

The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

Annual Report and Accounts

2014-2015

The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

Annual Report and Accounts

2014-2015

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

(SI 2009/476)

Ordered by the House of Commons to be printed on 9 June 2015

© Sport England Copyright 2015

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

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

Any enquiries related to this publication should be sent to us at feedback@sportengland.org

This publication is available at <https://www.gov.uk/government/publications>

Print ISBN 9781474117678

Web ISBN 9781474117685

ID 16041501 06/15

Printed on paper containing 75% recycled fibre content minimum

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

The Trustees' present their Report on the affairs of The Sports Council Trust Company together with the accounts and auditor's report for the year ended 31 March 2015.

Structure, governance and management

Constitution of The Sports Council Trust Company

The Sports Council Trust Company ("the Charity") is a company limited by guarantee (Company number 2517615) which is governed by its Memorandum and Articles of Association; it is also a registered charity with the Charities Commission (Charity number 803779).

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

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

Organisational structure

The Charity is administered by a Board of Trustees that regularly meets to discuss the objectives and activities of the Charity. The directors of the Charity are its Trustees. During the financial year ended 31 March 2015 the Board met three times (2014: two times).

The Board comprised of the Chairman and six Trustees as at 31 March 2015, details of whom can be found on page 8.

The Chairman has accountability for the management of the Charity's operations. To

facilitate effective operations, the Chairman delegates authority for the day-to-day administration to officers of the ESC through a Service Level and Agency Agreement (SLA). This includes providing staff to manage the operational contracts of the National Sports Centres. This means that the Charity has no employees.

Objectives and Activities

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

Over the last twelve months we focused on:

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

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

Strategic Report

The Strategic Report describes how the Trustees have performed their duties over the last twelve months.

Achievements

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

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

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

Other facilities owned by the Charity were:

- The Redgrave and Pinsent Rowing Lake (the Rowing Lake) – leased to British Rowing.

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

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

The five year (2012-16) sports development strategy at Bisham and Lilleshall has five key objectives:

- Increase participation in community sport
- Encourage sustained participation in community sport
- Develop talent and elite performance
- Enhance and support the sporting workforce
- Improve levels of satisfaction within sport and physical activity.

Each site develops an annual plan that provides initiatives that contribute to the realisation of these objectives.

PYB also has a five year (2012-16) sports development plan in place though the emphasis is on directly delivered residential courses due to the nature of the site.

Bisham Abbey

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

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

The new reception and accommodation block was officially opened by the Minister for Sport, Tourism and Equalities, Helen Grant MP, in June 2014 along with a new 3G football pitch, two new grass football pitches and improved changing facilities.

Bisham welcomed several new key customers, including British Shooting, Tennis Foundation (Wheelchair) and Boccia

England who have all made good use of the new accommodation, catering and conferencing facilities.

In addition to the new facilities the old Wi-Fi infrastructure was upgraded in the Sports Centre and Abbey buildings, bringing superfast internet access to the site. Improvements have also been made to the EIS rehabilitation area increasing the number of physiotherapy and treatment beds to meet the rising demand of the onsite sports.

Following a tender process, SCTC and Serco in conjunction with the Lawn Tennis Association (LTA) appointed Living Tennis Academy to operate the tennis academy from September 2014.

The community usage for the year was over 172,000, which is 5,000 lower than the previous year due to delays in the completion of the building works after the heavy rains and flooding in February 2014.

The site team worked with the Berkshire County Sports Partnership (CSP) to host the winter County School Sports Games with over 800 young people utilising the sports facilities. The CSP also funded several Zumba, squash and RUSH Hockey sessions which had over 200 participants.

Bisham has links with numerous local schools and universities with the football and tennis academies providing high level coaching to students from various local educational institutes.

Bisham Sailing School delivered their Boatability initiative that provided disabled adults and children the opportunity to sail on the River Thames for the first time.

A number of travelling international hockey squads visited to compete and train alongside our home athletes including Belgium, Ireland, Canada, South Africa,

South Korea, China, Australia, Wales, Holland and Saudi Arabia.

There has been increasing demand by professional and international teams for use of the football facilities during the year. Manchester United, Liverpool, Chelsea, Rosenborg, and a number of the Football Association squads have all visited and trained, often alongside the onsite Bisham football academy.

Lilleshall

In the heart of Shropshire, Lilleshall has a range of sports facilities spread throughout the substantial grounds. These include a dedicated indoor and outdoor archery range centre, gymnasium, nine natural turf football pitches, two artificial grass pitches and an EIS strength and conditioning area. The site also has over 250 modern bedrooms and catering facilities for use by members of the public and athletes.

Lilleshall continues to create a vibrant community sporting environment, with over 86,000 community users during the year. This is nearly 4,000 lower than in the previous year and a sport development officer has been appointed to support and develop new programmes to increase the community use.

Serco worked closely with its local CSP in order to run Sportivate sessions. Over 350 young people took part in taster sessions for trampolining, RUSH Hockey, Back to Netball and No Strings Badminton.

A local powerchair football team used the centre for the first time. A SCTC grant paid for equipment that allowed local severely disabled young children to take part and compete in regular weekly sport.

Gymnastics and archery continue to expand their elite programmes at the centre. Gymnastics relocated its trampolining

squads on a permanent basis after a successful trial period. While an increase in the numbers of archers to the site means an additional building is being provided for the outdoor shoot area. This will allow more athletes to train at the same time during poor weather conditions. In addition the installation of a hall divider has enabled archery athletes to train alongside community sport, reducing disruption for both.

A number of sports have returned this year including rugby union, table tennis, boxing and weightlifting. They have used the sports facilities as well as the seminar, lecture theatre and the onsite accommodation.

UK Sport held a number of conferences with their senior officers in attendance which were excellent opportunities to showcase the site's modern accommodation, catering and sports facilities.

Two exciting projects received planning approval from the local authority and began in early spring 2015. The first is a new administration block, which will provide modern office space for British Archery, British Gymnastics and EIS. The second is to centralise the reception whilst at the same time modernising the bar area.

Plas y Brenin

PYB is managed by MTT, a non-profit making charity, who is committed to providing first class outdoor training at the most affordable price.

Located in Snowdonia, PYB provides a focal point for a year-round programme of mountain sports courses and activities. The centre's facilities include two wall climbing areas, an abseil tower, canoe training pool and a low rope course.

The centre delivered over 22,000 community coaching student days last year, an increase of 1,500 as a result of a new one-year partnership with the University of Lancashire. The coaching covered outdoor sports such as canoeing, mountaineering, mountain biking and orienteering.

SCTC funded a community sports development officer to engage with local people, schools, university and other local outdoor clubs. The officer organised multi activity sessions covering sports such as canoeing, kayaking, climbing, walking and mountain biking with over 2000 visits to the centre.

PYB hosted 60 young people (2014: 24) who took part in the National Citizenship Scheme 'The challenge', a government-led initiative for 16-17 year olds from a range of backgrounds to help build confidence, self-awareness and responsibility through inspirational outdoor sports and activity.

The first National Outdoor Sector network session was held, bringing together Sport England, the National Trust, Forestry Commission, Canal River Trust, Royal Society for the Protection of Birds and the Outdoor Industry Association. This was an opportunity for the group to network, share best practice and investigate opportunities for more collaborative working.

Three small improvement projects have been delivered during the year. We have improved the reception area space, upgraded the front doors to reduce energy consumption, and refurbished the indoor climbing wall.

The Rowing Lake

The Rowing Lake was designed to train both development and elite rowers. It is also available for wider use by the community.

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

Performance

The management contracts in place at Bisham, Lilleshall and Plas y Brenin contain performance indicators and reporting mechanisms which are designed to ensure that each facility's strategic objectives are delivered. The Trustees are provided with a performance update at each Board meeting on all facilities and are kept abreast of any matters of concern.

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

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

These performance measures are clearly linked to the aims of the Charity and ESC's objective of wider community engagement.

A number of external independent accreditations must be maintained as part of the contract. Both Serco and MTT scored in the high category throughout the year, demonstrating that the operators continue to deliver excellent customer service and maintain facilities to a high standard.

All contractual requirements including sport development plans, were satisfactorily met. This meant that both Serco and MTT received annual performance based bonus payments (funded by ESC as part of the operational deficit as set out in note 5).

Charitable grants

SCTC awarded a £35,000 grant during the year to the Rivertime Boat Trust, a registered charity based at Bisham, towards the cost of a 'Wheelyboat'. This gives disabled and disadvantaged people experience in sailing.

Financial review

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

Total incoming resources for the year were £5.5 million (2014: £11.4 million). These resources were invested into the National Sports Centres and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

Incoming resources and resource expended were both significantly lower in 2015 resulting in net incoming resources for the year of £3.6 million (2014: £2.3 million). The increase in net incoming resources is due to:

- £4.0 million movement in impairments from a loss in 2014 of £1.1 million to a reversal in 2015 of £2.9 million as a result of property valuation (note 9)
- £3.5 million lower grant as the last tranche of the £16.0 million Lottery grant was invested into capital projects at the National Sports Centres during the year
- £0.8 million reduction in depreciation as 2014 included one-off accelerated depreciation charges for Bisham Abbey (£0.6 million) and leasehold improvements at Victoria House (£0.4 million) which is offset by depreciation of

new assets in use due to the £16.0 million Lottery grant investment.

The Charity generated a small surplus on its day to day activities in the year of £21,470 (2014: £36,310), after awarding community grants of £35,000 (2014: £13,922) and is made up as follows:

	2015 £'000	2014 £'000
Property income	2,199	4,566
Financial asset income	22	19
Charitable activities	(1,937)	(9,071)
Add back: Depreciation	2,616	3,373
Add back: Impairments	-	1,084
Impairment reversals	(2,931)	-
Add back: Loss on disposal	-	3
Gifts in kind	68	82
Governance costs	(16)	(20)
Operating surplus	21	36

The value of the Charity's funds increased to £90.3 million from £80.6 million as set out in note 8. The increase is mainly due to the increased valuation of the National Sports Centres by £8.9 million. Separate funds are maintained to identify and account for the principal funding sources of the Charity. The details of these funds are set out in notes 13 and 14. None of these funds are in deficit.

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

Grants policy

The Charity has a policy for small grants which was reviewed during the year.

The Charity accepts applications from not-for-profit organisations supporting the sporting activities of disadvantaged people

including, young people, people with disabilities, and from ethnic minority groups.

Awards are given to either encourage sports participation, subsidise the cost of taking part or provide facilities and equipment.

Investment policy

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

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

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

Reserves policy

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

Restricted reserves are reserves which cannot readily be realised and used for an alternative purpose other than that specified; principally these are in relation to fixed assets gifted from ESC or funded through ESC's Lottery Fund. Restricted reserves at 31 March 2015 amounted to £88.1m (2014: £78.6m).

Unrestricted reserves are where the use of these funds is not restricted and can be applied to the on-going operational aspects of the organisation. Unrestricted reserves at 31 March 2015 amounted to £2.2m (2014: £2.0m).

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

Included in unrestricted reserves at 31 March 2015 were financial assets of £0.7m (2014: £0.6m), and net current assets of £0.7m (2014: £0.4m) which combined provides the equivalent of three months of resource expenditure excluding non-cash items such as depreciation. Financial assets are included for liquidity purposes although these assets are not intended for sale.

Principal Risks and Uncertainties

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

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

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

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

Plans for future periods

At Bisham Abbey we are continuing to focus on generating enough business to support elite and community sport use of the facilities. We are also reviewing future investment requirements including additional parking, sports lighting on the 3G football pitch and an indoor winter area.

In addition we will roll out Wi-Fi across the site extending to the football and hockey pitches, enabling athletes and coaches to receive instant video playback.

A large capital investment into the new administration block and centralising of the site reception are the key projects for Lilleshall in 2015/16. We will make sure that this work causes minimal disruption to onsite partners.

A strategic review of the facilities and opportunities available through MTT at PYB continues to be undertaken to ensure that the National Mountain Sports Centre stays at the forefront of the outdoor activity market and continues to deliver world class opportunities for outdoor and adventure sport.

Green initiatives

At Lilleshall new outside LED pathway lights from the main house to the football and hockey pitches have been installed to reduce energy consumption. It also provides greater illumination for the heavy pedestrian traffic during the winter months along a previously isolated and dark part of the centre.

At Bisham a new building management system was installed to provide the onsite team with greater control over the Sports Centre and new accommodation block utility services. This helps to optimise energy consumption throughout the building and therefore have greater control over costs.

TRUSTEES

The Trustees of the Charity during the year were:

- David Knight (Chairman)
- Bernard Spittle OBE¹
- Brian Armstrong
- Geoff Lawton
- Keith Nicholls
- Mike Green
- Peter Weiss
- Sonia Howe

¹Bernard Spittle OBE retired as a Trustee on 1st August 2014.

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

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

Upon appointment, Trustees receive corporate governance, financial and legal

information in relation to the Charity in the form of its Memorandum and Articles of Association and other governing and policy documents, the annual report, management accounts, Charity Commission guidance and the Seven Principles of Public Life.

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

The Company Secretaries who served during the year were:

- Erin Stephens (resigned 30 April 2014)
- Andrew Norman (appointed 1 May 2014)

Registered Office, First Floor, 21
Bloomsbury Street, London WC1B 3HF

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

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

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

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

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

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

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

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

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

Statement as to disclosure of information to auditors

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

The Trustees as Company Directors approve the Strategic Report included as part of the Trustee's report on pages 2 to 8.

By Order of the Board

David Knight
Chairman
19 May 2015

I certify that I have audited the financial statements of Sports Council Trust Company for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Financial Activities, the Balance Sheet the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the trustees and the auditor

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

Scope of the audit of the financial statements

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

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sports Council Trust Company's affairs as at 31 March 2015 and of its incoming resources and application of resources, including income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

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

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
1 June 2015

Statement of Financial Activities

	Note	2015 Restricted £'000	2015 Unrestricted £'000	2015 Total £'000	2014 Total £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	3,248	68	3,316	6,797
Activities for generating funds:					
Property income	3	-	2,199	2,199	4,566
Financial asset income	4	-	22	22	19
Total incoming resources		3,248	2,289	5,537	11,382
Resources expended					
Charitable activities	5	359	(2,296)	(1,937)	(9,071)
Governance costs	6	-	(16)	(16)	(20)
Total resources expended		359	(2,312)	(1,953)	(9,091)
Net incoming/(outgoing) resources		3,607	(23)	3,584	2,291
Other recognised gains/(losses)					
Revaluation of tangible fixed assets	13/14	5,851	160	6,011	6,330
Revaluation of financial assets	10	-	39	39	(1)
Net movement of funds in year		9,458	176	9,634	8,620
Reconciliation of funds					
Total funds brought forward		78,619	2,010	80,629	72,009
Total funds carried forward	8	88,077	2,186	90,263	80,629

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

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

Balance Sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible fixed assets	9	89,287	79,713
Financial assets	10	675	636
Current assets			
Debtors	11	1,893	2,952
Cash at bank		191	11
Liabilities: amounts falling due within one year			
Creditors	12	(1,334)	(1,438)
Provisions	18	(51)	(1,090)
Net current assets		699	435
Total assets less current liabilities		90,661	80,784
Liabilities: amounts falling due after more than one year			
Provisions	18	(398)	(155)
Net assets		90,263	80,629
The funds of the charity:			
Restricted capital funds	13	88,077	78,619
Unrestricted income funds	14	2,186	2,010
Total charity funds	15	90,263	80,629

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

David Knight
Chairman
19 May 2015

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

Cash Flow Statement

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	16.1	2,782	4,894
Interest and dividends received	4	22	19
Net cash inflow from financial assets and servicing of finance		22	19
Capital expenditure activities			
Purchase of lottery funded assets		(2,598)	(4,709)
TRBL funded additions		(26)	(203)
Net cash outflow from capital expenditure activities	16.2	(2,624)	(4,912)
Net cash inflow		180	1
Changes in cash balances during the year			
Balance at 1 April		11	10
Net cash inflow		180	1
Balance at 31 March		191	11

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

1 Accounting Policies

1.1 Basis of accounting

The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005 as revised in May 2008, applicable UK Accounting Standards and the Companies Act 2006.

The accounts have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of assets and liabilities to fair value.

The principal accounting policies adopted in the preparation of the accounts are set out below.

1.2 Incoming resources

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

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

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

Property income is recognised on a receivable basis.

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

1.3 Charitable activities

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

Costs directly related to activities are general administration costs of the Charity. Location costs are costs incurred in connection with freehold and leasehold property occupied by ESC and British Rowing. Usage costs relate to depreciation, and impairments on tangible fixed assets.

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

1.4 Governance costs

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

1.5 Dividends

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

1.6 Tangible fixed assets

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

Land and buildings

Full valuations are carried out by external experts annually for land and quinquennially for buildings and bund, supplemented by annual indexation. The last full valuation of land and buildings was carried out as at 31 March 2014.

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

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

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

Artworks and antiques

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

Equipment and leasehold improvements

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

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

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

Depreciation

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

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

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

1.7 Property operating leases

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

1.8 Dilapidations

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

1.9 Financial assets

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

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

1.10 Funds

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

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

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

1.11 Taxation

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

1.12 Going concern

The financial position of the Charity is supported by ESC. The ESC is the major provider of funds through the gifting of assets, provision of deficit funding for the

National Sports Centres operations and through a Lottery grant to support the Charity's other capital expenditure. The Charity does not commit to any capital expenditure that requires funding from its own resources. After making enquiries of the management of ESC, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Charity continues to adopt the going concern basis in preparing these accounts.

2 Voluntary Income

	2015 £'000			2014 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Lottery grant ¹	1,879	-	1,879	5,418	-	5,418
Gifts of fixed assets ²	1,369	-	1,369	1,297	-	1,297
Gifts in kind administration service ²	-	68	68	-	82	82
Total	3,248	68	3,316	6,715	82	6,797

¹ The lottery grant from ESC Lottery Fund amounted to £16.0 million to fund capital investment at Bisham and Lilleshall. All of the £16.0 million was received by 31 March 2015 (2014: £14.1 million).

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

3 Property income

	2015 £'000	2014 £'000
Freehold/Leasehold Income	2,199	4,566

Property income is from freehold and leasehold property occupied by ESC and British Rowing. Property income includes rent, rates, service charges and other property costs such as repairs, maintenance and legal costs.

Included in 2015 is accrued income from ESC of £0.6 million (2014: £0.4 million) for the lease at Bloomsbury Street, and £0.3 million (2014: £0.5 million) to fund provisions for dilapidations at two leased properties (note 18).

4 Financial asset income

	2015 £'000	2014 £'000
Dividends – listed stocks and securities	22	19

5 Charitable activities

	2015 £'000			2014 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Community grants awarded						
Rivertime Boat Trust	-	35	35	-	-	-
Plas y Brenin Community Adventure Sport Project	-	-	-	-	14	14
Total community grants	-	35	35	-	14	14
Provision of facilities						
Usage						
Depreciation	2,568	48	2,616	3,314	59	3,373
Impairment (reversals)/losses	(2,927)	(4)	(2,931)	1,082	2	1,084
Loss on disposal of fixed assets	-	-	-	3	-	3
Total	(359)	44	(315)	4,399	61	4,460
Costs directly related to activities						
ESC administrative charge	-	28	28	-	28	28
Gifts in kind administrative service	-	68	68	-	82	82
Total	-	96	96	-	110	110
Location costs						
Property costs	-	2,045	2,045	-	4,464	4,464
Legal and professional	-	76	76	-	23	23
Total	-	2,121	2,121	-	4,487	4,487
Total provision of facilities	(359)	2,261	1,902	4,399	4,658	9,057
Total charitable activities	(359)	2,296	1,937	4,399	4,672	9,071

Provision of facilities costs are allocated as set out in the accounting policies note 1.3.

Property costs for 2015 includes £0.3 million of dilapidation provisions at two leased properties (2014: £0.5 million), unused provision reversal of £0.1 million and £0.6 million for the lease at Bloomsbury Street (2014: £0.4 million).

All income and expenditure relating to the National Sports Centres management contract are accounted for by the ESC. The ESC fund the operational deficit of the National Sports Centres which was £3.7 million in 2015 (2014: £4.2 million).

6 Governance costs

	2015 £'000	2014 £'000
Trustees' travel and expenses	1	1
Audit fees	15	19
Total	16	20

Seven Trustees were paid travel and expenses during the year (2014: Seven).

The audit fees for the year were £17,000 (2014: £17,000). There was an overprovision of £2,000 in 2014 which resulted in reduced expenditure for the year.

There were no fees for non-audit work in 2015 and 2014.

7 Staff costs

The Charity employed no staff directly in 2015 and 2014.

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

The Trustees did not receive fees or allowances for the year (2014: Nil).

8 Reconciliation of the movement in funds

	2015 £'000	2014 £'000
Net assets at 1 April	80,629	72,009
Capital investment		
Gifted assets (ESC)	1,369	1,297
Lottery funded assets	1,879	5,418
Other movements		
Net revaluation of fixed assets	8,942	5,246
Depreciation	(2,616)	(3,373)
Operational surplus	21	36
Increase/(decrease) in value of financial assets	39	(1)
Disposal of assets	-	(3)
Net assets at 31 March	90,263	80,629

9 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Art works and Antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2014	11,416	78,834	1,643	3,730	2,452	827	98,902
Additions:							
Gifted assets	-	810	353	186	20	-	1,369
Lottery funded	-	1,066	-	-	813	-	1,879
Disposals	-	(1,023)	(1,615)	-	(20)	-	(2,658)
Revaluation	1,321	4,690	-	-	-	-	6,011
Transfers	-	2,954	776	(3,730)	-	-	-
At 31 March 2015	12,737	87,331	1,157	186	3,265	827	105,503
Depreciation							
At 1 April 2014	-	(16,006)	(1,457)	-	(1,726)	-	(19,189)
Charge for year	-	(2,211)	(186)	-	(219)	-	(2,616)
Impairment reversals	-	2,931	-	-	-	-	2,931
Disposals	-	1,023	1,615	-	20	-	2,658
At 31 March 2015	-	(14,263)	(28)	-	(1,925)	-	(16,216)
Net Book Value							
At 31 March 2014	11,416	62,828	186	3,730	726	827	79,713
At 31 March 2015	12,737	73,068	1,129	186	1,340	827	89,287

A desktop valuation of land, buildings and bund was carried out as at 31 March 2015 by Wilks Head & Eve LLP, a quality assured partnership which provides expert specialist advice in asset valuations and surveying.

The valuation is in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards ('The Red Book'). The last full valuation of land, buildings and bund was carried out as at 31 March 2014.

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

The disposals relate to the Bisham Abbey hostel block demolished in 2013 and Victoria House leasehold improvements after the lease surrender in June 2014.

The transfers relate to the completion of the Bisham Abbey reception and accommodation block and leasehold improvements at Bloomsbury Street.

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

10 Financial assets

Listed stocks and securities	2015 £'000	2014 £'000
Market value at 1 April	636	637
Revaluation of financial asset	39	(1)
Market value at 31 March	675	636

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

asset. There is no intention of selling this investment.

The historical cost of the asset at 31 March 2015 was £0.6 million (2014: £0.6 million).

11 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Trade debtors	90	81
Lottery grant receivable (ESC)	118	837
Grant receivable (TRBL)	-	26
ESC	-	838
Prepayments	242	516
Accrued income ¹	1,045	499
Total	1,495	2,797
Amounts falling due after more than one year		
ESC ²	398	155
Total	398	155
Total	1,893	2,952

¹ £1.0 million relates to the Bloomsbury Street lease

² Dilapidation provisions at Cardigan Road and Bloomsbury Street and onerous lease provision at Cardigan Road (note 18)

12 Creditors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Trade creditors	5	37
ESC	77	-
Deferred income	2	11
Accruals	1,250	1,390
Total	1,334	1,438

13 Restricted capital funds

	Revaluation reserve (land and buildings)	ESC funded assets ¹	ESC Lottery funded assets ²	Capital ³	Other ⁴	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2013	11,868	35,317	22,309	91	684	70,269
Gifted assets	-	1,297	-	-	-	1,297
Grant received	-	-	5,418	-	-	5,418
Revaluation	6,034	-	-	-	-	6,034
Impairment losses	-	(350)	(607)	3	(128)	(1,082)
Depreciation	-	(2,622)	(671)	(3)	(18)	(3,314)
Loss on disposal	-	(3)	-	-	-	(3)
Amortisation of reserve	141	(91)	(46)	(1)	(3)	-
Balance at 31 March 2014	18,043	33,548	26,403	90	535	78,619
Gifted assets	-	1,369	-	-	-	1,369
Grant received	-	-	1,879	-	-	1,879
Revaluation	5,851	-	-	-	-	5,851
Impairment reversals	-	1,206	1,650	16	55	2,927
Depreciation	-	(1,753)	(798)	(3)	(14)	(2,568)
Amortisation of reserve	(254)	261	1	(1)	(7)	-
Balance at 31 March 2015	23,640	34,631	29,135	102	569	88,077

¹ ESC funded assets

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

² ESC Lottery funded assets

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

³ Capital

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

⁴ Other

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

14 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2013	152	1,588	1,740
Amortisation of reserve	(6)	6	-
Revaluation	296	-	296
Impairment losses	-	(2)	(2)
Depreciation	-	(59)	(59)
Operational surplus	-	36	36
Revaluation of financial assets	-	(1)	(1)
Balance at 31 March 2014	442	1,568	2,010
Amortisation of reserve	(18)	18	-
Revaluation	160	-	160
Impairment reversals	-	4	4
Depreciation	-	(48)	(48)
Operational surplus	-	21	21
Revaluation of financial assets	-	39	39
Balance at 31 March 2015	584	1,602	2,186

15 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Financial assets £'000	Other assets £'000	Total 2015 £'000	Total 2014 £'000
Restricted funds					
Revaluation reserve	23,640	-	-	23,640	18,043
ESC funded assets	34,631	-	-	34,631	33,548
ESC lottery fund	29,135	-	-	29,135	26,403
Capital	102	-	-	102	90
Other	569	-	-	569	535
Total	88,077	-	-	88,077	78,619
Unrestricted funds					
Revaluation reserve	584	-	-	584	442
Other	626	675	301	1,602	1,568
Total	1,210	675	301	2,186	2,010
Total funds	89,287	675	301	90,263	80,629

16 Cash flow statement

16.1 Net cash flow from operating activities

	2015 £'000	2014 £'000
Net incoming resources	3,584	2,291
Gifted assets	(1,369)	(1,297)
Impairment (reversals)/losses	(2,931)	1,084
Loss on disposals	-	3
Financial asset income	(22)	(19)
Depreciation	2,616	3,373
Decrease/(increase) in debtors	1,059	(1,518)
Increase/(decrease) in creditors (excluding capital expenditure accruals)	641	(268)
(Decrease)/increase in provisions	(796)	1,245
Total	2,782	4,894

16.2 Analysis of changes in cash from capital expenditure

	2015 £'000	2014 £'000
Lottery funded additions	1,879	5,418
Decrease/(increase) in capital expenditure accruals	745	(506)
Net cash outflow	2,624	4,912

17 Commitments under operating leases

	2015 £'000	2014 £'000 Restated
Expiring within one year	-	779
Expiring between two and five years inclusive	108	102
Expiring in over five years	790	-
Total	898	881

All the Charity's commitments under leases to pay rentals is shown above. The 2014 figures have been restated to reflect the payments due on leases rather than the accrued cost. The lease at Victoria House was surrendered in June 2014 removing any commitments expiring within one year.

The Charity leases assets to ESC and British Rowing, and future commitments

are expected to be met through their occupation of the properties.

The rental income for the year amounted to £1.1 million (2014: £2.8 million) all of which was receivable from ESC. Note 9 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

18 Provisions

	Dilapidations £'000	Onerous Lease £'000	Total £'000
Balance at 1 April 2014	529	716	1,245
Provided in the year	294	-	294
Utilised in the year	(424)	(454)	(878)
Reversed unused	(105)	(107)	(212)
Balance at 31 March 2015	294	155	449
Amounts falling due within one year	-	51	51
Amounts falling due after more than one year	294	104	398
Total	294	155	449

The provisions above relate to the following properties:

Victoria House

Dilapidations £0.5 million and onerous lease £0.5 million provisions made in the previous year have been fully utilised and reversed where not required after the lease surrender was completed in June 2014.

Cardigan Road

In 2014 an onerous lease provision was included at £0.2 million. During the year £51,000 was utilised. There continues to be no likelihood of a new tenant before the lease expires in April 2018.

The £50,541 dilapidation provision made in

2014 was utilised following works to the property. The lease will be terminated in 2018 and so a provision of £0.1 million has been made to cover the costs of dilapidations.

Bloomsbury Street

The lease expires in November 2022 with no option to extend. A provision of £0.2 million has been made to cover the costs of dilapidations.

All of the above costs will be funded by ESC and thus accrued income has been recognised in these accounts (note 11).

There are no contingent liabilities or contingent assets for the current year (2014: Nil).

19 Value added tax

The Charity is in a group VAT registration scheme with ESC and is jointly and severally liable for all group VAT liabilities. No VAT is charged on transactions between fellow members of the VAT group. Any irrecoverable VAT incurred by the Charity is met on its behalf by ESC.

20 Capital commitments

There are no contracted capital commitments as at 31 March 2015 (2014: £1.9 million).

21 Parent body rights over assets

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

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

22 Derivatives and other financial instruments

The Charity relies mainly on grant, donation, and property funding to finance its operations. Other than cash resources and items such as debtors and creditors that arise from its operations, it holds no other financial instruments other than the financial asset referred to in note 10, nor enters into derivative transactions.

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

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

23 Related party transactions

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

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

	2015 £'000	2014 £'000 Restated
Income ¹	3,551	5,818
Amount owing from ESC	(321)	(993)

¹Income includes gifted assets which is a change from 2014.

24 Security

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

25 Ultimate parent body

The results of The Charity are consolidated in the accounts of ESC. The accounts of

ESC Group are available from its registered office at First Floor, 21 Bloomsbury Street, London, WC1B 3HF.

26 Post balance sheet events

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

ISBN 978-1-4741-1767-8



9 781474 117678