

The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

Annual Report and Accounts

For the Year Ended 31 March 2019

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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 12 June 2019

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

ISBN 978-1-5286-1054-4

CCS0219624702 06/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS 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 2019.

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 Charity Commission (Charity number 803779).

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

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

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 2019 the Board met four times (2018: four times).

The Board is composed of a Chair and five Trustees as at 31 March 2019, details of whom can be found on page 13.

The Chair has accountability for the management of the Charity's operations. To facilitate effective operations, the Chair

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 (the "NSCs"). 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 the Charity focused on:

- Increasing participation in sport and physical inactivity through a wide range of sporting activities.
- Providing, improving and maintaining world class training facilities (the NSCs).
- Providing community access to NSC facilities.
- Ensuring that the NSCs continue to promote holistic sports development programmes.
- Reviewing and seeking to continuously improve the grant making process.
- Awarding grants to sporting/community organisations.
- Monitoring the performance of investments and available funding.

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

Strategic Report

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

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

The NSCs 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 NSCs and Rowing Lake are unique in the sporting landscape, providing world class training environments for Olympic and Paralympic programmes whilst simultaneously delivering wider outcomes for community participation and physical activity. The Centres are recognised nationally, and increasingly internationally, as examples of best practice for the co-location of community activity and world class training environments. The NSCs contribute positively to Sport England's reputation across the sport and leisure sector. Sport England's role as the client of three sector leading facilities (on behalf of

SCTC) provides credibility within the market, particularly in relation to Sport England's strategic role working with Local Authorities, Trusts, and Operators to drive consistent improvement in local leisure provision. The NSCs regularly host a diverse range of partners and stakeholders to share best practice and innovation, demonstrating the wider asset value across the sport and leisure sector.

The co-location of facilities and partners on site has strengthened Sport England's relationship with UK Sport, National Governing Bodies ("NGBs") and The English Institute of Sport ("EIS"). The partnership with the Royal British Legion through the provision of the Battle Back Centre at Lilleshall, which uses sport and physical activity to aid physical and mental rehabilitation of injured service personnel, is an excellent example of beneficial partnership with non-traditional sector partners.

The NSCs form part of the elite training centre network which runs across England and consists of 18 Centres who host world class Olympic and Paralympic programmes. The network brings together the key providers to share best practice and strategically support NGB performance pathways. The approach drives efficiency into the elite training environments, contributing to a more sustainable elite sport system.

The 2017-2021 Sport, Health and Inclusion Strategy at Bisham and Lilleshall has five key objectives to:

- Enhance service delivery across the NSCs.
- Sustain and create new opportunities for community participation.
- Support and develop leadership and the volunteering workforce.

- Encourage behaviour change and increase participation within the physically inactive in the local community.
- Support and facilitate development of elite and talented athletes.

The PYB 2017-2021 sports development plan is focused on participation and education within the outdoor environment. Its key objectives are to:

- Facilitate development of coaching and instruction in outdoor pursuits, particularly for strategic functions, such as high-level coaching and instructor training.
- Facilitate development of expertise, standards of operation and new forms of delivery in the outdoor pursuits sector.
- Facilitate wider participation in outdoor pursuits, particularly among low participant groups, through innovative forms of delivery and programme development.
- Optimise the use of PYB throughout the year ensuring value for money and affordable training opportunities.
- Promote the quality and variety of the natural environment that make PYB a uniquely iconic setting for a national mountain centre.

The performance against the strategic objectives is detailed in the Performance section on page 8. The Achievements section on page 4, provides further details of the outcomes of specific activities which contributed to the overall performance for the year.

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.

In May 2018, the Board reviewed its risk strategy to take account of a similar review undertaken by the Sport England Board. The risk strategy sets out the Charity's approach to risk, including its risk appetite. The review provided an opportunity to consider the environment within which the Charity works and whether it has the right processes and approach in place. A dynamic approach to reviewing the risk register is adopted throughout the year leading to risks being added, amended and closed, as appropriate.

The Charity's risks are focused on strategic matters; management of operational risks is delegated to officers of the ESC through the SLA.

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

- The management contractors engaged to operate the NSCs may underperform and fail to meet agreed sporting outcomes and financial targets.
- The value of the Charity's assets (NSCs and Rowing Lake) are impacted by external or environmental factors.
- Health and safety, and safeguarding issues resulting from use by the public of the Charity's facilities.
- Investments made by the Charity do not achieve capital growth or generate sufficient income to support its charitable objects.
- The strategic objectives of the Charity do not align sufficiently with Sport England's strategy, which may result in Sport England not prioritising the NSCs for investment.

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

Achievements

Charitable grants

The SCTC Board regularly considers its approach to managing the grant making process, agreeing in 2018 that the criteria for funding should remain broad, but that a specific focus could be introduced which would be subject to an annual review. Projects seeking to improve mental well-being were the agreed focus for 2018-19 investment, with priority given to projects close to the NSCs.

During 2018-19 the Charity awarded four grants totalling £39,773 as follows:

- £10,000 to Oakengates Town Council, working with 150 disadvantaged families to offer affordable weekly activities with the aim of improving mental well-being and family cohesion.
- £9,799 to Chapter West Cheshire Ltd, working with 50 service users with mental health issues to meet a personal challenge, including climbing Snowden.
- £10,792 to Get Berkshire Active Mum's Zone, working with disadvantaged first-time mothers in Slough.
- £9,182 to Places for People Leisure Mum's Zone, working with disadvantaged first-time mothers in Wokingham.

Bisham Abbey

Set within the grounds of a Grade I listed Abbey, Bisham provides a range of world class facilities including an international hockey facility, high performance tennis centre, Intensive Rehabilitation Unit, 100 bed hotel accommodation, floodlit 3G pitch, international grass pitches, community gym, studios, café and conferencing facilities.

The National Centre is home to England Hockey, The EIS, British Rowing, Women's Rugby Football Union, Reading Ladies FC, Living Tennis, FAB Football Academy and various local sports clubs.

Community usage¹ for the year was 194,974 compared with 192,610 the previous year. The growth is attributed to the successful delivery of a diverse range of programmes in partnership with onsite NGBs, local councils and local sports organisations.

Social Bike Ride, a British Cycling affiliated project, aimed at anyone looking to improve their health and wellbeing, whilst providing social opportunities outside of a club environment, was launched. Following an initial 24-week programme, the project has developed into a regular community programme.

The Thames Valley Walking Football League has expanded with 4 leagues and 22 teams regularly participating, providing over 220 men and women aged 50 and over with the opportunity to keep active and socially engaged.

The Berkshire School Games were again hosted at Bisham providing a showcase for young people to experience a positive attitude towards sport and physical activity. Over 1200 young people from over 60 schools took part in the event. The event was also supported by 50 volunteers who were trained and supported in their first experience as volunteers.

The Rivertime Accessibility Regatta was held for the second year, funded by the Rivertime Boat Trust and Give Them a Sporting Chance. The event inspired over

¹ Community usage is on a per person per visit basis

350 abled and non-abled children by providing them with opportunities to participate in river-based activities.

Bisham was selected as one of three neutral venues to accommodate a new Football Association women's academy/education programme, hosting regular fixtures throughout the season. The scheme aims to support over 200 female players aged 16-20 from eleven clubs. As well as developing the players' football skills, participants will also receive academic support and vocational guidance. The programme aims to ensure that players are prepared for transition to their first team and considers the future of these players and their aspirations.

Working in partnership with the EIS, a taster day for 35 talented students aged 12-18 from the Ascot and Maidenhead School Sports Partnership was held. Workshops and inspiring discussions with previous athletes and coaches took place and the students were also able to experience the practical elements of the technology used in elite sports. The young athletes were able to experience the elite environment and understand the talent pathway as well as being introduced to Bisham as a training venue.

The Commonwealth Big Lunch attended by Dame Katherine Grainger, local dignitaries and schoolchildren from the surrounding area was held as part of a special initiative from the Eden Project and the UK Government to celebrate our shared values across the Commonwealth, and to showcase its diversity, culture and shared sporting heritage. The lunch also celebrated the role Bisham has had in preparing athletes across the Home

Nations to compete at the Commonwealth Games.

Lilleshall

In the heart of Shropshire, Lilleshall National Centre has a range of sports facilities situated within a 100-acre site of a Grade II listed hunting lodge. The facilities include; 'Capability' Brown gardens, International Gymnastics Hall, indoor and outdoor archery ranges, 7 grass pitches, 2 four court sports halls, a High-Performance Centre, 2 International hockey pitches, 185 bed accommodation, Royal British Legion Battleback Centre, shared NGB office accommodation, community gym, catering and conferencing facilities.

The National Centre is home to British Gymnastics, Archery GB, The EIS, England Hockey, Royal British Legion, Crossbar Coaching and a range of local sports clubs.

Community usage for the year was 71,991 compared to 63,450 the previous year². The increased community use is attributed to the addition of new community programmes including The This Girl Can Festival, Nature Trail and holiday activity programmes. The sports development team worked closely with onsite NGB partners to develop structured recreational opportunities at Lilleshall.

In partnership with East Shropshire School Sport Partnership and the local County Sports Partnership 'Energize Shropshire Telford and Wrekin', the first #This Girl Can festival, was hosted at Lilleshall. Attended by almost 800 girls aged 8 -11 from 25 primary schools across the East Shropshire area, local and national sporting role models offered inspiration, support and motivation to the girls taking part. The day was

² Community usage is on a per person per visit basis

supported by 30 volunteers and involved 16 sports clubs and organisations including boxing, cheerleading, rugby, cricket and golf. The event has encouraged the schools to review how PE is being delivered within schools to improve young people's experiences.

Following the theme of young people's experience in sport, a twelve-week Crossbar Sports Coaching Traineeship was delivered, marking the start of an opportunity for those students successfully completing the course to apply for a 2-year sports coaching apprenticeship. The programme was offered to young people aged 16-24 who were not in employment or education and included principles of coaching and a placement in a primary education setting delivering practical sports education.

Lilleshall hosted a workshop in support of PE delivery at schools for teachers and support staff of a local primary school. The staff were introduced to a range of activities planned against the National Curriculum, as well as safeguarding training and a visit to the Centre's nature trail. The participants took innovative ideas, skills and methods of delivering PE and activity sessions back into their schools, as well as ways in which they could engage their pupils with the site to support various areas of the curriculum.

'Holiday Heroes', a sports camp for school children, was held during the summer holidays. During the five-week programme, over 200 children were introduced to new sports and activities, with football and hockey amongst them. There were plenty of opportunities for fun and inclusive sessions for children of all levels and abilities.

Lilleshall supported England Hockey with running their Diploma in Sporting Excellence course, which aims to improve and develop

the hockey players. The programme is a government funded scheme and measures athletes' ability to plan, apply and evaluate their development in aspects of hockey. The course was attended by 150 athletes aged between 15-18 years and included modules on nutrition, lifestyle management and career progression.

Vital coaching experience was provided for Shropshire young leaders in association with the East Shropshire Schools Partnership and the British Gymnastics Men's Artistic Group ("the MAG"). The MAG coach allowed all the young leaders to visit the gymnastics training area and experience the variety of equipment as well as watching demonstrations of routines by the gymnasts. Opportunities were available for the young leaders to engage with elite coaches and gymnasts, enabling them to understand some areas of talent and coaching pathways.

The redevelopment of the Main House building, restoring the Grade II listed building back to 29 bedrooms with associated conferencing and hospitality facilities commenced during the year. The project brings the 2nd and 3rd floors of the Main House back into use following the relocation of NGB offices to the new office block in 2016. The project complements the existing sports accommodation and provides an opportunity to drive increased revenue through greater capacity for sport, commercial and conferencing activity. The additional revenue will contribute to reducing the operating cost of the NSC.

Activities at Bisham and Lilleshall

As part of the Elite Training Centre Network, a world class training environment for NGBs who base their world class programmes and talent pathways at the National Centres was provided.

During 2018/19, the NSCs supported sports in preparation for major events and competitions including: Hockey World Cup, Rugby World Cup Sevens, European Archery Championships and Gymnastics World and European Championships.

At the 2018 Commonwealth Games in Australia, teams based at Bisham celebrated success with bronze medals for Men's and Women's Hockey teams and the Women's Rugby Sevens team. Gymnasts based at Lilleshall, representing their Home Nations, won 7 gold, 8 silver and 6 bronze medals.

Building on the work of the Mental Health Charter for Sport and Recreation, weekly wellbeing sessions have been established to encourage people to be more active and mindful of their wellbeing and mental health. The sessions are available to staff based at the NSCs and to the wider local community.

Plas y Brenin

Located in Snowdonia National Park, PYB provides a focal point for a year-round programme of outdoor adventure sports courses, continuing professional development ("CPD") and activities. The centre's facilities include: 139 bed accommodation, two climbing wall areas, an abseil tower, canoe training pool, lake, low ropes course and direct access to an internationally recognised natural environment for climbing, paddling, mountain biking and outdoor pursuits.

The value of the outdoors in contributing towards people getting more active is becoming increasingly evident. Insight from most recent Active Lives Surveys shows that adults keeping active do so through a blend of activities. PYB's ability to work across a range of outdoor activities including; hill walking, climbing, mountaineering, paddle sports and

mountain biking places the NSC in a strong position to support the outdoor sector to deliver growth from entry level access to the outdoors to higher end adventure activities.

PYB plays an important role in providing exceptional sector expertise and support for the outdoors. This ranges from sector leadership, developing coaching standards and informing NGB scheme development, training their tutors, acting as a role model for the sector and contributing to world class coaching standards working with, for example, the Ramblers, The British Mountaineering Council ("BMC"), Scouting, Girl Guiding and the British Association of International Mountain Leaders.

PYB has focused on investing in instructional staff so that expert advice can be provided to the sector and to continue to meet the requirements of the course providers for core adventure sport disciplines. Staff induction in high-end coaching courses has expanded the pool of expertise, demonstrating a key role PYB plays in supporting workforce development and providing leadership to the industry. CPD and training events held included the BMC student safety seminar, attended by 105 students from university mountaineering clubs; workshops and seminars to the British Association of International Mountain leaders at their annual conference and Annual General Meeting in the Peak District; workshops for the Mountain Training Association ("MTA"); and a 'Rope Matters' CPD event for 60 professionals working in the sector, sharing best practice and latest innovation in climbing equipment design and safe use.

Utilising the expertise, knowledge and experience of staff, PYB contributes to a wide range of NGB strategic, technical and development groups. PYB's role as a lead provider ensures coach

education/developments are evidence-based.

Bespoke training events were provided for club volunteers of the BMC who instruct and coach in their home communities and clubs. In addition, a weekend of training was delivered to 14 talented young climbers from various regions across England with the aim of launching them on their coaching pathway. The event will be repeated later in the year due to its success.

The instructional team continues to provide direct support to Mountain Training UK, the BMC, British Cycling and British Canoeing, attending a range of technical and development groups focused on coaching standards and safe working practices. The first Mountain Training National Trainers Event took place and was attended by 60 trainers and assessors of Mountain Training awards.

A new four-day course was designed and launched based on the new Mountain Training Rock Climbing Development Instructor Award. This award bridges the gap between the lower end and higher end schemes, providing a more structured progression through the pathway for candidates.

PYB was again chosen to host the Outdoor Partnership volunteers' day, attracting over 120 local club volunteers to take part in a day of CPD and training workshops. This project contributed to developing a strong outdoor sector workforce with volunteers providing coaching and instruction to a wide variety of outdoor based clubs.

Across the sector, outdoor facility providers are consulting with PYB about how it is placing the customer at the heart of delivery and using insight to inform programme developments to deliver a more sustainable business.

The refurbishment of the Bryn Engan business retreat and workspace was completed in 2018. The buildings have been transformed to a dedicated teaching and learning space, which includes an enhanced accommodation provision. This will enable delivery of an elite training environment to support the centre's role in talent development and world class performance.

The Rowing Lake

British Rowing leases the Rowing Lake and boathouse from the Charity and undertakes an extensive programme of rowing development and training. The facilities comprise an Internationally recognised 2100m rowing lake, Clubhouse, boat store, gym, offices for British Rowing, catering and conferencing facilities. The facility is home to the British Rowing World Class Programme but also home to clubs and universities including; Oxford University, Oxford Brooks University and Eton College.

The world class training environment plays a crucial role in underpinning the training and preparation for the GB Rowing Team for major competitions including Tokyo 2020.

Performance

The management contracts in place at Bisham, Lilleshall and PYB contain performance indicators and reporting mechanisms which are designed to ensure that each facility's strategic objectives and five-year sports developments plans are delivered. Performance of the operators was measured quarterly using a balanced score card.

The Trustees are provided with a performance update at each Board meeting and are kept informed of any matters of concern.

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

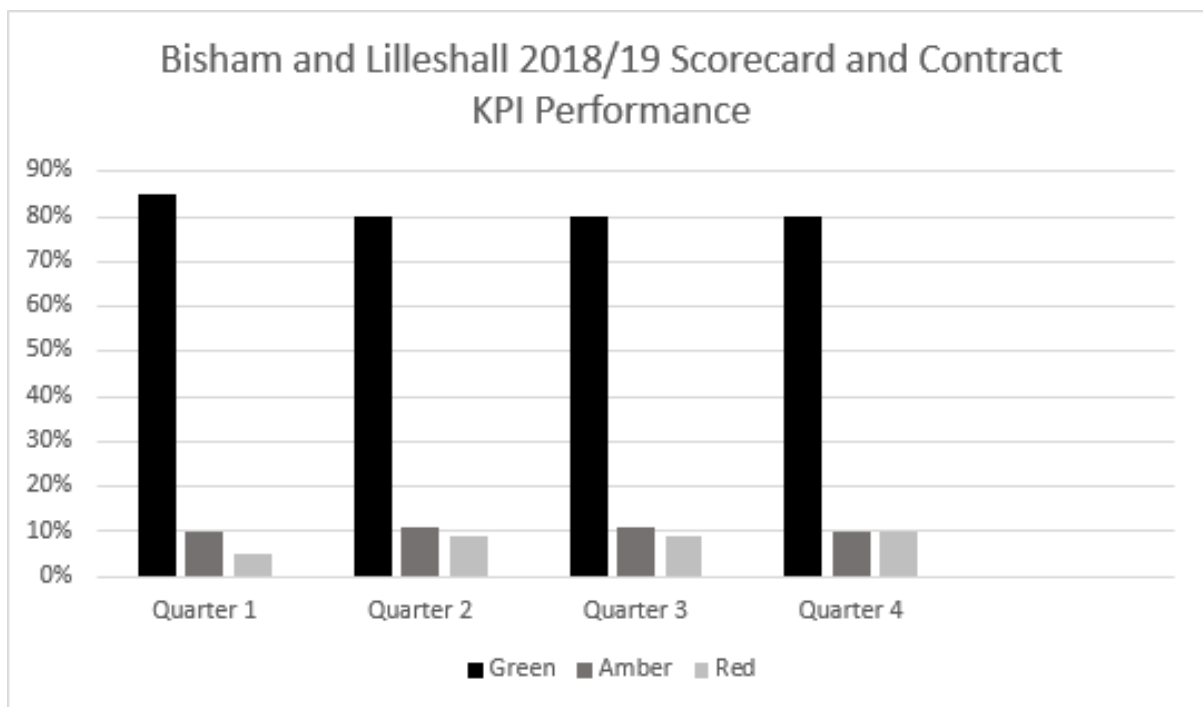
- Internal business processes
- Continuous improvement
- Customer perspective
- Financial

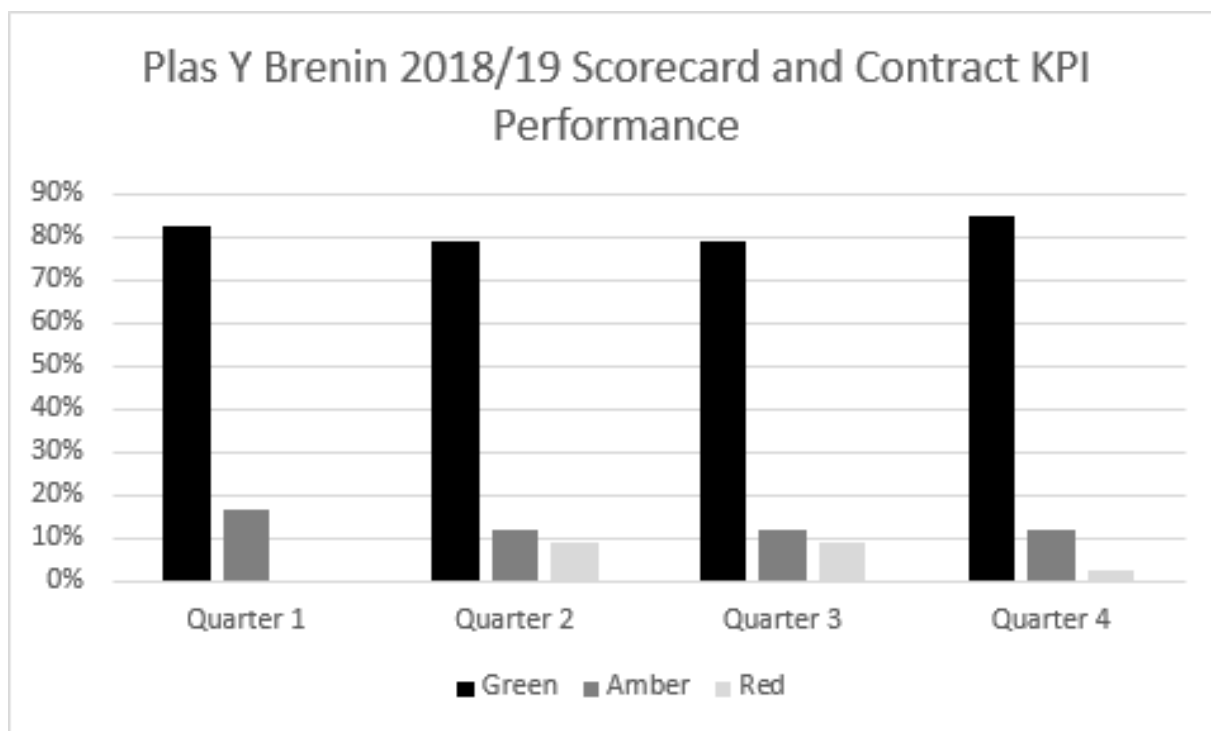
These performance measures are clearly linked to the aims of the Charity and ESC's objective of wider community engagement.

Several 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 the facilities to a high standard.

A key element of the performance management tools is the use of QUEST, the industry recognised continuous improvement tool for the leisure sector. Following assessment in 2018/19, both Bisham and Lilleshall retained a QUEST outstanding rating. The centres join a small group of facilities to retain the highest ranking in consecutive years. The achievement keeps the facilities in the top 1% of best managed facilities in the UK. The rating recognises the relationships that have been formed with key NGBs as well as the work with local communities to encourage people of all ages and abilities to get active.

Performance during the year 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 4 to the accounts).





KPI's that fall outside of the performance standards within the contract specification are logged and rectified by the operators via a Centre Improvement Plan. Persistent or serious contractual failures are subject to formal performance deductions. During 2018-19 no performance deductions were applied to either Serco or MTT.

- Continuing to invest in facilities and projects which contribute towards improving the financial sustainability of the NSCs whilst making a greater contribution towards increasing activity levels, decreasing inactivity and supporting World Class Programmes.

Plans for future periods

The operating plan provides for:

- Utilisation of insight from ESC's Active Lives Survey, insight and local intelligence to effectively deliver the sports development strategies.
- Implementation of a performance management framework to include a set of measurable outcome targets which clearly demonstrate the contribution the NSCs make to wider Sport England and Government outcomes for sport and physical activity.
- Completion of key capital and lifecycle projects across all the National Centres.

Green initiatives

The number of environmental champions across the sites has increased with representatives from key onsite partners signed up and contributing to supporting the operators' targets to reduce waste and consumption on an annual basis.

This year the sites used the theme from World Environment Day of reducing plastic pollution to identify all the single use plastics and develop an action plan to reduce these and put in place a longer-term plan to replace with more sustainable alternatives.

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 from gifts of assets from the ESC. Total income for the year was £3.6million (2018: £3.1million). These resources were invested into the NSCs and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

Net expenditure for the year is £1.8million compared to a net expenditure of £1.5million in 2018.

The increase in the net expenditure of £0.3 million is primarily due to the net impact of:

- £0.5million increase in gifts of fixed assets from ESC.
- £0.2 million increase in the depreciation charge for the year.
- £0.6million increase in impairments relating to a movement from a reversal of £0.5 million in 2018 to a £0.1million charge in 2019, as determined by the property valuation.

The Charity generated a small operational surplus on its day to day activities in the year of £22,000 (2018: £48,000), after awarding community grants of £40,000 (2018: £9,000) and is made up as follows:

	2019 £'000	2018 £'000
Property income	1,487	1,442
Investment income	34	32
Charitable activities	(5,409)	(4,556)
Add back:		
Depreciation	3,746	3,538
Impairment charge / (reversals)	82	(503)
Gifts in kind	82	95
Operating surplus	22	48

The value of the Charity's funds increased to £113.2million from £110.9million as set

out in note 6. The increase is mainly due to a £2million increase in Gifted Assets and a £4million increase in the valuation of the National Sports Centres, offset by depreciation for the year.

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 11 and 12. 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 accepts applications from not-for-profit organisations supporting the sporting activities of disadvantaged people including young people, people with disabilities, lower socio-economic groups and 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:

- achieve the best financial return within an acceptable level of risk and a target level of income determined annually.
- maintain the real capital value of the funds whilst generating a sustainable level of investment income to contribute to the ongoing activities including grant-making.
- where appropriate, the Charity may choose to use capital to supplement its grant making activities.

The Charity's investment funds are invested in the Alpha CIF for Endowments by Sarasin & Partners. The investment manager

maintains a balanced portfolio which achieves lower volatility than a pure equity investment and provides the Charity with quarterly reports and updates on key issues, and ad-hoc reporting as and when required.

Reserves policy

The financial position of the Charity is supported by ESC.

The Trustees' aim is to maintain a level of unrestricted reserves equating to at least three months of expenditure. The Trustees consider that this level will provide sufficient funds to meet the Charity's operational expenditure, and to provide a contingency against unforeseen expenditure. The investment fund is also available for liquidity purposes if required, although, these assets are not intended for sale.

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

Restricted reserves are those 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 by ESC's Lottery Fund. Restricted reserves at 31 March 2019 amounted to £110.9million (2018: £108.7million).

Unrestricted reserves are where the use of these funds is not restricted and can be applied to the ongoing operational aspects of the organisation. Unrestricted reserves at 31 March 2019 amounted to £2.3million (2018: £2.3million).

Trustees of the Charity during the year were:

- Peter Rowley OBE (Chair)
- Vivien Blacker
- Dave Cove
- Graeme Dell
- Helen Martin
- Andrew Watson

All appointments to the Charity for the position of Chair, 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 governance 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 newly appointed Trustees with an overview of the governance and operations of the Charity and ESC.

The Company Secretary who served during the year was Tanya van Niekerk

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

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

Solicitor, Hewitsons, Kildare House, 3 Dorset Rise, London, EC4Y 8EN

Investment Manager, Sarasin & Partners LLP, 100 St. Paul's Churchyard, London EC4M 8BU

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

Trustees' Responsibilities Statement

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 to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The Trustees as Company Directors approve the Strategic Report included as part of the Trustees' report on pages 2 to 13.

By Order of the Board

Peter Rowley, OBE
Chair
4 June 2019

Opinion on financial statements

I have audited the financial statements of The Sports Council Trust Company for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice]; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial

statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of The Sports Council Trust Company in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK, and me and my staff have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

We are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Sports Council Trust Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Trustees for the financial statements

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

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Sports Council Trust Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

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

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

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the

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

financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

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

Opinion on other matters

In my opinion:

- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustee's Report; and
- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to 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.

Gareth Davies
Comptroller and Auditor General (Statutory Auditor)

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
6 June 2019

Statement of Financial Activities

(Including Income and Expenditure Account)

	Note	2019 Restricted £'000	2019 Unrestricted £'000	2019 Total £'000	2018 Total £'000
Income from					
Donations and legacies	2	1,994	82	2,076	1,602
Other trading activities	3	-	1,487	1,487	1,442
Investments		-	34	34	32
Total		1,994	1,603	3,597	3,076
Expenditure on					
Charitable activities	4	(3,774)	(1,635)	(5,409)	(4,556)
Total		(3,774)	(1,635)	(5,409)	(4,556)
Net gains/(losses) on investments	8	-	30	30	(5)
Net expenditure		(1,780)	(2)	(1,782)	(1,485)
Other recognised gains					
Gains on revaluation of fixed assets	11/12	3,980	60	4,040	7,353
Net movement of funds		2,200	58	2,258	5,868
Reconciliation of funds					
Total funds brought forward		108,682	2,264	110,946	105,078
Total funds carried forward	6	110,882	2,322	113,204	110,946

The Statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure relate to continuing activities.

The notes on pages 21 to 34 form an integral part of these accounts

Balance Sheet as at 31 March 2019

Company number 2517615

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	7	111,803	109,597
Investments	8	992	962
Total fixed assets		112,795	110,559
Current assets			
Debtors	9	1,902	1,533
Cash at bank		20	47
Total current assets		1,922	1,580
Liabilities: amounts falling due within one year			
Creditors	10	(1,327)	(1,007)
Net current assets		595	573
Total assets less current liabilities		113,390	111,132
Liabilities: amounts falling due after more than one year			
Provisions	16	(186)	(186)
Net assets		113,204	110,946
The funds of the charity			
Restricted capital funds		65,758	66,325
Restricted revaluation reserve		45,124	42,357
Total restricted funds	11	110,882	108,682
Unrestricted income funds		1,660	1,638
Unrestricted revaluation reserve		662	626
Total unrestricted funds	12	2,322	2,264
Total charity funds	13	113,204	110,946

The accounts on pages 18 to 34 were approved by the Board of Trustees and were signed on its behalf by:

Peter Rowley, OBE
Chair
4 June 2019

The notes on pages 21 to 34 form an integral part of these accounts

Statement of Cash Flows

	Note	2019 £'000	2018 £'000
Cash flow from operating activities			
Net cash used in operating activities	14	(61)	(32)
Net cash (used in)/provided by operating activities		(61)	(32)
Cash flow from investing activities			
Income from investments		34	32
Net cash provided by investing activities		34	32
Change in cash balances in the reporting period		(27)	-
Changes in cash balances during the year			
Balance at 1 April		47	47
Change in cash balances in the reporting period		(27)	-
Balance at 31 March		20	47

The notes on pages 21 to 34 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 (FRS 102) issued July 2014 effective from January 2015, FRS 102, 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 Income

Income from donations and legacies includes gifted assets and gifts in kind.

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

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

Other trading activities is made up of freehold and leasehold income which is recognised on a receivable basis.

Income from investments is recognised on a receipt basis due to the timing of statements from the investment fund. The accounting treatment adopted materially matches income accrued.

1.3 Charitable activities

Community grants awarded are recognised in the period in which the grant is approved and communicated to the award recipients.

All other charitable activity expenditure is recognised when a liability is incurred.

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

The provision of facilities costs is set out in note 4. Costs are allocated to activities directly or to 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, Mountain Training Trust and British Rowing. Usage costs relate to depreciation, and impairments on tangible fixed assets. Support costs in relation to making community grant awards are not material.

1.4 Dividends

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

1.5 Tangible fixed assets

Tangible fixed assets funded by the Lottery grant from ESC were 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 2019.

Valuations are based on Depreciated Replacement Cost (DRC) for specialist

properties, and open market value for other properties.

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

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

Artworks and antiques

Artworks and antiques are valued by external experts. Valuations are derived with reference to the retail market (at the valuation date) and the probable cost of replacing the items when compared with items in a similar condition. The last full valuation of artworks and antiques was carried out as at 31 March 2019.

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, except for 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 (as advised by external expert)	Unexpired life, maximum of 60 years
Bund (as advised by external expert)	40 years as advised by external expert
Leasehold improvement	Expected life of lease
Equipment	5 years

Impairment reviews are undertaken annually. No depreciation is charged in the year of acquisition or construction. A full year's depreciation is charged in the year of disposal.

1.6 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.

1.7 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.

1.8 Investments

Subsequent to purchase, listed stocks and shares are measured at fair value through other comprehensive income based on reference to the market in which they exist and are not held for trading.

There are no investments other than those set out in note 8.

1.9 Debtors

Debtors are recognised at fair value, which represents the value of settlement.

1.10 Creditors and provisions

These are recognised when there is a present obligation from a past event that will probably result in a transfer of funds to a third party which can be measured or reliably estimated.

1.11 Funds

Details of all restricted and unrestricted funds are provided in notes 11 and 12.

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.

1.12 Taxation

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

1.13 Use of estimates and judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities,

income and expenditure. Actual results may differ from the estimates used.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates are made in relation to tangible fixed assets held by the National Sports Centres including the valuation and revaluation, dilapidation, impairment and depreciation of Land and Buildings, the valuation of artwork and antiques and the value of gifts in kind.

1.14 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 and provision of deficit funding for the NSC's operations. 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 Donations and legacies

	2019 £'000			2018 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Gifts of fixed assets	1,994	-	1,994	1,507	-	1,507
Gifts in kind administration service	-	82	82	-	95	95
Total	1,994	82	2,076	1,507	95	1,602

Gifts of fixed assets and gifts in kind administration service are from ESC. The full value of the administration service is calculated at £110,457 (2018: £123,413) of which £28,000 has been paid for both years as set out in note 4.

3 Other trading activities

	2019 £'000	2018 £'000
Property Income	1,487	1,442

The income above is from property occupied by ESC, Mountain Training Trust and British Rowing. It includes rent, rates, service charges and other property costs such as repairs, maintenance and legal costs.

4 Charitable activities

	2019 £'000			2018 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Community grants awarded						
Oakengates Town Council	-	10	10	-	-	-
Chapter West Cheshire Ltd	-	10	10	-	-	-
Get Berkshire Active	-	11	11	-	-	-
Places for People Leisure	-	9	9	-	-	-
Wycombe Wanderers S & E Trust	-	-	-	-	9	9
Total community grants	-	40	40	-	9	9
Governance costs (note 5)						
Trustees' expenses	-	2	2	-	2	2
Audit fees	-	16	16	-	16	16
Total governance costs	-	18	18	-	18	18
Provision of facilities¹						
Costs directly related to activities						
ESC administration charge	-	28	28	-	28	28
Gift in kind administration charge	-	82	82	-	95	95
Sub-total	-	110	110	-	123	123
Locations costs						
Property costs	-	1,412	1,412	-	1,365	1,365
Legal and professional	-	1	1	-	6	6
Sub-total	-	1,413	1,413	-	1,371	1,371
Usage						
Depreciation	3,693	53	3,746	3,486	52	3,538
Impairment charge / (reversals)	81	1	82	(503)	-	(503)
Sub-total	3,774	54	3,828	2,983	52	3,035
Total provision of facilities	3,774	1,577	5,351	2,983	1,546	4,529
Total charitable activities	3,774	1,635	5,409	2,983	1,573	4,556

All income and expenditure relating to the National Sports Centres management contract are accounted for by the ESC including any performance-based bonus. The ESC funds the operational deficit of the National Sports Centres which was £2.3million in 2019 (2018: £3.4million).

¹Provision of facilities costs are allocated as set out in the accounting policies note 1.3.

5 Governance and staff costs

The Charity employed no staff in 2019 and 2018.

ESC provides a financial and administration service to the Charity, under the terms of a service level agreement, for which a charge is made (note 2).

Five Trustees were paid travel and expenses during the year (2018: Six) as shown in note 4.

The Trustees did not receive fees or allowances for the year (2018: Nil) either directly from the Charity or the parent body ESC.

The audit fees for the year were £16,000 (2018: £16,000). There were no fees for non-audit work in 2019 and 2018.

6 Reconciliation of the movement in funds

	2019 £'000	2018 £'000
Net assets at 1 April	110,946	105,078
Capital investment		
Gifted assets (ESC)	1,994	1,507
Other movements		
Net revaluation of fixed assets	3,958	7,856
Depreciation	(3,746)	(3,538)
Operational surplus	22	48
Increase /(decrease) in value of investments	30	(5)
Net assets at 31 March	113,204	110,946

7 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Artworks and antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost / Valuation							
At 1 April 2018	15,872	110,446	1,168	695	2,719	827	131,727
Disposals	-	-	-	-	(148)	-	(148)
Gifted assets	-	1,124	-	820	50	-	1,994
Revaluation	3,230	810	-	-	-	-	4,040
Transfers	-	376	-	(376)	-	-	-
At 31 March 2019	19,102	112,756	1,168	1,139	2,621	827	137,613
Depreciation and impairments							
At 1 April 2018	(2)	(19,472)	(489)	-	(2,167)	-	(22,130)
Charge for year	-	(3,360)	(154)	-	(232)	-	(3,746)
Disposals	-	-	-	-	148	-	148
Impairment reversal / (charge)	14	(134)	-	-	-	38	(82)
At 31 March 2019	12	(22,966)	(643)	-	(2,251)	38	(25,810)
Net Book Value							
At 31 March 2018	15,870	90,974	679	695	552	827	109,597
At 31 March 2019	19,114	89,790	525	1,139	370	865	111,803

Assets are valued in accordance with the accounting policy note 1.5.

The land, buildings and bund, comprising the Sports Council Trust Company were valued as at 31 March 2019 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standard 2017 and the UK national standards and guidance set out in national supplement (November 2018 Edition), and Financial Reporting Standard (FRS) 102.

The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC).

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

There is a collection of artworks, furniture and fittings at Bisham Abbey that date from the 16th century. The historical significance of these assets classifies the collection as Artworks and antiques. The collection was valued as at 31 March 2019 by Sotheby's.

8 Investments

Listed stocks and securities	2019 £'000	2018 £'000
Market value at 1 April	962	967
Revaluation of investment	30	(5)
Market value at 31 March	992	962

Investments as at 31 March 2019 represents holdings in the Sarasin Endowments fund. The holding is classified as 'not held for trading'. However, the Crewkerne part of this investment (value at 31 March 2019 - £274k) may be used to purchase a property at the Lilleshall National Sports Centre during 2019-20.

The historical cost of the asset at 31 March 2019 was £0.9million (2018: £0.9million).

9 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	562	17
Prepayments	526	502
Accrued income ¹	628	828
Total	1,716	1,347
Amounts falling due after more than one year		
ESC ²	186	186
Total	186	186
Total	1,902	1,533

¹ £0.6million relates to the Bloomsbury Street lease (2018: £0.8million)

² Dilapidation provision for Bloomsbury Street (note 16).

10 Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year		
ESC	143	159
Deferred income	526	1
Accruals	658	847
Total	1,327	1,007

11 Restricted capital funds

	Revaluation reserve (land and buildings)	ESC GIA Funded assets ¹	ESC Lottery funded assets ²	Capital ³	Other ⁴	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	36,005	37,678	28,093	108	942	102,826
Gifted assets	-	1,507	-	-	-	1,507
Revaluation	7,332	-	-	-	-	7,332
Impairment reversals	-	274	207	-	22	503
Depreciation	-	(2,203)	(1,259)	(4)	(20)	(3,486)
Amortisation of reserve	(980)	714	266	-	-	-
Balance at 31 March 2018	42,357	37,970	27,307	104	944	108,682
Gifted assets	-	1,994	-	-	-	1,994
Revaluation	3,980	-	-	-	-	3,980
Impairment (charge) / reversal	-	(86)	13	-	(8)	(81)
Depreciation	-	(2,368)	(1,298)	(4)	(23)	(3,693)
Amortisation of reserve	(1,213)	861	349	1	2	-
Balance at 31 March 2019	45,124	38,371	26,371	101	915	110,882

ESC receives funding from two sources, Exchequer Grant-in-Aid (GIA) and the National Lottery Distribution Fund. These two sources of funding are required to be accounted for separately.

¹ESC GIA Funded assets

This fund supports the initial acquisition and subsequent funding of tangible fixed asset additions at the National Sports Centres and is funded by ESC's Exchequer Grant-in-Aid.

²ESC Lottery funded assets

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

³Capital

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

⁴Other

This fund is made up of facilities at Lilleshall funded by The Royal British Legion (TRBL) which are used for TRBL beneficiaries and Ministry of Defence personnel (£0.7million) as well as the proceeds from the sale of Ashlands House, Crewkerne (£0.3million) currently held in the investments (note 8 and 13).

12 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other ¹	Total
	£'000	£'000	£'000
Balance at 1 April 2017	629	1,623	2,252
Amortisation of reserve	(24)	24	-
Revaluation	21	-	21
Depreciation	-	(52)	(52)
Operational surplus	-	48	48
Revaluation of investments	-	(5)	(5)
Balance at 31 March 2018	626	1,638	2,264
Amortisation of reserve	(24)	24	-
Revaluation	60	-	60
Impairment (charge) / reversal	-	(1)	(1)
Depreciation	-	(53)	(53)
Operational surplus	-	22	22
Revaluation of investments	-	30	30
Balance at 31 March 2019	662	1,660	2,322

¹Other

This fund is made up of movements in investment revaluations (note 8), depreciation on unrestricted assets and accumulated annual surpluses.

13 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other assets £'000	Total 2019 £'000	Total 2018 £'000
Restricted funds					
Revaluation reserve	45,124	-	-	45,124	42,357
ESC Funded assets	38,371	-	-	38,370	37,970
ESC Lottery fund	26,371	-	-	26,372	27,307
Capital	101	-	-	101	104
Other	915	-	-	915	944
Total	110,882	-	-	110,882	108,682
Unrestricted funds					
Revaluation reserve	662	-	-	662	626
Other	259	992	409	1,660	1,638
Total	921	992	409	2,322	2,264
Total funds	111,803	992	409	113,204	110,946

14 Net cash flow from operating activities

	2019 £'000	2018 £'000
Net expenditure	(1,782)	(1,485)
Gifted assets	(1,994)	(1,507)
Impairment reversals	82	(503)
Net (gains) / losses on investments	(30)	5
Investment income	(34)	(32)
Depreciation	3,746	3,538
(Increase) / decrease in debtors	(369)	70
Increase / (decrease) in creditors	320	(87)
Decrease in provisions	-	(31)
Total	(61)	(32)

15 Commitments under operating leases

	2019 £'000	2018 £'000
Not later than one year	1,028	1,028
Between two and five years	2,735	3,705
Later than five years	38	95
Total	3,801	4,828

All the Charity's commitments under leases to pay rentals is shown above.

The Charity leases assets to ESC, Mountain Training Trust 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 £0.7million (2018: £0.7million) all of which was receivable from ESC. Note 7 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

16 Provisions

	Total £'000
Balance at 1 April 2018	186
Balance at 31 March 2019	186
Amounts falling due after more than one year	186
Total	186

The provision is dilapidations for Bloomsbury Street. The lease expires in November 2022 with no option to extend. A provision of £0.2million was made in 2015 to cover the costs of dilapidations.

All the above costs will be funded by ESC and thus accrued income has been recognised in these accounts (note 9). There are no contingent liabilities or contingent assets for the current year (2018: Nil).

17 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.

18 Capital commitments

The Charity had capital commitments contracted but not provided for in the financial statements as at 31 March 2019 amounting to £551,079 (2018: £nil).

	Total £'000
Plas y Brenin climbing wall	51
Lilleshall main house conversion	500
	551

19 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.

20 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 investments referred to in note 8, nor enters into derivative transactions.

The return from investments 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.

21 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.

ESC gifts fixed asset additions to the National Sports Centres the details of which are set in note 2. In 2019 this amounted £2.0million (2018: £1.5million).

Included within note 3 in other trading activities are recharges to ESC for property costs, repairs and legal and professional costs in respect of properties occupied by ESC. The amounts included in note 3 are set out below plus the amounts outstanding at the end of the financial year for these recharges.

	2019 £'000	2018 £'000
Income	1,454	1,413
Amount owing from ESC	(70)	(27)

Trustees are selected from a variety of backgrounds and experience. Where conflicts of interest occur, these are declared at each meeting and a Trustee will absent him/herself from any decisions related to the item in question. If the Chair has a conflict another Trustee will chair the meeting when the item is discussed.

There were no transactions during the year where a trustee declared an interest.

22 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.

23 Ultimate parent body

The charity's parent body is ESC known as Sport England and is the Government agency that works to make sure everyone can experience the benefits of sport and physical activity. 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.

24 Post balance sheet events

There have been no material post balance sheet events and the annual report and accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

CCS0219624702

978-1-5286-1054-4