

## **The Sports Council Trust Company**

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

## **Annual Report and Accounts**

**2015-2016**

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**2015-16**

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)

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## 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 2016.

### Structure, governance and management

#### Constitution of The Sports Council Trust Company

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

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

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

#### Organisational structure

The Charity is administered by a Board of Trustees that regularly meets to discuss the objectives and activities of the Charity. The directors of the Charity are its Trustees. During the financial year ended 31 March 2016 the Board met three times (2015: three times).

The Board comprised of an interim Chair and five Trustees as at 31 March 2016, details of whom can be found on page 9.

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

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

Five Trustees terms end during 2016 and the process to recruit new Trustees has commenced. Appointments are expected to be made by December 2016.

#### Objectives and Activities

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

Over the last twelve months we focused on:

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

- Monitoring the performance of investments and available funding

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

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

Other facilities owned by the Charity were:

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

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

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

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

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

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

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

## Principal Risks and Uncertainties

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

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

- The management contractors (operators) engaged to operate the National Sports Centres may underperform and fail to meet agreed sporting outcomes and financial targets
- Health and safety 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.
- Failure to complete the appointment of five new Trustees by December 2016 due to the challenges associated with attracting candidates with the right blend of skills, experience and diversity.

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

## Achievements

### Charitable grants

SCTC awarded three grants during the year to charitable organisations as follows:

- Adventure Learning Foundation £32,000 to provide opportunities for people of all abilities and disabilities to take part in cycling through the use of adaptive bikes.
- The Volleyball England Foundation £20,050 for their Sitting Volleyball at Personnel Recovery Centres project.
- Disability Snowsport UK £5,400 for the provision of ski equipment.

### Bisham Abbey

Based in rural Berkshire, Bisham Abbey is a busy and flexible National Sports Centre which plays home to a range of water sports, golf and squash amongst other sports.

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

Community usage for the year was 177,952 against the previous year's total of 172,404.

Community Gym memberships has grown above their target of 1200, as a result of popularity of gym classes in the dedicated studio area.

The sports development team continued to work closely with local councils and sports organisations to offer diverse community onsite and outreach programmes. One such scheme 'wheels for all' enabled families with disability members the opportunity to try accessible bikes to take part in cycling activity with their families.

A further initiative implemented in partnership with England Squash was to optimise the community use of the squash courts. The focus is on developing a junior programme, mini squash and 50+ squash and racketball sessions. At Lilleshall England Squash ran their level three coaching courses.

Jordanne Whiley MBE, who is in part trained by coaches from Living Tennis Academy (based at Bisham), made history at the US Open, becoming the first woman to win a wheelchair tennis Grand Slam singles title. Gordon Reid, who also trains at Bisham achieved success with his second Grand Slam doubles title. Hawkeye is now in use, helping all Bisham's tennis players to improve their skills, reduce injury and optimise their overall performance.

England Hockey have benefitted from enhanced training facilities to support their Rio aspirations. A new hockey carpet has been installed, an exact replica of the Rio surface, as well as Wi-Fi capability being extended across the outdoor facility enabling high level performance analysis from the video tower to be fully optimised. Following the installation the women's team achieved victory at the European Championships.

The Women's FA returned to Bisham to hold residential training camps for both under 18s and under 21s and were very complimentary of the redeveloped football and catering facilities. Reading Women's first team committed a 2 year long term usage agreement making Bisham their training facility.

Football Academy Bisham (FAB) Senior Academy boys won the National English Schools Cup. They also took the opportunity to play a friendly against a Chilean international under 17s team, considered one of the best in the world in this age group, who based themselves at Bisham during their European tour. This presented a rare opportunity for local boys to experience playing against world class opposition losing narrowly 3-1.

Sport England funded a 6 month pilot scheme to run an innovative facial recognition project at Bisham. The scheme was a test to see if facial recognition could help the sector improve the way it collates and uses customer information and to improve customer experience through a more personalised approach to service delivery. Further work is being carried at other venues and once complete will be shared with the wider sports sector. Delivering this project at Bisham met the National Sports Centres objectives to 'Support effective coach development, research, innovation and inspiration through the delivery of relevant programmes and activities which make a significant impact on sport and the delivery of sport within the sporting landscape'.

Quest, the UK quality scheme for Sport and Leisure scored Lilleshall the 2<sup>nd</sup> highest performing centre in the country. On top of this Quest also accredited both Bisham and Lilleshall outstanding in stretch (being the highest level of accreditation awarded under

assessments undertaken by Quest) for 'impact and outcomes' and 'working with National Governing Bodies'. The Bisham and Lilleshall sites are the only sites in the country to achieve stretch in working with NGBs. The Quest auditors noted that key to the success of both sites success was their partnership approach to finding solutions, and that each site delivers a world-class experience whilst continually working to ensure that their goals are achieved.

## Lilleshall

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

Community usage for the year was 68,168 against the previous year's total of 86,370. The reason for the difference is due to the increased use by onsite elite sports national and international camps as part of their Olympic preparations.

Two projects planned for the year were successfully delivered the first being the new administration block which now provides dedicated modern office space for over 200 administration staff. The second was the centralised reception and the modernisation of the bar area transforming it into a new modern welcoming space for customers.

Lilleshall community Bowling Club achieved recent success at the women's national championships this year, and the club put their success down to the teamwork shown by the grounds team, reflected in the high

quality of the playing green over the past 18 months.

Two walking trails have been created around the grounds and added to a website, 'iFootpath', with the aim of encouraging people to get active. An additional benefit is that the new café, which is located at both start and finishing points offers refreshments to the walkers.

There is a strong community presence onsite with a diverse programme of NGB lead community activity like Rush hockey, Yoga and Badminton essentials, as well as the traditional sports clubs. A key community development during the year was the introduction of a community club newsletter that has greatly enhanced communication and presence of community activity on site. The newsletter will be introduced at Bisham in 2016/17.

Lilleshall accommodated a range of sports that utilise its various sports halls, with British Fencing hosting its annual master's championships in Wenlock Hall, martial arts occupying Ford and Jubilee Halls and Trampolining on offer to community users in the Jubilee and Kings Hall.

In collaboration with UK Sport through their Elite Training Centre (ETC) programme, support was given to several sports World Class programmes to help achieve their Rio targets.

- An indoor training pod was added to the Archery's outdoor range to enable greater sustainable winter training for their para-Archers.
- Gymnastics benefitted from new matting, equipment and greater access for their trampolining world class programme.
- A number of bedrooms and changing rooms have been redesigned to allow improved access for all para-athletes.

On the back of these works a long term usage agreement has been agreed with Wheelchair Rugby who also received Elite Training Centre support to implement a GPS training system to optimise their Rio preparations.

British Gymnastics (BG) broke its 250,000 members mark, reaching a milestone for the organisation with more people enjoying gymnastics than ever before in the UK from all age groups and of all abilities. Their administration, accreditation and membership business is based onsite and recently benefitted from a modern purpose built warehouse being constructed alongside the new office building. BG elite athletes medal gains include Junior British women gold at a 4-way international against Germany, Italy and Brazil, Gold at the European Youth Olympic Festival in Tbilisi, as well as multiple medals at the World Challenge Cup in Croatia.

## **Plas y Brenin**

PYB is managed by MTT, a charity established for the advancement of outdoor recreation (generally practised in cliff and mountain environments), MTT is committed to providing first class outdoor training at the most affordable price.

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

The centre delivered 22,149 community coaching student days, against 22,350 days last year. The coaching covered outdoor sports such as canoeing, mountaineering, mountain biking and orienteering.

The University of Central Lancashire enhancement delivery programme, which

started during the winter months concluded with 28 students attending their Summer Mountain Leader Training course.

The 2-day Snowman triathlon was hosted at Plas y Brenin, bringing 400 competitors to the site from all over the country.

83 Expedition Medics received specialist training at a 5-day conference at Plas y Brenin, whilst a 4-week programme of courses for schools also took place. Some of the MTT staff additionally provided expertise and safeguard cover for the Warner Bros. film crew during local filming of 'King Arthur's Knights', which will be released in 2017.

The North Wales Outdoor Partnership annual Outdoor Festival was hosted by Plas y Brenin with 150 volunteers on site for the day. Special guests who attended were Dame Tanni Grey-Thompson and the Welsh Government Sports Minister, Ken Skates.

## The Rowing Lake

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

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

British Rowing continues to maintain the Rowing Lake and environs to a high standard through ongoing scheduled maintenance programmes and targeted improvements around the site. This has included improvements to the Bund to reduce the risk of flooding.

As a result the Rowing Lake continues to be the single most important factor underpinning the training and preparation

for Team GB. The usage of the lake by both elite rowers and talented development and club rowers, measured by the number of rower days, continued to increase by over 20%.

The elite rowers performed exceptionally at the 2015 World Championships, winning 15 medals, placing them in the top of the medal table. The development teams also had good success; the under 23's winning 6 medals and the juniors came away with 3 medals.

## Performance

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

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

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

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

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

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

## Plans for future periods

At Bisham work is progressing on several key projects identified to take the site forward and maintain it at the forefront of world class services and facilities. One such project is to support improving the customer experience on the 3G football field by adding sports lights.

Serco are working on a strategy plan to reduce Lilleshall subsidy to zero sooner than the planned 15 year timescales. The review has highlighted opportunities to invest to increase both elite and community use, as well as looking at green initiatives to reduce expenditure costs and improve the centre carbon footprint.

DCMS released its new Sporting Future strategy in December 2015. Sport England will release its 2016-21 strategy in the Spring of 2016. Serco and MTT are working up draft site specific 2016-21 sports development strategy plans which will support the Sport England strategy. The final site sports strategies are expected to be approved by the Trustees late Spring.

A strategic review of the facilities and opportunities available at PYB continues to be undertaken to ensure that the National Mountain Sports Centre stays at the forefront of the outdoor activity market and continues to deliver world class opportunities for outdoor and adventure sport, whilst becoming a self-sustaining business.

## Green initiatives

During the summer of 2015 research commenced on understanding Biomass and underground heat source projects to assist in reducing our carbon footprint. As a result of these the commissioning of a Biomass related facility is likely to commence in 2016/17 and an underground heat source project in 2017/18; once further in-depth research and analysis has been carried out.

Investment was made into upgrading the car park lighting to improve the safety and security of the site, as well as to reduce the carbon footprint. This funding included some minor works that added 30 car park spaces helping relieve car parking capacity issues.

## Financial review

The Charity's operational activities including grant making are funded by property income and returns from the investment fund. Asset investment activities are funded with income from a National Lottery grant and gifts of assets from the ESC. Total income for the year was £4.1m (2015: £5.5m). These resources were invested into the National Sports Centres and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

Net income for the year is £1.5m compared to £3.6m last year a decrease of £2.1m.

The decrease in net income is due to:

- £0.5m movement in impairments from a reversal of losses of £2.9m in 2015 to a lower reversal of £2.4m as a result of property valuation (note 8).
- £0.9m million lower income from donations and legacies. This consists of £1.9m lower Lottery grant as the full amount of the £16.0m capital project was received in 2015 which is offset by

a £1m increase of gifts of fixed assets from ESC (note 2).

- £0.7m increase in depreciation charges as a result of the property valuation and new assets in use.

The Charity generated a small surplus on its day to day activities in the year of £12k (2015: £21k), after awarding community grants of £57k (2015: £35k) and is made up as follows:

	2016 £'000	2015 £'000
Property income	1,579	2,199
Financial asset income	19	22
Charitable activities	(2,534)	(1,953)
Add back:		
Depreciation	3,256	2,616
Impairment reversals	(2,376)	(2,931)
Gifts in kind	68	68
<b>Operating surplus</b>	<b>12</b>	<b>21</b>

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 12 and 13. None of these funds are in deficit.

The Charity is currently reviewing its property portfolio and may sell certain non-core assets once the review has been completed.

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, and from ethnic minority groups.

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

## Investment policy

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

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

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

A recent retendering exercise of the investment management of the funds and the performance of the manager resulted in a new manager being selected. During the 2016/17 financial period the investment funds will be transferred from Barings to the new investment manager.

## 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 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. Financial

assets comprising the investment fund are 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 reserves which cannot readily be realised and used for an alternative purpose other than that specified; principally these are in relation to fixed assets gifted from ESC or funded through ESC's Lottery Fund. Restricted reserves at 31 March 2016 amounted to £97.2m (2015: £88.1m).
- Unrestricted reserves are where the use of these funds is not restricted and can be applied to the on-going operational aspects of the organisation. Unrestricted reserves at 31 March 2016 amounted to £2.1m (2015: £2.2m).

## TRUSTEES

**Trustees** of the Charity during the year were:

- David Knight<sup>1</sup>
- Brian Armstrong
- Graeme Dell<sup>2</sup>
- Mike Green(Chairman)<sup>3</sup>
- Sonia Howe
- Geoff Lawton
- Keith Nicholls<sup>4</sup>
- Peter Weiss

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

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

Upon appointment, Trustees receive corporate governance, financial and legal information in relation to the Charity in the form of its Memorandum and Articles of Association and other 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 the Trustees with an overview of the governance and operations of the Charity and ESC.

**The Company Secretaries** who served during the year were:

- Andrew Norman (resigned 30 October 2015)
- Erin Stephens (appointed 30 October 2015 / resigned 11 January 2016)
- Tanya van Niekerk (appointed 11 January 2016)

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

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

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

**Investment Manager** at 31 March 2016, Barings Asset Management Limited, 155 Bishopsgate, London, EC2M 3XY

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

- <sup>1</sup> David Knight retired as Chairman on 31 August 2015
- <sup>2</sup> Graeme Dell was appointed as a Trustee on 1 January 2016

- <sup>3</sup>Mike Green was appointed interim Chairman on 1 September 2015
- <sup>4</sup> Keith Nicholls retired as a Trustee on 30 November 2015

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

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

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

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

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

### **Statement as to disclosure of information to auditors**

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

The Trustees as Company Directors approve the Strategic Report included as part of the Trustee's report on pages 2 to 9.

By Order of the Board

Mike Green  
Chairman  
14 June 2016

I certify that I have audited the financial statements of the Sports Council Trust Company for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of the trustees and the auditor**

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

### **Scope of the audit of the financial statements**

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

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

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Sports Council Trust Company's affairs as at 31 March 2016 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matters**

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

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
30 June 2016

# Statement of Financial Activities

(Including Income and Expenditure Account)

	Note	2016 Restricted £'000	2016 Unrestricted £'000	2016 Total £'000	2015 Total £'000 Restated
<b>Income from</b>					
Donations and legacies	2	2,408	68	2,476	3,316
Other trading activities	3	-	1,579	1,579	2,199
Investments	4	-	19	19	22
<b>Total</b>		<b>2,408</b>	<b>1,666</b>	<b>4,074</b>	<b>5,537</b>
<b>Expenditure on</b>					
Charitable activities	5	(830)	(1,704)	(2,534)	(1,953)
<b>Total</b>		<b>(830)</b>	<b>(1,704)</b>	<b>(2,534)</b>	<b>(1,953)</b>
Net (losses)/gains on investments	9	-	(40)	(40)	39
<b>Net income/(expenditure)</b>		<b>1,578</b>	<b>(78)</b>	<b>1,500</b>	<b>3,623</b>
<b>Other recognised gains/(losses)</b>					
Gains/(losses) on revaluation of fixed assets	12/13	7,562	(12)	7,550	6,011
<b>Net movement of funds</b>		<b>9,140</b>	<b>(90)</b>	<b>9,050</b>	<b>9,634</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		88,077	2,186	90,263	80,629
<b>Total funds carried forward</b>	7	<b>97,217</b>	<b>2,096</b>	<b>99,313</b>	<b>90,263</b>

The 2015 numbers have been restated following the first implementation of the Charities SORP (FRS 102) note 18. The changes to the 2015 numbers reflected above are presentational in nature only in that net (losses)/gains on investments which were previously shown in net movement of funds are now shown separately within net income/(expenditure) as a separate line item.

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

All income and expenditure relates to continuing activities.

The notes on pages 17 to 30 form an integral part of these accounts

# Balance Sheet as at 31 March 2016

Company number 2517615

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	8	98,366	89,287
Investments	9	635	675
<b>Total fixed assets</b>		<b>99,001</b>	<b>89,962</b>
<b>Current assets</b>			
Debtors	10	1,929	1,893
Cash at bank		10	191
<b>Total current assets</b>		<b>1,939</b>	<b>2,084</b>
<b>Liabilities: amounts falling due within one year</b>			
Creditors	11	(1,229)	(1,334)
Provisions	17	(51)	(51)
<b>Net current assets</b>		<b>659</b>	<b>699</b>
<b>Total assets less current liabilities</b>			
		<b>99,660</b>	<b>90,661</b>
<b>Liabilities: amounts falling due after more than one year</b>			
Provisions	17	(347)	(398)
<b>Net assets</b>		<b>99,313</b>	<b>90,263</b>
<b>The funds of the charity</b>			
Restricted capital funds		66,706	64,437
Restricted revaluation reserve		30,511	23,640
<b>Total restricted funds</b>	12	<b>97,217</b>	<b>88,077</b>
Unrestricted income funds		546	584
Unrestricted revaluation reserve		1,550	1,602
<b>Total unrestricted funds</b>	13	<b>2,096</b>	<b>2,186</b>
<b>Total charity funds</b>	14	<b>99,313</b>	<b>90,263</b>

The 2015 figures remain as reported in the prior year, however the format of the Balance Sheet has been changed to comply with the Charities SORP (FRS 102) note 1.1. The main change is the presentation of the details of the Charity's funds on the face of the Balance Sheet.

The accounts on pages 14 to 30 were approved by the Board of Trustees and were signed on its behalf by:

Mike Green  
Chairman  
14 June 2016

The notes on pages 17 to 30 form an integral part of these accounts

# Statement of Cash Flows

	Note	2016 £'000	2015 £'000 Restated
<b>Cash flow from operating activities</b>			
Net cash (used in) provided by operating activities	15.1	(80)	2,782
<b>Net cash (used in) provided by operating activities</b>		<b>(80)</b>	<b>2,782</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(120)	(2,624)
Dividends from investments	4	19	22
<b>Net cash (used in) provided by investing activities</b>	<b>15.2</b>	<b>(101)</b>	<b>(2,602)</b>
<b>Change in cash balances in the reporting period</b>		<b>(181)</b>	<b>180</b>
<b>Changes in cash balances during the year</b>			
<b>Balance at 1 April</b>		191	11
Change in cash balances in the reporting period		(181)	180
<b>Balance at 31 March</b>		<b>10</b>	<b>191</b>

The prior year numbers have been restated following the implementation of the Charities SORP (FRS 102). The changes are presentational in nature as the Cash flow statement at 31 March 2015 remains unchanged and merely affects the way that the purchase of tangible assets has been reflected as one number and not two as previously shown in 2015.

Dividend from investments is now reported under cash flow from investing activities whereas in 2015 was reported within financing activities. There are now no financing activities to reflect in the cash flow.

The notes on pages 17 to 30 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 adopted for the first time the Charities SORP (FRS 102) and where required the prior year numbers have been restated or the presentation has been changed. The disclosure of the effect of the changes and any impact on the primary statements is shown in note 18 to the accounts.

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, gifts in kind, Lottery and other grants. Grants are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

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

The value of the gifts in kind is based on a reasonable estimate of the value of time spent on 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 receipts 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 by the Trustees 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 are set out in note 5. Costs are allocated to activities directly or on the basis of location or usage.

Costs directly related to activities are general administration costs of the Charity. Location costs are costs incurred in connection with freehold and leasehold property occupied by ESC and British Rowing. Usage costs relate to depreciation, and impairments on tangible fixed assets. 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 a Lottery grant from ESC are paid for directly by the Charity and funds drawn down from ESC against the Lottery grant. All other capital

works are paid for by ESC and the assets gifted to the Charity.

### Land and buildings

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

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

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

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

### Artworks and antiques

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

### Equipment and leasehold improvements

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

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

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

### Depreciation

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

Buildings	Unexpired life, maximum of 60 years as advised by external expert
Bund	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 recognised at fair value based on reference to the market in which they exist. These assets are classified as available for sale assets; however there is no immediate intention to sell these.

There are no investments other than those set out in note 9.

### **1.9 Financial instruments**

The Charity only holds basic financial instruments, details of which are shown in note 9 (investments) to the accounts.

### **1.10 Debtors**

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

### **1.11 Creditors and provisions**

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

### **1.12 Funds**

Details of all restricted and unrestricted funds are provided in notes 12 and 13.

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.

### **1.13 Taxation**

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

### **1.14 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 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.

### **1.15 Going concern**

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

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

## 2 Donations and legacies

	2016 £'000			2015 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Lottery grant <sup>1</sup>	1	-	1	1,879	-	1,879
Gifts of fixed assets <sup>2</sup>	2,407	-	2,407	1,369	-	1,369
Gifts in kind administration service <sup>2</sup>	-	68	68	-	68	68
<b>Total</b>	<b>2,408</b>	<b>68</b>	<b>2,476</b>	<b>3,248</b>	<b>68</b>	<b>3,316</b>

<sup>1</sup> The lottery grant from ESC Lottery Fund amounted to £16.0 million to fund capital investment at Bisham and Lilleshall and has now been received in full. The building work funded by the grant was materially completed by 31 March 2015.

<sup>2</sup> Gifts of fixed assets and gifts in kind administration service are from ESC. The full value of the administration service is calculated at £95,819 (2015: £96,264) of which £28,000 has been paid for both years as set out in note 5.

## 3 Other trading activities

	2016 £'000	2015 £'000
Freehold/Leasehold Income	1,579	2,199

The income above is from freehold and leasehold 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.

The amount for 2016 is significantly lower than the prior year as 2015 included costs for the office of ESC and the former London office.

## 4 Income from investments

	2016 £'000	2015 £'000
Dividends – listed stocks and securities	19	22

## 5 Charitable activities

	2016 £'000			2015 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted Restated	Total Restated
<b>Community grants awarded</b>						
Adventure Learning Foundation	-	32	32	-	-	-
Volleyball England Foundation	-	20	20	-	-	-
Disability Snowsport UK	-	5	5	-	-	-
Rivertime Boat Trust	-	-	-	-	35	35
<b>Total community grants</b>	-	<b>57</b>	<b>57</b>	-	<b>35</b>	<b>35</b>
<b>Governance costs (note 6)</b>						
Trustees' expenses	-	1	1	-	1	1
Audit fees	-	17	17	-	15	15
<b>Total governance costs</b>	-	<b>18</b>	<b>18</b>	-	<b>16</b>	<b>16</b>
<b>Provision of facilities<sup>1</sup></b>						
<b>Costs directly related to activities</b>						
ESC administration charge	-	28	28	-	28	28
Gift in kind administration charge	-	68	68	-	68	68
<b>Total</b>	-	<b>96</b>	<b>96</b>	-	<b>96</b>	<b>96</b>
<b>Locations costs</b>						
Property costs	-	1,471	1,471	-	2,045	2,045
Legal and professional	-	12	12	-	76	76
<b>Total</b>	-	<b>1,483</b>	<b>1,483</b>	-	<b>2,121</b>	<b>2,121</b>
<b>Usage</b>						
Depreciation	3,200	56	3,256	2,568	48	2,616
Impairment (reversals)	(2,370)	(6)	(2,376)	(2,927)	(4)	(2,931)
<b>Total</b>	<b>830</b>	<b>50</b>	<b>880</b>	<b>(359)</b>	<b>44</b>	<b>(315)</b>
<b>Total provision of facilities</b>	<b>830</b>	<b>1,629</b>	<b>2,459</b>	<b>(359)</b>	<b>2,261</b>	<b>1,902</b>
<b>Total charitable activities</b>	<b>830</b>	<b>1,704</b>	<b>2,534</b>	<b>(359)</b>	<b>2,312</b>	<b>1,953</b>

The prior year numbers have been restated following the implementation of the Charities SORP (FRS 102), and now include governance costs previously disclosed in a separate note.

All income and expenditure relating to the National Sports Centres management contract are accounted for by the ESC. The ESC fund the operational deficit of the National Sports Centres which was £3.4 million in 2016 (2015: £3.7 million).

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

## 6 Governance and Staff costs

The Charity employed no staff directly in 2016 and 2015.

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 (2015: Seven) as shown in note 5.

The Trustees did not receive fees or allowances for the year (2015: Nil) either directly from SCTC or the parent body ESC.

The audit fees for the year were £17,000 (2015: £17,000). There was an overprovision of £2,000 in 2014 which resulted in reduced expenditure in 2015 as shown in note 5.

There were no fees for non-audit work in 2016 and 2015.

## 7 Reconciliation of the movement in funds

	2016 £'000	2015 £'000
<b>Net assets at 1 April</b>	<b>90,263</b>	<b>80,629</b>
<b>Capital investment</b>		
Gifted assets (ESC)	2,407	1,369
Lottery funded assets	1	1,879
<b>Other movements</b>		
Net revaluation of fixed assets	9,926	8,942
Depreciation	(3,256)	(2,616)
Operational surplus	12	21
(Decrease)/increase in value of investments	(40)	39
<b>Net assets at 31 March</b>	<b>99,313</b>	<b>90,263</b>

## 8 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Art works and Antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 April 2015	12,737	87,331	1,157	186	3,265	827	105,503
Additions:							
Gifted assets	-	171	14	2,195	27	-	2,407
Lottery funded	-	(5)	-	-	6	-	1
SCTC funded	-	1	-	-	-	-	1
Disposals	-	-	-	-	(435)	-	(435)
Revaluation	1,393	6,157	-	-	-	-	7,550
Transfers	-	(80)	-	-	80	-	0
Impairment reclassification	17	-	-	-	-	-	17
<b>At 31 March 2016</b>	<b>14,147</b>	<b>93,575</b>	<b>1,171</b>	<b>2,381</b>	<b>2,943</b>	<b>827</b>	<b>115,044</b>
<b>Depreciation and impairments</b>							
At 1 April 2015	-	(14,263)	(28)	-	(1,925)	-	(16,216)
Charge for year	-	(2,659)	(153)	-	(444)	-	(3,256)
Impairment reversals	17	2,359	-	-	-	-	2,376
Disposals	-	-	-	-	435	-	435
Impairment reclassification	(17)	-	-	-	-	-	(17)
<b>At 31 March 2016</b>	<b>-</b>	<b>(14,563)</b>	<b>(181)</b>	<b>-</b>	<b>(1,934)</b>	<b>-</b>	<b>(16,678)</b>
<b>Net Book Value</b>							
At 31 March 2015	12,737	73,068	1,129	186	1,340	827	89,287
<b>At 31 March 2016</b>	<b>14,147</b>	<b>79,012</b>	<b>990</b>	<b>2,381</b>	<b>1,009</b>	<b>827</b>	<b>98,366</b>

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

The last full valuation of land, buildings and bund was carried out as at 31 March 2014 by Wilks Head & Eve LLP, a quality assured partnership which provides expert specialist advice in asset valuations and surveying. The valuation was in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards ('The Red Book').

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

## 9 Investments

Listed stocks and securities	2016 £'000	2015 £'000
Market value at 1 April	675	636
Revaluation of investment	(40)	39
<b>Market value at 31 March</b>	<b>635</b>	<b>675</b>

The investments represents an investment managed by Barings Asset Management in their Targeted Return Common Investment Fund and is classified as an available for sale asset. There is no intention of

withdrawing from holding investments in the foreseeable future. The historical cost of the asset at 31 March 2016 was £0.6 million (2015: £0.6 million).

## 10 Debtors

	2016 £'000	2015 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	81	90
Lottery grant receivable (ESC)	-	118
Prepayments	469	242
Accrued income <sup>1</sup>	1,032	1,045
<b>Total</b>	<b>1,582</b>	<b>1,495</b>
<b>Amounts falling due after more than one year</b>		
ESC <sup>2</sup>	347	398
<b>Total</b>	<b>347</b>	<b>398</b>
<b>Total</b>	<b>1,929</b>	<b>1,893</b>

<sup>1</sup> £1.0 million relates to the Bloomsbury Street lease (2015: £1.0 million)

<sup>2</sup> Dilapidation provisions at Cardigan Road and Bloomsbury Street and onerous lease provision at Cardigan Road (note 17)

## 11 Creditors

	2016 £'000	2015 £'000
<b>Amounts falling due within one year</b>		
Trade creditors	-	5
ESC	153	77
Deferred income	3	2
Accruals	1,073	1,250
<b>Total</b>	<b>1,229</b>	<b>1,334</b>

## 12 Restricted capital funds

	Revaluation reserve (land and buildings)	ESC funded assets <sup>1</sup>	ESC Lottery funded assets <sup>2</sup>	Capital <sup>3</sup>	Other <sup>4</sup>	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2014</b>	<b>18,043</b>	<b>33,548</b>	<b>26,403</b>	<b>90</b>	<b>535</b>	<b>78,619</b>
Gifted assets	-	1,369	-	-	-	1,369
Grant received	-	-	1,879	-	-	1,879
Revaluation	5,851	-	-	-	-	5,851
Impairment reversals	-	1,206	1,650	16	55	2,927
Depreciation	-	(1,753)	(798)	(3)	(14)	(2,568)
Amortisation of reserve	(254)	261	1	(1)	(7)	-
<b>Balance at 31 March 2015</b>	<b>23,640</b>	<b>34,631</b>	<b>29,135</b>	<b>102</b>	<b>569</b>	<b>88,077</b>
Gifted assets	-	2,407	-	-	-	2,407
Grant received	-	-	1	-	-	1
Revaluation	7,562	-	-	-	-	7,562
Impairment reversals	-	1,521	737	9	103	2,370
Depreciation	-	(1,978)	(1,203)	(3)	(16)	(3,200)
Amortisation of reserve	(691)	548	148	-	(5)	-
<b>Balance at 31 March 2016</b>	<b>30,511</b>	<b>37,129</b>	<b>28,818</b>	<b>108</b>	<b>651</b>	<b>97,217</b>

### <sup>1</sup> ESC funded assets

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

### <sup>2</sup> ESC Lottery funded assets

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

### <sup>3</sup> Capital

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

### <sup>4</sup> Other

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

### 13 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2014</b>	442	1,568	2,010
Amortisation of reserve	(18)	18	-
Revaluation	160	-	160
Impairment losses	-	4	4
Depreciation	-	(48)	(48)
Operational surplus	-	21	21
Revaluation of investments	-	39	39
<b>Balance at 31 March 2015</b>	<b>584</b>	<b>1,602</b>	<b>2,186</b>
Amortisation of reserve	(26)	26	-
Revaluation	(12)	-	(12)
Impairment losses	-	6	6
Depreciation	-	(56)	(56)
Operational surplus	-	12	12
Revaluation of investments	-	(40)	(40)
<b>Balance at 31 March 2016</b>	<b>546</b>	<b>1,550</b>	<b>2,096</b>

### 14 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other assets £'000	Total 2016 £'000	Total 2015 £'000
<b>Restricted funds</b>					
Revaluation reserve	30,511	-	-	30,511	23,640
ESC funded assets	37,129	-	-	37,129	34,631
ESC lottery fund	28,818	-	-	28,818	29,135
Capital	108	-	-	108	102
Other	651	-	-	651	569
<b>Total</b>	<b>97,217</b>	<b>-</b>	<b>-</b>	<b>97,217</b>	<b>88,077</b>
<b>Unrestricted funds</b>					
Revaluation reserve	546	-	-	546	584
Other	603	635	312	1,550	1,602
<b>Total</b>	<b>1,149</b>	<b>635</b>	<b>312</b>	<b>2,096</b>	<b>2,186</b>
<b>Total funds</b>	<b>98,366</b>	<b>635</b>	<b>312</b>	<b>99,313</b>	<b>90,263</b>

## 15 Cash flow statement

### 15.1 Net cash flow from operating activities

	2016 £'000	2015 £'000 Restated
Net income (restated note 18)	1,500	3,623
Gifted assets	(2,407)	(1,369)
Impairment reversals	(2,376)	(2,931)
Net losses/(gains) on investments	40	(39)
Investment income	(19)	(22)
Depreciation	3,256	2,616
(Increase)/decrease in debtors	(36)	1,059
Increase in creditors (excluding capital expenditure accruals)	13	641
Decrease in provisions	(51)	(796)
<b>Total</b>	<b>(80)</b>	<b>2,782</b>

### 15.2 Analysis of changes in cash from capital expenditure

	2016 £'000	2015 £'000
Lottery and SCTC funded additions	2	1,879
Decrease in capital expenditure accruals	118	745
<b>Net cash outflow</b>	<b>120</b>	<b>2,624</b>

## 16 Commitments under operating leases

	2016 £'000	2015 £'000 Restated
Not later than one year	970	898
Between two and five years	4,012	3,841
Later five years	1,537	2,507
<b>Total</b>	<b>6,519</b>	<b>7,246</b>

All the Charity's commitments under leases to pay rentals is shown above. The 2015 figures have been restated to reflect the changes as required by the Charities SORP (FRS102) which requires the minimum payments over the preliminary lease term to be disclosed (note 18)

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

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

The rental income for the year amounted to £0.8 million (2015: £1.1 million) all of which was receivable from ESC. Note 8 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

## 17 Provisions

	Dilapidations £'000	Onerous Lease £'000	Total £'000
Balance at 1 April 2015	294	155	449
Utilised in the year	-	(51)	(51)
<b>Balance at 31 March 2016</b>	<b>294</b>	<b>104</b>	<b>398</b>
Amounts falling due within one year	-	51	51
Amounts falling due after more than one year	294	53	347
<b>Total</b>	<b>294</b>	<b>104</b>	<b>398</b>

The provisions above relate to the following:

### Cardigan Road

In 2014 an onerous lease provision was included at £0.2 million. In both 2015 and 2016 an amount of £51,000 has been utilised. There continues to be no likelihood of a new tenant before the lease expires in April 2018.

In 2015 a provision of £0.1 million was made to cover the costs of dilapidations on the termination of the lease in 2018.

### Bloomsbury Street

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

All of the above costs will be funded by ESC and thus accrued income has been recognised in these accounts (note 10).

There are no contingent liabilities or contingent assets for the current year (2015: Nil).

## 18 Prior year restatement

The accounts have been prepared in accordance with the Charities SORP (FRS 102) as explained in note 1.1. The new SORP requires comparative information to be restated as far as practicable on a like-for-like basis as follows:

Statement of Financial Activities	2015 £'000
Previously reported net incoming resources	3,584
Effect of changes in accounting treatment	39
<b>Restated Net income</b>	<b>3,623</b>

The effect of the changes in accounting treatment from adopting FRS102 is that the write down of investments now appears in the statement of financial activities and not other comprehensive income.

Net Cash flow from operating activities	2015 £'000
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Net incoming resources	3,584
Effect of changes in accounting treatment	39

<b>Restated Net income</b>	<b>3,623</b>
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The effect of the changes in accounting treatment from adopting FRS102 is that the write down of investments now appears in the statement of financial activities and not other comprehensive income.

Commitments under operating leases	2015 £'000
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Previously reported commitments under operating leases	898
Effect of changes in accounting treatment	6,348

<b>Restated commitments under operating leases</b>	<b>7,246</b>
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The effect of the changes in accounting treatment from adopting FRS102 is that the minimum payments over the preliminary lease term to be disclosed.

## 19 Value added tax

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

## 20 Capital commitments

There are no contracted capital commitments as at 31 March 2016 (2015: £nil).

## 21 Parent body rights over assets

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

On 5 October 1994, the Charity Commission granted an Order under the Charities Act 1993 by which the Charity

must repay to ESC the whole proceeds of sales of fixed assets, or such part as represents public funds, sold on or after 1 April 1989, which were originally purchased in whole or in part with funds provided by the Exchequer.

## 22 Derivatives and other financial instruments

The Charity relies mainly on grant, donation, and property funding to finance its operations. Other than cash resources and items such as debtors and creditors that arise from its operations, it holds no other financial instruments other than the investment referred to in note 9, nor enters into derivative transactions.

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

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

### 23 Related party transactions

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

ESC gifts fixed asset additions to the National Sports Centres the details of which are set in note 2. In 2016 this amounted £2.4 million (2015: £1.4 million).

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.

	2016 £'000	2015 £'000 Restated
Income	1,549	2,182
Amount owing from ESC	(194)	(321)

The amount for 2015 has been restated as this has previously included gifted assets that are now disclosed separately above.

### 24 Security

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

### 25 Ultimate parent body

The charity's parent body is ESC known as Sport England and is the Government agency responsible for increasing participation in grassroots sport. The results of The Charity are consolidated in the accounts of ESC. The accounts of ESC Group are available from its registered office at First Floor, 21 Bloomsbury Street, London, WC1B 3HF.

### 26 Post balance sheet events

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

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