

The English Institute of Sport Limited

**Annual Report and Financial Statements
For the year ended 31st March 2016**

The English Institute of Sport Limited

**Annual Report and Financial Statements
For the year ended 31st March 2016**

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
(SI2009/476)

Ordered by the House of Commons to be printed 13th July 2016

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The English Institute of Sport Limited

Financial Statements

Year Ended 31 March 2016

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The English Institute of Sport Limited
Company Registration Number 04420052

Officers and Professional Advisers

The Board of Directors	J Steele - Chair N Walker – National Director V Aggar M Brown (resigned 8 th December 15) R Carr CBE Professor J Doust JC Hunter V Luck (appointed 8 th December 15) H Martin ACA S Munday (appointed 8 th December 15) K D Pickering (resigned 8 th December 15) Sir D Tanner CBE (appointed 8 th December 15) S Timson I C Watmore (resigned 8 th December 15)
Company Secretary	J Quick
Registered Office	The Manchester Institute of Health and Performance 299 Alan Turing Way Manchester M11 3BS
Auditor	Comptroller and Auditor General National Audit Office 157 – 197 Buckingham Palace Road Victoria London SW1W 9SP

The English Institute of Sport Limited

Strategic Report

Year Ended 31 March 2016

The results and a detailed review of the main activities carried out in the year are contained in the Directors' Report.

The strategic focus for the year has been on planning for the Tokyo cycle, whilst ensuring that the key elements of the Rio strategy continue to be implemented in the build up to this Summer's Olympic and Paralympic Games.

The Senior Management Team (SMT) has been tracking progress against current cycle objectives on a monthly basis using a traffic light monitoring system. At Board level the directors monitor progress against the strategic plans through review of performance reports and Key Performance Indicators (KPIs).

Significant work has been carried out at SMT and Board level on the Tokyo Strategic Plan in conjunction with UK Sport (UKS). In recent months we have been refining the detail of these plans using the VMOST (Vision, Mission, Objectives, Strategies, Tactics) methodology to produce tactical plans to deliver each area of the strategy. UKS Board will make the final funding allocation decision in December 2016.

There are a number of risks that are actively being managed, with the main ones being:

- Risks around staff retention and the loss of talent due to restrictions on pay increases.
- Risks around recruitment and the difficulties in attracting new practitioners of the required standard.
- Challenges associated with budget management - although funding has been agreed by UK Sport until March 2017 there is budgetary pressure, particularly in 2016/17, and this continues to be carefully managed.
- Risks around future funding that are being addressed through the Tokyo Strategic Plan.
- Risks around the changing environment that we operate in, for example risks to staff safety, such as travel, for training and competition, to countries at risk of terrorist activity.

Going forward, the emphasis over the next twelve months will be two-fold:

- Delivery of world class support to Team GB and Paralympics GB athletes in Rio.
- Finalising the Tokyo cycle strategy and securing sufficient funding to deliver against this.

Signed by order of the directors

N Walker, Director

Approved by the directors on 29th June 16

The English Institute of Sport Limited

Directors' Report

Year Ended 31 March 2016

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 March 2016.

Principal Activities and Business Review

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 company is a wholly owned subsidiary of The United Kingdom Sports Council (UKS).

EIS continues to receive core funding from UKS to support its infrastructure, with direct costs of service provision funded by charging the National Governing Bodies (NGBs) for agreed services. NGB income has been slightly lower than anticipated this year but is still marginally higher than the previous year.

The main activities during the year have included:

- Continuing to embed the 'what it takes to win' (WITTW) model into each NGB and ensuring both EIS and NGB staff are aligned to this.
- Delivery of Rio specific Research & Innovation (R&I) projects.
- Other Rio specific preparations, such as ensuring the IT equipment and infrastructure is in place to support practitioners in the field.
- Implementing the next phase of the Performance Data Management System (PDMS) project: building on the medical records system implemented at the end of 2014/15, enhancements to athlete monitoring, and implementing functionality to replace the Athlete Services Database.
- Continuing to develop the range and depth of practitioner development programmes, including specific programmes targeted at preparing practitioners for Rio. This is particularly important as for many practitioners it will be their first experience of attending the Olympics/Paralympics.
- Continue investment in PhD and MSc studentships across all disciplines in order to carry out performance impacting research, as well as identifying and developing practitioners of the future.
- Transferring delivery of EIS's mental health service under the remit of the Athlete Medical Scheme.
- Implementation of a new IT infrastructure under the new contract with BT IT Services. The go-live date for this was several months later than planned and it has proved to be a challenging project to deliver.
- Implementing a recruitment module on the Cascade HR system which has resulted in streamlined processes in this area.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2016

Principal Activities and Business Review, contd -

In addition to the above, UKS made a strategic decision to transfer the short track speed-skating World Class Programme from the National Ice Skating Association (NISA) to the EIS until such time as a number of governance concerns have been adequately addressed by NISA. The transfer took place on 1 October 2015 and a number of NISA employees were transferred across to us under TUPE regulations, retaining their NISA terms and conditions. Whilst it is early days, the impact on the performance of athletes since the transfer appears to be positive.

As mentioned in the strategic report a significant amount of work has also been carried out on the strategy for the Tokyo cycle. The SMT has held a number of meetings across the year to look at the key elements of the strategy, including several joint meetings with members of the UK Sport Performance Directorate SMT. Following submission of an initial business case to UKS in December, EIS has been asked to provide further detail behind each element of the strategy and that work is ongoing currently including further consultation with NGB employees, EIS staff and selected external individuals. The aim is to submit the revised business case to UKS in July.

Also of significance during the year, EIS took part again in the Sunday Times Top 100 Companies Survey in the 'not for profit' category and achieved 52nd position out of over 700 entrants. This was slightly down on our previous year position of 43rd and we are currently looking into addressing key learnings from the feedback we received from staff as part of this process.

Communications have continued to be a high priority throughout the year. Staff have been kept informed and updated via a variety of communication methods, including the annual national conference, all staff teleconferences held quarterly, weekly update messages and one to one and group discussions at EIS sites. NGBs have been consulted and kept informed through one to one dialogue and meetings, as well as via the Performance Directors' Forum Group, and their views sought through the NGB survey conducted in the Autumn. In addition, a technical update is sent to NGBs three times a year.

The results of the triennial valuation of the London Pension Fund Authority ("LPFA") pension scheme showed that the EIS fund was in a net surplus position as at 31 March 2013 of £2,583,000 (assets: £17,380,000, liabilities: £14,797,000). The employer's contribution rate increased from 9.1% to 12% on 1 April 2014. The EIS fund no longer has a guarantor in place therefore UKS issued a letter of confirmation of funding to LPFA to cover the three year period to 31 March 2017. LPFA has confirmed they will accept a further letter of confirmation of funding from UKS following the next triennial review, the results of which are due later this year.

The pension scheme valuation for FRS102 purposes differs from the triennial valuation as a result of a different set of actuarial assumptions being used.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2016

Governance

The EIS Board meets up to six times a year to provide strategic direction to the organisation. Board members are appointed for a maximum term of four years. At the end of this time directors may be re-elected for a further four year term (i.e. maximum of two, four year terms in total).

There were a significant number of governance changes implemented in 2013/14 and 2014/15. In 2015/16 the main changes have been in relation to Board appointments. Two directors' terms came to an end and another resigned in December and we recruited on the open market for three new directors to replace them. Of the three new directors two are from National Governing Bodies giving a good balance of representation from sports on the Board. The Board comprises 3 women and 8 men.

A governance audit was undertaken in January by Mazars and the recommendations are currently being implemented. These include more regular updating of the skills matrix and terms of reference, and introduction of annual one-to-one appraisals of Board member performance.

EIS also took part in a Risk Management Workshop involving the UK Sport Group Audit Committee members in November. Following this, and a subsequent audit in this area, a number of recommendations are being implemented regarding EIS risk management processes.

A review of the EIS's governance is included in the UK Sport Governance Statement.

Future Developments

The planned activities and budget for 2016/17 are based on the continued implementation of the proposals in the four year business plan, with particular focus on delivery to NGBs and athletes in Rio. As identified in last year's report, the budget remains tight due to a number of factors that were unforeseen when the original business plan was submitted. Objectives have been set for the year ahead and have been communicated to all staff. Progress against these will be closely monitored by the SMT.

Work will continue on finalising the Tokyo strategy with a view to beginning the implementation of these plans in the latter half of this financial year.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2016

Going Concern

The accounts have been prepared on a going concern basis. The directors have reviewed this position and are satisfied that the company is operating as a going concern, despite ongoing budgetary pressures. Detailed budgets have been prepared for the remainder of the funding cycle, resulting in a break even position by 31 March 2017. UK Sport has confirmed funding to 31 March 2017.

Service level agreements are in place with 44 Olympic, Paralympic and English funded sports, the majority of which are committed until March 2017. In addition to this EIS continues to work with a few professional sports. For 15/16 the latter generated income of £96,000.

Disabled Persons

EIS employs disabled persons on merit and every effort is made to ensure that all applicants are given full and fair consideration at all times. All reasonable adjustments are made to meet the needs of disabled employees and an occupational health service is provided to assess the needs of employees, where required, during the course of their employment. EIS is committed to providing training and development opportunities to all of its employees, both able bodied and disabled. EIS has achieved the Preliminary rating of the Equality Standard for Sport and is working towards the Intermediate rating.

Results

The deficit for the year, after taxation, amounted to £2,125,000 (*2015: deficit £946,000*). The deficit is mainly caused by a charge to pension contributions as a result of the actuarial valuation of the pension scheme.

In addition to the above, for the year ended 31 March 2016 there was an actuarial gain in respect of the defined benefit pension scheme of £2,654,000 (*2015: loss £8,325,000*) which is shown in the Statement of comprehensive income.

The balance sheet showed net liabilities as at 31 March 2016 of £13,621,000 (*2015: net liabilities of £14,150,000*). This was caused mainly by the net liability position arising in the actuarial valuation of the pension scheme. The pension scheme valuation for FRS102 purposes differs from the triennial valuation as a result of a different set of actuarial assumptions being used.

Financial Risk Management Objectives and Policies

With approximately 28% of our funding secured through service level agreements with NGBs it is key that we meet the performance objectives set out in these agreements in order to retain this funding. To that end each of our sports has a dedicated point of contact who closely monitors both the quantity and quality of service provision provided, liaising regularly with the sport in the process. This process is supplemented by an annual Customer Satisfaction Survey; providing all of our customers with the opportunity to feedback on their service provision at a national level.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2016

Financial Risk Management Objectives and Policies *(continued)*

KPIs are in place to ensure we meet the requirements of our key funder, UK Sport. The majority of KPIs being reported against are on target, and corrective action is being taken for those that are not.

Regular meetings have been held throughout 2015/16 with UK Sport to review performance. In addition, finance reports are reviewed by UKS quarterly, and governance/risk issues are addressed via the Group Audit Committee. Specific areas of risk are addressed through the internal audit programme.

The Group Audit Committee, made up of non-executive directors of UK Sport and independent members, meets 3-4 times per year to assist with the governance of the organisation. An EIS Risk Management Strategy is in place which covers all areas of risk, financial or otherwise, and the EIS Risk Register is reviewed and updated by the SMT and Board on at least a quarterly basis.

Directors

The directors who served the company during the year and their remuneration are detailed below, together with details of reimbursed meeting expenses for unremunerated non-executive directors:

Name	Position	Emoluments (£000)	Expenses (£000)	
J Steele	Chairman	10-15	-	
N Walker	National Director	140-145	-	
V Aggar	Director	-	1	
M Brown	Director	-	1	Resigned 8 December 15
R Carr	Director	-	-	
Professor J Doust	Director	-	1	
JC Hunter	Director	-	-	
V Luck	Director	-	-	Appointed 8 December 15
H Martin ACA	Director	60-65	-	
S Munday	Director	-	-	Appointed 8 December 15
KD Pickering	Director	-	-	Resigned 8 December 15
Sir D Tanner CBE	Director	-	-	Appointed 8 December 15
S Timson	Director	-	-	
IC Watmore	Director	-	-	Resigned 8 December 15

The company has indemnity insurance in relation to the directors.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2016

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office;
The Manchester Institute of
Health and Performance
299 Alan Turing Way
Manchester
M11 3BS

Signed by order of the directors

N Walker
Director

Approved by the directors on 29th June 16

The English Institute of Sport Limited

The Certificate and Report of the Comptroller and Auditor General to the Members of The English Institute of Sport Limited

Year Ended 31 March 2016

I certify that I have audited the financial statements of the English Institute of Sport Limited for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Income, the Balance Sheet, the statement of Changes in Equity, the statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102- "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102).

Respective responsibilities of the directors and the auditor

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

Scope of the audit of the financial statements

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

The English Institute of Sport Limited

The Certificate and Report of the Comptroller and Auditor General to the Members of The English Institute of Sport Limited *(continued)*

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the United Kingdom accounting standards, including FRS102; 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 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 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

Date 5th July 2016

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

The English Institute of Sport Limited

Statement of comprehensive income

Year ended 31 March 2016

	Notes	2016 £000	2015 £000
Income	2	24,596	23,639
Payroll costs	3,4	(15,814)	(14,338)
Operating costs	3	(10,435)	(10,052)
		<hr/>	<hr/>
Operating deficit before interest and taxation	3	(1,653)	(751)
Interest receivable and similar income	5	3	3
Interest payable	6	(474)	(197)
		<hr/>	<hr/>
Deficit on ordinary activities before taxation		(2,124)	(945)
Tax on ordinary activities	7	(1)	(1)
		<hr/>	<hr/>
Deficit for the financial year		(2,125)	(946)
Remeasurement of the net defined benefit liability		2,654	(8,325)
		<hr/>	<hr/>
Total comprehensive net income/(expenditure) for the year		529	(9,271)

All of the activities of the company are classed as continuing.

For a detailed breakdown of payroll and operating costs please refer to pages 31 – 32.

The company transitioned to FRS102 on 1 April 2014. The comparative for 31 March 15 has therefore been restated. Please refer to note 21 for further details.

The notes on pages 15 to 29 form part of these financial statements

The English Institute of Sport Limited

Balance sheet

31 March 2016

	Note	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	8		1,797		1,793
Intangible assets	9		901		825
			2,698		2,618
 Current assets					
Debtors	10	1,813		1,198	
Cash at bank		623		916	
		2,436		2,114	
Creditors: Amounts Falling due Within One Year	11	(2,463)		(2,135)	
Net current assets			(27)		(21)
Total assets less current liabilities			2,671		2,597
 Creditors: Amounts Falling due After More Than One Year	12		-		(18)
 Deferred income	13		(2,726)		(2,632)
Net liabilities excluding pension liability			(55)		(53)
Defined benefit pension scheme liability	15		(13,566)		(14,097)
Net liabilities including pension liability			(13,621)		(14,150)
 Reserves					
Retained earnings			(13,621)		(14,150)

These accounts have been audited under the Government Resource and Accounts Act 2000, and are therefore exempt from the requirements of section 475 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 29th June 2016 and are signed on their behalf by:

Helen Martin
 Director
 Company number: 04420052

The notes on pages 15 to 29 form part of these financial statements

The English Institute of Sport Limited

Statement of changes in equity

31 March 2016

	Notes	2016 £000	2015 £000
Retained earnings brought forward		(14,150)	(4,879)
Total comprehensive net income/(expenditure) for the year	16	<u>529</u>	<u>(9,271)</u>
Retained earnings carried forward		<u>(13,621)</u>	<u>(14,150)</u>

The notes on pages 15 to 29 form part of these financial statements

The English Institute of Sport Limited

Statement of cash flows

31 March 2016

	2016	2015
	£	£
Cash flows from operating activities		
Deficit for the financial year	(2,125)	(946)
<i>Adjustments for:</i>		
Depreciation of tangible assets	792	865
Amortisation of intangible assets	274	230
Other interest receivable and similar income	(3)	(3)
Interest paid	474	197
Loss on disposal of fixed assets	172	10
Provision for service cost of defined pension scheme	3,001	2,016
Defined benefit pension scheme contributions paid	(1,383)	(1,294)
Administration expenses of defined pension scheme	35	29
Tax on profit on ordinary activities	(1)	(1)
Deferred income	94	(88)
<i>Changes in:</i>		
Trade and other debtors	(615)	(160)
Trade and other creditors	331	(707)
Cash generated from operations	1,046	148
Interest payable	(4)	(4)
Tax received	1	1
Net cash used in operating activities	1,043	145
Cash flows from investing activities		
Purchase of tangible assets	(922)	(494)
Purchase of intangible assets	(422)	(470)
Interest received	3	3
Proceeds from sale of tangible assets	25	3
Net cash used in investing activities	(1,316)	(958)
Cash flows from financing activities		
Repayments of finance lease obligations	(20)	(20)
Net cash (used in)/from financing activities	(20)	(20)
Net (decrease)/increase in cash and cash equivalents	(293)	(833)
Cash and cash equivalents at beginning of year	916	1,749
Cash and cash equivalents at end of year	623	916

The company transitioned to FRS102 on 1 April 2014. The statement of cash flows reflects the presentation requirements of FRS102. For further information on the transition refer to note 21.

The notes on pages 15 to 29 form part of these financial statements

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1 Accounting policies

General Information

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 is a wholly owned subsidiary of The United Kingdom Sports Council (UKS).

The company is a private company limited by guarantee and is incorporated in England. The address of its registered office is The Manchester Institute of Health and Performance, 299 Alan Turing Way, Manchester, M11 3BS.

Basis of Accounting

The financial statements of the English Institute of Sport Limited are prepared on a going concern basis as referred to in the Directors' report and in accordance with FRS102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Use of Estimates and Judgements

The preparation of financial statements 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. The pension costs recognised within these financial statements are subject to key assumptions as set out in note 15.

UK Sport Grant Income

The UK Sport grant income shown in the income and expenditure account represents amounts receivable from UK Sport during the year less amounts credited to a deferred income account. Grant income received during the financial year but not used is deferred until the following year. Grant funding used to acquire fixed assets is credited to this account and then released over the life of the assets (see note 13).

Income from sale of services

The income from sale of services shown in the income and expenditure account represents amounts receivable from National Governing Bodies for services provided during the year.

Fixed Assets

Fixed assets are capitalised at cost where cost exceeds £500. When an item costs less than this but forms part of a group of assets whose total is greater than £500 then the items are capitalised.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1 Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- 5 years
Fixtures & Fittings	- 5 years
Computer Equipment	- 3 years

Intangible Assets

Intangible assets acquired by the company are measured at cost less accumulated amortisation.

Amortisation

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software & Licences	- up to 5 years
---------------------	-----------------

Financial Instruments

Basic financial assets including trade and other debtors, and cash and bank balances are recognised at transaction price, as are the basic financial liabilities of trade and other creditors.

Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating Lease Agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownerships remain with the lessor, are charged against income on a straight line basis over the period of the lease

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

1 Accounting Policies *(continued)*

Pension Costs and Other Post-Retirement Benefits

The London Pension Fund Authority pension scheme is a defined benefit scheme. The amount charged to the Statement of comprehensive income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variation from the cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of comprehensive income.

The defined benefit scheme is funded, with assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return of high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Taxation

The company pays taxation on interest receivable and any non-lottery funded income.

2 Income

The income and deficit before tax are attributable to the one principal activity of the company.

An analysis of income is given below:

	2016	2015
	£000	£000
UK Sport grant	16,757	16,052
Sport England grant	644	387
Income from sale of services	6,965	6,898
Sponsorship income	10	13
Other income	336	181
Grant released to the income & expenditure account in respect of depreciation	(823)	744
Transfer of fixed asset additions to deferred income	713	(630)
Grant income released from prior year	6	-
Unused grant released carried forward	(12)	(6)
	24,596	23,639

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

3 Operating deficit

	2016 £000	2015 £000
Operating deficit is stated after charging:		
Wages and salaries	11,832	11,360
Social security costs	970	939
Other pension costs	3,012	2,039
Total payroll costs	15,814	14,338
Travel and subsistence	1,330	1,118
Contracted service providers	716	731
Research and technical consultancy	2,232	1,620
Auditor's remuneration	15	14
Depreciation of tangible fixed assets	792	865
Amortisation of intangible fixed assets	274	230
Loss on disposal of fixed assets	172	10
Operating lease costs	1,527	1,425
Other operating costs	3,377	4,039
Total operating costs	10,435	10,052

Included within operating lease costs are facility rental costs where the agreement is on an annual rolling basis. Hence, these costs are not disclosed as commitments under operating leases within note 16.

4 Employees and directors

Employees

The average number of staff employed by the company during the financial year amounted to:

	2016	2015
Management	5	4
Administration	25	20
Operations	312	280
	342	304

Directors

The director's aggregate emoluments, including pension contributions, in respect of qualifying services were:

	2016 £000	2015 £000
Emoluments receivable	218	229
Value of company pension contributions to defined benefit schemes	26	27
	244	256

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

4 Employees and directors *(continued)*

Three directors (2015: three) are accruing benefits under the company defined benefit pension scheme.

Of the total amount above, the emoluments attributable to the highest paid director are £142,867 (2015: £131,700) and the pension contributions attributable to the highest paid director are £16,544 (2015: £15,804).

The accrued pension of the highest paid director at year end is £13,792 (2015: £9,706) and the accrued lump sum of the highest paid director at year end is £Nil (2015: £Nil).

5 Interest income and similar income

	2016	2015
	£000	£000
Bank interest receivable	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

6 Interest payable

	2016	2015
	£000	£000
Interest payable on finance leases	4	4
Net interest on defined pension liability	<u>470</u>	<u>193</u>
	<u>474</u>	<u>197</u>

7 Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2016	2015
	£000	£000
Current tax:		
UK Corporation tax based on the results for the Year at 20% (2015: 20%)	<u>1</u>	<u>1</u>
Total current tax	<u>1</u>	<u>1</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

8 Tangible Fixed Assets

	Leasehold Improvements £000	Fixtures & Fittings £000	Assets held under finance leases £000	Computer Equipment £000	Total £000
Cost					
At 1 April 2015	380	5,624	70	2,103	8,177
Additions	6	795	-	121	922
Disposals	(56)	(714)	-	(916)	(1,686)
At 31 March 2016	<u>330</u>	<u>5,705</u>	<u>70</u>	<u>1,308</u>	<u>7,413</u>
Depreciation					
At 1 April 2015	325	4,246	31	1,782	6,384
Charge for the year	19	517	20	236	792
On disposals	(37)	(612)	-	(911)	(1,560)
At 31 March 2016	<u>307</u>	<u>4,151</u>	<u>51</u>	<u>1,107</u>	<u>5,616</u>
Net book value					
At 31 March 2016	<u>23</u>	<u>1,554</u>	<u>19</u>	<u>201</u>	<u>1,797</u>
At 31 March 2015	<u>55</u>	<u>1,378</u>	<u>39</u>	<u>321</u>	<u>1,793</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

9 Intangible Assets

	Software & Licences £000
Cost	
At 1 April 2015	1,651
Additions	422
Disposals	(610)
At 31 March 2016	<u>1,463</u>
Amortisation	
At 1 April 2015	826
Amortisation for the year	274
On disposals	(538)
At 31 March 2016	<u>562</u>
Net book value	
At 31 March 2016	<u><u>901</u></u>
At 31 March 2015	<u><u>825</u></u>

10 Debtors

	2016 £000	2015 £000
Trade debtors	767	556
Amounts owed by group undertakings	-	-
Other debtors	10	16
Prepayments and accrued income	1,036	626
	<u><u>1,813</u></u>	<u><u>1,198</u></u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

11 Creditors: Amounts Falling due Within One Year

	2016	2015
	£000	£000
Trade creditors	1,007	800
Amounts owed to group undertakings	57	41
Other creditors including taxation and social security:		
Corporation tax	1	1
Other taxation and social security	771	655
Finance lease agreements	18	20
Other creditors	44	12
Accruals	565	606
	2,463	2,135

£181,408 (2015: £91,860) of the Other taxation and social security balance relates to VAT liabilities due to the parent company.

12 Creditors: Amounts Falling After More Than One Year

	2016	2015
	£000	£000
Finance lease agreements	-	18
	-	18

13 Deferred income

Funding used to acquire fixed assets is credited to the deferred income account and then released over the life of the asset. Income received in advance but not utilised is also credited to the deferred income account and is released the following year.

	2016	2015
	£000	£000
Balance brought forward	2,632	2,720
Income received in advance deferred to future periods	46	52
Release of income deferred from prior periods	(52)	(17)
Income deferred in relation to fixed assets acquired less disposals during the year	(952)	630
Amortisation of income in relation to fixed assets	1,052	(753)
	2,726	2,632

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

14 Finance Lease Agreements

Future commitments under finance lease agreements are as follows:

	2016	2015
	£000	£000
Amounts payable within 1 year	18	20
Amounts payable between 2 to 5 years	-	18
	18	38

15 Pension Commitments

The company participates in the London Pension Fund Authority Superannuation Scheme (LPFA). The company 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 £1,394,273 (2015: £1,316,762).

Following advice of the consulting actuaries to the LPFA, as at 31 March 2011 the English Institute of Sport Limited's employer contributions (as a percentage of pensionable salary) were reduced from 12.5% to 9.1%.

A Triennial Actuarial Valuation was carried out as at 31 March 2013 for funding purposes. As a result of this, employer contributions increased to 12% from 1 April 2014.

A valuation for FRS102 purposes was carried out as at 31 March 2016 by Barnett Waddingham, a qualified independent actuary. The assumptions used by the actuary for FRS102 valuation purposes were:

Financial assumptions:	2016	2015
	%	%
Rate of increase in salaries	4.3	3.0
Rate of increase in pensions in payment	2.5	2.6
Discount rate	3.9	3.5
Inflation assumption	3.4	3.4

As at 31 March 15 a bespoke rate of increase in salaries assumption was used. As at 31 March 16 all standard actuarial assumptions have been used.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

15 Pension Commitments *(continued)*

Average future life expectancies at age 65:	Males	Females
Current pensioners	22.8 years	25.5 years
Future pensioners	25.2 years	27.8 years

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus is:

	2016 £000	2015 £000
Equities	11,714	9,981
Target Return Portfolio	5,364	6,650
Cash	3,188	2,641
Infrastructure	1,381	1,140
Commodities	113	214
Property	900	652
LDI/Cashflow matching	<u>2,556</u>	<u>1,727</u>
 Total market value of assets	 25,216	 23,005
 Present value of scheme liabilities	 (38,782)	 (37,102)
 Net pension liability	 <u>(13,566)</u>	 <u>(14,097)</u>

The amounts recognised in the Statement of comprehensive income are as follows:

	2016 £000	2015 £000
Service cost	3,001	2,016
Net interest on the defined liability	470	193
Administration expenses	35	29
Total loss	<u>3,506</u>	<u>2,238</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

15 Pension Commitments *(continued)*

Remeasurement of the net assets/(defined liability):

	31 March	31 March
	2016	2015
	£000	£000
Return on Fund assets in excess of interest	(1,034)	437
Change in financial assumptions	3,688	(8,762)
Remeasurement of the net assets/(defined liability)	<u>2,654</u>	<u>(8,325)</u>

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

	31 March	31 March
	2016	2015
	£000	£000
Opening defined benefit obligation	<u>37,102</u>	<u>24,347</u>
Current Service cost	3,001	2,016
Interest cost	1,317	1,139
Contributions by scheme participants	878	832
Change in financial assumptions	(3,688)	8,762
Estimate benefits paid (net of transfers in)	172	6
Closing defined benefit obligation	<u>38,782</u>	<u>37,102</u>

Changes in the fair value of fund assets are as follows:

	31 March	31 March
	2016	2015
	£000	£000
Opening fair value of fund assets	<u>23,005</u>	<u>19,519</u>
Interest on assets	847	946
Return on assets less interest	(1,034)	437
Administration expenses	(35)	(29)
Contributions by the Employer including unfunded	1,383	1,294
Contributions by Fund participants	878	832
Estimated benefits paid net of transfers in	172	6
Closing fair value of Employers assets	<u>25,216</u>	<u>23,005</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

15 Pension Commitments *(continued)*

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

	31 March 2016	31 March 2015
	%	%
Equities	46	43
Target return funds	21	29
Cash	13	11
Infrastructure	5	5
Commodities	-	1
Property	4	3
LDI/Cashflow matching	10	8

The Actuaries estimate the employer's contributions for the year ending 31 March 2017 will be approximately £1,397,000.

16 Commitments under operating leases

At 31 March 2016 the future minimum lease rentals payable under non-cancellable operating leases as set out below:

	2016		2015	
	Land and Buildings	Other Items	Land and Buildings	Other Items
	£000	£000	£000	£000
Within 1 year	1,299	16	1,201	16
Within 2 to 5 years	326	9	1,165	25
After more than 5 years	-	-	-	-
	<u>1,625</u>	<u>25</u>	<u>2,366</u>	<u>41</u>

Included within operating lease costs are facility rental costs where the agreement is on an annual rolling basis. Such costs are not included within the commitments disclosed above.

The company transitioned to FRS102 on 1 April 2014. The comparative for 31 March 15 has therefore been restated. Please refer to note 21 for further details.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

17 Related Party Transactions

The English Institute of Sport Limited's ultimate controlling party is UK Sport. Copies of the group financial statements can be obtained from them at 21 Bloomsbury Street, London, WC1B 3HF, or from their website (www.uk sport.gov.uk).

During the year the company has been in receipt of core grant income totalling £11,246,033 (2015: £10,562,946) from UK Sport. There were also other grants as follows: Research and Innovation programme grant of £2,800,000 (2015: £3,000,000), Research and Innovation staff grant of £420,000 (2015: £420,000), Research & Innovation sport specific grant of £19,632 (2015: £480,370), Research & Innovation Paralympic Cycling grant of £53,160 (2015: £52,374), Performance Lifestyle grant of £820,800 (2015: £808,670), Project Para grant of £120,000 (2015: £120,000), Paralympic Data Analyst grant of £24,565 (2015: £Nil), Performance Project Consultant grant of £8,030 (2015: £Nil), ECAP funding of £18,732 (2015: £18,455) and Performance Pathways grant of £703,638 (2015: £588,915). There was also World Class Programme grant funding in respect of Short Track Speed Skating of £479,097 (2015: £Nil).

During the year, UK Sport recharged The English Institute of Sport Limited £458,557 (2015: £429,727) of shared expenditure. Also, The English Institute of Sport Limited recharged UK Sport £85,778 (2015: £51,895) of shared expenditure.

The balance due to UK Sport at the year-end was £238,592 (2015: £132,610) which is disclosed within short term creditors and primarily represents the VAT liabilities for October 15 – March 16, £30,000 for a joint partnership between UK Sport and BAE, £10,750 of recharged marketing costs, £12,441 of recharged internal audit costs and £3,992 of recharged training costs. The balance due to the English Institute of Sport is £310 (2015: £nil).

18 Company Limited by Guarantee

The member has guaranteed the sum of £1 on winding up for payment of debts and liabilities.

19 Financial instruments

The financial instruments relate to trade and other debtors, cash and trade and other creditors. During the year 68% of funding (2015: 68%) was grant income from UK Sport and 28% (2015: 29%) of funding was secured through long standing service level agreements with NGB's. The English Institute of Sport is therefore exposed to little credit or liquidity risk.

20 Post Balance Sheet Events

There were no adjusting post balance sheet events between 31 March 2016 and the date that the accounts were signed on behalf of the Board of Directors. The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2016

21 Transition to FRS102

These are the first financial statements to comply with FRS102. The company transitioned to FRS102 on 1 April 2014.

Set out below are the changes in accounting policies which reconcile the deficit for the financial year ended 31 March 2015 between UK GAAP as previously reported and FRS102.

No transitional adjustments were required to equity for the financial year ended 31 March 2015 in respect of FRS102.

Statement of comprehensive income

				Year ended 31 March 2015		
	Note	As previously stated £000	Effect of transition £000	FRS102 (as restated) £000		
Income		23,639	-	23,639		
Payroll costs	A	(14,338)	-	(14,338)		
Operating costs	A	(10,023)	(29)	(10,052)		
Operating deficit before interest and taxation		(722)	(29)	(751)		
Interest receivable and similar income	A	178	(175)	3		
Interest payable	A	(4)	(193)	(197)		
Deficit on ordinary activities before taxation		(548)	(397)	(945)		
Tax on ordinary activities		(1)	-	(1)		
Deficit for the financial year		(549)	(397)	(946)		
Remeasurement of the net defined benefit liability	A	(8,722)	397	(8,325)		
Total comprehensive net income/(expenditure) for the year		(9,271)	-	(9,271)		

Notes to the Financial Statements

Year Ended 31 March 2016

21 Transition to FRS102 *(continued)*

A. Defined benefit scheme

Under previous UK GAAP the company recognised an expected return on defined plan assets in the statement of comprehensive income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in the statement of comprehensive income. There has been no change in the defined benefit liability at either 1 April 2014 or 31 March 2015.

B. Other adjustments arising on transition to FRS102

In addition to the transition adjustments identified above which affect the deficit for the financial year ended 31 March 2015 the following adjustments have arisen which have had no effect on the net equity or the statement of comprehensive income but which have affected the presentation of these financial statements. They are:

- i. The statement of cash flows reflects the presentation requirements of FRS102, which is different to that prepared under FRS1. There has been no change to cash and cash equivalents.
- ii. SSAP21 required the lessee to disclose the payments committed to be made during the next year, analysed according to the expiry date of the lease. FRS102, however, requires disclosure of the total minimum lease payment due over the lease term, with the payment aged according to when the payments are due rather than when the commitment expires. Note 17 has therefore been restated to reflect this.

The English Institute of Sport Limited

Management Information

Year Ended 31 March 2016

**The following pages do not form part of the statutory financial statements
which are the subject of the Comptroller and Auditor General's report on pages
9 to 10**

The English Institute of Sport Limited

Detailed payroll and operating costs

Year Ended 31 March 2016

		2016		2015	
	£000	£000		£000	£000
Payroll costs					
Wages and salaries	11,832			11,360	
Staff national insurance contributions	970			939	
Staff pension contributions	3,012			2,039	
		15,814			14,338
Operating costs					
Utilities	-			(2)	
Insurance	145			141	
Repairs and maintenance	50			41	
Travel and motor expenses	1,330			1,118	
Telephone	310			179	
Information systems costs	572			779	
Meeting and workshops	212			236	
Athlete equipment and consumables	640			642	
Relocation expenses	23			22	
Stationery and postage	75			71	
Staff training	398			411	
Other staff costs	132			113	
Recruitment expenses	65			45	
Contracted service providers	716			731	
Athlete personal award	20			-	
General expenses	64			33	
Marketing	77			62	
Legal and professional fees	36			71	
Mental health referrals	66			42	
Technical consultancy fees	2,232			1,620	
Testing, development & Prototypes	403			1,098	
Pension administration costs	35			29	
Payroll administration costs	32			18	
Auditors remuneration & accountancy costs	31			14	
Depreciation of leasehold improvements	19			32	
Depreciation of fixtures and fittings	517			469	
Depreciation of assets held under finance leases	20			20	
Depreciation of computer equipment	236			344	
Amortisation of intangible assets	274			230	
Loss on disposal of fixed assets	172			10	
		8,902			8,619
Carried forward		24,716			22,957

The English Institute of Sport Limited

Detailed payroll and operating costs

Year Ended 31 March 2016

	2016		2015	
	£000	£000	£000	£000
Operating costs <i>(continued)</i>				
Brought forward		24,716		22,957
Operating lease: Property & P&E	1,527		1,425	
Bank charges	<u>6</u>		<u>8</u>	
		<u>1,533</u>		<u>1,433</u>
		<u>26,249</u>		<u>24,390</u>

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