 1,464 |
| Reclassification of assets from tangible to intangible | 708 |
| Additions | 579 |
| Disposals | (30) |
| At 31/03/14 | 2,721 |
| Amortisation | |
| At 01/04/12 | 817 |
| Charge for year | 256 |
| Amortisation on disposal | – |
| At 31/03/13 | 1,073 |
| Reclassification of assets from tangible to intangible | 373 |
| Charge for year | 403 |
| Amortisation on disposal | (20) |
| At 31/03/14 | 1,829 |
| NET BOOK VALUE | |
| At 01/04/12 | 477 |
| At 31/03/13 | 391 |
| At 31/03/14 | 892 |

11. Trade Receivables

| | UK Sport | | Group | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| Trade Receivables | 31 | 81 | 401 | 242 |
| Other Receivables | 102 | 37 | 54 | 32 |
| Other Taxation and Social Security | - | 41 | - | 41 |
| Prepayments and Accrued Income | 3,371 | 2,211 | 2,947 | 2,809 |
| Total | 3,504 | 2,370 | 3,402 | 3,124 |

Intra-government Balances

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Balances with Central Government bodies | 1,152 | 448 | 1 | 448 |
| Balances with Local Authorities and Police Authorities | 175 | 251 | 214 | 261 |
| Balances with Public Corporations and Trading Funds | - | - | - | - |
| Subtotal: intra-government balance | 1,327 | 699 | 215 | 709 |
| Balances with bodies external to government | 2,177 | 1,671 | 3,187 | 2,415 |
| Total | 3,504 | 2,370 | 3,402 | 3,124 |

All amounts fall due within one year.

The balance due from the UK Sport Lottery fund has been classified within balances with central government bodies.

12. Cash and Cash equivalents

| | UK Sport | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| Balance at 1 April | 727 | 1,702 | 1,531 | 2,437 |
| Net change in cash and cash equivalents | 368 | (975) | 3,506 | (906) |
| Balance at 31 March | 1,095 | 727 | 5,037 | 1,531 |

13.1 Trade and other payables

| | UK Sport | | Group | |
|------------------------------------|--------------|--------------|--------------|--------------|
| | 2013/14 | 2012/13 | 2013/14 | 2012/13 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade Payables | 493 | 978 | 2,168 | 1,819 |
| Other Payables | 7 | - | 509 | 10 |
| Corporation Tax | - | - | - | - |
| Other Taxation and Social Security | 178 | 135 | 588 | 455 |
| Accruals and Deferred Income | 1,587 | 803 | 2,895 | 1,178 |
| Finance Lease Agreements | - | - | 20 | - |
| Total | 2,265 | 1,916 | 6,180 | 3,462 |

Intra-government balances

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Balances with Central Government bodies | 561 | 199 | 897 | 444 |
| Balances with Local Authorities and Police Authorities | - | - | 999 | 23 |
| Balances with Public Corporations and Trading Funds | 122 | 118 | 129 | 118 |
| Subtotal: Intra-Government Balance | 683 | 317 | 2,025 | 585 |
| Balances with Bodies External to Government | 1,582 | 1,599 | 4,155 | 2,877 |
| Total | 2,265 | 1,916 | 6,180 | 3,462 |

All amounts fall due within one year.

13.2 Non current trade and other payables

| | UK Sport | | Group | |
|--------------------------|----------|----------|-----------|----------|
| | 2013/14 | 2012/13 | 2013/14 | 2012/13 |
| | £'000 | £'000 | £'000 | £'000 |
| Finance Lease Agreements | - | - | 38 | - |
| Total | - | - | 38 | - |

Intra-Government Balances

| | | | | |
|--|----------|----------|-----------|----------|
| Balances with Central Government Bodies | - | - | - | - |
| Balances with Local Authorities and Police Authorities | - | - | - | - |
| Balances with Public Corporations and Trading Funds | - | - | - | - |
| Subtotal: Intra-Government Balance | - | - | - | - |
| Balances with bodies external to government | - | - | 38 | - |
| Total | - | - | 38 | - |

All amounts fall due within one year.

14. Provision for Liabilities

| | UK Sport | | Group | |
|-------------------------|------------|------------|------------|------------|
| | 2013/14 | 2012/13 | 2013/14 | 2012/13 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening balance | 261 | 463 | 261 | 463 |
| Charge/(credit) in year | 707 | (202) | 707 | (202) |
| Closing balance | 968 | 261 | 968 | 261 |

Provision has been made in the accounts for the anticipated cost of making good any dilapidations at 40 Bernard Street at the end of the tenancy agreement.

Following UK Sport's relocation to 21 Bloomsbury Street WCB 3HF, there will be an onerous contract in regard to the lease held for the office premises at 40 Bernard Street WC1N 1QJ. An onerous lease provision has been raised in the year to reflect the scheduled rental payments until lease expiry on 31 January 2015.

Provision has been made in the accounts for the anticipated cost of making good any dilapidations on the Ground Floor of 21 Bloomsbury at the end of the tenancy agreement.

No provision has been made for the cost of making good dilapidations of the Lower Ground floor shared area of 21 Bloomsbury as a reliable estimate is not available.

15. Reconciliation of Operating Deficit to Cash Generated from operations

| | UK Sport | | Group | |
|--|-----------------|-------------------|-----------------|-------------------|
| | 2013/14 | 2012/13 | 2013/14 | 2012/13 |
| | £'000 | RESTATED £'000 | £'000 | RESTATED £'000 |
| Net expenditure before taxation and interest | (41,996) | (66,052) | (42,332) | (65,723) |
| Depreciation/Amortisation of Property, Plant and Equipment | 579 | 425 | 1,666 | 1,388 |
| Loss/Proceeds on Disposal of Property, Plant and Equipment | 30 | - | 31 | 24 |
| (Increase)/Decrease in Receivables | (1,134) | (907) | (278) | (1,151) |
| Increase/(Decrease) in Payables | 349 | (59) | 2,756 | 250 |
| Increase/(Decrease) in Provisions | 707 | (202) | 707 | (202) |
| Pension Scheme:Non Cash Movement | 260 | 159 | 619 | 519 |
| Net cash outflow from operations | (41,205) | (66,636) | (36,831) | (64,895) |

16. Financial Instruments

UK Sport has adopted IFRS 7 Financial Instruments and has undertaken a review of major contracts to identify transactions that require disclosure. The majority of 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 £43.020m or 81% (2012/13 £65.966m or 82%) of the Group's income derived from DCMS Grant-in-Aid and £0m or 0% (2012/13 £0.0m or 0%) from the Lottery Distribution Fund. The remaining balance of £10.035m or 19% (2012/13 £14.155m or 18%) 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. UK Sport's closing cash balance was £1.095m (2012/13 £0.727m).

Foreign Currency Risk

There is no material exposure to foreign exchange risk.

17. Superannuation Scheme – UK Sport

The majority of staff of UK Sport (Grant-in-Aid and Lottery) are 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 1.9.

The amounts disclosed in these accounts are the portion deemed apportioned to the Grant-in-Aid funded part of the scheme. All scheme members are or were employees of UK Sport. Thus the pension deficit recorded in the Lottery Accounts would become part of the Grant-in-Aid pension deficit if in the future there were no further Lottery revenues and the fund 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 £0.327m or 10.2% of pensionable pay (2012/13, £0.349m or 10.2%). An additional pension contribution of £0.117m (2012/13, £0.267m) was also made to reduce the pension liability in respect of prior years.

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31/03/13, with the next formal valuation due at 31/03/16. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date.

International Accounting Standard IAS19 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.

In June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013. This revised standard has been applied to the financial statements in 2013/14 and the prior year figures have been restated.

17.1 Pension Commitments

| Financial Assumptions | 2013/14 | 2012/13 |
|------------------------------|----------------|----------------|
| Price increases | 3.7% | 3.4% |
| Salary increases | 4.7% | 4.3% |
| Pension increases | 2.9% | 2.6% |
| Discount rate | 4.6% | 4.7% |

| Average future life expectancies at age 65: | Males (years) | Females (years) |
|--|--------------------------|----------------------------|
| Current pensioners | 23.0 | 25.2 |
| Future Pensioners | 25.2 | 27.5 |

17.2 Fair Value of Employers Assets

| | 31/03/14 | 31/03/13 |
|-------------------------------------|-----------------|-----------------|
| | Assets | Assets |
| | £'000 | £'000 |
| Equities | 7,156 | 9,208 |
| LDI/Cashflow matching | 811 | - |
| Target return funds | 4,051 | 1,262 |
| Alternative assets | - | 1,892 |
| Infrastructure | 540 | - |
| Commodities | 135 | - |
| Property | 405 | - |
| Cash | 405 | 252 |
| Total Fair Value of Assets | 13,503 | 12,614 |
| Present Value of Scheme Liabilities | (20,864) | (19,172) |
| Net Pension Liability | (7,361) | (6,558) |

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

| | 31/03/14 | 31/03/13 |
|-----------------------|-----------------|-----------------|
| | % | % |
| Equities | 53 | 73 |
| LDI/Cashflow matching | 6 | - |
| Target return funds | 30 | 10 |
| Alternative assets | - | 15 |
| Infrastructure | 4 | - |
| Commodities | 1 | - |
| Property | 3 | - |
| Cash | 3 | 2 |

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

| | 2013/14 | 2012/13 |
|---------------------------------------|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Current Service Cost | 685 | 752 |
| Net Interest on the defined liability | 287 | 330 |
| Administration expenses | 18 | 19 |
| Total | 990 | 1,101 |
| Actual Return on Plan Assets | 457 | 1,551 |

17.4 Remeasurements in Other Comprehensive Income:

| | 2013/14 | 2012/13 |
|---|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Return on plan assets in excess of interest | (142) | 1,055 |
| Other actuarial gains/(losses) on assets | 142 | - |
| Change in financial assumptions | (1,723) | (9) |
| Change in demographic assumptions | (289) | - |
| Experience loss on defined benefit obligation | 1,701 | (38) |
| Remeasurements | (311) | 1,008 |

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

| | 2013/14 | 2012/13 |
|--|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Opening defined benefit obligation | 19,172 | 17,568 |
| Current Service Cost | 685 | 752 |
| Interest Cost | 873 | 856 |
| Change in financial assumptions | 1,723 | 10 |
| Change in demographic assumptions | 289 | - |
| Experience loss/(gain) on defined benefit obligation | (1,701) | 38 |
| Estimated Benefits Paid net of transfers in | (363) | (257) |
| Contributions by scheme participants | 214 | 236 |
| Unfunded pension payments | (28) | (31) |
| Closing defined benefit obligation | 20,864 | 19,172 |

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

| | 2013/14 | 2012/13 |
|--|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Opening fair value of employers assets | 12,614 | 10,481 |
| Interest on assets | 599 | 476 |
| Return on assets less interest | (142) | 1055 |
| Administration expenses | (18) | (19) |
| Contributions by employer including unfunded | 436 | 672 |
| Contributions by scheme participants | 214 | 236 |
| Estimated benefits paid net of transfers in including unfunded | (391) | (287) |
| Other actuarial losses | 191 | - |
| Closing fair value of Employer assets | 13,503 | 12,614 |

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

| | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|---|----------------|----------------|----------------|----------------|----------------|
| | RESTATED | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fair Value of Employer Assets | 13,503 | 12,614 | 10,481 | 10,136 | 9,081 |
| Present Value of Defined benefit obligation | (20,864) | (19,172) | (17,568) | (13,353) | (14,255) |
| Surplus/(Deficit) | (7,361) | (6,558) | (7,087) | (3,217) | (5,174) |
| Experience gains/(losses) on assets | - | - | (591) | 197 | 1,672 |
| Experience gains/(losses) on liabilities | 1,701 | (38) | 13 | (712) | 316 |

1. In order to assess the actuarial value of the London Pensions Fund Authority Pension Fund's liabilities as at 31/03/14, 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 IAS19. 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.

2. It is not possible to assess the accuracy of the estimated liability as at 31/03/14 without completing a full valuation. However Barnett Waddingham are satisfied that the approach of rolling forward the previous valuation to 31/03/13 should not introduce any material distortions in the results provided that the actual experience of the Employer 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.

3. To calculate the asset share we 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 (GIA) accounts in accordance with accounting policy note 1.9.

17.8 Sensitivity

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

| | £'000 | £'000 | £'000 |
|---|----------------|-------------|----------------|
| Adjustment to discount rate | +0.10% | 0% | -0.10% |
| Present value of total obligation | 20,408 | 20,864 | 21,331 |
| Adjustment to long term salary increase | +0.10% | 0% | -0.10% |
| Present value of total obligation | 20,923 | 20,864 | 20,805 |
| Adjustment to pension increases and deferred revaluation | +0.10% | 0% | -0.10% |
| Present value of total obligation | 21,279 | 20,864 | 20,459 |
| Adjustment to mortality age rating assumption | +1 Year | None | -1 Year |
| Present value of total obligation | 20,229 | 20,864 | 21,499 |

18. Superannuation Scheme – EIS

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

The majority of the company's staff are members of the scheme.

The Pension Scheme is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £0.796m (2012/13: £0.693m).

Following advice of the consulting actuaries to the LPFA as at 31st March 2013 the English Institute of Sport Limited's employer contributions (as a percentage of pensionable salary) were increased from 9.1% to 12%.

In June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013. This revised standard has been applied to the financial statements in 2013/14 and the prior year figures have been restated.

A valuation for IAS 19 purposes as at 31st March 2014 was carried out by a qualified independent actuary.

The assumptions used by the actuary for IAS 19 valuation purposes were:

18.1 Pension Commitments

| Financial assumptions: | 2013/14 | 2012/13 |
|-------------------------------|----------------|----------------|
| | % | % |
| Price increases | 3.7 | 3.4 |
| Salary increases | 3.0 | 3.1 |
| Pension increases | 2.9 | 2.6 |
| Discount rate | 4.6 | 4.7 |

| Average future life expectancies at age 65: | Males | Females |
|--|----------------|----------------|
| | (years) | (years) |
| Current pensioners | 22.7 | 25.3 |
| Future pensioners | 24.9 | 27.6 |

18.2 Fair Value of Employer Assets

| | Value | Value |
|--------------------------------------|----------------|---------------|
| | £'000 | £'000 |
| Equities | 10,345 | 12,698 |
| LDI/Cashflow matching | 1,171 | - |
| Target Return Portfolio | 5,856 | 1,739 |
| Infrastructure | 781 | - |
| Commodities | 195 | - |
| Property | 586 | - |
| Alternative assets | - | 2,609 |
| Cash | 586 | 348 |
| Total market value of assets | 19,520 | 17,394 |
| Present value of scheme liabilities | (24,347) | (17,765) |
| Net pension asset/(liability) | (4,827) | (371) |

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:

| | 31/03/14 | 31/03/13 |
|-------------------------|-----------------|-----------------|
| | % | % |
| Equities | 53 | 73 |
| LDI/Cashflow matching | 6 | 0 |
| Target Return Portfolio | 30 | 10 |
| Infrastructure | 4 | 0 |
| Commodities | 1 | 15 |
| Property | 3 | 2 |
| Alternative assets | 0 | 0 |
| Cash | 3 | 0 |

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

| | 2013/14 | 2012/13 |
|---------------------------------------|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Service Cost | 1,141 | 1,032 |
| Net interest on the defined liability | - | 88 |
| Administration expenses | 26 | 24 |
| Total | 1,167 | 1,144 |
| Actual Return on Scheme Assets | 647 | 2,112 |

18.4 Remeasurements recognised in Other Comprehensive Income:

| | 2013/14 | 2012/13 |
|---|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Return on plan assets in excess of interest | (202) | 1,436 |
| Other actuarial gains on assets | 128 | - |
| Change in financial assumptions | (2,365) | 384 |
| Change in demographic assumptions | (329) | - |
| Experience loss on defined benefit obligation | (1,305) | - |
| Remeasurements | (4,073) | 1,820 |

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

| | 2013/14 | 2012/13 |
|---|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Opening defined benefit obligation | 17,765 | 15,830 |
| Current Service cost | 1,141 | 1,032 |
| Interest cost | 849 | 764 |
| Change in financial assumptions | 2,365 | (384) |
| Change in demographic assumptions | 329 | - |
| Experience loss on defined benefit obligation | 1,305 | - |
| Estimated benefits paid in excess of transfers in | (7) | (9) |
| Contributions by scheme participants | 600 | 532 |
| Closing defined benefit obligation | 24,347 | 17,765 |

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

| | 2013/14 | 2012/13 |
|---|---------------|-------------------|
| | £'000 | RESTATED £'000 |
| Opening fair value of employers assets | 17,394 | 14,089 |
| Interest on assets | 849 | 676 |
| Return on assets less interest | (202) | 1,436 |
| Other actuarial gains/(losses) | 128 | - |
| Administration expenses | (26) | (24) |
| Contributions by employer including unfunded | 783 | 694 |
| Contributions by participants | 600 | 532 |
| Estimated benefits paid plus unfunded net of transfers in | (7) | (9) |
| Closing fair value of Employers assets | 19,519 | 17,394 |

18.7 History of Experience Gains and Losses

| | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|---|----------------|-------------------|----------------|--------------|----------|
| | £'000 | RESTATED £'000 | £'000 | £'000 | £'000 |
| Fair value of Employer Assets | 19,520 | 17,394 | 14,089 | 12,683 | 10,610 |
| Present Value of Defined benefit obligation | (24,347) | (17,765) | (15,830) | (11,357) | (10,607) |
| Surplus/(Deficit) | (4,827) | (371) | (1,741) | 1,326 | 3 |
| Experience gains/(losses) on assets | - | - | (766) | (147) | 1,708 |
| Experience gains/(losses) on liabilities | (1,305) | - | - | (1,450) | - |

18.8 Sensitivity:

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

| | £'000 | £'000 | £'000 |
|---|----------------|-------------|----------------|
| Adjustment to discount rate | +0.10% | 0% | -0.10% |
| Present value of total obligation | 23,596 | 24,347 | 25,123 |
| Adjustment to long term salary increase | +0.10% | 0% | -0.10% |
| Present value of total obligation | 24,501 | 24,347 | 24,194 |
| Adjustment to pension increases and deferred revaluation | +0.10% | 0% | -0.10% |
| Present value of total obligation | 24,981 | 24,347 | 23,736 |
| Adjustment to mortality age rising assumption | +1 Year | None | -1 Year |
| Present value of total obligation | 23,613 | 24,347 | 25,081 |

19. Group Pension Amounts

| | Note | 2013/14 £'000 | 2012/13 RESTATED £'000 |
|--|------|------------------|------------------------------|
| Pension Assets/(Liabilities) UK Sport | 17.2 | (7,361) | (6,558) |
| Pension Assets/(Liabilities) EIS | 18.2 | (4,827) | (371) |
| Total Pension Assets/(Liabilities) Group | | (12,188) | (6,929) |
| Pension scheme remeasurements UK Sport | 17.4 | (311) | 1,008 |
| Pension scheme remeasurements EIS | 18.4 | (4,073) | 1,820 |
| Total Pension scheme remeasurements Group | | (4,384) | 2,828 |
| Net interest on the defined liability UK Sport | 17.3 | (287) | (330) |
| Net interest on the defined liability EIS | 18.3 | - | (88) |
| Total net interest on the defined liability Group | | (287) | (418) |

20. Commitments under Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods. Comparative figures for 2012/13 have been restated to include purely those costs that relate to the operating lease.

| | UK Sport | | Group | |
|---|--------------|------------|--------------|--------------|
| | 2013/14 | 2012/13 | 2013/14 | 2012/13 |
| | RESTATED | | RESTATED | |
| | £'000 | £'000 | £'000 | £'000 |
| Obligations under operating leases comprise: | | | | |
| Buildings | | | | |
| Not later than one year | 462 | 528 | 1,052 | 531 |
| Later than one year not later than five years | 1,591 | 440 | 2,764 | 440 |
| Later than five years | 1,577 | - | 1,577 | - |
| Other | | | | |
| Not later than one year | - | - | 16 | 14 |
| Later than one year not later than five years | - | - | 38 | 50 |
| Later than five years | - | - | - | - |
| Total | 3,630 | 968 | 5,447 | 1,035 |

21. Grant Commitments

On the undertaking that funds are to be provided by DCMS, UK Sport at 31/03/14 had entered into commitments to pay grants to governing bodies in respect of their approved programmes in the following years (these commitments at 31/03/14 have not yet been recognised in the Statement of Comprehensive Net Expenditure Account nor Statement of Financial Position). Group commitments include commitments by TdfHUB2014 Limited.

| | UKS | | Group | |
|---------|------------------|------------------|------------------|------------------|
| | 2013/14 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2012/13 £'000 |
| 2013/14 | - | 7,571 | - | 7,571 |
| 2014/15 | 27,208 | 6,234 | 28,937 | 6,234 |
| 2015/16 | 24,243 | 4,510 | 24,243 | 4,510 |
| 2016/17 | 24,178 | 4,991 | 24,178 | 4,991 |
| | <u>75,629</u> | <u>23,306</u> | <u>77,358</u> | <u>23,306</u> |

22. Prior year adjustments

June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013.

This revised standard has been applied to the financial statements in 2013/14 and the prior year figures have been restated, and the impact is as follows:

| | UK Sport 2012/13 | | Group 2012/13 | |
|---------------------------------------|-------------------|--------------------|-------------------|--------------------|
| | Restated £'000 | Disclosed £'000 | Restated £'000 | Disclosed £'000 |
| Staff Costs | 5,221 | 5,202 | 16,132 | 16,089 |
| Net interest on the Pension Liability | 330 | - | 418 | - |
| Net return on Pension Assets | - | 180 | - | 76 |
| Actuarial Gain | - | (855) | - | (2,459) |
| Pension scheme remeasurements | (1,008) | - | (2,828) | - |
| Other movements in reserves | (16) | - | (16) | - |
| Total | 4,527 | 4,527 | 13,706 | 13,706 |

There is no impact on the statement of financial position.

23. Events after the Reporting Period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

24.1 Related Party Transactions

UK Sport is a Non-Departmental Public Body sponsored by DCMS. The DCMS is regarded as a related party. During the period of 01/04/2013 to 31/03/2014, UK Sport had various material transactions with the departments and with the Sports Councils for the home countries.

As a matter of policy and procedure, Council members, Award Panel members and staff maintain publicly available registers of interests and declare any interests and declare any direct interests in grant applications made to UK Sport and any commercial relationships with the Council. If any member has an interest in an application, they exclude themselves from the grant appraisal discussion and decision process within the Council.

The following table details UK Sport's related party transactions for the year which are on an arm's length basis.

The United Kingdom Sports Council Grant-in-Aid and Lottery Distribution Fund
Report and Accounts for the Year Ended 31 March 2014

| Related Party | Nature of Transaction | Amounts (£) |
|--|---|--------------------|
| Elisabeth Astall (Board Member of UK Sport) – Member of British Eventing Limited | Delegate fees charged to British Eventing Limited | 66 |
| Nick Bitel (Board Member of UK Sport) – Solicitor for England and Wales Cricket Board (EWCB) | Delegate fees charged to EWCB | 632 |
| | Elite programme fees charged to EWCB | 12,000 |
| | Recharged expenditure from EWCB | 119 |
| Nick Bitel (Board Member of UK Sport) – Chair of Sport England | Recharged expenditure from Sport England | 517,041 |
| Nick Bitel (Board Member of UK Sport) – Spouse is a Coach & Member at Lawn Tennis Association (LTA) | Recharged expenditure to LTA | 66 |
| | Delegate fees charged to LTA | 750 |
| | AMS fees charged to LTA | 50,169 |
| Mark Hanson (Board Member of UK Sport) – Ex-Non-executive Board Director of Modern Pentathlon Association Great Britain (MPAGB) | Delegate fees charged to MPAGB | 750 |
| | Recharged expenditure to MPAGB | 102 |
| | Grant funding to MPAGB | 6,000 |
| Brian Henning (Board Member of UK Sport) – Chair of Sport Northern Ireland | Recharged expenditure from Sport Northern Ireland | 2,525 |
| Craig Hunter (Audit committee member of UK Sport) - Director of Governance & Compliance Services and Sports Management Consultancy, VERSEC Limited | Fees invoiced from VERSEC Limited | 1,063 |
| | Recharged expenditure from VERSEC Limited | 287 |
| Craig Hunter (Audit Committee Member of UK Sport) – Independent director of British Swimming | Recharged expenditure to British Swimming | 165 |
| | Delegate fees charged to British Swimming | 3,825 |
| | AMS fees charged to British Swimming | 1,224 |
| | Grant funding to British Swimming | 580,752 |
| | Recharged expenditure from British Swimming | 180 |
| Philip Kimberley (Board Member of UK Sport) – Director of SportsCoach UK | Grant funding to Sports Coach UK | 800,000 |
| | Recharged expenditure to Sports Coach UK | 1,000 |
| Philip Kimberley (Board Member of UK Sport) – DCMS appointed Board Member of TDFHUB2014 Limited | Grant funding to TDFHUB2014 Limited | 3,359,749 |
| Philip Kimberley (Board Member of UK Sport) – Chair of England Hockey | Grant Funding to England Hockey | 13,415 |
| | Delegate Fees charged to England Hockey | 1,752 |
| | Recharged expenditure to UK Sport | 120 |

The United Kingdom Sports Council Grant-in-Aid and Lottery Distribution Fund
Report and Accounts for the Year Ended 31 March 2014

| Related Party | Nature of Transaction | Amounts (£) |
|---|---|--------------------|
| Louise Martin (Board Member of UK Sport) – Elected Member (Honorary Secretary General) of Commonwealth Games Federation | Grant funding to the Commonwealth Games Federation | 75,000 |
| Louise Martin (Board Member of UK Sport) – Chair of Sport Scotland | Delegate fees charged to Sport Scotland | 2,000 |
| | Contribution for leading edge programme charged to Sport Scotland | 30,000 |
| | Grant funding to Sport Scotland | 188,069 |
| Professor Laura McAllister (Board Member of UK Sport) – Chair of Sport Wales | Delegate fees charged to Sport Wales | 1,500 |
| | Recharged expenditure to Sport Wales | 207 |
| | Recharged expenditure from Sport Wales | 428 |
| | Grant funding to Sport Wales | 40,000 |
| Peter Rowley (Audit Committee Member of UK Sport) – Sport England Board Member and Regional Champion for Community Sport, Sport England | Recharged expenditure from Sport England | 517,041 |
| Peter Rowley (Audit Committee Member of UK Sport) – Chairman and Director of British Weightlifting | Delegate fees charged to British Weightlifting | 500 |
| Joseph Ryan (Audit Committee Member of UK Sport) – Non-executive Board Director and Honorary Treasurer & Chair of Finance Risk and Governance Board of Badminton England | Delegate fees charged to Badminton England | 1,000 |
| | Fees invoiced to Badminton England | 75 |
| Sarah Springman (Board Member of UK Sport) – Senior International Postholder of British Triathlon | Delegate Fees charged to British Triathlon | 2,370 |
| | Recharged expenditure to British Triathlon | 45 |
| | AMS fees charged to British Triathlon | 1,224 |
| | Grant funding to British Triathlon | 94,533 |
| Sarah Springman (Board Member of UK Sport) – Member of British Rowing | Delegate Fees charged to British Rowing | 2,120 |
| | Recharged Expenditure to British Rowing | 120 |
| | Recharged Expenditure from British Rowing | 988 |
| | Grant funding to British Rowing | 1,627,634 |
| Sarah Springman (Board Member of UK Sport) – Director of the English Institute of Sport Simon Timson (Director of UK Sport) – Director of the English Institute of Sport | Delegate fees charged to EIS | 6,875 |
| | Recharged expenditure to EIS | 307,032 |
| | Fees invoiced from EIS | 20,337 |
| | Grant funding to EIS | 13,234,023 |

24.2 Related Party Transactions

TDFHUB2014 Limited became a subsidiary of UK Sport in July 2013.

The following table details TDFHUB2014 Limited's related party transactions (excluding those with UK Sport) for the year which are on an arm's length basis.

| Related Party | Nature of Transaction | 2013/14 £ |
|--|--|----------------------|
| Ben Plowden (Board member of TDFHUB2014 Limited) – Employee of Transport for London | Grant funding to Transport for London | 492,000 |
| Gary Verity (Board member of TDFHUB2014 Limited) – Director of Welcome to Yorkshire | Fees charged for services provided by Welcome to Yorkshire | 237,124 |
| Councillor Keith Wakefield (Board member of TDFHUB2014 Limited) – Leader of Leeds City Council | Payments have been made to Leeds City Council for services provided to the company | 320,098 |

25. Subsidiary Undertakings

English Institute of Sport

UK Sport was given responsibility for the EIS in April 2006.

The following results of EIS have been included in the consolidated results:

| | 2013/14 | 2012/13 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Income and Expenditure | | |
| Income and Expenditure | 20,107 | 17,003 |
| Administrative expenses | (20,477) | (17,341) |
| Operating surplus | (370) | (338) |
| Interest receivable | 165 | 105 |
| Interest payable and similar charges | (2) | - |
| Surplus on ordinary activities before taxation | (207) | (233) |
| Tax on surplus on ordinary activities | - | - |
| Surplus for the financial year | (207) | (233) |
| Net assets as at 31 March | | |
| | 31/03/14 | 31/03/13 |
| | £'000 | £'000 |
| Property, plant and equipment | 2,174 | 2,491 |
| Intangible assets | 587 | 116 |
| Current assets | 2,787 | 1,626 |
| Payables: falling due within one year | (2,842) | (1,594) |
| Total assets less current liabilities | 2,706 | 2,639 |
| Payables: falling due after more than one year | (38) | - |
| Deferred income | (2,719) | (2,676) |
| Net liabilities excluding pension asset | (51) | (37) |
| Defined benefit pension scheme asset | (4,828) | (371) |
| Net assets/liabilities including pension asset | (4,879) | (408) |
| Reserves | - | - |
| Revenue reserve | (4,879) | (408) |

The above figures have been presented on a gross basis as per the EIS annual accounts prior to intercompany eliminations and alignment adjustments.

26. Subsidiary Undertakings

TDFHUB2014 Limited

UK Sport was given responsibility for TDFHUB 2014 Limited in July 2013.

The following results of the company have been included in the consolidated results:

| | 2013/14 |
|--|----------------|
| | £'000 |
| Income and Expenditure | |
| Income | 2,295 |
| Expenditure | (2,295) |
| Operating surplus | <u>-</u> |
| Interest receivable | - |
| Interest payable and similar charges | - |
| Surplus on ordinary activities before taxation | <u>-</u> |
| Tax on surplus on ordinary activities | - |
| Surplus for the financial year | <u>-</u> |

Statement of Financial Position

| | 31/03/14 |
|---------------------------------------|-----------------|
| | £'000 |
| Property, plant and equipment | - |
| Intangible assets | - |
| Current assets | 2,206 |
| Payables: falling due within one year | (2,206) |
| Total assets less current liabilities | <u>-</u> |
| Reserves | <u>-</u> |
| Revenue reserve | <u>-</u> |

The above figures have been presented on a gross basis prior to inter-company eliminations taking place within the group accounts.



**The United Kingdom Sports Council
Lottery Distribution Fund
Accounts for the year ended 31 March 2014**

Statement of the Board and Chief Executive's Responsibilities

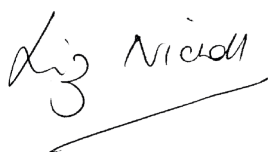
Under section 35(2) and (3) of the National Lottery etc. Act 1993 the UK Sports Council is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis except in relation to the recognition of commitments and must show a true and fair view of the state of affairs of the UK Sport Lottery Fund distribution activities at the period end and of its income and expenditure and cash flows for the financial period.

In preparing the accounts The United Kingdom Sports Council is required to:

- Observe the accounts directions issued by the Secretary of State, including the relevant accounting and disclosure requirements; apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that UK Sport will continue in operation.

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

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.



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014

Governance Statement

1. Purpose

This statement outlines how I, as Accounting Officer, have discharged my responsibility to manage and control the organisation's resources during the course of 2013/14. As set out in *Managing Public Money*, the Governance Statement provides a clear overview of the dynamics of UK Sport and its control structure, provides a sense of how vulnerable the organisation is or might be; and how successful it has been in coping with the challenges it has faced through the course of the year.

2. Governance Framework

UK Sport was established in 1996 by Royal Charter as an Arm's Length Body (ALB) to the Department for Culture, Media and Sport. The formal relationship between the department and UK Sport is encapsulated in a Framework Document between the two organisations. This document sets out the broad framework within which UK Sport should operate. Copies of the document and any subsequent amendments are placed in the libraries of both Houses of Parliament and made available to members of the public on the UK Sport website.

UK Sport's constitution is set out in Article One of the Royal Charter, with the Secretary of State (and other members of the DCMS ministerial team) accounting for UK Sport's business in Parliament. My respective responsibilities as Accounting Officer are set out in Chapter Three of *Managing Public Money*. UK Sport is also compliant with the Corporate Governance Code as applied to an arm's length body via the relevant principles set out in *Corporate governance in central government departments: Code of good practice 2011* and also the Lottery Financial Directions.

2.1 Board structure

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. Baroness Campbell's second term as Chair finished in April 2013, and she was succeeded, following open recruitment, by Rod Carr. The Board consists of the Chair and nine members, five independent and four representatives of the Home Nation Sports Councils. Collectively they have the skills and experience appropriate to direct UK Sport's business.

During this reporting year there have been a number of changes of personnel on our Board. Rod Carr's appointment as Chair created a vacancy and after an extension to his second term (agreed by Secretary of State) Chris Holmes stood down in June 2013. Lis Astall and Sarah Springman were appointed to the Board in time for our December 2013 meeting. Mark Hanson (an independent Board member who was appointed as Deputy-Chair in 2013) notified us, in January 2014, of a change of circumstances that required him to resign from his position (staying on until the March Board meeting). Neil Chugani has subsequently been appointed and has joined the Board from April 2014. All appointments to the Board have been made following open recruitment.

The Board has an established Group Audit Committee to support them in their responsibilities for issues of risk, control and governance. Following the review of the governance arrangements of UK Sport's subsidiary (the English Institute of Sport Ltd) in 2013, the terms of reference for the Committee were reviewed mid-year and subsequent revisions, intended to broaden the scope of the Committee to encompass responsibilities for the Institute as well, were approved by the Board in September 2013.

The Audit Committee advises the Board and Accounting Officer on:

- the strategic processes for risk, control and governance (and the Governance Statement);
- the accounting policies, the Annual Report and Accounts;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity;
- the effectiveness of internal and external audit; and
- assurances relating to the corporate governance requirements for the organisation.

Further to this, three standing sub-committees of the Board exist:

- Remuneration Panel – ensuring employment matters in UK Sport are dealt with professionally.
- Major Events Panel – providing advice around the development/delivery of UK Sport’s Major Events Programme.
- Mission Control Panel – providing oversight of UK Sport’s Mission Control process.

A fourth sub-committee has also been established, but is only intended to be convened when necessary. The Funding Eligibility Committee met once within the year (July 2013) to consider the case of an individual athlete’s eligibility to receive funding.

2.2 Subsidiary Companies

UK Sport currently has two (trading) subsidiary companies:

English Institute of Sport – 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 Comptroller and Auditor General.

A number of measures are in place to provide me with assurance as to the activities/operations of the EIS. The EIS is bound by a Funding Agreement (alongside a separate Financial Memorandum). Key Performance Indicators are agreed annually and progress against these is reviewed quarterly by the National Director and Director of Business and Finance at the EIS and the Chief Operating Officer and Performance Director from UK Sport. Separate (but reporting into) these quarterly reviews, budget/forecast meetings are held between our Investment Team and the Director of Business and Finance at the Institute. Also, as referred to above, the Terms of Reference for the UK Sport Audit Committee were extended to encompass Group-wide responsibilities from November 2013 (to include the EIS).

Following the review of governance arrangements between UK Sport and the Institute undertaken in 2012 the following further recommendations were implemented in the course of 2013:

- the re-profiling of the skills mix around the EIS Board to a more technical focus to better consider the specialist nature of activity undertaken by the Institute;
- the addition of both a UKS Board member (Sarah Springman) and the UKS Performance Director (Simon Timson) as Board members of the Institute; and
- that the Chair of the EIS attend the UK Sport Board (January 2014) as an observer.

TDFHUB 2014 – TDFHUB2014 Limited is a subsidiary of UK Sport. It was established to deploy £10m of Central Government funding towards hosting the Tour de France 2014 Stages 1 to 3 and to liaise with Leeds City Council, Welcome to Yorkshire and other local and regional authorities hosting the Tour de France 2014 route. The documents governing the relationship between UK Sport and the TDFHUB2014 Limited are set out within the company’s Articles of Association, Major Events Funding Agreement, between UK Sport and TDFHUB2014 Limited, and Collaboration Agreement between UK Sport, TDFHUB2014 Limited, Leeds City Council and Welcome to Yorkshire.

UK Sport appointed a Major Events Consultant specifically for TDF to be responsible for ‘on the ground’ assurance over our investment and who attends many of the key operational meetings and strategic boards. UK Sport’s Director of Major Events & International Relations has also met with the CEO of TDFHUB2014 Ltd and DCMS officials every two weeks to review progress. UK Sport and DCMS have a formal representative and an observer who sit on both the TDF Board and the Audit Committee to scrutinise decision-making. UK Sport Board receives regular updates from TDFHUB2014 Ltd.

2.3 Board/Committee Effectiveness

Our Board met six times in 2013/14 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 is tabulated below. The attendance for the March meeting is the 18th March meeting which covered the standing agenda items. The Board also met twice more exceptionally during March 2014, to hear representations from Sports following the Annual Investment Review decisions.

The United Kingdom Sports Council Grant-in-Aid and Lottery Distribution Fund
Report and Accounts for the Year Ended 31 March 2014

| 2013/14 | May | June | Sept | Dec | Jan | March | |
|------------------|------------|-------------|-------------|------------|------------|--------------|-----|
| Rod Carr | Y | Y | Y | Y | Y | Y | 6/6 |
| Lis Astall | - | - | - | Y | Y | Y | 3/3 |
| Nick Bitel | Y | Y | Y | Y | Y | Y | 6/6 |
| Mark Hanson | Y | Y | Y | Y | Y | Y | 6/6 |
| Brian Henning | Y | Y | Y | Y | Y | N | 5/6 |
| Chris Holmes | Y | Y | - | - | - | - | 2/2 |
| Philip Kimberley | Y | Y | Y | Y | Y | N | 5/6 |
| Louise Martin | N | Y | Y | Y | Y | Y | 5/6 |
| Laura McAllister | Y | Y | N | Y | Y | Y | 5/6 |
| Sarah Springman | - | - | - | N | Y | Y | 2/3 |
| Jonathan Vickers | Y | Y | Y | Y | Y | Y | 6/6 |

During the course of the year, the Board reviewed both its purpose (within the context of the Royal Charter and the National Lottery Directions) and matters reserved for its consideration. At their March 2014 meeting they received a single, consolidated Terms of Reference, encapsulating their responsibilities.

Planning is underway for a thorough review of Board effectiveness in June 2014 (with the quantitative research being undertaken in May). It was decided that this would be best undertaken once the new Chair and members were in post (i.e. post December 2013). The last review took place in 2012/13. A skills audit was undertaken in the early part of 2013 to inform the recruitment/selection process for new members to the Board and has been maintained to include the new Board members appointed.

The Audit Committee undertook an effectiveness review at their September 2013 meeting. Actions agreed from this review are monitored through an Audit Committee Self-Assessment Action Tracker. The attendance profile for the Committee is presented below:

| | May 2013 | June 2013 | September 2013 | November 2013 | March 2014 | |
|-------------------------|-----------------|------------------|------------------------|-----------------------------|-------------------|-----|
| Malcolm Cornberg | Y | N | Y | Term ended (September 2013) | - | 2/3 |
| Jonathan Vickers | Y | Y | Y | Y | Y | 5/5 |
| Philip Kimberley | Y | Y | Y | Y | N | 4/5 |
| Joseph Ryan | Y | N | Y | N | Y | 3/5 |
| Chris Holmes | Y | Y | Term ended (June 2013) | - | - | 2/2 |
| Peter Rowley | Y | N | Y | Y | Y | 4/5 |
| Lis Astall | - | - | - | N | Y | 1/2 |
| Craig Hunter | - | - | - | - | Y | 1/1 |

2.4 Executive responsibilities

My responsibilities as Accounting Officer for UK Sport are set out in full in the 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 Audit Committee to ensure any significant risks/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 2013 to the date of approval of the annual report and accounts.

Our Director of Finance, Investment and Business Services left the organisation in September 2013. Interim arrangements were put in place whilst we recruited to fill the vacancy, with the existing Head of Finance and Investment acting up to Director, and the Chief Operating Officer (COO) taking overall responsibility for the co-location project. Following an internal process Sophie du Sautoy was appointed Director of Finance, Investment and Business Services in April 2014. For any periods of absence during the year I have delegated my Accounting Officer responsibilities to the COO.

Individual named directors have responsibility for all policies and procedures pertaining to the Internal Governance of the organisation with the Chief Operating Officer and Director of Finance, Investment and Business Services having operational responsibility for the over-arching control environment within which we operate (including our risk management processes).

3. SYSTEM OF INTERNAL CONTROL

One significant issue of internal control was identified/acted upon in 2013/14 relating to the temporary loss of staff payslips – details of this incident (and how it was managed) are included in Section 3.4 of this statement. A number of other risks were either realised or required managing through the year. This was successfully achieved within the Internal Control processes described hereafter and through our overarching Policy on 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) has been in place since 2007 to promote focus on the most significant risks facing the organisation. The register underwent a significant review in the first quarter of 2013/14.

An Internal Audit of Risk Management was undertaken by our internal auditors in March 2013, with a final report published in May 2013. The report found that *"UK Sport's framework for risk management... provides **substantial assurance** that risks material to the achievement of UK Sport's objectives in respect of this area are adequately managed and controlled."* A separate "advisory review" of UK Sport's compliance with the Bribery Act (versus the six principles outlined in the Ministry of Justice guidance to the Bribery Act) was undertaken in October 2013, and whilst recommendations to strengthen the control environment were made it was recognised that the procedures in place are proportionate to the potential risk.

UK Sport operates a wide ranging System of Internal Control. Independent to UK Sport, assurance is provided by both internal and external audit functions. Key to the control environment is our:

- approach to managing risk; and our
- policy/procedure framework (incl. scheme of delegated authority).

At its meeting in November 2013 the Audit Committee agreed to renew our Internal Audit contract with Mazars for one year and that a joint procurement exercise be run with Sport England in 2014, with the intention of commencing a new, joint contract from April 2015. The National Audit Office remains External Auditors to UK Sport.

3.1 Risk Profile for 2013/14

Our appetite to risk flexes according to individual circumstance and situation, and by team (due to the nature/type of their work). By nature, as an NDPB operating within the wider governmental control environment, 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. When required this is done in a calculated and informed way, with implications and benefits considered, prior to decisions being taken.

Where significant risks are recognised and accepted then potential impacts are identified and corresponding scenario plans, with mitigating actions developed.

- In December 2013 our Board considered a paper on risks and opportunities that some of the World Class Programmes (WCPs) present to the achievement of UK Sport's Mission and our goal of building on success in London 2012, being the first nation in recent history to win more Olympic and Paralympic medals post hosting, focusing on a target of at least 66 Olympic medals and 121 Paralympic medals. As a result adjustments were made to the published implications of Investment Principles 4,5, and 6 enabling a more agile and effective management of WCPs where new intelligence suggests they are at risk of not achieving their multi-medal Rio targets. It also enabled rapid realisation of new opportunities by UK Sport to enhance the likelihood of achieving the Rio Mission.
- Following receipt of confirmation from the Secretary of State (SoS) in January 2013 that the proposed merger between ourselves and Sport England did not need to proceed, we have been working closely with Sport England throughout 2013 to ensure that the required efficiencies and closer working between the two bodies were progressed. Officers at the department approved our Shared Service plan in November 2013 and co-location is on schedule for early Summer 2014. The SoS's requirements will form part of the Triennial Review of UK Sport scheduled for later in 2014.
- Prioritisation of resources has continued to be an area of focus and close monitoring. Lottery income for 13/14 has been lower than 12/13 and a factor in this reduction was an adjustment to the National Lottery Distribution Fund (by the Gambling Commission) to divert monies to launch the new game.
- Staff turnover has been under constant review during 2013/14 peaking at 30% in December 2013 (inclusive of completion of fixed-term contracts, the TUPE transfer of six staff to the EIS, redundancies and some further vacancies created as a consequence of some internal candidates being appointed to advertised roles). Our Board has monitored this situation closely and members were re-assured by the actions taken and planned. Whilst it will take several months for the higher than normal turnover experienced in the mid-part of 2013 to work its way through a 12-month rolling average, we finished the year on 24%.

Looking ahead to the future the key risks to UK Sport are as follows:

- As a result of a number of factors (incl. revised DCMS Lottery projections, the continued growth in success of the Winter Olympic and Paralympic sports and the emergent need to be more analytical/interventionist in our approach to the WCP to maximise potential returns amongst others) our resources, both financial and human have come under increasing pressure. From a financial perspective this is managed through regular review and adjustment of our 13-17 Financial Plan (including Lottery Balance). In March 2014 Board agreed a number of measures, including £5.3m of savings and an "in-principle" release (if required) from the lottery balance of £4.6m. Lottery income continues to be monitored.
- Over the course of 2013 a number of new posts were created with the Performance Directorate to support our Mission, Strategy and Analysis activity. It has become increasingly apparent that this is an area that we need to grow further (both capacity and systems) if we wish to continue to build on the success of Beijing, London and Sochi. To support this we are currently seeking an extension to our agreed headcount with DCMS for the years 14/15 and 15/16.
- Following our Annual Investment Review (AIR) decisions in January 2014, the Board heard representations from seven sports, with investment adjustments being made to two. One sport (Synchronised Swimming) has subsequently decided to formally appeal against the Board's decision to withdraw its investment. This appeal is expected to be heard in the Summer of 2014.

Work is continuing to further consider/evaluate the above risks to agree how to approach them and to develop and implement the mitigating action plan required.

3.2 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. Focus has been given in 2013/14 to reviewing and updating a number of these to ensure they are current with both statutory/legislative requirements and recognised best practice. Staff also have access to a fraud and anti-bribery policy,

and regular awareness campaigns are run around these issues. The following internal policies (and associated procedures) have been reviewed within the reported year:

- Budgetary Control
- Cash Management
- Communications Systems Policy and Procedure
- Delegated Authority
- Document Retention
- Eye Sight Testing
- Fixed Assets
- GPC and VISA
- Healthy Lifestyle
- Information Data Security
- Learning and Development
- Parental Leave Policy
- Paternity Leave
- Personal Information
- Probation
- Purchase to Pay
- Sales Invoicing
- Travel and Expenses
- Whistleblowing Policy
- Work Experience (Guide and Policy)

3.3 Independent Assurance

3.3.1 Internal Audit

Internal Audit for 2013/14 was provided under contract by Mazars. The Internal Audit Plan for the year was approved by the Audit Committee at its May meeting. The plan was for a total of 62 days (2012/13 70 days planned). Seven specific audits have been completed and reported to Audit Committee.

- APA Online – Data Security (Substantial)
- Core Financial Systems (Substantial)
- Information Security and Data Management (Adequate)
- Corporate Governance and Risk Management – Bribery Act (Advisory)
- Strategic and Corporate Planning – Performance Information/Monitoring (Advisory)
- HR – Learning and Development (Substantial)
- English Institute of Sport (EIS): HR – Recruitment (Limited)

Further to these, “follow-up” visits on previously audited areas have also been undertaken. Across the seven audits (and two follow ups), one Priority 1 recommendation has been made (in relation to Disclosure and Barring Service (DBS) checks within the EIS recruitment process) and 11 Priority 2.

Certain weaknesses and exceptions have been highlighted by the audit work, only one of which (Disclosure and Barring Service (DBS) checks) was deemed fundamental in nature. These matters have been discussed with management, and a number of recommendations have been made. All of these have been, or are in the process of being addressed.

3.3.2 External Audit

The audit of UK Sport’s Annual Report and Accounts for the year ended 31 March 2013 was completed in June 2013. Within the Independent Auditors Report no matters of interest were identified.

3.3.3 Assurance of Grant Funding Awards made by UK Sport to National Governing Bodies

Moore Stephens carry out onsite audits and also assess the annual self-assurance submissions of NGBs and system partners under a joint contract with Sport England. Onsite audits are based on the opinion of independent auditors, and reflect the current status of an organisation's governance, risk and control frameworks at a given time. Self-Assurance is different in that users self-assess themselves against a range of governance criteria providing a rating against their progress in meeting their criteria. UK Sport and Sport England officers meet quarterly with Moore Stephens staff to review progress and manage any operational issues. In addition to the audit and assurance programmes, UK Sport and Sport England piloted an offline self-assurance process for a limited number of joint and sole funded bodies this year. In this, the organisations self-assessed themselves against a similar framework as the full online process on a 'comply or explain' basis, making a declaration as to whether they had achieved full assurance.

A total of fourteen onsite audits were undertaken by Moore Stephens during the year. As at 31 March 2014 the outcomes of these were as follows:

| Status | No. | Green | Grn/ Amber | Amber/ Red | Red |
|---------------------|-----|-------|---------------|---------------|-----|
| Final Report Issued | 7 | 0 | 3 | 4 | 0 |
| Draft Report Issued | 7 | 0 | 5 | 2 | 0 |

Recommendations arising from the audits were wide ranging and reflective of the extent of constitutional and organisational changes taking place in funded bodies at present. UK Sport is working closely with each organisation following their onsite audit to ensure that recommendations are implemented, and supporting them as they develop their organisational structures and enhance their governance and control frameworks.

Within 2013/14 all funded NGBs and system partners (who were not receiving an onsite audit during the same period) undertook either the online or offline Self-Assurance process. The following assurance ratings were received:

| Audit-type | No. | Green | Amber | Red |
|------------|-----|-------|-------|-----|
| Online | 20 | 18 | 2 | 0 |
| Offline | 6 | 6 | 0 | 0 |

Our agreed performance target with the DCMS was for 65% of UK Sport's funded NGBs/funded partners to achieve an (independently audited) Green self-assurance rating – in 2013/14, **93%** (24 out of 26 organisations) achieved this.

3.4 Information Security

UK Sport holds personal information regarding employees, athletes, athlete support personnel and others relating to activities arising out of its operating environment within the high performance sport system.

UK Sport has in place robust and specific measures to ensure information security applies to such information.

In accordance with the Data Protection Act 1998, guidance from the Information Commissioner's Office and the Cabinet Office Guidance under the HMG Security Policy Framework (SPF), UK Sport reviewed its information and data security systems in 2012 and introduced a new Information, Data Security and Communications Systems Policy and Procedure which requires new staff undertake a compulsory e-learning package provided by the Office for Cyber Security and Information Assurance (OCSIA).

In addition to all staff receiving the above training UK Sport undertake sticker and poster campaigns to raise further awareness on information and data security.

In March 2014 we reported to DCMS that, of the 20 Mandatory Requirements within the SPF, 18 were deemed met, with the remaining two not being applicable to UK Sport.

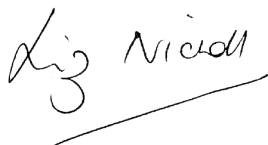
UK Sport suffered six protected personal data incidents in 2013/2014. One incident (the temporary loss of staff payslips) was reported to the Information Commissioners Office. The production and distribution of payslips is outsourced to a 3rd party and the slips were mislaid within their control environment. Officers activated the appropriate procedures as detailed in our Information Security policy and the Information Commissioner's Office was duly notified on 20 December 2013. Following consideration (Ref: ENF0525369) the ICO's conclusion was:

"We have considered the information you have provided about a potential breach of the DPA. We have decided that no further action is necessary at this stage.

This is because the package containing the payslips was found and there does not appear to be any evidence that it was tampered with or that your employees' personal data was accessed by unauthorised individuals. This case appears to have resulted from pure accident while the payslips were in the hands of a courier and there appears to be no enforceable breach of the DPA by UK Sport as data controller. Therefore, from the information provided, this case does not appear to meet the criteria set out in our Data Protection Regulatory Action Policy necessitating further action by the ICO."

As a result of the incident and a review of UK Sport's information security policy the reporting of data incident procedures was reviewed and communicated to all staff. All staff have been required to undertake the e-learning course and UK Sport has reviewed the process of printing and distributing employee payslips with its payroll provider.

Of the remaining five incidents, three were connected with crimes (burglary, theft etc.) where the items stolen included a UK Sport encrypted PDA (mobile and/or laptop) devices. Two incidents related to inadvertent losses of encrypted PDA. All above incidents do not fall within the criteria for reporting to the Information Commissioner's Office.



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014

The United Kingdom Sports Council Lottery Distribution Fund

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

I certify that I have audited the financial statements of the United Kingdom Sports Council Lottery Distribution Fund for the year ended 31 March 2014 under the National Lottery etc. Act 1993. These financial statements comprise: the Statements of Comprehensive Net Expenditure, Changes in Equity, Financial Position, Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of the Board and Chief Executive's Responsibilities, the Chief Executive and Board 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 the financial statements. 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 United Kingdom Sports Council Lottery Distribution Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the United Kingdom Sports Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual 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.

In addition, 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 United Kingdom Sports Council Lottery Distribution Fund's affairs as at 31 March 2014 and of its decrease in lottery funds 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993; and
- the information given in the Strategic Report and Directors' 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 part of the Remuneration 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.

Sir Amyas C E Morse
Comptroller and Auditor General

30 June 2014

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

Statement of Comprehensive Net Expenditure for the year ended 31/03/14

| | Note | 2013/14 £'000 | 2012/13 RESTATED £'000 |
|---|------|------------------|------------------------------|
| Income | | | |
| National Lottery share of proceeds | 2 | 75,704 | 88,298 |
| Investment returns from NLDF | 2 | 354 | 445 |
| Other Operating Income | | 17 | 93 |
| Interest Receivable | | 3 | 2 |
| Total | | 76,078 | 88,838 |
| Expenditure | | | |
| Hard commitments | 3 | 165,756 | 141,135 |
| Hard de-commitments | 3 | (1,594) | (4,993) |
| Staff Costs | 6 | 1,480 | 1,147 |
| Amortisation | 9 | 24 | 12 |
| Other operating costs | | 598 | 277 |
| Costs apportioned from UK Sport GIA account | | 2,205 | 2,197 |
| Total | | 168,469 | 139,775 |
| Increase/(decrease) in Lottery Funds before Taxation | | (92,391) | (50,937) |
| Net Interest on the pension liability | 12.3 | (90) | (70) |
| Decrease in Lottery Funds | | (92,481) | (51,007) |
| Other comprehensive expenditure | | | |
| Pension scheme remeasurements | 12.4 | (90) | 292 |
| Total Comprehensive Net Expenditure | | (92,571) | (50,715) |

All activities are to continuing activities.
The notes on pages 79 to 94 form part of these accounts.

Note 18 details the restatement for 2012/13

Statement of Changes in Equity for the year ended 31/03/14

| | 2013/14 | | 2012/13 | |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Revenue Reserve £'000 | Pension Reserve £'000 | Revenue Reserve £'000 | Pension Reserve £'000 |
| Balance Brought Forward | (55,965) | (1,751) | (5,114) | (2,004) |
| | | | RESTATED | |
| Retained Deficit for the year | (92,481) | - | (51,007) | - |
| Pension remeasurements | - | (90) | - | 292 |
| Transfer from the Pension fund | 212 | (212) | 156 | (156) |
| Other movements | - | (24) | - | 117 |
| Balance at 31 March | <u>(148,234)</u> | <u>(2,077)</u> | <u>(55,965)</u> | <u>(1,751)</u> |

The notes on pages 79 to 94 form part of these accounts.

Statement of Financial Position as at 31/03/14

| | Note | 2013/14 £'000 | 2012/13 £'000 |
|---|------|------------------|------------------|
| Non Current Assets | | | |
| Intangible Assets | 9 | 59 | 72 |
| Total Non Current Assets | | 59 | 72 |
| Current Assets | | | |
| Investments – balance at NLDF | 2 | 68,312 | 77,878 |
| Trade and other receivables | 10 | 178 | 13 |
| Cash and cash equivalents | 14 | 625 | 438 |
| Total Current Assets | | 69,115 | 78,329 |
| Current Liabilities | | | |
| Trade and other payables | 11 | (95) | (400) |
| Hard grant commitments falling due within one year | 3 | (87,628) | (40,169) |
| Total Current Liabilities | | (87,723) | (40,569) |
| Non Current Assets plus/less net current assets/ liabilities | | (18,549) | 37,832 |
| Non Current Liabilities | | | |
| Hard grant commitments falling due after one year | 3 | (129,685) | (93,797) |
| Pension Liability | 12.2 | (2,077) | (1,751) |
| Total Non Current Liabilities | | (131,762) | (95,548) |
| Total Assets less Liabilities | | (150,311) | (57,716) |
| Equity | | | |
| Pension Reserve | 12.2 | (2,077) | (1,751) |
| Revenue Reserve | | (148,234) | (55,965) |
| Total Equity | | (150,311) | (57,716) |

The notes on pages 79 to 94 form part of these accounts



Liz Nicholl
Chief Executive and Accounting Officer
United Kingdom Sports Council

25 June 2014



Rod Carr
Chair
United Kingdom Sports Council

25 June 2014

Statement of Cash Flows for the year ended 31/03/14

| | Notes | 2013/14 £'000 | 2012/13 £'000 |
|---|-------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Cash drawn down from NLDF | 2 | 85,624 | 49,869 |
| Other income | | - | 98 |
| Staff costs | | (1,358) | (1,061) |
| Operating costs | | (3,250) | (2,534) |
| Award payments | 5 | (80,821) | (46,191) |
| Payments for intangible assets | | (11) | (84) |
| Net cash generated from operations | | 184 | 97 |
| Interest received | | 3 | 2 |
| Net Cash Flow from Operating activities | | 187 | 99 |
| Net Increase/(Decrease) in cash and cash equivalents in the year | | | |
| | | 187 | 99 |
| Cash and cash equivalents at 1 April | | 438 | 339 |
| Cash and cash equivalents at 31 March | 14 | 625 | 438 |

The notes on pages 79 to 94 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 2013/14 Government Financial Reporting Manual (FRoM) issued by HM Treasury and on the basis of the Accounts Direction issued by the Secretary of State for Culture, Olympics, Media and Sport on 26 March 2002.

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 the particular circumstances of UK Sport Lottery for the purpose of giving true and fair view has been selected. The 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 year to which it relates (except in relation to the recognition of commitments as detailed below).

The accounts cover the year to 31/03/14, 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 instructions issued by the Secretary of State. Consolidated accounts have not been prepared.

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

The financial statements have been prepared on a going concern basis. The accounts show net liabilities as at 31 March 2014. The net liability position is as a result of the recognition of hard commitments in accordance with note 1.3. The grant commitments for future years have been entered into after taking account of UK Sport's percentage of the National Lottery Distribution 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.

1.3 Hard and Soft Commitments

As required by the Secretary of State, a distinction is made in respect of Lottery awards between "hard" and "soft" commitments as follows:

- a "hard commitment" occurs where a firm offer of award has been made by UK Sport and this offer has been accepted, together with any conditions dependent upon which the award has been made; and
- a "soft commitment" occurs where a firm offer of award has been made by UK Sport but the offer and associated conditions have not yet been accepted.

Only "hard commitments" are recognised in the Statement of Comprehensive Net Expenditure (and shown in Note 3), soft commitments are detailed in Note 4.

1.4 Property Plant & Equipment

The UK Sport Lottery Fund does not own any land or buildings. All assets are stated in the Statement of Financial Position at depreciated historical cost as proxy to fair value. Depreciation is provided on all property plant & equipment at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Computer Software: 3-5 Years

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 in the Statement of Comprehensive Net Expenditure and the net interest on the pension liability is shown in the Statement of Comprehensive Net Expenditure. 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 is available in Note 12 to the accounts.

Details about the valuation of the pension fund and the recharges are also in Note 12.

In June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013. This revised standard has been applied to the financial statements in 2013/14 and the prior year figures have been restated, and the impact is disclosed in Note 18.

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 so 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 activity 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. Accordingly VAT is 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 on the basis of their percentage share of the total remaining National Lottery Distribution Fund 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:

| | 2013/14 | 2012/13 |
|-----------------------------------|-----------------------|-----------------------|
| | £'000 | £'000 |
| Balance brought forward | 77,878 | 39,004 |
| Share of net operator proceeds | 75,704 | 88,298 |
| Investment returns from NLDF | 354 | 445 |
| Available for distribution | <u>153,936</u> | <u>127,747</u> |
| Funds drawn down | <u>(85,624)</u> | <u>(49,869)</u> |
| Balance carried forward | <u>68,312</u> | <u>77,878</u> |

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. However, the share of these balances attributable to UK Sport as 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 the body in respect of current and future commitments.

Funds are withdrawn from the National Lottery Distribution Fund 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 31/03/14 is £68.312m (2012/13 disclosed: £77.878m).

The accounts for 2012-13 were prepared using an interim certificate issued by DCMS. Subsequent information was made available by DCMS, after the date of signature of the accounts, which would have revised this estimate of the balance to £76.556m. The difference between the estimated valuations as at 31/03/13 is shown as a reduction in the share of operator proceeds in 2013/14. Net operator proceeds would be £77.026m without this adjustment.

The NLDF balance increased during the year 2013/14 to stand at £68.312m at 31/03/14, representing 31% of outstanding commitments made at that point.

3. Hard Commitments

| | 2013/14 | 2012/13 |
|--|-----------------------|-----------------------|
| | £'000 | £'000 |
| Hard commitments brought forward | 133,966 | 44,015 |
| Hard commitments made this year | 165,756 | 141,135 |
| Hard de-commitments | (1,594) | (4,993) |
| Total Hard commitments | <u>298,128</u> | <u>180,157</u> |
| Hard commitments met in the year | (80,815) | (46,191) |
| Hard commitments carried forward as at year end | <u>217,313</u> | <u>133,966</u> |

Hard Commitments by year

| | 2013/14 | 2012/13 |
|------------------------------------|-----------------------|-----------------------|
| | £'000 | £'000 |
| Amounts falling due during 2013/14 | – | 40,169 |
| Amounts falling due during 2014/15 | 87,628 | 31,139 |
| Amounts falling due during 2015/16 | 66,933 | 34,432 |
| Amounts falling due during 2016/17 | 58,684 | 28,226 |
| Amounts falling due during 2017/18 | 4,068 | – |
| Total | <u>217,313</u> | <u>133,966</u> |

Hard commitments made in the year are shown as expenditure, but during the year some commitments will be made and paid in the same year, which accounts for the difference between outstanding hard commitments at 31/03/2013 and actual amounts paid in 2013/14.

4. Soft Commitments

| | 2013/14 | 2012/13 |
|--|-------------------|-----------------------|
| | £'000 | £'000 |
| Soft commitments brought forward | 134,411 | 2,837 |
| Soft commitments made | 32,123 | 272,745 |
| Soft commitments transferred to hard commitments | (165,756) | (141,135) |
| Soft de-commitments | (476) | (36) |
| Soft commitments carried forward as at 31 March | <u>302</u> | <u>134,411</u> |

Soft commitments made in the year are not recognised in the accounts.

The accounting policies applied for National Lottery funding require commitments to be recorded in the accounts when an offer has been made and accepted. Revenue can only be recognised when funds are made available within the National Lottery Distribution Fund. With effect from 2002/03, and 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 during the Year

| | 2013/14 | 2012/13 |
|---|----------------|----------------|
| | £'000 | £'000 |
| To Athletes: | | |
| Amateur Boxing Association of England | 471 | 486 |
| Badminton England | 184 | 206 |
| British Blind Sport Goalball | 31 | - |
| British Bobskeleton Association | 72 | 66 |
| British Bobsleigh Association | 178 | 134 |
| British Canoe Union | 783 | 433 |
| British Curling Association | 169 | 139 |
| British Cycling Federation | 1,317 | 926 |
| British Disabled Fencing Association | 31 | - |
| British Equestrian Federation | 1,006 | 450 |
| British Fencing Association | 114 | 19 |
| British Gymnastics | 440 | 282 |
| British Judo Association | 291 | 372 |
| British Rowing | 1,195 | 1,287 |
| British Shooting | 28 | - |
| British Ski and Snowboard | 127 | 135 |
| British Swimming | 2,008 | 1,625 |
| British Table Tennis Association for the Disabled | 163 | 36 |
| British Triathlon Association | 302 | 151 |
| British Volleyball Federation | 20 | 51 |
| Disability Snowsport UK | 67 | 21 |
| Disabled Target Shooting of Great Britain | 177 | 86 |
| England Hockey | 823 | 719 |
| Grand National Archery | 227 | 338 |
| Great Britain Boccia | 176 | 97 |
| Great Britain Wheelchair Basketball Association | 318 | 357 |
| Great Britain Wheelchair Rugby | 137 | 103 |
| National Ice Skating Association | 134 | 109 |
| Pentathlon GB | 275 | 248 |
| Royal Yachting Association | 1,204 | 980 |
| Sport Taekwondo Limited | 265 | 233 |
| The Great Britain Disability Football Association | 88 | - |
| The Tennis Foundation | 125 | 142 |
| UK Athletics | 1,513 | 1,397 |
| World Class Lifting | 63 | 39 |
| World Class Lifting (Paralympic) | 23 | 29 |
| TOTAL | 14,545 | 11,696 |

The United Kingdom Sports Council Grant-in-Aid and Lottery Distribution Fund
Report and Accounts for the Year Ended 31 March 2014

To Governing Bodies:

| | | |
|---|---------------|---------------|
| Badminton England | 1,208 | 623 |
| British Amateur Boxing Association | 2,574 | 746 |
| British Athletes Commission | 110 | - |
| British Blind Sport – Goalball | 223 | 87 |
| British Bob Skeleton Association | 788 | 247 |
| British Bobsleigh Association | 679 | 325 |
| British Canoe Union | 3,164 | 1,803 |
| British Cycling Federation | 4,445 | 2,685 |
| British Disabled Fencing Association | 192 | 209 |
| British Equestrian Federation | 3,235 | 1,508 |
| British Fencing Association | 693 | 559 |
| British Gymnastics | 2,843 | 1,581 |
| British Handball Association | - | 489 |
| British Judo Association | 1,839 | 844 |
| British Olympic Association | 158 | - |
| British Olympic Table Tennis Federation | - | 69 |
| British Paralympic Performance Services Ltd | 470 | - |
| British Performance Basketball | 1,721 | 1,295 |
| British Rowing | 5,247 | 2,296 |
| British Shooting | 603 | 825 |
| British Ski and Snowboard Federation | - | 146 |
| British Ski and Snowboard Limited | 576 | - |
| British Swimming | 8,375 | 5,991 |
| British Table Tennis Association for the Disabled | 498 | 241 |
| British Triathlon Federation | 1,847 | 547 |
| British Volleyball Federation | 108 | 502 |
| British Wrestling Association | - | 177 |
| Disability Snowsport UK | 61 | 25 |
| Disabled Target Shooting of Great Britain | 639 | 246 |
| England Hockey | 3,082 | 1,801 |
| English Institute of Sport Company | 3 | 2 |
| Grand National Archery Society | 687 | 469 |
| Great Britain Boccia | 612 | 301 |
| Great Britain Wheelchair Basketball Association | 851 | 624 |
| Great Britain Wheelchair Rugby Association | 549 | 251 |
| National Ice Skating Association | 517 | 244 |
| Pentathlon GB | 1,359 | 592 |
| Royal Yachting Association | 4,562 | 1,834 |
| Sports Taekwondo Limited | 1,438 | 508 |
| Sports Council for Wales | 134 | - |
| SportScotland | 574 | 152 |
| The Great Britain Disability Football Association | 252 | - |
| The Tennis Foundation | 342 | - |
| UK Athletics | 4,732 | 910 |
| World Class Lifting | 410 | 317 |
| World Class Lifting (Paralympic) | 171 | 126 |
| TOTAL | 62,571 | 32,197 |

The United Kingdom Sports Council Grant-in-Aid and Lottery Distribution Fund
Report and Accounts for the Year Ended 31 March 2014

For Events:

| | | |
|---|--------------|--------------|
| Athletics European Team Championships 2013 | - | 69 |
| BID-World Athletics Championships 2017 | - | 92 |
| BMX Supercross World Cup 2011 | - | 15 |
| Canoe Slalom World Championships 2015 | 110 | - |
| Canoe Slalom World Cup 2012 | 32 | - |
| Canoe Slalom World Cup 2013 | 150 | - |
| Canoe Slalom World Cup Series 2014 | 147 | - |
| Disability Athletics Grand Prix | - | 9 |
| European 470s Sailing Championships 2012 | - | 25 |
| European Fencing Championships 2011 | - | 10 |
| European Taekwondo Championships 2012 | - | 34 |
| FEI European Eventing Championships 2015 | 149 | 35 |
| FIG All Round World Cup 2011 | - | 14 |
| FIG ART World Cup 2013 | 37 | - |
| FIG Gymnastics World Cup 2012 | 4 | 36 |
| FINA Diving World Series 2012 | - | 10 |
| FINA Diving World Series 2013 | 100 | - |
| FISA Rowing World Cup 2013 | 192 | 258 |
| Hockey World League 3 2013 | 54 | - |
| IFDS World Championships 2011 | - | 5 |
| IPC Para-Athletics Grand Prix Final | 67 | - |
| ITF NEC Wheelchair Masters 2014 | 29 | - |
| ITU Triathlon World Championship Series 2014 | 74 | - |
| ITU World Championship Series Final 2013 | 444 | 245 |
| LEN European Synchronised Swimming Champions Cup 2011 | - | 5 |
| London Disability Athletics Challenge 2012 | - | 50 |
| Men's London Handball Cup 2012 | - | 12 |
| Men's World Squash Championship 2013 | 190 | 75 |
| Para Archery Tournament and Paralympic Qualifier 2011 | 9 | - |
| Rugby League World Cup 2013 | 200 | 200 |
| Sail For Gold 2011 | - | 25 |
| Sail For Gold 2012 | - | 168 |
| UCI BMX Supercross World Cup 2013 | 8 | 83 |
| UCI BMX Supercross World Cup 2014 | 77 | - |
| UCI BMX World Championships 2012 | - | 200 |
| UCI Track Cycling World Cup 2012/2013 | - | 89 |
| UCI Track Cycling World Cup 2013/2014 | 85 | - |
| UCI Track World Cup 2012 | - | 15 |
| Wheelchair Rugby GB World Cup 2011 | - | 1 |
| World Artistic Gymnastics Championships 2015 | 551 | - |
| World Athletics Championships 2017 | 381 | - |
| World Championship Series Triathlon 2011 | - | 30 |
| World Youth Netball Championships 2013 | 20 | 68 |
| Wrestling GB Cup 2010 | - | - |
| WTF Taekwondo Grand Prix 2013 | 222 | - |
| TOTAL | 3,332 | 1,878 |

The United Kingdom Sports Council Grant-in-Aid and Lottery Distribution Fund
Report and Accounts for the Year Ended 31 March 2014

For International Relations:

| | | |
|---|---------------|---------------|
| Badminton England | 11 | - |
| British Cycling Federation | 41 | - |
| British Disabled Fencing Association | 2 | - |
| British Equestrian Federation | 26 | - |
| British Handball Association | 3 | - |
| British Judo Association | 13 | - |
| British Ski and Snowboard | 6 | - |
| British Table Tennis Association for the Disabled | 5 | - |
| British Weightlifting Association | 16 | - |
| British Wrestling Association | 2 | - |
| England Hockey | 13 | - |
| GB Wheelchair Basketball Association | 12 | - |
| GB Wheelchair Rugby Association | 10 | - |
| Pentathlon GB | 11 | - |
| The Tennis Foundation | 4 | - |
| Volleyball England | 12 | - |
| Volleyball Scotland | 5 | - |
| Archery GB Limited | 5 | - |
| Badminton Scotland | 2 | - |
| Badminton Wales | 3 | - |
| BPA | 18 | - |
| British Canoe Union | 12 | - |
| British Fencing Association | 10 | - |
| British Gymnastics | 9 | - |
| British Swimming | 32 | - |
| British Taekwondo | 14 | - |
| British Triathlon Federation | 13 | - |
| British Volleyball | 2 | - |
| Disability Snowsport | 8 | - |
| Disability Target Shooting | 3 | - |
| GB Boccia Federation | 10 | - |
| Great Britain Luge Association | 2 | - |
| National Ice Skating Association | 4 | - |
| Royal Caledonian Curling Club (Scotland) | 13 | - |
| Scotland Hockey | 5 | - |
| Volleyball Northern Ireland | 3 | - |
| Volleyball Wales | 3 | - |
| Wales Hockey | 4 | - |
| TOTAL | 367 | - |
| Other Grants | | |
| British Olympic Association | - | 420 |
| TOTAL | - | 420 |
| Total Grant payments in the year | 80,815 | 46,191 |

6. Staff costs

| | 2013/14 | 2012/13 |
|---|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Wages & salaries | 1,149 | 896 |
| Social security costs | 109 | 87 |
| Current service costs | 216 | 160 |
| Administration expense relating to pension scheme | 6 | 4 |
| Total Employee Costs | 1,480 | 1,147 |

7. Staffing

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

| | 2013/14 | 2012/13 |
|---------------------------------|----------------|----------------|
| Operations/Planning/Development | 24 | 18 |
| Average Staff Numbers | 24 | 18 |

8. Lottery Funds

| | 2013/14 | 2012/13 |
|---|----------------|----------------|
| | £'000 | £'000 |
| The Lottery Fund is stated after charging for: | | |
| External Auditors' remuneration for audit work | 28 | 29 |

9. Intangible Assets

All intangible fixed assets are computer software.

| | 2013/14 | 2012/13 |
|-------------------------|----------------|----------------|
| | £'000 | £'000 |
| Cost | | |
| At 1 April | 606 | 522 |
| Additions | 11 | 84 |
| At 31 March | 617 | 606 |
| Amortisation | | |
| Start of year | 534 | 522 |
| Charge for year | 24 | 12 |
| End of Year | 558 | 534 |
| Net book value | | |
| At 1 April 2013 | 72 | - |
| At 31 March 2014 | 59 | 72 |

Within the above cost, £nil (2012/13, £0.048m) relates to assets in the course of construction which are yet to be depreciated.

10. Trade Receivables

| | 2013/14 | 2012/13 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Trade receivables | 18 | – |
| Prepayments | 14 | 13 |
| Other receivables | 146 | – |
| Total | 178 | 13 |
| Intra-government Balances | | |
| Balances with central government bodies | 153 | – |
| Balances with local authorities and police authorities | – | – |
| Subtotal: intra-government balances | 153 | – |
| Balances with bodies external to government | 25 | 13 |
| Total | 178 | 13 |

All amounts fall due within one year.

11. Trade Payables

| | 2013/14 | 2012/13 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Trade Payables | 45 | 19 |
| Accruals and deferred income | 50 | 381 |
| Total | 95 | 400 |
| Intra-government Balances | | |
| Balances with central government bodies | 29 | 351 |
| Balances with local authorities and police authorities | – | – |
| Subtotal: intra-government balance | 29 | 351 |
| Balances with bodies external to government | 66 | 49 |
| Total | 95 | 400 |

The balance due from the UK Sport Lottery fund to the UK Sport Exchequer (GIA) accounts has been classified within balances with central government bodies.

12. Superannuation Scheme

The majority of staff of UK Sport (Grant-in-Aid and Lottery) are 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.

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 of 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. However 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 year amounted to £0.099m or 10.2% of pensionable pay (2012/13: £0.074m or 10.2%).

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

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31/03/2014. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date.

International Accounting Standard (IAS19) issued by the International Accounting Standards Board 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.

In June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013. This revised standard has been applied to the financial statements in 2013/14 and prior year figures have been restated.

12.1 Pension Commitments

| Financial Assumptions | 2013/14 | 2012/13 |
|------------------------------|----------------|----------------|
| Price increases | 3.7% | 3.4% |
| Salary increases | 4.7% | 4.3% |
| Pension increases | 2.9% | 2.6% |
| Discount rate | 4.6% | 4.7% |

| Average future life expectancies at age 65: | Males (years) | Females (years) |
|---|--------------------------|----------------------------|
| Current pensioners | 23.0 | 25.2 |
| Future Pensioners | 25.2 | 27.5 |

12.2 Fair Value of Employer's Assets

| | Fund Value at 31/03/14 £'000 | Fund Value at 31/03/13 £'000 |
|-------------------------------------|---|---|
| Equities | 2,026 | 2,645 |
| LDI/Cashflow matching | 229 | - |
| Target return funds | 1,147 | 362 |
| Infrastructure | 153 | - |
| Commodities | 38 | - |
| Property | 115 | - |
| Alternative assets | - | 544 |
| Cash | 115 | 73 |
| Total Fair Value of Assets | <u>3,823</u> | <u>3,624</u> |
| Present Value of Scheme Liabilities | (5,900) | (5,375) |
| Net Pension Liability | <u>(2,077)</u> | <u>(1,751)</u> |

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

| | 31/03/14 | 31/03/13 |
|-----------------------|-----------------|-----------------|
| Equities | 53% | 73% |
| Target return funds | 30% | 10% |
| Alternative assets | 0% | 15% |
| Cash | 3% | 2% |
| LDI/Cashflow matching | 6% | 0% |
| Property | 3% | 0% |
| Infrastructure | 4% | 0% |
| Commodities | 1% | 0% |

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

| | 2013/14 | 2012/13 |
|---------------------------------------|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Service Cost | 216 | 160 |
| Net Interest on the defined liability | 90 | 70 |
| Administration expenses | 6 | 4 |
| Total | 312 | 234 |
| Actual Return on Plan Assets | 131 | 448 |

12.4 Re-measurements in Other Comprehensive Income

| | 2013/14 | 2012/13 |
|--|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Return on plan assets in excess of interest | (41) | 305 |
| Other actuarial gains on assets | 40 | - |
| Change in financial assumptions | (492) | (2) |
| Change in demographic assumptions | (82) | - |
| Experience gain/loss on defined benefit obligation | 485 | (11) |
| Re-measurements | (90) | 292 |

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

| | 2013/14 | 2012/13 |
|--|----------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Opening defined benefit obligation | 5,375 | 5,031 |
| Current Service Cost | 216 | 160 |
| Interest Cost | 275 | 181 |
| Change in financial assumptions | 492 | 2 |
| Change in demographic assumptions | 82 | - |
| Experience (gain)/loss on defined benefit obligation | (485) | 11 |
| Estimated benefits paid net of transfer in | (114) | (54) |
| Contributions by Scheme participants | 68 | 50 |
| Unfunded pension payments | (9) | (6) |
| Closing defined benefit obligation | 5,900 | 5,375 |

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

| | 2013/14 | 2012/13 |
|--|---------------------|---------------------------|
| | £'000 | RESTATED £'000 |
| Opening fair value of employer's assets | 3,624 | 3,027 |
| Interest on assets | 172 | 163 |
| Return on assets less interest | (41) | 306 |
| Administration expenses | (6) | (4) |
| Contributions by employer including unfunded | 137 | 143 |
| Contributions by scheme participants | 68 | 50 |
| Estimated benefits paid net of transfers in including unfunded | (123) | (61) |
| Actuarial Losses | (8) | - |
| | <u>3,823</u> | <u>3,624</u> |

12.7 History of Experience Gains and Losses

| | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|---|----------------|---------------------------|----------------|----------------|----------------|
| | £'000 | RESTATED £'000 | £'000 | £'000 | £'000 |
| Fair Value of Employer Assets | 3,823 | 3,624 | 3,027 | 2,844 | 2,408 |
| Present Value of Defined benefit obligation | (5,900) | (5,375) | (5,031) | (3,938) | (4,141) |
| Surplus/(Deficit) | (2,077) | (1,751) | (2,004) | (1,094) | (1,733) |
| Experience gains/(losses) on assets | - | - | (167) | 54 | 456 |
| Experience gains/(losses) on liabilities | 485 | (11) | 4 | (194) | 86 |

1 In order to assess the actuarial value of the London Pensions Fund Authority Pension Fund's liabilities as at 31/03/14, 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.

2 It is not possible to assess the accuracy of the estimated liability as at 31/03/14 without completing a full valuation. However Barnett Waddingham are satisfied that the approach of rolling forward the previous valuation to 31/03/14 should not introduce any material distortions in the results provided that the actual experience of the Employer 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.

3 To calculate the asset share we have rolled forward the assets allowing for investment returns, contributions paid into, and the 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 (GIA) accounts in accordance with accounting policy Note 1.5.

12.8 Sensitivity

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

| | £'000 | £'000 | £'000 |
|---|----------------|-----------|----------------|
| Adjustment to discount rate | +0.10% | 0% | -0.10% |
| Present value of total obligation | 5,771 | 5,900 | 6,032 |
| Adjustment to long term salary increase | +0.10% | 0% | -0.10% |
| Present value of total obligation | 5,917 | 5,900 | 5,883 |
| Adjustment to pension increases and deferred revaluation | +0.10% | 0% | -0.10% |
| Present value of total obligation | 6,017 | 5,900 | 5,785 |
| Adjustment to mortality age rating assumption | +1 Year | 0% | -1 Year |
| Present value of total obligation | 5,720 | 5,900 | 6,080 |

13. Reconciliation of increase in lottery funds before taxation to net cash inflow/ (outflow) from Operating Activities

| | 2013/14 £'000 | 2012/13 RESTATED £'000 |
|--|------------------|------------------------------|
| (Decrease) in Lottery funds before taxation | (92,392) | (50,937) |
| Decrease/(Increase) in receivables | (165) | 4 |
| Increase in payables | 83,042 | 89,892 |
| Amortisation of intangible assets | 24 | 12 |
| Interest Receivable | (3) | (2) |
| Decrease/(Increase) in NLDF | 9,566 | (38,874) |
| Pension Scheme: Non Cash Movement | 123 | 86 |
| Purchase of fixed assets | (11) | (84) |
| Net cash inflow/(outflow) from operating activities | 184 | 97 |

14. Change in cash and cash equivalents

| | 2013/14 £'000 | 2012/13 £'000 |
|---|------------------|------------------|
| Opening cash balance | 438 | 339 |
| Net cash inflow | 187 | 99 |
| Cash and bank balances at year end | 625 | 438 |

15. Financial Instruments

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

Liquidity Risks

In 2013/14 £76.058m or 99.97% (2012/13, £88.743m or 99.9%) of the UK Sport Lottery Fund's income was derived from the National Lottery. The remaining income derived from interest on deposits and sundry income. In previous reports, UK Sport considered that the Lottery Fund's ability to meet the Award Commitments and other liabilities in the short and longer term is dependent on adequate sales revenue from the National Lottery.

Interest Rate Risks

The financial assets of the Fund are invested in the National Lottery Distribution Fund, 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 National Lottery Distribution Fund.

At the balance sheet date the market value of UK Sport's share of investment in the National Lottery Distribution Fund was £68.312m (2012/13, £77.878m). In the year the average return on these investments was 0.48% (2012/13 0.76%). Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in a deposit account which on average carried an interest rate of 0.29% (2012/13, 0.24%) in the year. Cash on deposit is gross of corporation tax. The cash balance at the year-end was £0.625m (2012/13, £0.438m). 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

There was a transfer of responsibilities for the English Institute of Sport from Sport England to UK Sport in 2006, as part of the transfer there was also a NLDF balance transfer of £5m which under the terms of the transfer may be payable back to Sport England at a future point in time.

This would depend on a review being undertaken and UK Sport not being put "under excessive financial risk or pressure."

17. Capital Commitments

As at 31 March 2014, the Lottery Fund had made no commitments to purchase further capital equipment (2012/13, Nil).

18. Prior year adjustments

In June 2011, the IASB published a revised version of IAS 19 applicable to accounting periods starting on or after 1 January 2013.

This revised standard has been applied to the financial statements in 2013/14 and the prior year figures have been restated, and the impact is as follows:

| | 2012/13 | |
|---------------------------------------|-----------------|------------------|
| | Restated | Disclosed |
| | £'000 | £'000 |
| Staff Costs | 1,147 | 1,143 |
| Net interest on the Pension Liability | 70 | - |
| Net return on Pension Assets | - | 38 |
| Actuarial Gain | - | (241) |
| Pension scheme remeasurements | (292) | - |
| Other movements in reserves | 15 | - |
| | 940 | 940 |

There is no impact on the Statement of Financial Position.

19. Events after the Reporting Period

The accounts were authorised for issue on the date the C&AG certified the accounts. The financial accounts do not reflect events after this date.

20. Related Party Transactions

The Department for Culture, Media and Sport is the sponsoring department for UK Sport, and is regarded as a related party of the Council. During the year UK Sport had a number of material transactions with the Department.

As a matter of policy and procedure, Council members, Lottery Awards Panel members and staff maintain publicly available registers of interests and declare any direct interests in grant applications made to the Lottery Sports Fund and any commercial relationships of the Council. If any member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussion and decision process within the Council.

The following table details UK Sport's related party transactions for the year which are on an arm's length basis:

| Related party | Nature of transaction | Amounts |
|--|--|-----------|
| Mark Hanson (Board Member of UK Sport) – Ex-Non-executive Board Director of Modern Pentathlon Association Great Britain (MPAGB) | Grant funding to MPAGB | 1,359,459 |
| Craig Hunter (Audit Committee Member of UK Sport) – Independent director of British Swimming | Grant funding to British Swimming | 8,506,845 |
| Philip Kimberley (Board Member of UK Sport) – Chair of England Hockey | Grant funding to England Hockey | 3,149,540 |
| Louise Martin (Board Member of UK Sport) – Chair of Sport Scotland | Grant funding to Sport Scotland | 580,009 |
| Professor Laura McAllister (Board Member of UK Sport) – Chair of Sport Wales | Grant funding to Sport Wales | 134,250 |
| Simon Morton (Director of UK Sport) – DCMS/UKS Nominated Director of London 2017 Ltd | Grant funding to London 2017 Ltd | 380,900 |
| Joseph Ryan (Audit Committee Member of UK Sport) – Non-executive Board Director and Honorary Treasurer & Chair of Finance Risk and Governance Board of Badminton England | Grant funding to Badminton England | 1,218,771 |
| Peter Rowley (Audit Committee Member of UK Sport) – Chairman and Director of British Weightlifting | Delegate fees charged to British Weightlifting | 15,550 |
| Sarah Springman (Board Member of UK Sport) – Senior International Postholder of British Triathlon | Grant funding to British Triathlon | 2,378,220 |
| Sarah Springman (Board Member of UK Sport) – Member of British Rowing | Grant funding to British Rowing | 5,439,451 |
| Sarah Springman (Board Member of UK Sport) – Director of the English Institute of Sport (EIS) | Recharged expenditure to EIS | 6,750 |
| Simon Timson (Director of UK Sport) – Director of the English Institute of Sport (EIS) | Grant funding to EIS | 2,880 |

ISBN 978-1-4741-0621-4



9 781474 106214