

Presented to Parliament pursuant to Section 26(1) and Section 26(3) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998)

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# Sports Council for Wales Lottery Distribution Account 2010-2011

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# Sports Council for Wales Lottery Distribution Account 2010-2011

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 19 JULY 2011

The National Audit Office scrutinises public spending on behalf of Parliament.

The Comptroller and Auditor General, Amyas Morse,  
is an Officer of the House of Commons.  
He is the head of the NAO, which employs some 880 staff.  
He and the NAO are totally independent of government.

He certifies the accounts of all government departments  
and a wide range of other public sector bodies;  
and he has statutory authority to report to Parliament  
on the economy, efficiency and effectiveness with which departments  
and other bodies have used their resources.

Our work led to savings and other efficiency gains worth more than £1 billion in 2010-11.

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## Foreword

### History and statutory background

The National Lottery etc Act 1993 (as amended) nominated the Sports Council for Wales (Sport Wales) as the body responsible for distributing funds generated by the lottery to sport in Wales. The duties of Sport Wales in performing its Lottery functions are carried out pursuant to the account directions issued by the Secretary of State for Culture, Olympics, Media and Sport, in accordance with Section 26(1) of the National Lottery etc Act 1993 and the Statement of Financial Requirements issued under Section 26(3) of the Act.

### Management

The management and administration of the Lottery function is carried out through the Sports Council for Wales (known by its trade name, Sport Wales) and the panels established by Sport Wales to assist in distributing Lottery funds to good causes in Wales.

During 2010/11, Sport Wales comprised the following board members:

Prof L McAllister */**	(Chair)
Mr Robert Harris	
Reverend H M Davies *	
Mrs A Baumgardt	
Mr R Palmer *	
Mr D L Roberts	
Dr W M Leyshon	(Retired 31/03/2011)
Mr M Warren */**	
Mrs S M Thomas	(Retired 31/03/2011)
Dr H Jones	(Chief Executive)

\* Member of the Audit committee

\*\* Member of the Remuneration committee

### Registered office

Sophia Gardens  
Cardiff  
Wales  
CF11 9SW

## Members of the lottery panels

Sport Wales's Royal Charter allows it to appoint committees or panels to exercise any of its functions. For the purposes of Lottery administration, Sport Wales have appointed a Members Panel. The Members Panel has been delegated authority to authorise projects on behalf of Sport Wales within financial limits of authority awarded.

The Members Panel members are listed below:

\*Mr R Palmer – Chair

\*Prof L McAllister – Vice-Chair

\*Mr D L Roberts

\*Dr W M Leyshon

Miss Anne Ellis OBE

\*Member of Sport Wales

On 1st April 2011 the Members Panel ceased to operate.

## Declarations of interest

All Members and Senior Staff of Sports Wales have completed a return detailing any interests in Organisations which provide, or may seek to provide, commercial services to Sport Wales for 2010/11. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 17 of these accounts.

## Management Commentary

### Performance and development during the year and trends and factors underlying performance and development

The Welsh Assembly Government funds Sport Wales to deliver its strategic policy objectives in relation to sport and physical recreation.

Sport Wales' Business Plan presents our business objectives and targets for the financial year; it provides a means of measuring, monitoring and reporting on our performance on a quarterly basis.

Our Board have individual and collective responsibility to the Assembly Government in relation to performance management, scrutiny and advocacy issues. A key part of this is to monitor Sport Wales' strategic performance through the Business Plan. Progress against our strategic objectives and actions will be scrutinised on a quarterly basis.

A traffic light system has been adopted in order to facilitate scrutiny of our business performance<sup>1</sup>. Only significant issues, those of a corporate nature that Board Members should be concerned about, are highlighted. Targets that haven't been met over the course of the year, but where the approach appears to be the right one are not considered to be important to flag. This enables Board Members to focus on and scrutinise the high-level issues, and mitigate against Sport Wales either target-chasing or setting un-ambitious targets.

Sport Wales utilises a two-stage thematic approach to our work. Meta themes, which are purposively outcome-focused, are: to increase participation in sport, to improve standards in performance sport, and to develop and maintain successful partnerships. Then within these are the themes that sit more broadly across our other work (most notably, Local Authority Partnership Agreements (LAPAs)): Active Young People; Active Adults; Performance Sport; Developing People; and Strong Sport Wales. This thematic approach enables the development of the different facets of sport and physical recreation to be viewed more holistically.

The work of Sport Wales is broad and diverse; the following section explores in more detail our performance over the period 2010/11.

### Capital Grants

The fund's principal activities are aimed at increasing participation and improving performance in sport and physical recreation. Sport Wales introduced its plans for the distribution of lottery funds to capital projects in September 1994. A two stage process is used for all capital applications. The first stage of the application enables the initial focus to be more on the added benefits to sport and the aims, objectives and proposed management of the project. Applicants seek provisional approval of a scheme prior to undertaking the investment necessary to present the full application.

Capital grants totalling £918,000 (2009/10 £2,297,000) were met during the year. The amount provided in the accounts for hard commitments (signed contracts) relating to capital grants fell by £577,000 in 2010/11 (2009/10 fall of £1,672,000).

As a result of decreasing Lottery funding the decision was taken by Sport Wales, at its July 2008 meeting, to withdraw the Lottery Capital programme in respect of new applications. Payments on capital programmes will continue for the foreseeable future but these payments will relate to meeting the liabilities of existing capital schemes only.

1 Sport Wales' traffic light system for scrutinising business performance:  
**Green:** the approach appears to be the right one;  
**Amber:** some initial concerns raised about the approach;  
**Red:** significant concerns raised about the approach.

## Revenue Grants

Revenue grant payments totalling £5,018,000 (2009/10 £4,966,000) were met during the year. The amount provided in the accounts for hard commitments (signed contracts) relating to revenue grants increased by £41,000 in 2010/11 (2009/10 fall of £652,000).

### To increase participation in sport

- Sport Wales continues to prioritise developing skills, knowledge and ability of people working within sport and physical recreation in Wales. Ensuring that we have a workforce that has the appropriate skills to deliver sporting opportunities for the Welsh population is crucial. In Wales we have, 16,397 active coaches. This is significantly above the target set for the year.
- Dragon Sport is crucial in encouraging and providing the opportunities for children and young people to participate in extra-curricular sport and physical recreation. Over the last year, there have been nearly 180,000 registrations in Dragon Sport activities. A key focus for us has been to encourage girls to participate and whilst there is still positive work that still needs to be done in this area, it is pleasing to note that 44% of participants in 5x60 activities were girls.
- In Wales, we have been at the forefront of disability sport; particularly through the development of the Disability Sport Wales Community Programme. We have 310 clubs that provide opportunities for disabled people, with 6,182 active disabled members. Supporting all of this are 1,515 active coaches and an additional 2,249 volunteers.

### To improve standards in performance sport

- As with grassroots sport, Sport Wales continues to prioritise developing skills, knowledge and ability of coaches helping to deliver performance sport. We offer a wide range of coach education and experience courses at Plas Menai. This year, we had 11,694 student days (well above the target of 8,800) and 9,910 national governing body participants (again, well above the 4,000 target).
- Mentoring is an important facet of people development; we have in the past year provided mentoring to eight elite coaches.
- We understand the impact a great coach can have on our stars of the future and that's why, through our Coach Cymru programme, we work closely with National Governing Bodies, Sports Coach UK and Institutes of Higher and Further Education to provide the best quality training opportunities for Welsh coaches. We have deployed 160 coaches through the Coach Cymru programme this year.
- Our two national centres, Plas Menai and the Sport Wales National Centre, have an extremely important role in providing facilities for elite sport as part of the package of helping them to achieve success on the international stage. A key action for the Sport Wales National Centre has been to develop national governing body use of the facilities. Over the course of the year, we have provided 20,694 hours of use for national governing bodies of sport; this equates to 56% of the Centre's usage.
- We have produced a development plan and business case for the national centres which sets out our proposals for the Centres for the next three years. This is to ensure that they are on a sound financial footing to provide appropriate facilities and services to meet the needs of national governing bodies of sport and elite athletes. This Plan has been approved by the Board and submitted to the Assembly Government.
- The publication of our Elite Sport Strategy was important for providing a framework for delivering elite sporting success for Wales. It sets out an ambitious and challenging pathway for elite sport in Wales; adopting a different approach, working collaboratively, and more proactively to get the best results for our athletes and coaches.

### To develop and maintain successful partnerships

- If we are to achieve the Vision for Sport, we need to ensure that we have successful partnerships that are equipped to deliver the Welsh sporting agenda. One of the main delivery mechanisms for us is the Local Authority Partnership Agreement (LAPA). These have been established with each of the twenty-two local authorities and they are increasingly demonstrating, through co-ordinated sport delivery plans, evidence-based planning and clear outcomes.
- We all have a part to play in helping to achieve the Vision; our partners and their partnerships are crucial in this. To help facilitate successful partnerships, we have provided joint training on evidence-based planning, performance management, and partnership working for LAPA Co-ordinators and national governing body staff. This has proved extremely fruitful and has resulted in some excellent examples of where local sport is far more 'joined-up'. Our challenge for the forthcoming years to ensure that this becomes common place.

### Dragon Sport

Dragon Sport is designed to offer 7-11 year olds fun and appropriate sporting opportunities. The scheme intends to broaden the sporting interests of children who already take part in sport and to involve children who currently lack such opportunities outside of their school PE lessons.

Dragon Sport introduces children to coaching, skill development and appropriate competition using versions of the adult game, modified to meet their needs and skill levels. A portfolio of eight modified sports is used: rugby, athletics, cricket, football, hockey, netball, tennis and golf.

96% of primary schools in Wales offer the Dragon Sport scheme. Over the period 2010/11, there were 179,418 registrations in Dragon Sport activities.

### Disability Sport

Disability Sport Wales continues to invest time in ensuring that the collection of data to measure its key performance indicators is as robust as it can be. There are a couple of issues that are worth noting: the definition of 'clubs' has also been tightened; and the data for 2009 represents just 21 of the 22 local authorities. Year-on-year comparisons must therefore be viewed in this context.

In 2010, there were 6,182 active disabled members of sports clubs in Wales. 310 clubs providing local opportunities for disabled members (2009: 293). There are 1,515 active coaches working in disability sport plus an additional 2,249 volunteers.

Disability Sport Wales continues to broaden the choice for disabled people to participate and be more successful in a more inclusive sporting landscape. There are a range of partners that are critical to work in partnership with to help deliver this:

- **Local Authorities.** To ensure that grassroots opportunities exist, are appropriate, and can be sustained;
- **Voluntary Sector.** To improve the quality of their offer within sport and physical recreation, again ensuring that all opportunities are appropriate and, importantly, delivered within a safe setting;
- **Sport Wales.** To ensure that all current and future national programmes are fully inclusive in their roll-out;
- **National Governing Bodies of Sport.** To ensure that they are up-skilled in order to provide a more inclusive delivery system; and
- **Athletes.** To ensure that they receive the appropriate support services so that they can achieve their full potential.

By focusing effort on these key partnerships, Disability Sport Wales will help to contribute to "an active and inclusive Wales" (*Climbing Higher*, Welsh Government).

Table 1 details trend data for some of our key performance indicators.

### To increase participation in sport

<b>Objective</b>	<b>Outcome 2010/11</b>	Outcome 2009/10
Number of continuing professional development opportunities offered to teachers through Active Young People training programmes	<b>8,482</b>	7,226
Number of Active Young People organisers trained	<b>4,088</b>	4,150
Number of sport specific active coaches	<b>16,397</b>	14,519
Number of Dragon Sport registrations	<b>179,418</b>	176,148
Number of affiliated club members within Sport Wales-supported National Governing Bodies	<b>455,049</b>	430,243

### To improve standards in performance sport

<b>Objective</b>	<b>Outcome 2010/11</b>	Outcome 2009/10
Number of athletes moving through the Sport Wales pathway onto the UK athlete pathway	<b>11</b>	8
Proportion of Welsh athletes on the UK athlete pathway	<b>5.65%</b>	5.37%
Number of hours of NGB use at the <i>Sport Wales National Centre</i>	<b>20,694</b>	19,262
Percentage of use at the <i>Sport Wales National Centre</i> by NGBs	<b>56%</b>	51%

### Over the period of our Corporate Plan, 2011-2014, we aim to:

- Increase levels of participation in sport by children and young people in Wales;
- Give children and young people the skills and confidence to take part in sport through the provision of high quality physical educations and the effective delivery of physical literacy;
- Raise levels of participation in sport among the adult population of Wales;
- Improve the number of and skills of volunteers and professionals involved in the delivery of sport;
- Create a culture that encourages innovation and enterprise within the workforce; and
- Deliver international success for Wales on the sporting stage.

Within this, our work will focus around children and young people. It is important that we ensure that children and young people have the skills, confidence and opportunities to take part in sport, and for this to continue into adulthood.

### Financial results

Net income for the financial year amounted to £2,669,000 (2009/2010 net income of £2,494,000). This has been transferred to reserves.

The statement of financial position for 2010/11 shows a total net asset figure of £7,336,000 (2009/10, £4,667,000).

### Movement on lottery balance to 31 March 2011

Sport Wales aims to maintain its balance held with the National Lottery Distribution Fund at as low a level as possible consistent with ongoing commitments. The following table shows the movements in the year:

Balance at 1 April 2010 (£000)	Income Received (Net) (£000)	Money Drawn Down From National Lottery Distribution Fund (£000)	Transfer to Olympic Lottery Distribution Fund (£000)	Unrealised Loss (£000)	Balance at 31 March 2011 (£000)
10,421	11,725	(8,250)	(1,952)	(16)	11,928

The table shows an increase in the balance held of £1.507 million, compared to £0.563 million in the previous financial year.

## Environmental, social and community issues

### Social and Community Issues

Our work is guided by four key documents: One Wales, the programme for the coalition government; Creating an Active Wales, the five year strategic action plan to deliver Climbing Higher; the Vision for Sport in Wales; and the Elite Sport Strategy. The first three very much focus on social and community issues.

One Wales is a 'comprehensive and progressive government programme for improving the quality of life of people in all of Wales' communities, from all walks of life, concentrating on the most vulnerable and disadvantaged'.

The principles of social justice, sustainability and inclusivity that underpin One Wales complement the Welsh Assembly Government's long-term strategy for sport and physical activity, Creating an Active Wales. The objective of the strategy is to have:

*An active, healthy and inclusive Wales, where sport and physical activity provide a common platform for participation, fun and achievement, which binds communities and the nation and where the outstanding environment of Wales is used sustainably to enhance confidence in ourselves and our place in the world.*

One of the five priorities detailed in the Vision for Sport in Wales is sporting communities. We want to see communities with sport at the heart of them, offering joined-up opportunities for every child and young person to undertake at least five hours of safe, high quality sport every week, and sustaining their engagement throughout their adult life.

We recognise that we cannot deliver the Government's agendas without our partners. Sport in Wales is the result of partnership work. As well as planning and delivering our contributions to these strategies, we also support our partners in planning, developing and sustaining their contributions.

### Pension scheme

Employees of Sport Wales are members of the Cardiff and Vale of Glamorgan Pension Fund (the Fund). The Fund is a defined benefit scheme providing benefits based on final pensionable pay, and its assets are held separately from those of Sport Wales. Any pension built up before April 2008 is calculated at a rate of 1/80th with a lump sum of three times pension. Pension built up from 1 April 2008 is calculated at the rate of 1/60th and there is an option to take an extra lump sum in exchange for pension. The contributions of employees and manual staff are set at 5.5% to 7.5% based on salary range

## Sickness absence data

The sickness data for 2010/11/ (2009/10) is as follows:

<b>Days Lost (Short Term)</b>	<b>Days Lost (Long Term)</b>	<b>Total Days Lost</b>	<b>Total Number of Employees (FTE)</b>	<b>Total Sick Days Lost Per Person</b>
550.49	805.88	1,356.37	143.45	9.46
(695.47)	(454.12)	(1,149.59)	(145.48)	(7.90)

Sport Wales's management is provided with quarterly sickness reports to enable them to understand and manage sickness absence. The average days lost through sickness in the Public Sector as a whole was 9.6 days.

## Employee policy

Sport Wales has an extensive range of policies which reflect current legislation, and aim to secure retention and motivation. These policies are reviewed regularly with staff involvement via a recognition agreement with the PCS Union. All policies are equality checked before implementation.

## Personal data management

### Current Practices

Sport Wales takes all reasonable measures to protect the personal data obtained from its stakeholders, customers and, of course, its employees during the course of its business activities.

All sources of personal and sensitive data are recorded in Sport Wales's Risk Register and assigned to managers to ensure the on-going proper maintenance and use of the data.

Data management controls include password protection on all databases holding personal and sensitive data, restricting access to data, holding manual data in locked cupboards and ensuring data handling protocols are in place. In addition, all removable storage devices (USB Sticks) are now encrypted and secured with passwords. Restrictions on connecting non-Sport Wales USB devices to computers have been implemented which reduces the risk of data being removed without authorisation.

Folder and database permissions are monitored using a specific auditing tool (VaronisDatAdvantage) within the ICT department. This highlights any permission anomalies and makes recommendations for changes to ensure consistency.

Smartcards are now in force for all computer users which control access to logon and applications that have separate usernames and passwords (Single Sign-On). These provide enhanced logon security requiring a user to have a Smartcard plus unique password.

The Staff Handbook contains a section which provides guidance on data protection issues and this is available to all staff via the corporate intranet. The ICT Handbook covers all use of ICT systems by employees and gives guidance on data security protocols.

### Future Data Protection Controls

Portable computer encryption is currently being tested. Encryption will be rolled out once current laptops are replaced with newer models during the third quarter of 2011/12.

During 2010/11 there were no personal data related issues to report.

## Supplier payment policy and performance achieved

Sport Wales complies with the Better Payment Code (which can be located on [www.payontime.co.uk](http://www.payontime.co.uk)) and has a policy of paying payable accounts within 30 days of receipt of agreed invoices following the supply of goods or services, this policy will be used for the current and following year. During 2010/11 99% (2009/10 99%) of transactions by number were paid within 30 days. Sport Wales agree and abide by the terms of settlement with its suppliers; all variation to this procedure must be agreed in writing. Analysis of payments made during the year reveals that the payable settlement days were 9 days (2009/10 3 days). No interest was incurred by Sport Wales during the year as a result of late payments.

Sport Wales is also aiming to pay suppliers wherever possible within 10 days in accordance with the Managing Public Money guidance issued in October 2008. During 2010/11 90% of transactions by number were paid within this timescale.

## Risk identification and management

Corporate risks are assigned to and managed by the appropriate manager, Head of Service, Director or in some cases by the Accounting Officer. Operating risks, especially those of the two national centres, are the responsibility of the two centre managers unless delegated to their subordinates.

During 2010/11 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via Sport Wales's internal network.

The Risk Register identifies significant corporate risks, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures.

The Risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee.

In addition to the above, managers continue to attend the Audit Committee and explain the risks for which they have responsibility, the controls in place to mitigate the risks, and details of any future action required. This process allows Audit Committee members to hear first-hand how risks are being managed, whilst allowing audit committee members to ask questions that will enable them to obtain the assurances they need.

## Financial risk and capital management

Sport Wales mainly holds financial instruments to finance its operations, for example trade receivables and trade payables, and cash balances arise directly from its operations.

The financial risk management of exposures arising from trading financial instruments, primarily trade receivables and trade payables, is through a series of policies and procedures. These risks are managed as follows:-

### **Liquidity Risks**

Sport Wales is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2011/12, to meet all current contracted commitments. Sport Wales considers that it is not exposed to significant liquidity risks.

### **Interest Rate Risks**

Cash balances, which are drawn down from the Welsh Assembly Government to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 0.50% (2009/10 0.50%) in the year. The year-end cash balance held by the Council in the bank was £966,000 (2009/10 £297,000).

### **Foreign Currency Risk**

Sport Wales is not exposed to any foreign exchange risks.

### **Cash Flow Risk**

Sport Wales is not exposed to any cash flow risk.

### **Remuneration of auditors**

The Audit Committee oversees the nature and amount of non audit work undertaken by Wales Audit Office, our external auditors as appointed by agreement by the Comptroller and Auditor General. During the year 2010/2011 no non audit work was undertaken by Wales Audit Office on the Lottery Distribution Account.

### **Statement on Disclosure of Relevant Audit Information**

- As far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware, and
- The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any audit information and to establish that the auditors are aware of that information.

## Remuneration report

In accordance with Chapter 7 of the Financial Reporting Manual, Sport Wales is required to disclose the following concerning remuneration during the year of Council Members and Senior Staff with responsibility for running policy making departments. Treasury guidance requires the financial statements to disclose the cash equivalent transfer value of pensions for Sport Wales Members and Senior Staff.

### Remuneration Policy

The Chair, Vice Chair and members of Sport Wales are paid in accordance with the Welsh Assembly Government "Remuneration and expenses of Chairs and Members of ASGBs and NHS Bodies" policy. With the exception of the Chief Executive, senior managers receive no additional performance or bonus payments.

The Chief Executive is paid a performance bonus in accordance with guidelines issued by the Welsh Assembly Government. The performance bonus is determined by the Remuneration Committee which consists of Sport Wales Chair, Vice Chair and Chair of the Audit Committee supported by Sport Wales's Human Resources Manager. In addition to agreeing the Chief Executive's performance bonus, the Remuneration Committee also meets to agree the annual pay award for all staff via the Welsh Assembly Government's pay remit process.

### Service Contracts

The Senior Staff of Sport Wales are employed on terms and conditions broadly analogous to the Welsh Assembly Government terms and conditions

Sport Wales Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed for a further three year period. The Chairman is remunerated at a daily rate of £337 and is contracted to work two days per week. Other Council Members receive a daily rate of £282 and are contracted to work two days per month.

### Notice Period

The Chief Executive is entitled to four months notice of termination of contract by Sport Wales and the remaining Senior Staff are entitled to three months notice of termination of contract.

### Salary

"Salary" includes gross salary and performance bonuses where applicable. During the year the Chief Executive received a gross salary of £76,416, (2009/10 £76,416). No bonus payments were made to the Chief Executive during the year. A proportion of the Senior Management salary costs are allocated to lottery.

### Benefits in Kind

There are no benefits in kind.

### Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interest of the Senior Managers of Sport Wales.

**Remuneration (subject to audit)**

<b>Name</b>	<b>Title</b>	<b>Salary 2010/11 £000</b>	<b>Salary 2009/10 £000</b>
Prof. L McAllister (from 01/04/07)	Chair (Appointed 01/02/10) (Full year equivalent: 35 – 40) Vice Chair (To 31/01/10) (Full year equivalent: 15 -20)	<b>35–40</b>	15–20
P Carling (from 01/02/07 to 31/01/10)	Chair (Retired 31/01/10) (Full year equivalent: 50 – 55)	–	40–45
Dr H Jones (from 01/01/03)	Chief Executive	<b>75–80</b>	75–80
C James (from 01/02/06)	Director of Corporate Services	<b>65–70</b>	65–70
A Hamilton (from 01/09/07)	Head of People & Programme Development	<b>55–60</b>	55–60
A Williams (from 14/12/94)	Manager Plas Menai Watersports Centre	<b>55–60</b>	55–60
S Powell (from 01/09/07)	Head of Performance and Excellence	<b>55–60</b>	50–55
M Frost (from 01/09/07)	Head of Regions	<b>55–60</b>	55–60
M Zaple (from 01/04/97)	Manager Sport Wales National Centre	<b>55–60</b>	55–60
S Thomas (from 06/04/09)	Head of Communications	<b>50–55</b>	50–55
A Baumgardt (reappointed from 01/04/09 to 31/03/12)	Council Member	<b>5–10</b>	5–10
R Palmer (reappointed from 01/04/09 to 31/03/12)	Council Member	<b>5–10</b>	5–10
R Harris (reappointed from 01/04/09 to 31/03/12)	Council Member	<b>5–10</b>	5–10
H M Davies (reappointed from 01/04/09 to 31/03/12)	Council Member	<b>5–10</b>	5–10
D L Roberts (reappointed from 01/04/11 to 31/03/14)	Council Member	5–10	5 – 10
S M Thomas (from 01/04/08 to 31/03/11)	Council Member	<b>5–10</b>	5–10
M J Warren (reappointed from 01/04/11 to 31/03/14)	Council Member	<b>5–10</b>	5–10

<b>Name</b>	<b>Title</b>	<b>Salary 2010/11 £000</b>	<b>Salary 2009/10 £000</b>
Dr W M Leyshon (from 01/04/08 to 31/03/11)	Council Member	<b>5-10</b>	5-10
<b>Total</b>		<b>572</b>	595

**Pension Benefits (subject to audit)**

<b>Name</b>	<b>Real increase in Pension (and lump sum) at age 65 £000</b>	<b>Total accrued Pension at age 65 at 31 March 2011 (lump sum) £000</b>	<b>CETV at 31 March 2011 £000</b>	<b>CETV at 31 March 2010 £000</b>	<b>Real Increase/ (Decrease) CETV in Year* £000</b>
Dr H Jones <i>Chief Executive</i>	2.5 – 5.0 (-2.50 – 0.0)	25 – 30 (65 – 70)	477	497	(26)
C James <i>Director of Corporate Services</i>	0 – 2.5 (0.0 – 5.0)	5 – 10 (10 – 15)	110	108	(3)
A Hamilton <i>Head of People and Programme Development</i>	2.5 – 5.0 (-2.50 – 0.0)	10 – 15 (30 – 35)	167	185	(22)
A Williams <i>Manager Plas Menai Watersports Centre</i>	2.5 – 5.0 (-2.50 – 0.0)	15 – 20 (45 – 50)	350	364	(18)
S Powell <i>Head of Performance and Excellence</i>	2.5 – 5.0 (0.0 – 2.5)	10 – 15 (20 – 25)	94	103	(13)
M Zapple <i>Manager Sport Wales National Centre</i>	5.0 – 10.0 (-2.50 – 0.0)	15 – 20 (45 – 50)	272	300	(32)
M Frost <i>Head of Regions</i>	5.0 – 7.5 (-2.50 – 0.0)	5 – 10 (15 – 20)	128	133	(9)
S Thomas <i>Head of Communications</i>	0 – 2.5 (2.50 – 5.0)	0 – 5 (0 – 5)	22	6	12

\* See note 18 for details of the decrease in CETV and negative lump sum payment calculations. Full disclosure is set out in the Sport Wales consolidated financial statements which are publicly available.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to Sport Wales's pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

**Real Increase/(Decrease) in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Further information is set out at note 18.

*Dr H G Jones*  
Accounting Officer

13 July 2011

## Statement of Sports Council for Wales and Chief Executive responsibilities

Under Section 35 (2) – (3) of the National Lottery etc Act 1993, the Sports Council for Wales (Sport Wales) is required to prepare a statement of accounts for the financial period in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of Sports Wales Lottery Distribution activities at the year end and of its income and expenditure, changes in equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer and Council are required to comply with the requirements of HM Treasury's Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Secretary of State for Culture, Olympics, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether appropriate accounting standards, as set out in HM Treasury's Financial Reporting Manual, have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the fund will continue in operation.

The Principal Accounting Officer for the Welsh Assembly Government has designated the Chief Executive as Accounting Officer for Sport Wales. His relevant responsibilities as Accounting Officer for Lottery distribution activities, including his responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Sport Wales's assets, are set out in the Welsh Assembly Government's Accounting Officers Memorandum issued by HM Treasury.

*Dr H G Jones*  
Accounting Officer

13 July 2011

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport Wales's policies, aims, and objectives. I also have personal responsibility for safeguarding the proceeds from the National Lottery distributed to Sport Wales and Sport Wales's assets, in accordance with the responsibilities assigned to me in Managing Welsh Public Money.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Sport Wales for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally the system of internal control provides reasonable assurance that Sport Wales has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

### Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring that Sport Wales has an effective risk management process. We have a documented Risk Management Policy that contains definitions relating to risk management and the policy also sets out how we identify, analyse and manage risk.

Corporate risks are assigned to and managed by the appropriate manager, Head of Service, Director or in some cases by myself as the Accounting Officer. Operating risks, especially those of the two national centres, are the responsibility of the two centre managers unless delegated to their subordinates.

The Risk Management Policy is available to all staff and managers via Sport Wales's intranet, and Sport Wales's Risk Register is available to most managers via Sport Wales's internal network.

### The risk and control framework

During 2010/11 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via Sport Wales's internal network.

The Risk Register identifies significant corporate risks including risks to information, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures. The Risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee.

During 2010/11 the policy of requesting managers to attend audit committees continued. In attending the committees, managers talked through their sections of the Risk Register, with an emphasis on explaining the controls they had in place to prevent the risk actually happening.

Risk appetite is implemented via the individual risk assessments of managers and monitored via the internal audit reports presented to the Audit Committee.

A summary of internal audit findings, which is aligned to the risk appetite of Sport Wales, is also presented to the Audit Committee for consideration. This document highlights and quantifies findings that are considered to be high risk thus enabling the audit committee to obtain the required assurances from managers relating to these risks.

In 2010/11 there were no information risk issues to report.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within Sport Wales who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control via the Audit Committee meetings and I plan to address weaknesses and ensure continuous improvement of the system in place.

Sport Wales's audit committee not only reviews the Risk Register, but also reviews management procedures for risk assessment and the high level controls in place to moderate business risk. In particular, it examines:

- the operation of the risk management review framework;
- internal audit reports and the annual internal audit report;
- the Annual Report and accounts;
- observations made by external audit, particularly the annual management letter and the Additional Assurance Report; and
- compliance with the Management Statement and Financial Memorandum issued by the Welsh Assembly Government as well as compliance with the Lottery Statement of Financial Requirement.

The internal audit service of Sport Wales during 2010-11 was provided by KTS Owens Thomas Ltd, which operated to standards defined in the Government Internal Audit Manual. Internal audit submit regular reports which include the Head of Internal Audit's independent annual opinion on the adequacy and effectiveness of Sport Wales's system of internal control, together with recommendations for improvement.

Every year the Audit Committee produces an Annual Report of their work to the Board of Sport Wales. This report will identify any concerns, if any, relating to the adequacy of the risk management systems in place at Sport Wales.

Whilst the current system of internal control is strong, nevertheless there are always areas which will benefit from the implementation of improvements. With this ethos of continuous improvement in mind, controls will be improved during 2011/12 by actioning the following:

- To revise the format of the existing Risk Register as agreed at the March 2011 Audit Committee to facilitate the easier presentation and communication of significant corporate risks to the board of Sport Wales.

*Dr H G Jones*  
Accounting Officer

13 July 2011

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Members of the National Assembly for Wales

I certify that I have audited the financial statements of the Sports Council for Wales Lottery Distribution Account for the year ended 31 March 2011 under the National Lottery etc. Act 1993. These comprise the Statement of Comprehensive Net Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Council, Chief Executive and auditor

As explained more fully in the Statement of Sports Council for Wales and Chief Executive's Responsibilities, the Sports Council for Wales and Chief Executive as Accounting Officer 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 National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sports Council for Wales Lottery Distribution Account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Sports Council for Wales; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

## Opinion on Regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Sports Council for Wales Lottery Distribution Account's affairs as at 31 March 2011 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder with the approval of HM Treasury.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued with HM Treasury approval under the National Lottery etc. Act 1993; and
- the information given in the Foreword and Management Commentary sections of the Trustee's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

14 July 2011

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

# Statement of Comprehensive Net Income for the year ended 31 March 2011

	Notes	2010/2011 £000	2009/2010 £000
<b>Expenditure</b>			
Grant commitments made in year	3	5,742	5,161
Less Lapsed and revoked commitments	3	(342)	(222)
Staff costs	7	1,547	1,631
Depreciation: owned assets	9	21	11
Other Operating Costs	8	268	354
Olympic Lottery Distribution Fund		1,952	1,952
<b>Total expenditure</b>		<b>9,188</b>	<b>8,887</b>
<b>Gross income</b>			
Proceeds from National Lottery Distribution Fund (NLDF)		11,632	11,133
Investment returns from the NLDF		88	79
Recoveries of grant		15	11
Other Income	8	137	185
<b>Total Income</b>		<b>11,872</b>	<b>11,408</b>
Net Income/(expenditure) before interest and taxation		<b>2,684</b>	2,521
<b>Investment income</b>			
Interest receivable		1	1
<b>Net income/(expenditure) before taxation</b>		<b>2,685</b>	2,522
Taxation Payable	6	-	-
<b>Net income/(expenditure) after taxation</b>		<b>2,685</b>	2,522
<b>Other comprehensive expenditure</b>			
Loss/(Surplus) on the revaluation of NLDF investments		16	28
<b>Total comprehensive income/(expenditure) for the year ended 31 March 2011</b>		<b>2,669</b>	2,494
Balance at 1 April		4,667	2,173
Balance at 31 March		<b>7,336</b>	4,667

All recognised gains and losses have been calculated on the historical cost basis and have been reflected in the above statement. All activities are continuing with no acquisitions or disposals.

The notes on pages 25 to 35 form part of these accounts.

## Statement of Financial Position

		<b>31 March</b>	31 March
		<b>2011</b>	2010
	Notes	<b>£000</b>	£000
<b>Non Current Assets</b>			
Property, plant and equipment	9	<b>103</b>	113
<b>Current Assets</b>			
Trade receivables and other current assets	10	<b>137</b>	193
Investments-balance held in NLDF		<b>11,928</b>	10,421
Cash and cash equivalents	12	<b>966</b>	297
<b>Total Current Assets</b>		<b>13,031</b>	10,911
<b>Total Assets</b>		<b>13,134</b>	11,024
<b>Current Liabilities</b>			
Provision for Hard Grant Commitments	3	<b>(5,535)</b>	(4,508)
Other current liabilities	11	<b>(205)</b>	(228)
<b>Total Current Liabilities</b>		<b>(5,740)</b>	(4,736)
<b>Non Current assets plus Net Current Assets</b>		<b>7,394</b>	6,288
<b>Non Current Liabilities</b>			
Provision for Hard Grant Commitments	3	<b>(58)</b>	(1,621)
<b>Assets less Liabilities</b>		<b>7,336</b>	4,667
<b>Reserves:</b>			
Income and Expenditure Reserve		<b>7,336</b>	4,667
		<b>7,336</b>	4,667

Dr H G Jones  
Accounting Officer

13 July 2011

The notes on pages 25 to 35 form part of these accounts.

## Statement of Cash Flow for the year ended 31 March 2011

	Notes	2010/2011 £000	2009/2010 £000
<b>Operating Activities</b>			
Cash drawn down from NLDF		<b>8,250</b>	8,650
Other income		<b>154</b>	155
Grant payments		<b>(5,686)</b>	(7,158)
Cash paid to and on behalf of employees		<b>(1,543)</b>	(1,648)
Other operating costs		<b>(502)</b>	(528)
<b>Net cash inflow/(outflow) from operating activities</b>	13	<b>673</b>	(529)
<b>Investing Activities</b>			
Interest received		<b>1</b>	1
<b>Financing Activities</b>			
Purchase of property, plant & equipment		<b>(11)</b>	(85)
Loan repayments		<b>6</b>	7
<b>Taxation</b>			
Corporation tax paid		<b>-</b>	(8)
<b>Net cash (outflow) for the year</b>	12	<b>669</b>	(614)

The notes on pages 25 to 35 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Balances held in NLDF £000	Balances held at SCW £000	Total 2010/2011 £000	Total 2009/2010 £000
<b>Balance at 1 April</b>	<b>10,421</b>	<b>(5,754)</b>	<b>4,667</b>	2,173
<b>Changes in Taxpayers' Equity 2010/11</b>				
Income from the National Lottery	11,632	-	11,632	11,133
Drawn down in year by Sport Wales	(8,250)	8,250	-	-
Investment returns	88	1	89	80
Other Operating Income	-	137	137	185
Recoveries of grants	-	15	15	11
Income/(expenditure) in year	5	(7,241)	(7,236)	(6,935)
Olympic Lottery Distribution Fund	(1,952)	-	(1,952)	(1,952)
Loss surplus on revaluation	(16)	-	(16)	(28)
<b>Balance at 31 March</b>	<b>11,928</b>	<b>(4,592)</b>	<b>7,336</b>	4,667

*The notes on pages 25 to 35 form part of these accounts.*

# Notes to the accounts

## 1 Accounting policies

### 1.1 Basis of Accounting

The accounts have been prepared under the historical cost convention, modified by the valuation of Property, Plant and Equipment by reference to current costs, in accordance with the directions given by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury in accordance with Section 35 of the National Lottery etc Act 1993 (as amended). A copy of the accounts direction can be obtained by request in writing to Sports Council of Wales (Sport Wales), Sophia Gardens, Cardiff, CF11 9SW. Without limiting the information given, the accounts meet the requirements of the Companies Act 2006 and are prepared in accordance with IFRS issued by the International Accounting Standards Board so far as these requirements are appropriate.

Separate accounts have been prepared for the activities funded from grant-in-aid, in accordance with the directions issued by the Welsh Ministers. There is no requirement for this account to be consolidated with Sport Wales's accounts.

The accounts have been prepared on a going concern basis. Sport Wales is required to account for long term grant commitments which fall due for payment in subsequent accounting periods, which are funded by future lottery proceeds.

### 1.2 Income from the National Lottery Distribution Fund

The distributing activities of Sport Wales's Lottery function are funded by allotted proceeds from the National Lottery. These are held in a fund administered by the Department for Culture, Media and Sport, and are available to be drawn-down into Sport Wales's Lottery bank accounts when needed.

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. However, the share of such balances attributable to Sport Wales is shown in the accounts at market value and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by Sport Wales in respect of current and future commitments.

The balance held at 31 March 2011 at the NLDF, is unaudited as the audit of the Fund is incomplete. Any adjustment arising from that audit will be reflected in the 2011/2012 accounts and is not expected to be material.

In February 2008 a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games.

This comprises £410 million as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675 million arising from the subsequent budget review.

Sport Wales was committed to contribute up to £3,196,000 in the original bid and this order allows for the transfer of up to a further £4,058,000.

The first transfer of funds took place on 2 February 2009 amounting to £488,118. Sport Wales made a further payment during 2009/10 totalling £1,952,000 followed by another payment of £1,952,000 during 2010/11.

### 1.3 Property, Plant and Equipment

Sport Wales capitalise any property, plant and equipment over £500 used exclusively in the administration of the Lottery function. In the opinion of Sport Wales, there is no material difference between the historic and current cost net book value of these assets.

#### 1.4 Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment having regard to their estimated useful lives and anticipated residual values. The average asset lives used for this purpose are as follows:

Equipment – Computers	3 years
Equipment – Other	3 – 10 years

The policy of Sport Wales is to depreciate assets from the month following acquisition.

#### 1.5 Pension Costs

Contributions to the pension schemes are charged to the Statement of Comprehensive Net Income so as to spread the cost of pensions over employees' working lives with Sport Wales. The application of the requirements of IAS 19 does not apply to the Lottery accounts as contracts of employment are held by Sports Wales.

#### 1.6 Allocation of Costs

The apportionment of staffing and indirect costs transferred from Sport Wales to the Lottery account is calculated on the following basis:

1.6.1 Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities. Where staff are identified as being employed 100% for Lottery purposes their costs are recharged in full. Where staff work, or provide a service to both lottery and exchequer schemes, their costs are recharged in proportion to the amount of time spent on Lottery work.

1.6.2 Non staff costs are recharged either on the basis of the floor area occupied by Lottery staff, or where no floor area data is available or considered appropriate, costs are apportioned based upon total Lottery staff time expressed as a percentage of total staff time.

1.6.3 Council Members remuneration and travelling expenses are apportioned on a 50/50 basis.

#### 1.7 Policy for Grant Commitments

Hard commitments are analogous to a commitment arising from a legally binding contract, carrying with it an obligation on the distributor to pay the agreed Lottery grant provided only that all the conditions of grant are met, and the National Lottery continues to operate. A hard commitment arises when a firm offer of a grant from the National Lottery proceeds has been made by Sport Wales and accepted in writing by the recipient. A firm offer will be made if there is a reasonable expectation that conditions attached to the offer will be met. A soft commitment occurs when there is agreement by one of the decision making officers or panels to fund a grant scheme and a formal offer is made to the applicant body. Whilst a formal offer has been made to the applicant body, the offer and associated conditions have yet to be accepted.

#### 1.8 Other income

Relates to income generated from UK Sport for the use of Sport Wales's assets and facilities.

#### 1.9 Use of Estimates and Judgements

The preparation of the financial statements requires Sport Wales to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 1.6.1 Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities, see note 1.6.1 for further details.

## 1.10 Financial Instruments

### 1.10.1 Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

### 1.10.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 1.10.3 Trade payables

Trade payables are non interest-bearing and are stated at their nominal value.

### 1.10.4 Borrowings

#### Non-Interest-bearing borrowings

Non-interest-bearing borrowings receivable are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, non interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings at an effective interest rate of 3.5%.

## 1.11 Segmental reporting

Sport Wales's management reporting for Lottery provides information relating to the distribution of Lottery grants. Sport Wales is of the opinion that the disclosure requirements of IFRS 8 Operating Segments, is not applicable to these Lottery Distribution Accounts.

## 2 Revenue grants paid in the year

	2010/2011	2009/2010
	£000	£000
<b>Programme</b>		
Elite Cymru	<b>362</b>	374
Coach Cymru	<b>1,580</b>	1,411
Dragon Sport	<b>1,086</b>	1,195
Disability Sport	<b>492</b>	580
Community Chest	<b>1,142</b>	1,128
Talent Cymru	<b>356</b>	278
	<b>5,018</b>	4,966

Community Chest includes an amount of £65,707 (2009/10 £58,434) paid in respect of administration costs of local authorities who administer the grant scheme at local level.

**3 Hard commitments**

	<b>Capital £000</b>	<b>Revenue £000</b>	<b>2010/2011 Total £000</b>	2009/2010 Total £000
Hard commitments as at 1 April	<u>3,570</u>	<u>2,559</u>	<u>6,129</u>	<u>8,453</u>
Hard commitments met in the year	(918)	(5,018)	(5,936)	(7,263)
Hard commitments not taken up	(161)	(181)	(342)	(222)
Hard commitments made in the year	425	4,454	4,879	3,377
Soft commitments transferred to hard commitments	77	786	863	1,784
<b>Grant commitments made in year</b>	<b>502</b>	<b>5,240</b>	<b>5,742</b>	<b>5,161</b>
Movement in year	(577)	41	(536)	(2,324)
Hard commitments as at 31 March	<u>2,993</u>	<u>2,600</u>	<u>5,593</u>	<u>6,129</u>
<b>Analysed as:</b>				
Hard commitments due within one year	2,935	2,600	5,535	4,508
Hard commitments due after one year	<u>58</u>	<u>-</u>	<u>58</u>	<u>1,621</u>
			<b>2010/2011 £000</b>	2009/2010 £000
Amounts due during 2010/11 Financial Year			-	4,508
Amounts due during 2011/12 Financial Year			5,535	1,565
Amounts due during 2012/13 Financial Year			42	56
Amounts due during 2013/14 Financial Year			15	-
Amounts due during 2014/15 Financial Year			1	-
Amounts due during 2015/16 Financial Year			-	-
Amounts due after 5 years			-	-
Hard commitments carried forward as at 31 March			<u>5,593</u>	<u>6,129</u>
			<b>2010/2011 £000</b>	2009/2010 £000
<b>Intra-government balances</b>				
Balances with other central government bodies			2	38
Balance with local authorities			<u>2,803</u>	<u>3,480</u>
			<b>2,805</b>	<b>3,518</b>
Balance with bodies external to government			<u>2,788</u>	<u>2,611</u>
			<u>5,593</u>	<u>6,129</u>

**4 Soft commitments**

	<b>2010/2011</b>	Restated 2009/2010
	<b>£000</b>	£000
Soft commitments at 1 April	<b>1,143</b>	2,001
Soft commitments transferred to hard commitments	<b>(863)</b>	(1,784)
Soft commitments not taken up	<b>(231)</b>	(201)
Soft commitments made	<b>63</b>	1,127
Soft commitments at 31 March	<b>112</b>	1,143

**5 Capital commitments**

At 31 March 2011, the Lottery account had no contractual commitments for capital and Property, Plant and Equipment (2009/2010 Nil).

**6 Taxation payable**

	<b>2010/2011</b>	2009/2010
	<b>£000</b>	£000
Tax payable on interest received at 21% (2009/2010 21%)	-	-

**7 Staff numbers and related costs**

The staff costs figure shown in the Net Expenditure Account is an apportionment of costs incurred by Sport Wales and is arrived at as follows:

	Average No.		<b>2010/2011</b>	2009/2010
	of full time equivalent staff involved	Restated		
	2010/11	2009/10	<b>£000</b>	£000
Gross salary costs				
Chair P Carling (to 31.01.2010)	0.00	0.50	-	22
Chair L McAllister (from 01.02.2010)	0.10	0.10	<b>18</b>	3
Chief Executive	0.25	0.25	<b>19</b>	19
Other Staff	34.47	35.90	<b>1,510</b>	1,587
			<b>1,547</b>	1,631
Salaries and Wages			<b>1,231</b>	1,306
Social Security costs			<b>83</b>	87
Other Pension costs			<b>233</b>	238
			<b>1,547</b>	1,631

Staff costs are further analysed as follows:

	<b>2010/2011</b>	2009/2010
	<b>£000</b>	£000
Administration	<b>1,148</b>	1,236
Sports Science Support to Athletes	<b>399</b>	395
	<b><u>1,547</u></b>	<u>1,631</u>

The average number of staff employed are all permanent contract staff.

The Chair is appointed to work 2 days per week and spends 50 per cent of that time on lottery activities

### Compensation schemes – exit packages

	<b>Number of voluntary redundancies</b>	
	<b>2010/11</b>	<b>2009/10</b>
Exit package cost band		
<£10,000	<b>0</b>	0
£10,000-£25,000	<b>2</b>	2
£25,000-£50,000	<b>1</b>	0
£50,000-£100,00	<b>4</b>	3
Total number of exit packages	<b><u>7</u></b>	<u>5</u>
Total resource cost (£)	<b><u>335,000</u></b>	<u>246,000</u>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exist costs are accounted for in full in the year of departure where Sports Wales have agreed early retirements, the additional costs are met by Sport Wales and not by the Civil Service pension scheme.

### 8 Other operating costs and other income

	<b>2010/2011</b>	2009/2010
<b>COSTS</b>	<b>£000</b>	£000
Direct Costs	<b>42</b>	104
Accommodation	<b>42</b>	40
Consultants	<b>1</b>	10
Travel and Subsistence and Hospitality	<b>-</b>	9
Audit Fee	<b>17</b>	18
Recharges for Sports Wales Services	<b>166</b>	173
	<b><u>268</u></b>	<u>354</u>
	<b>2010/2011</b>	2009/2010
<b>INCOME</b>	<b>£000</b>	£000
UK Sport Grant	<b>137</b>	129
Release of deferred grant	<b>-</b>	39
Other	<b>-</b>	17
	<b><u>137</u></b>	<u>185</u>

**9 Property, plant and equipment**

	<b>Equipment</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost or Valuation at 1 April 2010	80	58	138
Assets under construction now complete	58	(58)	–
Additions	11	–	11
Disposals	–	–	–
At 31 March 2011	<u>149</u>	<u>–</u>	<u>149</u>
Depreciation at 1 April 2010	(25)	–	(25)
Charge for the year	(21)	–	(21)
Disposals	–	–	–
At 31 March 2011	<u>(46)</u>	<u>–</u>	<u>(46)</u>
<b>Net Book Value at 31 March 2011</b>	<u>103</u>	<u>–</u>	<u>103</u>
Net Book Value at 31 March 2010	<u>55</u>	<u>58</u>	<u>113</u>

**10 Trade receivables and other current assets**

	<b>31 March</b>	31 March
	<b>2011</b>	2010
	<b>£000</b>	£000
<b>Due within 1 Year</b>		
Other receivables and prepayments	<b>99</b>	148
<b>Due within more than 1 Year</b>		
Other receivables and prepayments	<b>38</b>	45
<b>Total</b>	<u><b>137</b></u>	<u>193</u>

Included in other receivables and prepayments is £45,000 (2009/2010 £51,666) in respect of an interest free capital loan made over a 10 year period.

	<b>31 March</b>	31 March
	<b>2011</b>	2010
	<b>£000</b>	£000
<b>Intra-government balances</b>		
Balances with other central government bodies	–	–
Balance with local authorities	<b>92</b>	141
	<u><b>92</b></u>	<u>141</u>
Balance with bodies external to government	<b>45</b>	52
	<u><b>137</b></u>	<u>193</u>

Grants repayable had arisen due to a number of reasons, including under spends against amounts awarded and failures by recipients to comply in full with the conditions of grant

## 11 Trade payables and other current liabilities

	<b>31 March 2011 £000</b>	31 March 2010 £000
Sport Wales	<b>188</b>	206
Taxation Payable	-	-
Accruals	<b>17</b>	22
	<b>205</b>	228

	<b>31 March 2011 £000</b>	31 March 2010 £000
<b>Intra-government balances</b>		
Balances with other central government bodies	<b>188</b>	206
Balance with local authorities	-	-
Balance with bodies external to government	<b>17</b>	22
	<b>205</b>	228

## 12 Analysis of changes in cash and cash equivalents

	<b>1 April 2010 £000</b>	<b>Cash Flow £000</b>	<b>31 March 2011 £000</b>
Cash and cash equivalents	297	669	966

## 13 Reconciliation of (decrease)/increase in lottery funds before taxation to net cash (outflow)/inflow from operating activities

	<b>2010/2011 £000</b>	2009/2010 £000
Net income/ (expenditure) before interest and taxation	<b>2,668</b>	2,493
(Increase) in other receivables	<b>50</b>	(61)
(Decrease)/Increase in other payables	<b>(559)</b>	(2,370)
(Increase) in NLDF	<b>(1,507)</b>	(563)
Release of deferred government grant	-	(39)
Depreciation of property, plant & equipment	<b>21</b>	11
Net cash (outflow) from operating activities	<b>673</b>	(529)

**14 Reconciliation of net cash flow to movements in net funds**

	<b>2010/2011</b>	2009/2010
	<b>£000</b>	£000
Increase/(Decrease) in cash and cash equivalents	<b>669</b>	(614)
Movement in liquid resources – NLDF balance	<b>1,507</b>	563
Decrease in net funds	<b>2,176</b>	(51)
Net funds brought forward	<b>10,718</b>	10,769
Net funds carried forward	<b>12,894</b>	10,718

**15 Contingent liabilities**

There were no contingent liabilities at 31 March 2011 and 31 March 2010.

**16 Financial instruments**

International Financial Reporting Standard 7 : Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks Sport Wales's Lottery function faces in undertaking its role.

*Liquidity Risks*

In 2010/11, £11,632,000 or 98.0% of Lottery income derived from the National Lottery (2009/10: £11,133,000 or 98.0%). Of the remaining income, £88,000 or 0.7%, derived from investment returns from the balance held with the National Lottery Distribution Fund, (2009/10: £79,000 or 0.7%), and £152,000 or 1.3% from bank interest and sundry income (2009/10: £196,000 or 1.7%). Sport Wales does not consider that its Lottery fund is exposed to any significant liquidity risk, and are satisfied that the balance within the NLDF and projected future Lottery proceeds are sufficient to meet its hard commitments.

*Interest Rate Risks*

The financial assets of the Lottery are invested in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as government bonds and cash. Sport Wales has no control over the investment of Funds in the National Lottery Distribution Fund. Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account which on average carried an interest rate of 0.50% (2009/10 0.50%) in the year. The cash balance at the year-end was £966,000 (2009/10: £297,000). Sport Wales considers that its Lottery function is not exposed to significant interest rate risks. Included in receivables (note 10) is £45,000 (2009/10 £51,666) which relates to an interest free loan. If interest had been charged at a treasury rate of 3.5% then £1,808 (2009/10 3.5% £2,042) would have been charged as interest in these accounts.

*Foreign Currency Risk*

The Lottery function of Sport Wales is not exposed to any foreign exchange risks.

**17 Related party transactions**

The Lottery operations of Sport Wales are funded from the National Lottery Fund through the Department for Culture, Media and Sport. The Department is regarded as a related party. In addition, the Lottery paid capital grants during the year to a number of organisations in which members and senior staff declared an interest and which are considered material.

Having declared an interest panel members are required to leave the meeting while the relevant application is discussed and a decision made.

<b>Member's Panel</b>	<b>Body</b>	<b>Payments in Year £000</b>	<b>Nature of link</b>	<b>Net Grant Commitments</b>
A Hamilton <i>Head of People &amp; Programme Development</i>	Welsh Netball Association	42	Member	42
	Welsh Hockey Union	108	Son is a member	101
	Welsh Hockey Forum	–	Son is a member	1
A Williams <i>Manager Plas Menai Watersports Centre</i>	Welsh Yachting Association	118	Member	101
	Welsh Canoeing Association	65	Member	–
	Port Dinorwic Sailing Club	8	Member	–
M Frost <i>Head of Regions</i>	Cricket Board of Wales	100	Member	50
S Powell <i>Head of Performance and Excellence</i>	Welsh Hockey Union	108	Member	101
	Cardiff Hockey Forum	–	Member	1
R Harris <i>Member</i>	Ceredigion County Council	48	Elected Member	–
Prof L McAllister <i>Chair</i>	FAW Football in the Community	23	Board member and trustee	–
Dr W M Leyshon <i>Council Member</i>	Athletics Association of Wales	212	Member of clubs affiliated to Athletics Association of Wales	412

#### *Remuneration of Senior Managers and Council Members*

Senior Managers and Council Members are considered to be the Directors and their remuneration is disclosed within the Remuneration Reports on pages 12 to 15.

## **18 Pensions**

Pension costs for Sport Wales for 2010/11 amounted to £1,190,000 (2009/10 £1,100,000) representing 21.9% (2009/10 21.0%) of pensionable pay and advanced contributions in respect of early retirement costs. Payments of £144,000 were made in respect of early retirement costs following the redundancy of staff. From 2011/12, the rate will be 21.5%. Contributions to the Fund have been determined by an independent qualified actuary. The latest triennial valuation of the Fund was carried out as at 31 March 2011. This report has not yet been issued.

The cash equivalent value at 31 March 2010 has not been restated with the move from the Retail Price Index (RPI) to the Consumer Price Index (CPI). The Local Government Pension Scheme assumes transfers prior to October 2010 will apply RPI.

Negative Values in the real increase in accrued pension and lump sum payments have arisen because the rise in pensionable salary has been less than the rate of inflation. The inflation rate used for the purposes of the calculations used in the Remuneration Report was provided by the Pension Actuary.

Sport Wales expects to contribute £1,130,000 to the fund in 2011/12. In addition to this "strain on fund" contributions may be required.

As the employer, Sport Wales's share of the net pension assets/liabilities, together with its accounting for pension funds in line with International Accounting Standard (IAS) 19 (Employee Benefits) have been recognised in the financial statements for the Sports Council for Wales and Sports Council for Wales Trust. Full disclosure is set out in the Sport Wales consolidated financial statements which are publicly available.

## **19 Events after the reporting period**

There are no events since the year end date. The financial statements were authorised for issued on 14 July 2011.

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